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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

June 19, 1997

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Winfield  
Charter Number 10640  
120 South Locust Street  
Winfield, Iowa 52659-0291

**Office of the Comptroller of the Currency  
Iowa City Duty Station  
519 Kirkwood Avenue  
Iowa City, Iowa 52240-4728**

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 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 Community Reinvestment Act (CRA) performance of **The First National Bank of Winfield**, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of **June 19, 1997**. 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."

- The First National Bank of Winfield meets the credit needs of the community, as demonstrated by its average loan-to-deposit ratio of 65.6% since the bank's prior CRA examination. The trend in the loan-to-deposit ratio is positive.
- A majority (84%) of loans by dollar volume are located within the bank's assessment area.
- The bank actively lends to individuals of different income levels (including low- and moderate-income borrowers) and to small businesses and small farms.

## DESCRIPTION OF INSTITUTION

The Farmers National Bank (FNB) of Winfield is a \$19 million independent financial institution located in Southeastern Iowa. The bank's main office is a full-service facility located in downtown Winfield. In 1996, the bank opened a Loan Production Office and placed an automated teller machine in Mt. Pleasant, located 20 miles Southwest of Winfield. Both communities are located in Henry County.

The bank specializes in agricultural lending. Agricultural real estate, crop and livestock operating, and machinery loans comprised 42% of FNB Winfield's outstanding loans by dollar volume on March 31, 1997. The bank also offers residential real estate loans (35%), consumer loans (14%), and commercial loans (19%).

FNB Winfield received a "Satisfactory" rating at its August 12, 1994, CRA examination. There are no legal impediments or other factors, including the financial condition of the bank, which limit its ability to perform in accordance with CRA regulations.

## DESCRIPTION OF ASSESSMENT AREA

Examiners assisted management in determining FNB Winfield's assessment area, as it previously did not include whole Block Numbering Areas (BNAs). The newly-identified assessment area includes all of Henry County, and parts of Southwest Louisa County and Southeast Washington County. The area is primarily rural, but includes the communities of Winfield, Mt. Pleasant, Wayland, Crawfordsville, Olds, Swedesburg, Mt. Union, New London, Salem, Columbus Junction, and Columbus City.

The assessment area does not arbitrarily exclude any low- or moderate-income areas. No part of the assessment area is located in a Metropolitan Statistical Area (MSA).

The 1997 non-MSA median family income (MFI) for Iowa is \$39,200. The following summarizes the income levels of individual Block Numbering Areas (BNAs) and families located within the bank's assessment area:

	<u># BNAs</u>	<u>Percentage of Families</u>
Low Income (<50% Non-MSA MFI)	0	16%
Moderate Income (50-79%)	0	19%
Middle Income (80-119%)	7	26%
High Income (120+%)	0	39%

## DESCRIPTION OF ASSESSMENT AREA (CONTINUED)

Historically, community contacts have identified a shortage of housing in Winfield. According to individuals contacted in the course of this examination, housing is still an important community need, despite recent construction of low-income and elderly apartments. They indicated community leaders have been unable to locate developers willing to invest in infrastructure improvements for new residential lots.

We did not identify any unmet credit needs in the Mt. Pleasant market. Community contacts indicated that the Mt. Pleasant economy is prospering and there are many financial institutions willing and able to provide all types of credit.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio:

FNB Winfield's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's LTD ratio has increased from 66% at December 31, 1994, to 73% at March 31, 1997, and averaged 65.6% during that period. This ratio compares favorably to the bank's only local competitor at 49%. FNB Winfield also compares favorably with four other similarly-situated banks in the assessment area, which had LTD ratios ranging from 48% to 71% at December 31, 1996.

### Lending in Assessment Area:

FNB Winfield makes a majority of its loans to borrowers located within its defined assessment area. Of active loans originated since the previous CRA examination, approximately 83% by number and 84% by dollar volume were made to individuals, businesses, and farms located within the assessment area.

	<u>Dollar Volume Originations</u>	<u>Percentage Inside Assessment Area</u>
Agricultural	\$ 5.9 million	84%
Residential Real Estate	\$ 4.0 million	87%
Consumer	\$ 1.8 million	77%
Commercial	\$ 1.0 million	89%

We used bank-generated reports to determine the location of loan customers. We verified this data for accuracy using plat maps.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONT.)

### Lending to Borrowers of Different Incomes and to Businesses of Different Sizes:

The distribution of borrowers reflects excellent dispersion among individuals of different income levels. Examiners sampled 66% of residential real estate loans and 38% of outstanding consumer loans originated since the prior CRA examination. The bank affirmatively lends to low- and moderate-income applicants within the assessment area.

	<u>Percentage of Residential Loans</u>	<u>Percentage of Consumer Loans</u>	<u>Percentage of Families</u>
<b>Low Income</b>	<b>13%</b>	<b>48%</b>	<b>16%</b>
<b>Moderate Income</b>	<b>36%</b>	<b>27%</b>	<b>19%</b>
Middle Income	28%	19%	26%
High Income	23%	6%	39%

Our review did not identify any evidence of discrimination or disparate treatment.

FNB Winfield lends to farm and businesses of all sizes, with special emphasis on small farms and small businesses, as shown in the following table. Examiners sampled 67 commercial and agricultural credit files. We used loan size as a proxy for farm or business size, after verifying that there is a positive correlation between loan amount and borrower size.

<u>Origination Amount:</u>	<u>Percentage of Farm Loans</u>	<u>Percentage of Business Loans</u>
<b>&lt;\$ 50,000</b>	<b>85%</b>	<b>93%</b>
\$ 50,000-\$100,000	13%	6%
\$100,000-\$250,000	2%	1%

### Geographic Distribution of Loans:

All seven BNAs in the bank's assessment area are classified as "middle income." Geographic distribution analysis is not meaningful since the BNAs are homogenous.

### Response to Complaints:

The bank has not received any CRA-related complaints since the last CRA exam.