



PUBLIC DISCLOSURE

June 24, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Plainview
Charter Number 6293**

**138 West Broadway
Plainview, MN 55964**

**Office of the Comptroller of the Currency
Minneapolis Field Office
920 Second Avenue South, Suite 800
Minneapolis, Minnesota 55402**

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

GENERAL INFORMATION

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

*This document is an evaluation of the CRA performance of **The First National Bank of Plainview (FNBP)** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of June 24, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory.**”

FNBP is meeting the credit needs of its Assessment Area (AA).

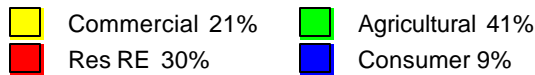
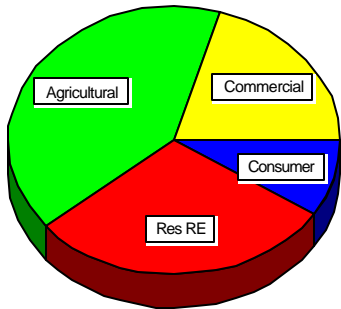
- C The loan to deposit ratio is satisfactory and compares favorably to banks of similar size and locality.
- C A majority (86%) of the bank's loans are within its AA.
- C The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- C The distribution of loans to farms and businesses of different sizes, as well as to borrowers of different income levels, is excellent.

DESCRIPTION OF INSTITUTION:

The FNBP is a community bank with a single office in Plainview, Minnesota. A drive-up facility and ATM are operated at this location. Plainview Bankshares Inc. (PBI) owns 100 percent of this bank and its affiliate, Southeast Minnesota Agricultural Credit Corp. (SEMACC). FNBP’s primary business focus is lending to small businesses and farms. In addition, residential and consumer lending activity has doubled since our last examination.

Loan Portfolio Composition

Chart # 1



As of March 31, 1999, total assets were reported at \$90 million. Net loans to total assets, and to total deposits at that date were 71 and 87 percent, respectively. Chart #1 shows the distribution of the bank’s loan portfolio reported as of March 31, 1999. Additional agricultural and residential mortgage loans were made and sold. These are not reflected on the balance sheet.

There are no financial conditions, legal constraints, or other factors that hinder the bank’s ability to help meet the credit needs of its assessment area (AA). At the last CRA examination dated March 23, 1996, FNBP received a “Satisfactory” rating.

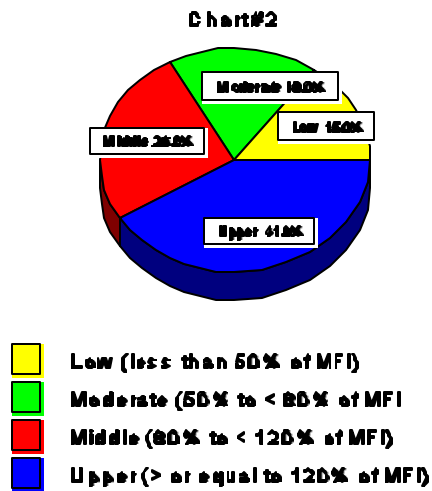
DESCRIPTION OF FNBP’s ASSESSMENT AREA:

The bank’s assessment area consists of nine Block Numbering Areas (BNA’s) surrounding its office. The location of the BNA’s by income level is as follows:

<i>Income Level</i>	<i>% of AA</i>	<i>County (BNA’s)</i>
Low	0%	None
Moderate	11%	Olmsted (0020)
Middle	78%	Olmsted (0019), Winona (9701), Wabasha (9901 - 9905)
Upper	11%	Wabasha (9906)

The bank’s assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. 1990 Census Data reports the total population of the AA is

Families in AA by Income Level



38,208. The 1998 HUD Non-MSA statewide median family income is \$44,922.

The breakdown by income level of families living within the AA is as follows:

While the majority of families living in the AA are upper and middle income, low- and moderate-income families represent 15 and 18 percent, respectively. Although the AA's unemployment rate is low at 2.2 percent, eight percent of households live below the poverty level.

The number of housing units is sufficient for the number of households. Owner occupied units represent 92 percent of total housing units.

However, the number of affordable units for low and moderate income families is a concern.

The median age of homes in the AA is 26 years, with a median price of \$60 thousand. Newer homes are priced between \$70 - \$120 thousand, with most availability at the upper end. Mobile homes provide the greatest housing availability for low- and moderate-income families, and represent 15 percent of total units. Estimated annual housing cost represents approximately 40 percent of a low-income family's annual income.

The AA's economy is strong and remains rural with an extensive agricultural base. Major employers include packing and seed operations. Dairy and cash crops remain the dominate products. However, in recent years, the declining agricultural industry has resulted in the area's gradual transition to a more service and retail economy. Service and retail trade industries represent 34 and 19 percent, respectively, of total businesses reported in 1998. In addition, many workers live in the AA, but commute to work at the Mayo Clinic and IBM facility in nearby Rochester.

1998 Business Demographic Data shows farm and nonfarm (but agriculturally related) businesses in the AA represent 7 and 93 percent, respectively, of all 1,012 businesses reported. Of these, small farms and businesses, defined as having gross annual revenues less than \$1 million, represent 97 and 78 percent, respectively.

Community contacts representing all three counties in the AA include: local government officials, the Community Housing Partnership, and Chamber of Commerce. During the examination, additional information was received from the Plainview Economic Development Company (PADCO), and the Regional Sustainable Development Partnership (sponsored by the University of Minnesota).

All contacts indicate the primary needs of the AA include affordable housing construction or rehabilitation, and financing for first-time buyers. Permanent and operating capital is also needed to support growth of new small businesses. Community contacts consistently commented that local financial institutions are responsive to community credit needs.

The FNBP faces significant competition from several community banks, thrift institutions and credit unions, in addition to branches of larger regional banks. The People’s State Bank is identified as the closest in size and similarity of business focus.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to Deposit Analysis

The bank’s loan to deposit ratio is satisfactory, given the bank’s size, financial condition and assessment area credit needs. The average loan-to-deposit ratio for the eight quarters ending March 31, 1999 is 86 percent, which compares favorably to 71 percent for local similarly situated banks. The bank’s favorable performance is enhanced by its ability to originate agricultural loans and sell participations to its affiliate, SEMACC, which is funded through Agribank.

Lending Inside and Outside of the Assessment Area

The FNBP extends the majority of its loans within its AA. Of all loans originated from April 1, 1996 through June 15, 1999, the bank made 86 and 80 percent, by number and dollar volume of loans, respectively, to borrowers inside the AA.

Distribution of Credit within the Assessment Area by Geography

FNBP’s geographic distribution of loans reflects reasonable dispersion throughout the AA. The bank originated the majority of its loans within the Plainview area, but achieved good penetration across all applicable income category geographies. No conspicuous gaps were identified in the analysis. The area is largely farm land and has a wild life preservation area. There are no low income areas, and only one moderate income BNA.

The following table details the distribution of the bank’s loans within its AA, by BNA income level category. The data reflects all loans made since the last examination.

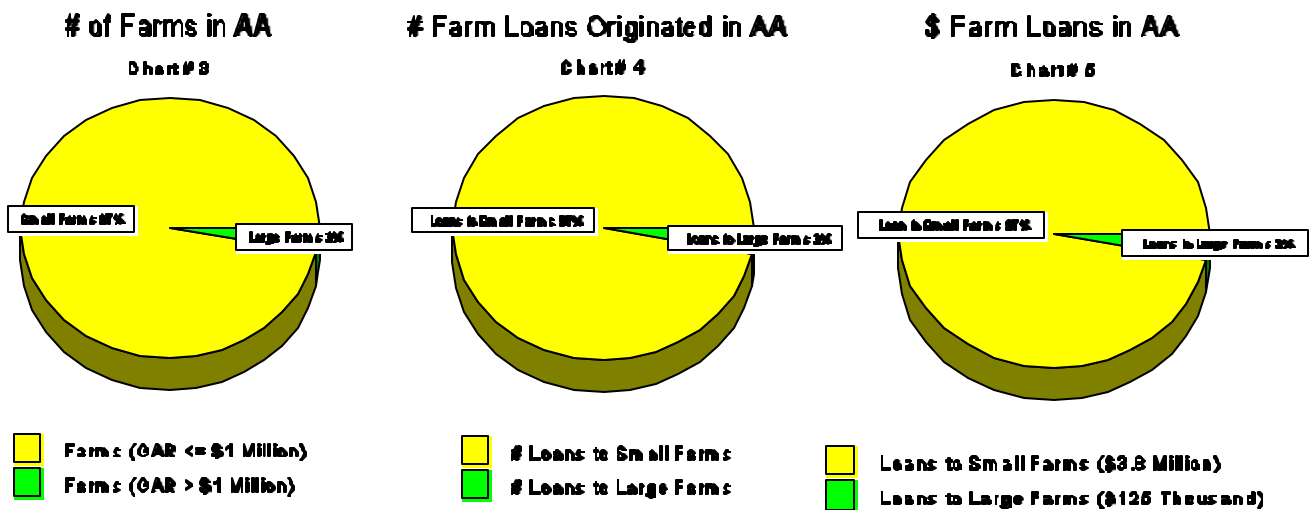
<i>BNA Type</i>	<i>% of AA</i>	<i># Loans</i>	<i>% Loans (by #)</i>	<i>\$ Loans</i>	<i>% Loans (by \$)</i>
Low	0	0	0	0	0
Moderate	11%	417	10%	\$10,646	12%

Middle	78%	1809	45%	\$44,730	48%
Upper	11%	1784	45%	\$36,523	40%
Total	100%	4010	100%	\$91,899	100%

Source: Bank Records for loan originations April 1, 1996 to June 15,1999

Distribution of Credit within the Assessment Area by Borrower Income

The bank's record of lending to farming operations and businesses of different sizes, as well as to consumers of different income levels, is satisfactory. To determine the distribution of loans by borrower



size and income level, a random sample was analyzed for each loan type (agricultural, commercial, residential real estate, and consumer).

Agricultural Loans:

GAR: Gross Annual Revenues

Agricultural lending represents 41 percent of the bank's loan originations. Based on our sample of 30 agricultural loans, the above charts demonstrate the commitment of the bank to service the needs of small farm operations, which comprise the majority of agricultural borrowers in the AA.

Commercial Loans:

<i>Businesses Size</i>	<i>% of Businesses in AA</i>	<i># Loans</i>	<i>%</i>	<i>\$ Loans</i>	<i>%</i>
------------------------	------------------------------	----------------	----------	-----------------	----------

Small (GAR ≤ \$1 Million)	78%	19	83%	\$819,000	34%
Large (GAR > \$1 Million)	22%	4	17%	\$1,613,000	66%
Total	100%	23	100%	\$2,432,000	100%

GAR: Gross Annual Revenue

Our sample included 23 commercial loans to different borrowers. The above table shows that FNBP's lending performance reflects good penetration of small businesses which represent 78 percent of the bank's AA. Further, 79 percent of the loans originated during the evaluation period to small businesses were in amounts less than \$100 thousand.

Residential Real Estate and Consumer Loans:

<i>Income Category (% of MFI)</i>	<i>% of Families in AA</i>	<i># Loans in Sample</i>	<i>%</i>
Low (< 50%)	15%	11	23%
Moderate (=>50% to <80%)	18%	13	27%
Middle (=>80% to <120%)	26%	8	17%
Upper (=> 120%)	41%	16	33%
Total	100%	48	100%

MFI: Median Family Income

The above chart reflects the successful performance of FNBP in meeting the credit needs of low- and moderate-income families living in the AA. Our random sample included 25 consumer (mobile homes, auto and personal) and 23 residential real estate loans. Real estate loans include attached mobile homes and owner occupied 1-4 family residences. Given the limited availability of affordable housing for low- and moderate-income families, the bank has made an excellent effort to address financing of mobile homes through consumer lending activity.

Response to Complaints

The bank has received no CRA - related complaints since the previous CRA examination.

Compliance with Anti-discrimination Laws and Regulations

A Fair Lending review was conducted concurrent with this CRA examination. The bank is in compliance with all applicable anti-discrimination laws and regulations.