

Public Disclosure

April 3, 2000

Community Reinvestment Act Performance Evaluation

**First National Bank, Ames, Iowa
Charter Number: 10408
405 5th Street
Ames, Iowa 50010**

Office of the Comptroller of the Currency

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NOTE: This evaluation is not, and should not 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.

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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 the 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 CRA performance of **First National Bank, Ames, Iowa** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **April 3, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate - Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-year census and an average population of 4,000.

Community Development (CD) - Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA) - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Full-Scope Review - Performance under the Lending, Investment, and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography - A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA) - The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

Home Mortgage Loans - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancings of home improvement and home purchase loans.

Limited-Scope Review - Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution, branch openings and closings).

Low-Income - Income levels that are less than 50% of the median family income.

Median Family Income (MFI) - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities, that have a high degree of interaction.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Small Loans to Businesses - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Loans to Farms - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings, and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income - Income levels that are 120% or more of the MFI.

Overall CRA Rating

Institution’s CRA Rating: This institution is rated **“Satisfactory.”**

The following table indicates the performance level of **First National Bank, Ames, Iowa (FNB)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	First National Bank, Ames, Iowa Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The main factors that support this rating include:

- FNB’s lending levels reflect a good responsiveness to community credit needs. The bank ranked number one and reported the largest number and dollar volume of small loans to businesses and farms in the Ames assessment area (AA). In addition, FNB’s market share of the dollar volume of small loans to businesses (53%) exceeded the bank’s dollar volume deposit market share (44%) in the AA.
- FNB’s overall record of lending to borrowers with different incomes is good. The bank achieved an excellent penetration of lending to moderate-income borrowers for home purchase and home mortgage refinance loans. In addition, FNB has a good distribution of home improvement loans to borrowers of different income levels and an adequate distribution of lending to businesses and farms of different sizes.
- FNB provided an adequate level of qualified community development (CD) investments, considering AA CD needs and opportunities, and the bank’s capacity to help address these needs.
- FNB’s delivery systems are accessible to individuals of different income levels in the AA. In addition, the bank provided a relatively high level of CD services during the evaluation period.

Description of the Institution

First National Bank, Ames, Iowa (FNB) is a \$343 million financial institution headquartered in Ames, Iowa. FNB is a subsidiary of Ames National Corporation (ANC), a \$606 million bank holding company headquartered in Ames, Iowa. ANC operates 4 banks with 11 offices in central Iowa. FNB operates the main bank, 3 branches, and 22 automated teller machines (ATMs). All of FNB's offices and ATMs are located in the bank's AA, which consists of 14 block numbering areas (BNAs) in Story County, Iowa. FNB did not conduct any merger or acquisition activity during the CRA evaluation period.

FNB is a full-service bank offering a wide range of loan and deposit products, as well as other services. There are no known legal or financial impediments that hinder the bank's ability to help meet the credit needs of its AA. FNB primarily focuses on commercial lending, but also emphasizes residential real estate loans. As of December 31, 1999, the bank's loan portfolio by dollar volume consisted of: 53% commercial and commercial real estate loans; 37% residential real estate loans, including multi-family; 5% consumer loans; 3% agricultural and agricultural real estate loans; and 2% other loans. FNB's net loans represented 61% of deposits and 50% of total assets. In addition, the bank had Tier 1 capital of \$31.5 million and 1999 net income of \$5.7 million. FNB sells a significant portion of its home purchase and home mortgage refinance loans on the secondary market. From January 1, 1997 through December 31, 1999, the bank originated and sold 169 residential mortgage loans totaling \$17.4 million. Although these loans are not reflected in the above loan portfolio ratios, the number and dollar volume that were originated in the AA are included in the mortgage loan totals in the tables in Appendix C.

FNB received a "Satisfactory" rating during the previous CRA examination, dated March 6, 1997.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated FNB's CRA performance using the FFIEC Interagency Large Bank CRA Examination Procedures, pursuant to the revised CRA regulation. The evaluation included analyses of the bank's lending, investment, and service activities. Our lending evaluation included home mortgage loans, small loans to businesses, small loans to farms, and community development loans. However, we weighted the bank's performance in making small loans to businesses and home mortgage loans more heavily due to the greater number and dollar volume of these types of credits during the evaluation period. In addition, community contacts identified residential real estate lending as the primary credit need in the AA and small business lending as a secondary credit need.

- We reviewed data for small loans to businesses and farms collected by the bank from January 1, 1997 through December 31, 1999.
- We sampled 20 home purchase, 20 home improvement, and 20 home mortgage refinance loans originated by the bank during this period. We analyzed the bank's residential real estate borrower and geographic distributions from these samples. We were unable to analyze the entire population of home mortgage loans since the bank is not a reporter under the Home Mortgage Disclosure Act (HMDA).
- We compared FNB to other lenders in the bank's AA by reviewing 1998 market share loan data for small loans to businesses and farms. We were unable to perform market comparisons for mortgage loans since the bank is not a HMDA reporter.
- We used demographic data from the 1990 U.S. Census to compare the bank's lending performance to the potential opportunities in its AA. Refer to the Market Profile in Appendix B for details on demographic data.
- We analyzed FNB's community development lending, investment, and service activities from March 6, 1997 through April 3, 2000. We considered the number and types of qualified investments and CD loans, branch locations and accessibility, alternative service delivery systems, and community development services.
- We used deposit information, annually reported to the Federal Deposit Insurance Corporation, to determine FNB's deposit market share and market presence relative to other financial institutions in its AA. The most recent deposit information available was as of June 30, 1999.

Data Integrity

Loan data used during this evaluation for small loans to businesses and farms for 1997, 1998, and 1999 is accurate. In July 1999, we sampled small loans to businesses and farms reported for 1998 and identified significant data reporting errors. These errors also impacted the 1997 data, since the same data collection and reporting processes were in place. FNB corrected reporting errors in the 1997 and 1998 data and ensured the 1999 data was collected and reported correctly. We performed a follow-up data integrity examination during January 2000 and found the adjusted data for 1997 and 1998 accurate. We did not test the accuracy of 1999 data for small loans to businesses and farms since it was not yet available during the follow-up data integrity examination. In addition, FNB used modified data collection and reporting methods for the 1999 data that were established while correcting the 1997 and 1998 data.

Since the bank was not a HMDA reporter during the CRA evaluation period, it was not necessary to test mortgage data. Mortgage loan borrower and geographic distribution analyses were conducted using actual data gathered by examiners from the mortgage files sampled from 1997, 1998, and 1999.

Selection of Areas for Full-Scope Review

FNB has only one AA; therefore, we performed a full-scope review of this area.

Ratings

FNB's CRA rating is based on the bank's lending, investment, and service activities in the Ames AA.

Community Contacts

We performed two community contacts during this CRA evaluation and reviewed the only community contact completed in the Ames AA since April 1996, the date of the most recent Ames community contact. These contacts included two economic development entities and one affordable housing organization.

Community contacts unanimously identified a lack of affordable housing as the primary CD need in the Ames AA. One contact also identified a need for small business venture capital loans. A housing study conducted in 1998 revealed severe shortages in affordable housing that will require the efforts of both private and government organizations to help address the situation. The study reveals opportunities for the development of government assisted affordable housing projects and consortium lending possibilities. Refer to the Market Profile in Appendix B for additional information regarding AA CD needs and opportunities.

Fair Lending Review

We did not identify any substantive violations of anti-discrimination laws. Our fair lending review consisted of comparing denied individual female applicants to approved individual male applicants for automobile purchase loan applications received from December 1, 1998 through July 19, 1999, the date of the fair lending examination. Our review included all six denied individual female applicants and all thirty-one approved individual male applicants from the analysis period. We did not identify any evidence of differential treatment in underwriting on the basis of gender in the applications reviewed.

Conclusions with Respect to Performance Tests

LENDING TEST

FNB's performance under the Lending Test is rated "High Satisfactory."

Lending Activity

Refer to Table 1 in Appendix C for facts and data used to evaluate the bank's lending activity.

FNB's lending levels reflect a good responsiveness to AA credit needs. FNB ranked number one and reported the largest number and dollar volume of small loans to businesses in the Ames AA during 1998, the most recent year for which aggregate data is available. FNB reported 38% of the number and 53% of the dollar volume of small loans to businesses in the Ames AA during 1998. This compares favorably with the bank's number one rank in deposit market share in Ames of 44% of the dollar volume. Even though the bank does not emphasize agricultural lending, FNB also ranked number one and reported the largest number and dollar volume of small loans to farms in the Ames AA. The bank reported 40% of the number and 27% of the dollar volume of small loans to farms during 1998. No market share information is available for mortgage loans since the bank is not a HMDA reporter.

Distribution of Loans by Income Level of the Geography

An analysis of the distribution of loans by income level of the geography is not meaningful since all significant BNAs in the AA are middle- or upper-income. The AA includes only one low-income BNA and no moderate-income BNAs. The low-income BNA is occupied almost exclusively by student rental housing for Iowa State University. There are no owner-occupied housing units in the low-income BNA. In addition, there are only nine businesses (0.46% of the number of businesses in the AA) and two farms (1.21% of the number of farms in the AA) located in the low-income BNA.

Lending Gap Analysis

There were no unexplained conspicuous gaps in the bank's small loans to businesses, small loans to farms, home purchase loans, home improvement loans, or home mortgage refinance loans. We plotted these loans separately on maps to determine if any significant gaps in lending were present during the evaluation period.

Inside/Outside Ratio

A substantial majority of the number of small loans to businesses, home mortgage loans, and CD loans originated and purchased by the bank during the evaluation period were within the AA. An adequate percentage of the number of small loans to farms were originated and purchased within the AA. FNB originated or purchased 86% of all loans reviewed for CRA in the AA. More specifically, 93% of small loans to businesses, 82% of home mortgage loans, 56% of small loans to farms, and 100% of CD loans were within the AA.

Distribution of Loans by Income Level of the Borrower

FNB's record of lending to borrowers of different income levels reflects an overall excellent distribution for home mortgage loans, and an adequate distribution for small loans to businesses and farms.

We factored in the difficulties the bank faces in making home mortgage loans to low-income borrowers due to the high cost of housing in Ames when evaluating FNB's performance. Information from the Ames Chamber of Commerce reveals, that as of 1999, housing costs in Ames were approximately 114% of the national average, with a typical home selling for approximately \$125,000. This amount is well over the levels that LMI individuals could afford to pay. We also considered demographic data that reveals 10% of low-income families in the AA are below the poverty level. These families would have an especially difficult time purchasing a home in the AA. Refer to the Market Profile in Appendix B for additional information.

Home Mortgage Loans

Refer to Tables 7, 8, and 9 in Appendix C for facts and data used to evaluate the borrower income distribution of the bank's home mortgage loan originations and purchases.

The bank's overall borrower distribution of home mortgage loans is excellent.

FNB's home purchase loan borrower distribution is excellent. The percentage of the number of the bank's home purchase loans to moderate-income borrowers is 1.5 times the percentage of moderate-income families in the AA. The bank did not have any home purchase loans to low-income borrowers, but this is reasonable due to the high cost of housing in Ames and the family poverty level, as discussed above and in Appendix B.

FNB's home improvement loan borrower distribution is good. The percentage of the number of the bank's home improvement loans to moderate-income borrowers (10%) nearly matched the percentage of moderate-income families (11%). The percentage of home improvement loans to low-income borrowers (10%) is below the demographic (16%), but is reasonable considering the family poverty level and high cost of housing in Ames.

FNB's home mortgage refinance loan borrower distribution is excellent. The percentage of the number of the bank's home mortgage refinance loans to moderate-income borrowers is 2.3 times the percentage of moderate-income families in the AA. The bank did not have any home mortgage refinance loans to low-income borrowers, but this is reasonable due to the high cost of housing in Ames and the family poverty level, as discussed above and in Appendix B.

Small Loans to Businesses

Refer to Table 10 of Appendix C for facts and data used to evaluate the borrower income distribution of the bank's originations and purchases of small loans to businesses.

FNB's record of lending to businesses with revenues of different sizes is adequate. FNB's market share of small loans to businesses with revenues of \$1 million or less (57%) is larger than the bank's market share of small loans to all businesses (38%). In addition, 82% of FNB's small loans to businesses were originated in amounts of \$100,000 or less. Also, the bank extended 42% of the number of small loans to businesses with gross annual revenues of \$1 million or less. This is below the percentage of businesses (64%) in the AA that report revenues of \$1 million or less. Bank information indicated that the lower ratio was largely caused by past lending philosophies at FNB that generally required individual credit facilities rather than lines of credit. FNB management feels that larger businesses generally borrow more often than smaller businesses; therefore, the bank has a higher number of loans to larger businesses. Thus, the percentage of the number of loans to businesses with revenues of \$1 million or less is smaller than it would be if the bank used lines of credit as opposed to individual loans for large businesses.

Small Loans to Farms

Refer to Table 11 in Appendix C for facts and data used to evaluate the borrower income distribution of the bank's originations and purchases of small loans to farms.

FNB's record of lending to farms with revenues of different sizes is adequate. FNB's market share of small loans to farms with revenues of \$1 million or less (52%) exceeded the bank's market share of small loans to all farms (40%). In addition, 92% of FNB's small loans to farms were originated in amounts of \$100,000 or less. Also, the bank extended 43% of the number of small loans to farms to borrowers with gross annual revenues of \$1 million or less. This percentage is well below the percentage of farms (87%) in the AA that report revenues of \$1 million or less. FNB management provided reasonable explanations for this variance. The bank did not collect revenue information for 57% of small loans to farms. FNB management indicated the bank only has approximately 15 farm borrowers, of which, virtually all are estimated to have gross annual revenues of \$1 million or less. FNB has very few farm borrowers since ANC has other banks in the surrounding area that primarily originate agricultural loans.

Community Development Lending

Refer to Table 1 in Appendix C for facts and data used to evaluate the bank's level of CD lending.

FNB's record of originating CD loans had a positive impact on the Lending Test conclusions. The bank made two CD loans totaling \$395,000 during the evaluation period. One of the loans was for the expansion of a mobile home park that is primarily occupied by LMI tenants. This loan was responsive to the CD needs of the AA since Ames has a severe shortage of affordable housing. The other loan was for the construction of a new facility for a community service organization in Ames that primarily serves LMI individuals.

Product Innovation and Flexibility

Product innovation and flexibility had a neutral impact on the Lending Test conclusions. FNB offers home mortgages that allow applicants to borrow up to 90% of the value of the home without private mortgage insurance. The bank did not have data regarding the number and dollar amount of these loans originated during the evaluation period that benefited LMI individuals. However, any loans originated under this program are reflected in the Tables in Appendix C.

INVESTMENT TEST

The bank's performance under the Investment Test is rated "Low Satisfactory."

Refer to Table 12 in Appendix C for facts and data used to evaluate the bank's level of qualified investments.

Qualified CD investments can be in either the form of grants or investment securities. During the evaluation period, FNB made qualified donations to nine community development organizations totaling \$114,359. The bank did not purchase any qualified investment securities. However, no qualified investment securities were identified in the AA during the evaluation period. The volume of qualified investments is adequate, given the moderate level of CD needs and the low level of CD opportunities in the AA. Affordable housing was the most pressing CD need identified by community contacts. FNB made donations to one entity totaling \$2,600 that helped address affordable housing needs. Refer to the Market Profile in Appendix B for additional information regarding AA CD needs and opportunities.

The following is a list of community development donations provided by the bank. We do not consider any of these donations innovative or complex.

- \$70,000 in donations to four organizations that promote economic development in the AA. Approximately \$19,000 of this amount went specifically to two programs that provide forgivable loans and working capital investments to start-up businesses, and for the expansion of existing, primarily small, businesses. During the evaluation period, these two entities assisted in the expansion of six businesses, which is ultimately expected to create 496 additional jobs in the AA. No information was available regarding the projected income levels of these additional jobs.
- \$41,000 in donations to four organizations that provide CD services to LMI individuals in the AA.
- \$3,000 donation to an organization that constructs affordable housing for LMI individuals.

SERVICE TEST

The bank's performance under the Service Test is rated "High Satisfactory."

Retail Banking Services

Refer to Table 13 in Appendix C for facts and data used to evaluate the distribution of the bank's branch delivery system, and branch openings and closings.

FNB's delivery systems are accessible to individuals of different income levels in the AA. An analysis of the distribution of the bank's branches by geographic income is not meaningful since the AA includes only one low-income BNA with limited branch placement opportunities, and no moderate-income BNAs. However, the bank's branches are reasonably distributed throughout the AA. A map of FNB's offices revealed there are no significant gaps in branch locations that would negatively impact LMI individuals in the AA. In addition, 96% of LMI families reside in either the BNAs where FNB's branches are located or in adjoining BNAs. The bank opened one full-service branch since the last CRA examination and did not close any branches. Refer to the Market Profile in Appendix B for additional information regarding the low-income BNA.

FNB offers reasonable services and business hours throughout the AA. The bank operates three full service branches and one location that offers most major services except loans. All offices have Saturday morning hours and convenient hours throughout the week. In addition, one branch offers extended hours on Saturdays until 4 P.M. and Sunday hours from 12 P.M. to 4 P.M.

FNB also offers other delivery systems, which should help the bank reach a wide array of individuals throughout the AA. The bank offers: Touch Tone Teller, a telephone banking service; banking services by mail; and 22 ATMs throughout the AA. The bank also offers a direct deposit service. Most of these delivery systems are available 24-hours a day, 7 days a week without customer usage fees. However, we did not place significant weight on alternative delivery systems since no data was available regarding the impact these services have had on the bank's record of reaching LMI individuals in the AA.

Community Development Services

FNB provided a relatively high level of CD services during the evaluation period. Bank personnel acted in leadership capacities for economic development organizations, affordable housing entities, and other groups that provide community services to LMI individuals in the AA.

The following is a list of the most significant CD services provided by the bank.

- Bank employees served in leadership capacities for four entities that promote economic development by providing or facilitating financing of primarily small businesses. Bank employees acted as presidents, chairpersons and treasurers; sat on investment and loan review committees; and participated in area business promotion activities. As a result of these efforts, six businesses were provided with working capital investments or forgivable loans to assist in their expansion efforts. These expansions are expected to create 496 additional jobs in the AA. No information was available regarding the projected income levels of these additional jobs.
- A bank employee helped the Ames/Story County Partnership affordable housing program design financing packages for LMI individuals. Program guidelines delay the funding of any affordable housing loans under this program in Ames until July 2000. Therefore, the only loans originated under this program thus far were outside of the AA.
- An FNB director attended meetings to assist the Ames/Story County Partnership in applying for a Local Housing Assistance Program (LHAP) grant. As a result of these efforts, the Ames/Story County Partnership was awarded a \$400,000 LHAP grant in December 1998. The grant will be used to help fund a Housing Bank, which will facilitate the development of affordable housing throughout Story County, Iowa. As mentioned above, program guidelines delay the funding of any affordable housing loans under this program in Ames until July 2000.
- Bank employees acted in leadership capacities for two organizations that provide community services primarily to LMI individuals in the AA. FNB employees sat on boards, acted as treasurers, and provided vital fundraising assistance for these entities.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered.

Time Period Reviewed	Lending Test (excluding CD Loans): 01/01/1997 to 12/31/1999 Investment and Service Tests and CD Loans: 03/06/1997 to 04/03/2000	
Financial Institution	Products Reviewed	
First National Bank, Ames, Iowa	Home Mortgage Loans, Small Loans to Businesses, Small Loans to Farms, Community Development Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
No affiliate products were reviewed.	NA	NA
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Ames	Full-Scope	The assessment area includes BNAs 1.00 through 13.02 in Story County, Iowa.

Appendix B: Market Profile for Area Receiving Full-Scope Review

Ames Assessment Area

Demographic Information for Full-Scope Area: Ames						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	14	7%	NA	29%	57%	7%
Population by Geography	51,819	6%	NA	23%	61%	10%
Owner-Occupied Housing by Geography	8,265	0%	NA	17%	83%	0%
Businesses by Geography	1,953	0% **	NA	31%	65%	4%
Farms by Geography	166	1%	NA	12%	85%	2%
Family Distribution by Income Level	9,751	16%	11%	19%	54%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	2,576	34%	NA	23%	43%	0%
Median Family Income	= \$29,303	Median Housing Value Unemployment Rate (March 2000)		= \$66,970 = 2.1%		
HUD Adjusted Median Family Income for 1999	= \$42,100					
Households Below the Poverty Level	= 21%					

Sources: 1990 U.S. Census, 1999 HUD updated MFI, and Iowa Workforce Development unemployment data.

(*) The NA category consists of geographies that have not been assigned an income classification.

(**) Nine businesses (0.46%) are located in the low-income geography.

The Ames AA is comprised 14 BNAs in Story County, Iowa. Only one of the AA BNAs is low-income and none are moderate-income. We consider the low-income BNA insignificant to our CRA analysis since it is occupied almost exclusively by Iowa State University student rental housing. There are no owner-occupied housing units in this tract, and only nine businesses and two farms are located there. Therefore, opportunities to make mortgage loans and small loans to businesses and farms are virtually nonexistent.

All of FNB's offices and ATMs are located in the Ames AA. In addition, 100% of the bank's deposits are from this area. Competition among financial institutions is strong. Eight other financial institutions operated 14 banking offices in Ames, Iowa as of June 30, 1999. FNB had 44% of the dollar volume of total deposits in Ames as of June 30, 1999. Primary competitors include Firststar Bank, N.A.; Brenton Savings Bank, FSB; First American Bank; Commercial Federal Bank, a Federal Savings Bank; and six credit unions. The economy in the AA is strong with an unemployment rate of 2.1%. Major employers in the area include: Iowa State University, Mary Greeley Medical Center, Iowa Department of Transportation, and Ames Community Schools.

During the CRA evaluation, examiners performed two community contacts and reviewed the only community contact completed in the Ames AA since April 1996. These contacts included two economic development entities and one affordable housing organization. Community contacts unanimously identified a lack of affordable housing as a primary need in the Ames AA. One contact also identified small business venture capital loans as a need in the AA.

In 1998, The Ames/Story County Housing Needs Assessment Study (Study) was conducted. The Study revealed severe shortages in affordable housing that will require the efforts of both private and government organizations to help address the situation. The Study also revealed opportunities for the development of government assisted affordable housing projects and consortium lending possibilities. The Study defined affordable homes, to address the housing needs of moderate-income individuals, in the price range of \$50,000 to \$80,000, while in 1997 most homes in Ames sold in the range of \$115,000 to \$200,000. The Study also revealed that rents are high due to the extremely low vacancy rate of 2.77% in Ames. The low vacancy rate results largely from the high demand for rental units from Iowa State University students. The Ames Chamber of Commerce estimates the average monthly rent in Ames at \$625, which is not considered affordable for the market. The Study considers rents at \$500 or below affordable for Ames. Also, recent studies of national cost of living information reveal the cost of housing in Ames is approximately 114% of the national average, which significantly reduces LMI individuals' ability to purchase homes in the AA.

Based on the demographics of the AA and the identified affordable housing needs, unmet credit and community development needs exist in Ames. However, only a low level of community resources and opportunities for partnerships exist to facilitate activities to address the unmet credit and CD needs of the AA. Although limited, some opportunities exist for partnerships with city and state operated affordable housing programs. In addition, a lending consortium to originate infrastructure loans and affordable mortgages could be developed. Also, information available from the Iowa Finance Authority revealed that two statewide Single-Family Mortgage Revenue Bonds were issued during the evaluation period, totaling \$70 million. One bond was issued in August of 1997 and one was issued in March of 2000. These affordable housing bonds were designed to provide a pool of money for the origination of mortgages to first-time home buyers with incomes and home purchase amounts below certain thresholds. However, we did not consider these bonds opportunities in FNB's AA since they were not offered directly in Ames.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/AA; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/AA.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/AA.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution

of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MSA/AA. The table also presents market rank and market share information based on the most recent aggregate market data available.

Table 8. Borrower Distribution of Home Improvement Loans - See Table 7.

Table 9. Borrower Distribution of Home Mortgage Refinance Loans - See Table 7.

Table 10. Borrower Distribution of Small Loans to Businesses - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

Table 11. Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 12. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investments commitments. In order to be included, an unfunded commitment must be legally binding, and tracked and recorded by the bank's financial reporting system.

Table 13. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in the MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

(***) The evaluation period for Community Development Loans is March 6, 1997 to April 3, 2000.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT State: IOWA Evaluation Period: January 1, 1997 to December 31, 1999																
MSA /Assessment Area	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank	Market Share by Geography					Total Home Improvement Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full-Scope:																
Ames	0%	0%	NA	NA	17%	15%	83%	85%	MARKET SHARE INFORMATION IS NOT AVAILABLE					20*	100%	
Limited-Scope:																

(*) Data in this table was based on a sample of 20 home improvement loans. However, FNB originated or purchased 306 home improvement loans during the evaluation period.

Table 5. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES State: IOWA Evaluation Period: January 1, 1997 to December 31, 1999																
MSA /Assessment Area	Low-Income Geographies*		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank ***	Market Share by Geography***					Total Small Loans to Businesses	
	% of Businesses **	% BANK Loans	% of Businesses **	% BANK Loans	% of Businesses **	% BANK Loans	% of Businesses **	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full-Scope:																
Ames	0%	0%	NA	NA	31%	38%	65%	62%	1	38%	100%	NA	39%	39%	930	100%
Limited-Scope:																

(*) Only 0.46% of businesses are located in the low-income geography in the Ames AA. FNB made 0.22% of its small loans to businesses in the low-income geography.
 (**) Four percent of businesses are located in the Not Applicable geography (Iowa State University Campus).

(***) Based on 1998 Aggregate Small Business Data only.

Table 7. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE State: IOWA Evaluation Period: January 1, 1997 to December 31, 1999																
MSA /Assessment Area	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank	Market Share by Borrower Income					Total Home Purchase Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upper	#	% of Total
Full-Scope:																
Ames	16%	0%	11%	17%	19%	17%	54%	66%	MARKET SHARE INFORMATION IS NOT AVAILABLE					20**	100%	
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. No income information was available for 10% of the 20 home purchase loans sampled.
 (**) Data in this table was based on a sample of 20 home purchase loans. However, FNB originated or purchased 172 home purchase loans during the evaluation period.

Table 10. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES State: IOWA Evaluation Period: January 1, 1997 to December 31, 1999									
MSA /Assessment Area	Businesses with Revenues of \$1 Million or Less		Loans by Original Amount Regardless of Business Size			Market Share***		Total Small Loans to Businesses	
	% of Businesses*	% BANK Loans**	\$100,000 or Less	>\$100,00 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less	#	% of Total
Full-Scope:									
Ames	64%	42%	82%	12%	6%	38%	57%	930	100%
Limited-Scope:									

(*) Businesses with revenues of \$1 million or less as a percentage of all businesses in the AA. No revenue information was reported by 26% of businesses in the AA.
 (**) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No revenue information was available for 17% of small loans to businesses reported by FNB.

(***) Based on 1998 Aggregate Small Business Data only.

Table 11. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS State: IOWA Evaluation Period: January 1, 1997 to December 31, 1999									
MSA /Assessment Area	Farms with Revenues of \$1 Million or Less		Loans by Original Amount Regardless of Farm Size			Market Share***		Total Small Farm Loans	
	% of Farms*	% BANK Loans**	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less	#	% of Total
Full-Scope:									
Ames	87%	43%	92%	8%	0%	40%	52%	126	100%
Limited-Scope:									

(*) Farms with revenues of \$1 million or less as a percentage of all farms in the AA. No revenue information was reported by 4% of farms in the AA.
 (**) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No revenue information was available for 57% of small loans to farms reported by FNB.

(***) Based on 1998 Aggregate Small Farm Data only.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS State: IOWA Evaluation Period: March 6, 1997 to April 3, 2000									
MSA /Assessment Area	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
Full-Scope:									
Ames	0	\$0	9	\$114	9	\$114	100%	0	\$0
Limited-Scope:									

(*) "Prior Period Investments" means investments made in a previous evaluation period that are outstanding as of the examination date.
 (**) "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

