



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

October 1, 2001

# **Community Reinvestment Act Performance Evaluation**

**First Citizens National Bank  
Charter Number: 4677**

**2601 Fourth Street, S.W.  
Mason City, Iowa 50401**

**Office of the Comptroller of the Currency**

**Minneapolis South Field Office  
1310 West Clairemont Avenue, Suite 100  
Eau Claire, Wisconsin 54702**

**NOTE: This document is an evaluation of this 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. 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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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of **First Citizens National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	First Citizens National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory			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 major factors that support this rating include:

- Good lending levels that are responsive to the credit needs in the Mason City Assessment Area.
- Excellent distribution of loans among borrowers of different income levels and to small businesses and farms.
- The positive impact of the bank's community development lending and flexible lending programs.
- Adequate levels of qualified investments relative to the bank's capacity for investment and the level of opportunities within the assessment area.
- Delivery systems that are reasonably accessible to geographies and individuals of different income levels in the assessment area.
- A relatively high level of community development services during the evaluation period.

## 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 the same company directly or indirectly controls both companies. 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. The U.S. Census Bureau has established BNAs in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the U.S. 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 U.S. 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) dwellings loans, loans for the purchase of manufactured homes and refinancing 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).

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

**Median Family Income (MFI)** - The median income determined by the U.S. 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 U.S. 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 percent and less than 120 percent of the MFI.

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

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

**Small Loans to Farms** - Loans with original amounts of \$500,000 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 non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Description of Institution

First Citizens National Bank (FCNB) is an intrastate bank headquartered in Mason City, Iowa. It operates twelve offices in ten communities in the north central part of the state. As of June 30, 2001, the bank's assets totaled \$703 million and its Tier I capital was \$57.8 million.

FCNB is a subsidiary of First Citizens Financial Corporation, a one-bank holding company located in Mason City. The holding company's assets totaled \$716 million on December 31, 2000.

FCNB has two operating subsidiaries. First Citizens Trust Company conducts fiduciary activities and Heritage Clubs International, Inc. provides management, consulting, and other specialized services to other financial institutions. Activities of these subsidiaries do not impact the bank's capacity for community reinvestment. FCNB had no merger or acquisition activities during the evaluation period.

The bank offers a full range of services and is active in real estate, business, and farm lending. On June 30, 2001, net loans represented 56% of the bank's assets. Residential real estate loans comprised approximately 33% of the bank's loan portfolio, business loans 30%, farm loans 26%, and other loans 11%.

There are no legal, financial, or other factors impeding FCNB's ability to help meet local credit and community development needs. The most recent CRA Performance Evaluation of FCNB was conducted as of August 10, 1998 and the rating was "Satisfactory."

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

Due to the bank's size, FCNB is a large bank for CRA evaluation purposes and subject to the Lending, Investment, and Service Tests.

For the Lending Test, we evaluated the bank's home mortgage, small business, small farm, and community development loans. The evaluation period for the prior CRA examination had covered originations of home mortgage, small business, and small farm loans through June 30, 1998. For this examination, the evaluation period for those loans was July 1, 1998 through December 31, 2000. We did not evaluate year-to-date 2001 data for those loan types because banks report such data in whole years. For community development loans, the evaluation period for the prior CRA examination had covered originations through August 10, 1998. For this examination, the evaluation period for community development loans was August 11, 1998 through September 30, 2001. Market comparisons for small business and small farm lending are based on 1999 peer data because this was the most recent peer data available at the time of the evaluation. Peer data for the bank's home mortgage lending is not available because the bank is not subject to HMDA reporting.

As we evaluated FCNB's Lending Test performance, we gave the greatest weight to the bank's farm lending performance, since the number of FCNB's small loans to farms represented 54% of the loans we considered in this evaluation. We then gave equal weight to the bank's business and home mortgage lending performance. FCNB's small loans to businesses represented 24% of the loans we considered in this evaluation and home mortgage loans represented 22%. Within the home mortgage loan category, we gave the greatest weight to home purchase loans, followed by refinance and then home improvement. By number, those three categories of home mortgage loans represented 48%, 36%, and 16% of FCNB's home mortgage loan originations over the evaluation period.

For the Investment Test, we evaluated both the bank's equity investments and donations. For the Service Test, we evaluated retail services and community development services. Because the prior evaluation period had covered these investment and service activities through August 10, 1998, the current evaluation period for the Investment and Service Tests was August 11, 1998 through September 30, 2001.

### Data Integrity

FCNB publicly reports data on the small business and small farm loans it originates. We tested a sample of this data and determined it was sufficiently accurate for use in this CRA evaluation.

Although FCNB does not publicly report data on the home mortgage loans it originates, it does gather some data on those loans. We tested a sample of this data from 20 home purchase loans, 20 home improvement loans, and 20 home mortgage refinance loans. There were minor errors in the data that we corrected. We also supplemented the bank's data by gathering borrower income information for the loans in the sample. We drew conclusions about the bank's home mortgage lending activities from this sample.

We also reviewed community development loans, investments, and services provided by FCNB management to ensure they met the regulatory definition of community development. The few that did not meet the definition were excluded from this evaluation.

## **Selection of Areas for Full-Scope Review**

We conducted a full-scope review for the bank's one assessment area. Refer to Appendix A for information on FCNB's Mason City Assessment Area.

## **Ratings**

The bank's overall rating is based on its performance in the Mason City Assessment Area.

## **Other**

We conducted two community contacts during the examination. One of those contacts was with an organization that focuses on local housing issues. The other was with an organization that works on broad community development matters including housing, job creation and retention, and childcare. The organizations expressed the need for additional housing stock at all price levels. Housing needs include rehabilitation of older housing stock, increased availability of rental housing, and credit counseling. There is also a need for an increased number of jobs at reasonable wage levels. The contacts said that local banks participate in available opportunities to meet the needs.

## **Fair Lending Review**

An analysis of recent public comments, consumer complaint information, and small business and small farm lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1998.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Lending Test is rated "Outstanding." This is based on a full-scope review of the bank's performance in the Mason City Assessment Area.

#### **Lending Activity**

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

Lending levels reflect good responsiveness to credit needs in relation to the bank's deposit base. To arrive at this conclusion, we considered the bank's small business and small farm loan market shares in relation to its deposit market share. We also considered the bank's net loan-to-deposit ratio relative to that of other banks. FCNB conducts virtually all of its lending activities within the Mason City Assessment Area.

Based on publicly available information, FCNB's small business and small farm lending levels are excellent. As of June 30, 2000, the most recent date for which deposit market share data is available, FCNB had the highest volume of deposits in the assessment area with a 17.53% deposit market share. It also had originated and purchased the highest volume of both small business and small farm loans in the assessment area. In 1999, FCNB had small business and small farm loan market shares of 37.52% and 63.80%, respectively. These comparisons of deposit and loan market shares are not ideal because the vast majority of the banks on the deposit market share report are not required to report data on their small business and small farm lending activities. Nonetheless, this information is readily available and is one factor to consider in giving perspective to the bank's lending activity. Because FCNB is not a HMDA reporter, market share and market rank information for the bank's home mortgage lending is not available.

The bank's net loan-to-deposit ratio relative to the average of its peer banks is slightly higher. As of June 30, 2001, FCNB's net loan-to-deposit ratio was 86.77% and the national peer group average was 83.11%.

#### **Distribution of Loans by Income Level of the Geography**

##### ***Home Mortgage Loans***

Refer to Tables 2, 3 and 4 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Geographic distribution of the bank's loans within the Mason City Assessment Area is not meaningful because there are no LMI geographies.

***Small Loans to Businesses***

Refer to Table 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Geographic distribution of the bank's loans within the Mason City Assessment Area is not meaningful because there are no LMI geographies.

***Small Loans to Farms***

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

Geographic distribution of the bank's loans within the Mason City Assessment Area is not meaningful because there are no LMI geographies.

***Lending Gap Analysis***

This analysis is not meaningful because the Mason City Assessment Area does not include any LMI geographies.

***Inside/Outside Ratio***

FCNB's level of loan originations and purchases within the assessment area is excellent. During the evaluation period, FCNB originated or purchased 96% of its small business loans and 96% of its small farm loans within the assessment area. In addition, all of the home mortgage loans that we sampled were to borrowers within the assessment area.

**Distribution of Loans by Income Level of the Borrower**

***Home Mortgage Loans***

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

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

***Home Purchase Loans***

FCNB's distribution of home purchase loans to borrowers of different income levels is excellent. While the percentage of the loans made to low-income borrowers was lower than the percentage of families in the assessment area that have low incomes, performance is still considered good. This is based on the difficulty faced by families with very low incomes, particularly those below the poverty level, in affording homes. The percentage of the loans to moderate-income borrowers significantly exceeds the area demographics.

## **Home Improvement Loans**

FCNB's distribution of home improvement loans to borrowers of different income levels is excellent. While the percentage of loans made to low-income borrowers was significantly lower than the percentage of families in the assessment area that have low incomes, meeting the demographic is difficult due to the level of very low-income families in the assessment area. The percentage of loans to moderate-income borrowers significantly exceeds the area demographics.

## **Home Mortgage Refinance Loans**

FCNB's distribution of home mortgage refinance loans is good. The percentage of loans made to low-income borrowers was significantly lower than the percentage of families in the assessment area that have low incomes. The bank would have difficulty in meeting the demographic due to the level of families in the assessment area that have very low incomes. The percentage of loans made to moderate-income borrowers is slightly higher than the percentage of families that have moderate incomes.

## ***Small Loans to Businesses***

Refer to Table 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

FCNB's borrower distribution of small loans to businesses was excellent. The percentage of FCNB's small loans to small businesses (those with revenues of \$1 million or less) exceeds the percentage of businesses in the assessment area that report those smaller revenues. In addition, of the banks that report such data, FCNB has a greater market share of loans to businesses with those smaller revenues than it has of loans to businesses with revenues of all sizes.

Information on loan size also indicates FCNB is serving a significant portion of the smaller businesses in the assessment area through the origination of loans of smaller amounts. Ninety-four percent of the small loans to businesses that FCNB originated over the evaluation period were in original amounts of \$100,000 or less. Other banks that report small business data made 46% of their loans in that size category.

## ***Small Loans to Farms***

Refer to Table 11 in the appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

FCNB's distribution of small loans to businesses based on borrower income was excellent. The percentage of FCNB's small loans to small farms (those with revenues of \$1 million or less) exceeds the percentage of farms in the assessment area that report those smaller revenues. In addition, of the banks that report such data, FCNB has a greater market share of loans to farms with those smaller revenues than it has of loans to farms with revenues of all sizes.

Information on loan size also indicates FCNB is serving a significant portion of the smaller farms in the assessment area through the origination of loans of smaller amounts. Ninety-four percent of the small loans to farms that FCNB originated over the evaluation period were in original amounts of \$100,000 or less. Other banks that report small farm data made 57% of their loans in that size category.

## **Community Development Lending**

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

FCNB's level of community development lending has a positive impact on its Lending Test performance. During the evaluation period, the FCNB made seven community development loans totaling \$859,034. This dollar volume represents 1.49% of the bank's Tier I capital. This volume in a community with modest opportunities for community development is a positive reflection of the bank's efforts to participate in available community development opportunities. The loans addressed a broad range of needs in the community, including affordable housing, community services such as childcare and job training, and increased job opportunities, all targeted to help LMI individuals.

## **Product Innovation and Flexibility**

We gave positive consideration to FCNB's participation in loan programs with flexible features that help increase the accessibility of loans to lower income individuals. FCNB offered several flexible loan programs over the evaluation period. Five of the programs targeted LMI homebuyers, which helps to explain the bank's positive borrower distribution performance for home purchase loans. Under the programs, FCNB provides flexible underwriting standards. In general, the flexibility includes allowing lower downpayment amounts and assistance for downpayment and closing costs from the entities sponsoring the programs.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Investment Test is rated "Low Satisfactory." This is based on a full-scope review of the bank's performance in the Mason City Assessment Area.

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

FCNB had an adequate level of investments in light of the modest level of opportunities for community development that exist within the Mason City Assessment Area. For the evaluation period, FCNB's qualified investments totaled \$795,343. The majority of the qualified investments relate to the bank's investment in a bond which finances low-income rental housing in a community within the assessment area. The bank continues to hold an investment it made during the prior evaluation period. That investment was in a limited partnership established to attract businesses to Floyd County in order to increase employment opportunities, especially for LMI individuals. FCNB's investment is still having an impact on the Mason City Assessment Area. After the partnership sold its first speculative building site, FCNB's investment was available to fund the construction of additional speculative buildings. The third such speculative building has been constructed and is currently for sale. In addition to FCNB's investments, it has also made contributions totaling \$129,668. These contributions were to 33 different organizations or programs within the assessment area that help to promote a wide variety of community development efforts.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "High Satisfactory." This is based on a full-scope review of the bank's performance in the Mason City Assessment Area.

### **Retail Banking Services**

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

FCNB's delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment area. The bank operates twelve offices in ten communities within the assessment area. An analysis of the geographic distribution of the bank's offices would not be meaningful since there are no low- or moderate- income geographies within the assessment area. The bank did not open or close any branch offices during the evaluation period.

The hours and services the bank offers throughout the assessment area are reasonable and vary based on the needs of the communities. Offices in eight of the ten communities offer a full range of traditional banking services. They also have some extended hours, including at least one evening per week and Saturday hours. The other two offices are in smaller communities with more limited demand for banking services. FCNB has morning hours only in those communities and does not have lenders onsite. FCNB lenders are available to customers of those offices through another FCNB office that is located less than 10 miles away. In addition, FCNB personnel will make appointments to accommodate customer needs. Besides these differences in hours and availability of lending staff, there are no material differences in the traditional products and services offered by the branch offices. All locations offer the same deposit and loan products.

To complement the services available at branches, FCNB offers a variety of alternative delivery systems including banking via the telephone, mail, and Internet. In addition, the bank owns nine automated teller machines (ATMs), eight of which are full-service and one of which dispenses cash, but does not accept deposits. These ATMs are located in four of the communities in which the bank has offices. Because the bank does not maintain information on how low- or moderate-income individuals are impacted by these alternative delivery systems, we could not place much weight on them when drawing conclusions under the Service Test.

## **Community Development Services**

The bank provides a relatively high level of community development services compared to the modest level of opportunities available within the assessment area. During the evaluation period, employees of FCNB provided technical assistance and their financial expertise to 24 organizations that work on community development issues within the assessment area. Bank personnel served as officers or board members for organizations that promote small businesses and increased employment opportunities within the community. The bank's involvement in these organizations was especially responsive to the important area need of increased employment opportunities. Bank personnel also worked with organizations that help provide affordable housing and community services to low- and moderate-income individuals in the assessment area.

FCNB's community development services also include accounts or services that increase access to financial services for low- or moderate-income individuals. Specifically, these include Electronic Transfer Accounts, through which the bank provides a low-cost account for customers who receive Federal benefit payments. These also include cashing of Federal- or State-issued checks for no fee for both customers and noncustomers.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): July 1, 1998 to December 31, 2000 Investment and Service Tests and CD Loans: August 11, 1998 to September 30, 2001	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First Citizens National Bank (FCNB) Mason City, Iowa	Home mortgage loans, small business loans, small farm loans, and community development loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Mason City - non-metropolitan area	Full-Scope	Whole counties of: Cerro Gordo, Chickasaw, Floyd, Franklin, Hancock, Mitchell, and Wright  Partial counties of: Butler (BNAs 9701 and 9703), Howard (BNA 9603), and Worth (BNA 9903)

## Appendix B: Market Profiles for Full-Scope Areas

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#### Market Profiles for Areas Receiving Full-Scope Reviews

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**Mason City Assessment Area**

Demographic Information for Full-Scope Area: Mason City Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	38	0	0	97.37	2.63	0
Population by Geography	138,724	0	0	94.37	5.63	0
Owner-Occupied Housing by Geography	40,031	0	0	94.57	5.43	0
Businesses by Geography	7,224	0	0	97.52	2.48	0
Farms by Geography	3,524	0	0	99.40	.60	0
Family Distribution by Income Level	38,599	16.15	19.84	27.17	36.84	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	13,891	0	0	96.53	3.47	0
Median Family Income	\$29,303	Median Housing Value				\$37,965
HUD Adjusted Median Family Income for 2001	\$48,400	Unemployment Rate				3.10%
Households Below the Poverty Level	11.46%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 1990 U.S. Census, and 2001 HUD updated MFI.

FCNB’s Mason City Assessment Area consists of ten whole or partial counties, all contiguous and in the north central region of Iowa. The whole counties are Cerro Gordo, Chickasaw, Floyd, Franklin, Hancock, Mitchell, and Wright. The partial counties are Butler, Howard, and Worth. The assessment area does not include any LMI BNAs. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude any LMI geographies.

FCNB has a total of twelve offices. All are full-service except one that is a drive-up facility alone. The bank operates a total of nine ATMs in the communities of Mason City, Charles City, Clarion, and Osage. All ATMs are full-serve except for one that does not accept deposits. Based on deposits, FCNB is the market leader in its assessment area. The most recent date for which deposit market share information is available is June 30, 2000. On that date, FCNB held \$437 million in deposits and had a market share of 17.53%. The bank with the next largest volume of deposits on that date was Wells Fargo Bank Iowa, NA with deposits in the assessment area of \$159 million, which represented a 6.37% market share.

The largest city in the assessment area is Mason City, with a population of approximately 30 thousand; the next most populous city is Charles City at approximately 10 thousand. The assessment area has a fairly diversified manufacturing and service oriented economic base. Some of the major employers include hospitals and health care providers, insurance companies, food processors, and companies that manufacture doors and ice machines. During August 2001, Iowa’s unemployment rate of 3.1% was below the national average of 4.9%. Organizations and local governments within the assessment area are concerned with local rates of unemployment and underemployment have taken steps to address those concerns.

Much of the assessment area is rural farmland. Corn and soybeans are the primary agricultural products. There are several nationally-based agricultural processing companies located in Mason City. To further support the local agricultural industry, the area has regional offices of the Farm Service Agency, Farm Bureau, National Resources Conservation Service, Agriculture Department for Rural Development, Iowa State University Extension Office, and the Iowa Department of Natural Resources. This mix of production, processing, and service provides solid support for the agricultural economy.

There are strong efforts to attract businesses to the area, in an effort to decrease the rates of unemployment and underemployment and to increase the tax base. In 1999, the City Council of Mason City approved a city "Enterprise Zone." That program also offers various tax credits to help spur local economic development. An Internet site sponsored by the city of Mason City lists various incentive programs that local businesses can use for job creation and business expansion. Mason City has an Economic Development Corporation that established a revolving loan fund to promote increased economic activity. Funding for this revolving fund came from contributions of local individuals and businesses. Under 1997 Iowa legislation, four areas within Floyd County are designated "Enterprise Zones." New or expanding businesses in those areas that comply with specific wage, investment, and benefits criteria are eligible for various tax credits. The Charles City Area Development Corporation also administers various programs to support the community, largely to attract new businesses to the area to increase employment. These local programs provide opportunities for financial institutions to assist with local economic development initiatives.

We conducted two community contacts during the examination. One of those contacts was with an organization that focuses on local housing issues. The other was with an organization that works on a broad range of community development matters including housing, job creation and retention, and childcare. The organizations expressed the need for additional housing stock at all price levels. Housing needs include rehabilitation of older housing stock, increased availability of rental housing, and credit counseling. There is also a need for creation of jobs at reasonable wage levels. The contacts said that local banks participate in available opportunities to meet the needs in the assessment area.

There is a modest level of opportunities for banks to participate in community development within the assessment area. The community development efforts of local governments and organizations have provided some opportunities for banks. In general, the overall health of the economy and lack of designated low- and moderate-income areas within the assessment area have resulted in only a modest level of opportunities for banks to participate in community development. The community contacts were not aware of any loan, investment, or service opportunities that were available to banks in which banks were not participating.

## Appendix C: Tables of Performance Data

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### 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/purchases 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/assessment area.

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/assessment area.
- 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 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 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 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 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/assessment area. The table also presents 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 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. In addition, the table 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. In addition, the table 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 investment 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 each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

**Table 1. Lending Volume**

LENDING VOLUME		State: IOWA				Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000						
MSA/Assessment Area:	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Review:												
Mason City	100.00	1,896	105,228	2,132	75,109	4,657	142,973	7	859	8,692	324,169	100.00
Limited-Review:												

(\*) Rated area refers to either the state or multistate MSA rating area.  
 (\*\*) The evaluation period for Community Development Loans is August 11, 1998 to September 30, 2001.  
 (\*\*\*) Deposit data as of June 30, 2000. Rated area refers to either the state or multistate MSA rating area.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE			State: IOWA				Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000									
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***					
	#	% of Total*	% Owner Occ Units**	% FCNB Loans ****	% Owner Occ Units**	% FCNB Loans ****	% Owner Occ Units**	% FCNB Loans ****	% Owner Occ Units**	% FCNB Loans ****	Over all	Low	Mod	Mid	Upp	
Full-Review:																
Mason City	910	100.00	0	0	0	0	94.57	80.00	5.43	20.00	NA	NA	NA	NA	NA	
Limited-Review:																

(\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 (\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.  
 (\*\*\*) Based on 1999 Aggregate HMDA Data only.  
 (\*\*\*\*) Because the bank is not a HMDA reporter, the distribution of Home Purchase Loans is based on a sample of 20 loans.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			State: IOWA				Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000									
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***					
	#	% of Total*	% Owner Occ Units**	% FCNB Loans ****	% Owner Occ Units**	% FCNB Loans ****	% Owner Occ Units**	% FCNB Loans ****	% Owner Occ Units**	% FCNB Loans ****	Over all	Low	Mod	Mid	Upp	
Full-Review:																
Mason City	296	100.00	0	0	0	0	94.57	95.00	5.43	5.00	NA	NA	NA	NA	NA	
Limited-Review:																

(\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.  
 (\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.  
 (\*\*\*) Based on 1999 Aggregate HMDA Data only.  
 (\*\*\*\*) Because the bank is not a HMDA reporter, the distribution of Home Improvement Loans is based on a sample of 20 loans.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			State: IOWA				Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000									
MSA/Assessment Area:	Total Home Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***					
	#	% of Total*	% Owner Occ Units**	% FCNB Loans ****	% Owner Occ Units**	% FCNB Loans ****	% Owner Occ Units**	% FCNB Loans ****	% Owner Occ Units**	% FCNB Loans ****	Over all	Low	Mod	Mid	Upp	
Full-Review:																
Mason City	690	100.00	0	0	0	0	94.57	85.00	5.43	15.00	NA	NA	NA	NA	NA	
Limited-Review:																

(\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.  
 (\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.  
 (\*\*\*) Based on 1999 Aggregate HMDA Data only.  
 (\*\*\*\*) Because the bank is not a HMDA reporter, the distribution of Home Mortgage Refinance Loans is based on a sample of 20 loans.

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												State: IOWA		Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000			
MSA/Assessment Area:	Total Small Loans To Businesses		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***						
	#	% of Total*	% of Businesses **	% FCNB Loans	% of Businesses **	% FCNB Loans	% of Businesses **	% FCNB Loans	% of Businesses **	% FCNB Loans	Over all	Low	Mod	Mid	Upp		
Full-Review:																	
Mason City	2,132	100.00	0	0	0	0	97.52	98.45	2.48	1.55	37.52	0	0	38.28	24.00		
Limited-Review:																	

(\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.  
 (\*\*) Source of Data-Dunn and Bradstreet.  
 (\*\*\*) Based on 1999 Aggregate Small Business Data only.

**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS															State: IOWA		Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000				
MSA/Assessment Area:	Total Small Loans To Farms		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***										
	#	% of Total*	% of Farms**	% FCNB Loans	% of Farms**	% FCNB Loans	% of Farms**	% FCNB Loans	% of Farms**	% FCNB Loans	Over all	Low	Mod	Mid	Upp						
Full-Review:																					
Mason City	4,657	100.00	0	0	0	0	99.40	99.76	.60	.24	63.80	0	0	64.12	30.00						
Limited-Review:																					

(\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.  
 (\*\*) Source of Data-Dunn and Bradstreet.  
 (\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE			State: IOWA				Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000									
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****					
	#	% of Total*	% of Families **	% FCNB Loans ***	% of Families **	% FCNB Loans ***	% of Families **	% FCNB Loans ***	% of Families **	% FCNB Loans ***	Over all	Low	Mod	Mid	Upp	
Full-Review:																
Mason City	910	100	16.15	10.00	19.84	30.00	27.17	20.00	36.84	40.00	NA	NA	NA	NA	NA	
Limited-Review:																

(\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 (\*\*) Percentage of Families is based on 1990 Census information.  
 (\*\*\*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by the bank. Because the bank is not a HMDA reporter, the distribution of Home Purchase Loans is based on a sample of 20 loans.  
 (\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 8. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			State: IOWA				Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000									
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****					
	#	% of Total*	% of Families **	% FCNB Loans ***	% of Families **	% FCNB Loans ***	% of Families **	% FCNB Loans ***	% of Families **	% FCNB Loans ***	Over all	Low	Mod	Mid	Upp	
Full-Review:																
Mason City	296	100	16.15	5.26	19.84	42.11	27.17	36.84	36.84	15.79	NA	NA	NA	NA	NA	
Limited-Review:																

(\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.  
 (\*\*) Percentage of Families is based on 1990 Census information.  
 (\*\*\*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by the bank. Because the bank is not a HMDA reporter, the distribution of Home Improvement Loans is based on a sample of 20 loans.  
 (\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		State: IOWA		Evaluation Period: JULY 1, 1998 TO DECEMBER 31, 2000											
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****				
	#	% of Total*	% of Families**	% FCNB Loans***	% of Families**	% FCNB Loans** *	% of Families**	% FCNB Loans***	% of Families**	% FCNB Loans***	Over all	Low	Mod	Mid	Upp
Full-Review:															
Mason City	690	100	16.15	5.00	19.84	20.00	27.17	35.00	36.84	40.00	NA	NA	NA	NA	NA
Limited-Review:															

(\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.  
 (\*\*) Percentage of Families is based on 1990 Census information.  
 (\*\*\*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by the bank. Because the bank is not a HMDA reporter, the distribution of Home Mortgage Refinance Loans is based on a sample of 20 loans.  
 (\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES									
				State: IOWA		Evaluation Period: JULY 1, 1998 TO			
DECEMBER 31, 2000									
	Total Small Loans to Businesses		Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share****	
	#	% of Total*	% of Businesses**	% FCNB Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less
Full-Review:									
Mason City	2,132	100.00	88.72	92.92	93.58	4.36	2.06	37.52	47.14
Limited-Review:									

(\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.  
 (\*\*) Businesses with revenues of \$1 million or less as a percentage of all businesses.  
 (\*\*\*) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0% of small loans to businesses originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate Small Business Data only.

**Table 11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		State: IOWA		Evaluation Period: JULY 1, 1998 TO					
		DECEMBER 31, 2000							
Total Small Loans to Farms		Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share****		
#	% of Total*	% of Businesses**	% FCNB Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less	
Full-Review:									
Mason City	4,657	100.00	98.41	99.91	93.69	5.80	.51	63.80	64.58
Limited-Review:									

(\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.  
 (\*\*) Farms with revenues of \$1 million or less as a percentage of all businesses.  
 (\*\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0% of small loans to businesses originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS		State: IOWA		Evaluation Period: AUGUST 11, 1998 TO SEPTEMBER 30, 2001					
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
Full-Review:									
Mason City	1	112	52	683	53	795	100	0	0
Limited-Review:									

(\*) "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.

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	State: IOWA		Evaluation Period: AUGUST 11,	
																	1998 TO SEPTEMBER 30, 2001			
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population						
	% of Rated Area Deposits in MSA/AA	# of FCNB Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography						
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp			
Full-Review:																				
Mason City	100.00	12	100.00	0	0	100.00	0	0	0	0	0	0	0	0	0	94.37	5.63			
Limited-Review:																				

