

Public Disclosure

January 10, 2000

Community Reinvestment Act Performance Evaluation

Community First National Bank - Iowa
Charter Number: 23417

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Decorah, Iowa 52101

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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 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 **Community First National Bank - Iowa** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **January 10, 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 the 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 by 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) 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% 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 Business Loans - 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 Farm Loans - 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 **Community First National Bank - Iowa (CFNB)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Community First National Bank - Iowa Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
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:

- y Community First National Bank - Iowa demonstrates good responsiveness to the small business, real estate home purchase and small farm credit needs of its assessment area. A substantial majority of the bank's loans are within its designated assessment area. The distribution of these loans by borrower profile reflects good penetration to individuals of different income levels and businesses and farms of different revenue sizes. Geographic distribution was not considered, as the Assessment Area is comprised entirely of middle-income geographies.
- y CFNB provided an excellent level of qualified community development investments for a bank of this size.
- y CFNB's delivery systems are accessible to individuals of different income levels in its assessment areas. Bank personnel provide a good level of community development services through their involvement in organizations that further community development initiatives.

Description of Institution

Community First National Bank - Iowa (CFNB) is a \$168 million intrastate financial institution headquartered in Decorah, Iowa. CFNB is a subsidiary of Community First Bankshares, Inc., (CFBX) a \$6.3 billion multi-state holding company headquartered in Fargo, North Dakota. CFBX currently has 12 charters located in 12 states, primarily in the West and Midwestern states. This is the first evaluation of CFNB since its acquisition by CFBX on July 1, 1997 when it also became a national bank.

CFNB is a full-service banking institution. A full complement of lending and deposit services is offered at the bank's main office in Decorah, Iowa and at the branch bank in Provitin, Howard County, Iowa. The bank also operates a drive-up bank and five ATMs in Decorah. The bank's primary lending focus is commercial lending. As of September 30, 1999 the bank's loan portfolio consisted of 43 percent commercial and commercial real estate; 29 percent residential real estate, including multi-family; 17 percent agricultural and agricultural real estate; and 11 percent consumer loans.

The bank's loan to deposit ratio was 84 percent as of September 30, 1999 and Tier I capital totaled \$12.7 million as of the same date. The bank has the financial capacity to assist in meeting the credit needs of the community. There are no legal or financial constraints that impede its CRA efforts.

The bank was last evaluated in March 1995, using small bank procedures in effect at that time. The bank was assigned a rating of "Outstanding." The change in rating is more reflective of the bank's evaluation under the large bank standards and its associated Lending, Investment, and Service Tests. The change in rating should not necessarily be construed as a deterioration in overall performance.

For purposes of this evaluation, only the loans and services generated by CFNB were considered. The bank did not ask us to consider the activities of any of CFNB's affiliates for these two tests. The Investment Test considered CFNB's investment into a Community Development Corporation that is owned and managed by the holding company.

Scope of the Evaluation

We evaluated CFNB's CRA performance using the FFIEC Interagency Large Bank CRA Examination Procedures. We reviewed small business, small farm data collected from July 1, 1997 through June 30, 1999, and residential real estate loans from July 1, 1997 through September 30, 1999. We evaluated the distribution of loans inside and outside of the bank's assessment area for the same time period. The bank is not a HMDA reporter, so we used a sample of residential real estate loans to determine borrower distribution by income and revenue levels. The bank originated a total of 553 residential real estate loans during the evaluation period. CFNB obtained a national bank charter on July 1, 1997, and we evaluated equity investments, grants and donations from July 1, 1997 through December 31, 1999. We also evaluated banking services and community development services for the period July 1, 1997 through December 31, 1999.

Data Integrity

We reviewed residential real estate purchase loans, small business loans, and small farm loans to verify the data the bank maintains. We compared the information located in the loan files to the bank's records. We found the bank's data to be basically accurate. The few errors were easily corrected and did not affect the accuracy of the evaluation.

Selection of Areas for Full-Scope Review

The bank has only one Assessment Area (AA). We assigned the bank's CRA rating based on its Lending, Investment, and Service Test performance within the AA. The bank's AA includes all of Winneshiek County (five BNAs) and two contiguous BNAs in adjoining Howard County. The bank's AA is comprised entirely of middle-income geographies.

Ratings

We based the bank's ratings on its small business, residential home purchase real estate, and small farm lending. These products represent the bank's primary business focus and the identified credit needs in the bank's assessment area. We did not review home improvement or home refinance loans, due to the small number of loans of these types the bank originated.

Our lending analysis placed more weight on the bank's borrower distribution than its geographic distribution because all the BNA's in the bank's assessment area are middle-income geographies.

Community Contacts

We performed two community contacts during the evaluation. We reviewed information from one other community contact that bank regulators had completed since the bank's last CRA evaluation. One of the current contacts was community development related and the other was agriculture related.

Both contacts stated the need for educational opportunities and training in areas such as budgeting, record keeping, and alternative financing methods. The community development-related contact also stated the need for affordable housing for low- and moderate-income people, as well as rehabilitation of existing homes. This community contact stated that the construction of senior citizen facilities that has occurred in the past three years, as well as multi-family dwellings directed toward low- and moderate-income people, is helping to meet this need, but more needs to be done in this area.

Both Winneshiek and Howard Counties have very active community development organizations that are a part of the county governments. Efforts to attract new businesses are primarily funneled through these agencies.

Fair Lending Review

We found no evidence of apparent disparate treatment and the bank is in compliance with applicable antidiscrimination laws and regulations. We compared the rates, terms, and conditions of credit provided based on a sample of approved, refinanced 1-4 family residential real estate. Gender was the prohibited basis. The review period covered all of 1999.

Conclusions with Respect to Performance Tests

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

The bank has a good record of lending to businesses and farms of different revenue sizes and to borrowers of different income levels for home purchase loans. The bank's lending to small businesses and small farms by income revenues exceeded comparable demographic information in the Assessment Area, and was comparable for home purchase loans. An analysis of geographic distribution of the bank's loans was not meaningful because the AA contains only middle-income BNAs. The bank made the majority of its loans to borrowers within its assessment area.

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

Community First National Bank - Iowa provided an excellent level of investments that benefit the AA. Qualified investments represented 6.4 percent of the bank's Tier I capital.

We consider the bank's performance under the Service Test to be good with an assigned rating of "High Satisfactory."

Bank personnel use their financial expertise in diverse ways to benefit the assessment area. The bank's offices and ATMs provide reasonable access and convenience to all individuals in the assessment area including LMI people.

LENDING TEST

Lending Activity

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

Community First National Bank - Iowa demonstrated good responsiveness to the small business, small farm, and home purchase credit needs of its AA.

By product type, the bank's level of loans to small businesses increased approximately 30 percent by number and 28 percent by dollar volume in 1999 compared to 1998. The loans to small farms decreased 19 percent by number and 14 percent by dollar volume. A decrease was also evident in the number and dollar amount of home purchase loans, 28 percent and 36 percent, respectively.

These trends are reflective of the bank's primary business focus, loans to small businesses. Competition for other lending products allows the bank to actively pursue

small business lending. The decline in agricultural lending is also attributed to the weakening farm economy and a 21 percent decrease in the number of farms, per

recent data provided by the United State Department of Agriculture. Agricultural lending needs are being met by four banks within CFNB's AA that concentrate their lending in this area. Two institutions offer a wide variety of residential real estate loan products and competition for this business is high. Also, the addition of one new bank in the AA and aggressive lending of two additional banks that changed ownership during the evaluation period has greatly increased competition for all types of loans.

At the time of this evaluation, the bank's records reflected \$2.9 million in unfunded lines of credit, primarily on loans for small businesses and small farms. These funds allow small business and small farm owners to have the funds available to meet expenses and allow for a smoother operation of the businesses. Making these funds readily available to its borrowers further demonstrates the bank's commitment to small businesses and small farms in its AA.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Table 7 of Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home purchase mortgage loan originations. The bank's home improvement and refinancing loan originations were not a significant part of the bank's lending and were not reviewed for this evaluation.

CFNB's distribution of home purchase loans among borrowers of different income levels is very good because of the bank's strong performance to moderate-income borrowers. Although the bank originated only 5 percent of its home purchase loans to low-income borrowers, it generated 30 percent to moderate-income borrowers. The bank's lending was below the demographics of 18 percent for low-income people; however, 9 percent of the low-income people live below the poverty level, which represents a barrier to home ownership. The bank significantly exceeded the area demographics of 20 percent for moderate-income borrowers. The bank originated 553 home purchase loans during the evaluation. Because the bank is not a HMDA reporter, the figures above were based on a random sample of 20 home purchase loans. Table 1 shows this number rather than total originations because our conclusions on the bank's real estate lending performance are based on these 20 loans.

An analysis of market rank and market share is not applicable because Community First National Bank and other banks in the AA are outside an MSA, and are not required to collect and report home lending activity for Home Mortgage Disclosure Act (HMDA) purposes.

Small Loans to Businesses

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

CFNB has an excellent record of lending to businesses of different revenue sizes.

CFNB ranks 7th in small business lending among all reporting lenders in its AA; however, market share analysis in this assessment area is somewhat misleading. Of the institutions ranked 1-6, none have an office in the assessment area. Of the other 11 financial institutions located within this assessment area only one is subject to large bank CRA reporting requirements. As seen in Table 10, 83 percent of the number of CFNB's small loans to business within the AA were to businesses with gross annual revenues of \$1 million or less. This exceeds demographic data, which showed 73 percent of all businesses in the AA had revenues of \$1 million or less.

The bank also performed extremely well in its distribution of small loans to businesses by loan size within the AA. During the evaluation period, CFNB extended 83 percent of its total reported loans to small businesses in amounts less than \$100 thousand.

The bank also extended \$662 thousand in Letters of Credit to small businesses during this evaluation period. These Letters of Credit allowed the businesses to obtain services necessary to their continued operation in the community.

Small Loans to Farms

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

Community First National Bank - Iowa had an excellent record of lending to farms of different revenue sizes, including farms with gross annual revenues of \$1 million or less. Also, the bank extended a high percentage of its reported farm loans in relatively small dollar amounts. CFNB ranks 19th in small farm lending with 1.38 percent of loans in this category. Of the banks ranking higher than CFNB, none has an office in the AA.

Bank data showed that 100 percent of its reported small loans to farms were to farms with revenues of \$1 million or less. Demographic data shows that 94 percent of all farms in the AA reported revenues of \$1 million or less.

Table 11 also shows that CFNB extended a high percentage of its reported farm loans in relatively small dollar amounts. This is another indication of the bank's efforts to meet the needs of smaller farms, as loan size generally correlates to the size of the farm. During the evaluation period, CFNB extended 94 percent of its total reported loans in amounts of \$100 thousand or less to farms to all revenue sizes.

The bank's average farm loan size was \$85 thousand. Average loan size is a possible indicator of whether a bank's lending to farms reflects support of smaller operations. The bank's average loan size is another positive reflection of lending performance based on this assumption.

CFNB participates in the United State Department of Agriculture's Direct Loan Program to assist in start-up farming operations or for the expansion of existing operations. The bank extended nine loans totaling \$125 thousand under this program during the evaluation period.

Distribution of Loans by Income Level of the Geography

All of the BNAs in the banks Assessment Area have been designated as middle-income geographies; therefore, this performance element was not rated.

Community Development Lending

Table 1 of Appendix C provides the facts and data used to evaluate the bank's level of community development lending.

CFNB demonstrated an excellent level of community development lending. The bank originated five community development loans in the total amount of \$675 thousand in its assessment area during the evaluation period. The loans benefited the AA by providing funding resources, at a reduced interest rate, to a local nonprofit community development corporation for the development of approximately 60 housing units for low- and moderate-income people. The loans included:

- One loan for \$150 thousand to construct a senior housing facility for low- to moderate-income people.
- Four loans totaling \$525 thousand to construct and provide temporary operating funds for three multi-family affordable housing units for low-income families.

Inside/Outside Ratio

Community First National Bank - Iowa originated a satisfactory percentage of reported loans within its AA. For all loans reviewed for this evaluation, the bank originated 84 percent by number within its AA. By loan product, the bank originated 85 percent of its home purchase loans, 83 percent of its small business loans, and 84 percent of its small farm loans within its assessment area.

Product Innovation and Flexibility

The bank provided a reasonable level of flexibility when meeting the credit needs of the community. The bank used flexible direct lending terms to individuals operating small commercial or farm businesses. The bank provided short term financing for commercial and farming operation expenses with no minimum loan amount. The bank's staff also assisted applicants for the no down payment Federal Housing Administration loans and the Mortgage Credit Certificate tax refund loans. These programs are designed to assist low- and moderate-income people attain home ownership. The bank assisted 36 homebuyers with these programs.

The loans originated by the bank included:

- Twenty-six loans totaling \$1,460,612 under the Guaranteed Rural Housing Program that allows eligible borrowers to obtain loans for the full purchase price, with no funds needed for down payments.
- Ten loans totaling \$470,675 under the Mortgage Credit Certificate Program that allows borrowers a 25 percent federal tax credit on the interest paid each year they remain in and own the home.

CFNB participates with the Small Business Administration in extending loans to businesses under this government-guaranteed program. The bank extended two loans totaling \$57,500 to start-up small businesses during the evaluation period. Both of these loans were to low- to moderate-income people.

INVESTMENT TEST

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

The bank's performance under the Investment Test is rated "Outstanding." Community First National Bank - Iowa provided an excellent level of qualified investments and grants that benefited the AA.

There are very few opportunities for investments in the area. This conclusion is based on information obtained from community contacts, bank personnel, and other sources familiar with the area. This is predominately a rural area with little infrastructure. Despite these limitations, CFNB management demonstrated leadership by working with other affiliates to establish a community development corporation (CDC) in 1999. CFNB invested \$825 thousand, representing 6.3 percent of the bank's Tier I Capital. The CDC, with a combined equity investment of \$15 million, allows Community First banks to pool their financial resources and expertise to provide community development equity investments in Iowa, Minnesota, Nebraska, South

Dakota, North Dakota, Colorado, Wisconsin, Wyoming, Arizona, Utah and New Mexico. The initial capital contributions of the CDC were fully invested in mortgage-backed securities issued by Federal Home Loan Mortgage Corporation. The underlying loans promote affordable housing for LMI people, both home purchase and rental housing. The bank also made direct donations to three other organizations that provide housing to LMI individuals.

The bank had 26 qualified investments totaling \$836 thousand within its AA during the evaluation period. In addition to the CDC, these investments included a:

- \$3 thousand contribution to United Way. The donations were specifically directed to organizations that assist low- and moderate-income people.
- \$2 thousand contribution to an organization that provides social services for LMI children.
- \$2 thousand contribution to Northeast Iowa Community Action Group to provide affording housing to LMI individuals.
- \$2 thousand donation to Habitat for Humanity to construct homes for LMI families.

The bank also made numerous donations totaling \$2 thousand to organizations that focus on economic development or the provision of community services targeted to people with low- or moderate-incomes.

SERVICE TEST

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

Community Development Services

The bank provides a good level of community development services, particularly considering its size and limited number of employees. CFNB participates in various activities in its AA that provides services to low- or moderate-income people or small businesses.

- A bank associate serves on the loan review committee of an organization that provides loans to enterprises providing facilities and services to low-income, under-employed, or elderly persons.
- Two bank officers serve as President and Treasurer, respectively, of an organization that provides free health care, scholarships and educational opportunities to needy children in Winneshiek County.
- Bank personnel serve on the board of three Economic Boards that promote small

business in Winneshiek and Howard Counties and attempts to attract new businesses to the area.

- Bank associates assist with the Food for Needy and Elderly program. This program provides food on a regular basis to LMI and elderly people.
- A bank officer serves a President of the Board of Directors of Opportunity Homes, an organization whose primary focus is to provide housing for LMI people.
- A bank officer serves on the Rural Action Strategies Committee, an organization to promote the interest of small farmers in the area.
- One bank official serves on the Board of Directors of Decorah Jobs, Inc., an organization that provides job training and educational opportunities for LMI people in Decorah.
- The bank also held a total of four seminars to advise first time homebuyers and LMI individuals of the opportunities and procedures for acquiring a home.

Retail Banking Services

Refer to Table 13 of Appendix C for the facts and data used to evaluate the distribution of the banks branch delivery system.

Retail Banking Services are rated "Low Satisfactory." The bank provides an adequate level of retail banking services. There are no low- or moderate-income geographies in the bank's AA. The bank's three branches and five ATMs are distributed throughout the AA.

Banking hours are reasonable. Some Saturday hours and extended Friday hours are available.

To help meet the needs of low- and moderate-income residents, the bank offers a free checking account with no minimum balance requirement. The bank also offers an automated service that allows bank customers to transact most deposit account business over the telephone. This service is available 24 hours a day and is free of charge.

The bank has not opened or closed any branches or ATMs since the last evaluation.

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. The table also reflects the nonmetropolitan areas that received comprehensive examination review.

Time Period Reviewed	Lending Test: Home Purchase July 1, 1997 to September 30, 1999 Small Farms/Small Business July 1, 1997 to June 30, 1999 Investment Test: July 1, 1997 to December 31, 1999 Service Test: July 1, 1997 to December 31, 1999	
Financial Institution		Products Reviewed
Community First National Bank - Iowa (CFNB)		Small Business, small farm and home purchase loans
Affiliate(s)	Affiliate Relationship	Products Reviewed
Community First Bankshares, Inc.	Parent Company	Qualified Investments through CDC
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Winneshiek County, Iowa and Contiguous BNAs 9601 and 9602, Howard County, Iowa	Full Scope	

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

Community First National Bank - Iowa

Demographic Information for Winneshiek County, Iowa and Howard County, Iowa (2 BNAs in CFNB AA)					
Demographic Characteristics	Number	Low % of No.	Moderate % of No.	Middle % of No.	Upper % of No.
Geographies	7	NA	NA	7	NA
Population by Geography	27,654	NA	NA	100%	NA
Family Distribution by Income Level	6,980	18%	20%	27%	35%
Owner-Occupied Housing by Geography	7,327	NA	NA	100%	NA
Small Business by Geography	1,271	NA	NA	100%	NA
Small Farm by Geography	806	NA	NA	100%	NA

Community First National Bank - Iowa defined its AA for its operations all of Winneshiek County, Iowa, and two adjoining BNAs in Howard County, Iowa. The AA is located in Northeast Iowa. The assessment area consists of seven middle-income geographies. There are no low- or moderate-income BNAs in the AA. The Housing and Urban Development median family income for the area in 1999 was \$42,100. By income level, the families were designated as 18 percent low-income, 20 percent moderate-income, 27 percent middle-income, and 35 percent upper-income.

There are eight other financial institutions in CFNB's AA; however, CFNB ranks first in deposit market share in Winneshiek County with 25 percent of deposits, and second in Howard County, with almost 8 percent of deposits. Competition in the lending market is high.

The bank's assessment area was described by bank personnel and community contacts as self-sustaining. The United States Department of Agriculture statistics show that the number of farms in the area has decreased 21 percent since 1992; however, the average size of the farms has increased by more than 4 percent, and the market value of agricultural products sold has increased 5 percent since 1992.

The area offers very good off-farm employment opportunities. Luther College, Cam-Cog-Textron, Rockwell-Collins, Iowa RodaCast Plastics, Winneshiek Hospital, the school district, and three large construction companies offer diverse employment opportunities. Area economy is strong. The Iowa unemployment rate in November 1999 was 2.1 percent. Bank personnel stated that employment was readily available.

Appendix C: Tables of Performance Data

Content of Standardized Tables

The tables cover the entire CRA evaluation period. References to the Δ 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.

The following is a listing and brief description of the tables included in each set:

- 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 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 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/assessment area. 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 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 compares the banks percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's AA to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. 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 thousand) 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 compares the banks percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's AA to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. 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 have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.

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 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table 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 the population within each geography. For borrower distribution, the table 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 of households by income level in each MSA/assessment area.

Table 1. Lending Volume

LENDING VOLUME												
State: IOWA												
Evaluation Period: July 1, 1997 to September 30, 1999												
MSA/Assessment Area:	% of Rated Area Deposits in MSA/AA*	Home Mortgage**		Small Loans to Businesses		Small Loans to Farms		Community Development		Total Reported Loans*		% of Rated Area Loans(#) in MSA/AA
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Scope:												
Winneshiek County and Howard Co.	100%	20	\$1,011	170	\$14,534	817	\$14,323	5	\$675	1,012	\$30,543	100%
Limited-Scope:												

(*) Deposit data as of June 30, 1999.

(**)Not a HMDA reporter

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE																	State: IOWA		Evaluation Period: July 1, 1997 to September 30, 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 Purchase Loans					
	% Owner Occ Units	% CFNB Loans	% Owner Occ Units	% CFNB Loans	% Owner Occ Units	% CFNB Loans	% Owner Occ Units	% CFNB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total				
Full-Scope:																				
Winneshiek County/2 BNAs in Howard County	Analysis Not Meaningful - All Geographies Middle-Income														553	100%				
Limited-Scope:																				

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT																State: IOWA		Evaluation Period: July 1, 1997 to September 30, 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	% CFNB Loans	% Owner Occ Units	% CFNB Loans	% Owner Occ Units	% CFNB Loans	% Owner Occ Units	% CFNB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total			
Full-Scope:																			
Winneshiek County/2 BNAs in Howard County	Analysis Not Meaningful - Product Not Reviewed																		
Limited-Scope:																			

Table 5. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES																
				State: IOWA				Evaluation Period: July 1, 1997 to June 30, 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 Business Loans	
	% of Businesses	% CFNB Loans	% of Businesses	% CFNB Loans	% of Businesses	% CFNB Loans	% of Businesses	% CFNB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Winneshiek County/2 BNAs in Howard County	Analysis not Meaningful - All Geographies Middle-Income														170	100%
Limited-Scope:																

Table 6. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS State: IOWA Evaluation Period: July 1, 1997 to June 30, 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 Farm Loans	
	% of Farms	% CFNB Loans	% of Farms	% CFNB Loans	% of Farms	% CFNB Loans	% of Farms	% CFNB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Winneshiek County/2 BNAs in Howard County	Analysis Not Meaningful - All Geographies Middle-Income														817	100%
Limited-Scope:																

Table 7. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE State: IOWA Evaluation Period: July 1, 1997 to September 30, 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	% CFNB Loans*	% of Families	% CFNB Loans*	% of Families	% CFNB Loans*	% of Families	% CFNB Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full-Scope:																
Winneshiek County/2 BNAs in Howard County	18%	5%	20%	30%	27%	25%	35%	40%	NA	NA	NA	NA	NA	NA	20	100%
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. No information was available for .9% of loans originated and purchased by the bank.

(**) CFNB is not a HMDA reporter-used loan sampling method and market share information is not available

Table 8. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT																	
State: IOWA Evaluation Period: July 1, 1997 to September 30, 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 Improvement Loans		
	% of Families	% CFNB Loans	% of Families	% CFNB Loans	% of Families	% CFNB Loans	% of Families	% CFNB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total	
Full-Scope:																	
Winneshiek County/2 BNAs in Howard County	Analysis Not Meaningful - Product Not Reviewed																
Limited-Scope:																	

Table 9. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE																	State: IOWA		Evaluation Period: July 1, 1997 to September 30, 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 Mortgage Refinance Loans					
	% of Families	% CFNB Loans	% of Families	% CFNB Loans	% of Families	% CFNB Loans	% of Families	% CFNB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total				
Full-Scope:																				
Winneshiek County/2 BNAs in Howard County	Analysis Not Meaningful - Product Not Reviewed																			
Limited-Scope:																				

Table 10. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES										
			State: IOWA			Evaluation Period: July 1, 1997 to June 30, 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*	% CFNB Loans**	% Market 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:										
Winneshiek County/2 BNAs inHoward County	73%	83%	NA	83%	6%	6%	1.57%	2.23%	170	100%
Limited-Scope:										

(*) 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.
 (***) The market consists of all other Small Business reporters in the MSA/AA and is based on 1999 Aggregate Small Business Data only.
 (****) Based on 1999 Aggregate Small Business Data only.
 (*****) 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.

Table 11. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS State: IOWA Evaluation Period: July 1, 1997 to June 30, 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*	% CFNB Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total*****
Full-Scope:										
Winneskie County/2 BNAs in Howard County	94%	100%	NA	94%	6%	0%	NA	1.38%	817	100%
Limited-Scope:										

(*) Farms with revenues of \$1 million or less as a percentage of all farms.
 (**) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms.
 (***) The market consists of all other Small Farm reporters in the MSA/AA and is based on 1999 Aggregate Small Farm Data only.
 (****) Based on 1999 Aggregate Small Farm Data only.
 (*****) 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.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS State: IOWA Evaluation Period: July 1, 1997 to December 31, 1999									
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-Scope:									
Winneshiek County and 2 BNAs in Howard County	NA	NA	26	\$836	26	\$836	100%	NA	NA
Limited-Scope:									

(*) Δ Prior Period Investments Δ means investments made in a previous evaluation period that are outstanding as of the examination date.

(**) Δ Unfunded Commitments Δ means legally binding investment commitments reported on the Report of Condition Schedule-L Δ Off Balance Sheet Items. Δ

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																		State: IOWA		Evaluation Period: July 1, 1997 to December 31, 1999			
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population									
	% of Rated Area Deposits in MSA/AA	# of CFNB 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-Scope:																							
Winneshiek County/2 BNAs in Howard County	100%	3	100%	NA	NA	100%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	100%	NA					
Limited-Scope:																							