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Comptroller of the Currency  
Administrator of National Banks

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## **Public Disclosure**

June 9, 1997

# **Community Reinvestment Act Performance Evaluation**

**National Bank of Iowa  
Charter No. 18363**

**1108 Broadway  
Denison, Iowa 51442**

**Comptroller of the Currency  
Omaha Duty Station  
11606 Nicholas Street, Suite 201  
Omaha, Nebraska 68154**

**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 **National Bank of Iowa, Denison, Iowa** prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of June 9, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

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

National Bank of Iowa, Denison, Iowa, is actively meeting the credit needs of its community. A substantial majority of the bank's loans are made within its assessment area, and the bank's loan-to-deposit ratio is high compared to other institutions in the area. The bank's lending efforts reflect good penetration to individuals of different income levels and businesses of various sizes.

### Description of Institution

The National Bank of Iowa (NBI) is a \$33 million bank located in west central Iowa. The bank is 98% owned by Panhandle Aviation Inc., a multi-bank holding company. In addition to its main office in downtown Denison, NBI has a full service branch in Manilla, Iowa. The bank has an automated teller machine (ATM) at the main bank and one at the branch office. Both ATMs accept deposits and dispense cash. There are no factors, including the bank's financial condition, which restrict the bank's ability to comply with the Community Reinvestment Act.

### Description of Crawford County

NBI has designated Crawford County, Iowa as its assessment area. The county's population was 16,775 as of the 1990 census. The county is divided into five block numbering areas (BNAs), all of which were designated middle income in the 1990 census. The statewide nonmetropolitan median family income is \$39,200. The 1990 census information indicated 22% of the families in the assessment area are low income, 20% moderate income, 29% middle income, and 29% upper

income. Twelve percent of the families are below the poverty level. The average housing value is \$26,100 and 66% of the homes are owner-occupied. Agriculture is the primary industry in the area, with farming and food processing plants providing significant employment. Ninety-one percent of the farms in Crawford County have annual gross revenues less than \$1,000,000.

The primary needs identified by the bank are small farm and business loans and housing loans. We conducted one community contact and reviewed two contacts we had on file, which confirmed these as the community's main credit needs. Competition in the assessment area results from six other banks and three credit unions.

**Conclusions with Respect to Performance Criteria**

The bank has a good penetration of loans to borrowers of different incomes and farms of different sizes. The agricultural loans sampled were all to borrowers with annual gross revenues under \$500,000 and reasonably distributed. In Crawford County, 91% of farms have annual gross income under \$1,000,000. Our residential real estate loan sample revealed 58% of the loans by number and 52% by dollar reviewed were to low or moderate income borrowers. Demographic information shows 42% of the families in the assessment area are low or moderate income.

We used a sample of agricultural and residential real estate loans originated since the June 30, 1994 CRA examination to determine the bank's level of lending to farms of different sizes and consumers of different income levels. These categories represent 72% of the bank's loan portfolio. We reviewed loans to 59 agricultural borrowers and 24 residential real estate loans. The tables below summarize our findings.

<b>Agricultural Loans</b>				
Gross Revenues	Number	% Number	\$ Volume (000's)	% \$ Volume
\$0 - \$100,000	36	61%	\$1,481	23%
\$100,001-\$250,000	16	27%	\$2,636	42%
\$250,001-\$500,000	7	12%	\$2,182	35%
Total	59	100%	\$6,299	100%

<b>Residential Real Estate Loans</b>				
Income Levels	Number	% Number	\$ Volume (000's)	% \$ Volume
Low	2	8%	\$24	4%

<b>Residential Real Estate Loans</b>				
<b>Income Levels</b>	<b>Number</b>	<b>% Number</b>	<b>\$ Volume (000's)</b>	<b>% \$ Volume</b>
Moderate	12	50%	\$262	48%
Middle	7	29%	\$118	22%
Upper	3	13%	\$144	26%
Total	24	100%	\$548	100%

The bank participates in a variety of government-sponsored loan programs targeted to low and moderate income borrowers. Since October 1, 1995, NBI has made 42% by number or 39% by dollar volume of Farm Services Administration (FSA) subordination loans originated in Crawford County. Since September 30, 1994, NBI has originated 11% by number or 2% by dollar of the Small Business Administration (SBA) loans made in the county. Since January 1, 1994, NBI has made 7 home improvement loans to low and moderate income families totaling \$62,801 through the Manilla Housing Authority. In 1995, NBI originated one home purchase loan to a low income individual in conjunction with the Region 12 Housing Authority. In 1996, NBI made one home purchase loan to a low income family through the Department of Rural Economic and Community Development.

We also reviewed deeds of trust filed in Crawford County from January 31, 1996 to April 30, 1997. The bank provided financing on 10% of these properties. Sixty-six percent of the mortgages to NBI were less than \$50,000. In addition, NBI refers consumers interested in long-term fixed rate mortgages to a mortgage company that provides that financing. Since the bank started the referral program in March 1996, three loans have been funded totaling \$169,000. A substantial majority of the bank's loans are made to borrowers who live within the assessment area. As an indication of lending levels inside the bank's assessment area, we sampled agricultural and residential real estate loans originated since the June 30, 1994 CRA examination, including those described above. The tables below summarize our findings.

<b>Agricultural Loans</b>				
	Number	% Number	\$ Volume (000's)	% \$ Volume
Inside assessment area	810	90%	\$18,453	87%
Outside assessment area	86	10%	\$2,781	13%
Total	896	100%	\$21,234	100%

<b>Residential Real Estate Loans</b>				
	Number	% Number	\$ Volume (000's)	% \$ Volume
Inside assessment area	24	100%	\$548	100%
Outside assessment area	0	0%	\$0	0%
Total	24	100%	\$548	100%

NBI's loan-to-deposit ratio is high in comparison to ratios of the other community banks within the bank's assessment area. As of March 31, 1997, the bank's five quarter average loan-to-deposit ratio was 73%. The ratio is the second highest of the four banks chartered in the county. Other bank ratios ranged from 53% to 78%.

NBI provides a variety of deposit services tailored to low and moderate income customers. These include a demand deposit account with no minimum balance requirement and no service charge, overdraft lines of credit for demand deposit accounts as low as \$100, and certificates of deposit that earn the same interest rate for balances from \$500 to \$50,000.

An analysis of the geographic distribution of loans within the bank's assessment area was not meaningful. All block numbering areas in Crawford County are 100% middle income.

NBI is in compliance with antidiscrimination laws and regulations. Our review did not disclose any evidence of discrimination or other illegal credit practices.

There were no consumer complaints against the bank since the last examination.