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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

August 15, 1996

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank in LeMars  
Charter Number 14253  
Post Office Box 1230  
LeMars, Iowa 51031**

**Office of the Comptroller of the Currency  
117 Pierce Street, Suite 100  
Sioux City, Iowa 51101**

**NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **First National Bank in LeMars** prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of August 15, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

**INSTITUTION'S CRA RATING:** This institution is rated Outstanding.

The bank's lending level exceeds the standard for satisfactory performance. As of March 31, 1996, First National Bank in LeMars had the highest loan-to-deposit ratio of all seven banks within its assessment area. Management has an excellent record of lending to individuals of different income levels and farms and businesses of different sizes.

The following table indicates the performance level of **First National Bank in LeMars** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u><b>First National Bank in LeMars</b></u> <b>PERFORMANCE LEVELS</b>		
	<b>Exceeds Standards for Satisfactory Performance</b>	<b>Meets Standards for Satisfactory Performance</b>	<b>Does not meet Standards for Satisfactory Performance</b>
Loan to Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes	X		
Geographic Distribution of Loans	Analysis not meaningful.		
Response to Complaints	No complaints were received since prior examination.		

## DESCRIPTION OF INSTITUTION

First National Bank in LeMars (FNB) is a \$66 million bank located in Plymouth County in northwestern Iowa. Both the main bank and a drive-up branch are located in LeMars, Iowa. The bank has one ATM located in the main bank. FNB is owned by Plymouth Bancorporation, Inc., a one-bank holding company. There are no legal or financial impediments limiting the bank's ability to help meet community credit needs.

As of June 30, 1996, FNB's loan portfolio comprises 63% of total assets. The bank's primary credit products are real estate and consumer installment. The table below breaks down the loan portfolio by outstanding dollars and outstanding number of loans.

	% of outstanding loan dollars	% of outstanding # of loans
Real Estate Loans	55%	24%
Agricultural Loans	16%	18%
Consumer Installment Loans	16%	49%
Commercial Loans	13%	9%

FNB was rated "Outstanding Record of Meeting Community Credit Needs" at the last CRA examination, October 14, 1993.

## DESCRIPTION OF THE BANK'S ASSESSMENT AREA

FNB's assessment area is Plymouth County, totaling six Block Numbering Areas (BNA's). The assessment area meets the requirements of CRA. Individuals can refer to the CRA Public File for a map outlining the bank's assessment area.

The population of this area is 23,388. The median family income of the area is \$29,356, or 79% of the 1996 Iowa statewide non-metropolitan median family income of \$37,000. All BNA's are middle income. Family incomes in the area are: 15% low income; 17% moderate income; 27% middle income; and 41% upper income. The area economy is stable with the main sources of employment provided by manufacturing, service industries, agriculture, and retail trade. Unemployment is low.

The primary credit needs of the area include residential real estate, consumer installment, agriculture, and small business loans. We determined this by contacting a local realtor and Chamber of Commerce member.

Primary competition includes two community national banks, four community state banks,

and one credit union within the assessment area.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### Loan to Deposit Ratio

FNB's loan-to-deposit ratio is the highest of the seven banks in the assessment area. FNB's ratio averaged 72% over the past ten quarters and was 74% at March 31, 1996. Other area bank's ratios range from 36% to 68%, with an average of 52%, as of March 31, 1996. In addition, FNB sold \$1.7 million in fixed-rate real estate loans in the past two and a half years, which would increase the loan-to-deposit ratio an additional 3%.

To increase loan volume the bank developed a New Start program, providing auto financing to individuals with poor credit history. In addition, to enhance its ability to meet the credit needs of lower income individuals, farms, and businesses, the bank participates extensively in various government and locally sponsored loan programs. Some of those programs include, Small Business Administration, Farm Credit Services, Iowa Agricultural Development Authority (beginning farmer program), and the Siouxland Economic Development Corporation. The bank has loaned \$1.9 million under these programs.

### Lending In Assessment Area

FNB originates a majority of its loans within the assessment area (AA). The table below shows the findings of our sample:

**ASSESSMENT AREA CONCENTRATION**  
(Out of 1,444 loans originated since last examination)

	# of Loans	%	\$ of Loans	%
Inside AA	113	81%	\$4,075,751	91%
Outside AA	27	19%	\$391,129	9%
TOTALS	140	100%	\$3,791,190	100%

### Lending to Borrowers of Different Incomes and to Farms/Businesses of Different Sizes

FNB has an excellent record of lending to individuals of different income levels. Lending levels to individuals of different income levels is well balanced in relation to the demographics of the assessment area with 43% of the number of consumer loans to low- and moderate-income people (21% of the dollar volume).

The bank also loans to farms and businesses of different sizes. FNB participates in Small Business Administration, Farm Credit Services and the Iowa Agricultural Development Corporation programs to help farms and businesses obtain needed credit.

The tables below demonstrate the bank's performance in making consumer loans to individuals of all income levels and farm / business loans to operations of all sizes.

**LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS**

(Out of 1,042 consumer and real estate loans originated since the last examination)

	% of families	# of loans	%	\$ of Loans	%
Low income	15%	21	18%	\$340,186	9%
Moderate income	17%	30	25%	\$445,833	12%
Middle income	27%	38	31%	\$1,116,955	30%
Upper income	41%	31	26%	\$1,888,216	49%
<b>TOTALS</b>	<b>100%</b>	<b>120</b>	<b>100%</b>	<b>\$3,791,190</b>	<b>100%</b>

**LOANS TO FARMS AND BUSINESSES OF DIFFERENT SIZES**

(Out of 402 agricultural and commercial loans originated since the last examination)

Gross Revenue of Farm / Business	# of Loans	%	\$ of loans	%
\$0 - \$100,000	4	20%	\$69,017	10%
\$100,001 - \$250,000	11	55%	\$327,650	49%
\$250,001 - \$500,000	0	0%	\$0	0%
\$500,001 - \$1,000,000	2	10%	\$115,138	17%
over \$1,000,000	3	15%	\$163,885	24%
<b>TOTALS</b>	<b>20</b>	<b>100%</b>	<b>\$675,690</b>	<b>100%</b>

Geographic Distribution of Loans

All BNA's in the assessment area are middle income. Therefore, specific analysis of geographic distribution is not meaningful.

Response to Complaints

The bank received no written complaints related to CRA performance.