



PUBLIC DISCLOSURE

November 02, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

United Bank & Trust National Association
Charter Number 24346

2101 S. Center Street
Marshalltown, IA 50158

Office of the Comptroller of the Currency

1089 Jordan Creek Parkway
Suite 230
West Des Moines, IA 50266

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, 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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

The major factors supporting this rating include:

- United Bank & Trust National Association's (UB&T) lending efforts resulted in reasonable penetration among borrowers of different income levels.
- UB&T's loan-to-deposit ratio was reasonable given the bank's size, financial condition, and assessment area credit needs.
- The substantial majority of UB&T's primary loan products were originated within the bank's assessment area.

SCOPE OF EXAMINATION

The scope of the Community Reinvestment Act (CRA) examination included the time period of June 7, 2010 to November 2, 2015. We used small bank procedures to evaluate the bank's performance under the CRA. We completed a full scope review of UB&T's CRA activities in the assessment area. We determined UB&T's primary loan product is residential real estate loans. We determined UB&T's primary loan product by reviewing all loan originations and purchases from January 1, 2013 to August 25, 2015. During this time period, residential real estate loans represented 57 percent of the total dollar amount and 40 percent of the total number of all loans originated and purchased. We reviewed a random sample of residential real estate loan originations from January 1, 2013 to August 25, 2015 in order to analyze lending within UB&T's assessment area, lending to borrowers of different incomes, and dispersion throughout census tracts (CTs) of different income levels.

DESCRIPTION OF INSTITUTION

UB&T is located in Marshalltown, Iowa, in Marshall County. As of June 30, 2015, UB&T had total assets of \$110 million. UB&T is wholly owned by Ames National Corporation, a five-bank holding company with June 30, 2015, year-to-date total consolidated assets of \$1.3 billion. As of November 6, 2015, the main bank branch remained at 2101 South Center Street with a second branch located at 29 South Center Street. Both branches are in Marshalltown, Iowa. Both locations include an automated teller machine (ATM).

UB&T offers a full range of deposit and loan products and services. Residential real estate loans are the bank's primary product, with business and consumer-lending comprising the other main lending products. The loan portfolio also includes a small portion of agricultural loans. Within the residential real estate portfolio, the bank originated a large volume of mortgage loans for sale on the secondary market.

As of June 30, 2015, UB&T reported net loans of \$48.2 million and tier 1 capital of \$13.6 million. Net loans represented 44 percent of total assets. The following table summarizes the percentage by loan type originated from January 1, 2013 through June 30, 2015.

Loan Origination Summary by Loan Product Type		
Loan Type	% Originated Loans by Dollar	% Originated Loans by Number
Home Loans	57%	40%
Consumer Loans	2%	32%
Agricultural Loans	6%	4%
Business Loans	35%	24%

Source: UB&T's Loans Originated Report

There were no known legal, financial, or other impediments that hampered UB&T's ability to help meet the credit needs of its assessment area. Since the last CRA examination, the most significant change to UB&T's corporate structure was President Curt Hoff replacing the prior bank president in July 2011. UB&T's CRA rating was Satisfactory at its last CRA examination, which was dated November 7, 2010.

DESCRIPTION OF ASSESSMENT AREA(S)

UB&T designated Marshall County, Iowa as its assessment area. Marshall County is located in rural central Iowa and includes census tracts 9501 through 9510. As of the 2010 US Census, the bank's AA includes one upper-income tract, seven middle-income tracts, and two moderate-income tracts. There were no low-income tracts within the assessment area. The assessment area complied with requirements of the regulation and did not arbitrarily exclude any low- or moderate-income areas. The bank's public file includes a map of the assessment area.

According to the U.S. Census Bureau, the total population of Marshall County is 40,648. The largest city within the county is Marshalltown with a population of 27,552.

The Housing and Urban Development weighted average median family income for non-metropolitan statistical areas in Iowa was \$56,190. Of the 10,207 families in the assessment area, 17 percent were low-income, 21 percent were moderate-income, 24 percent were middle-income, and 38 percent were upper-income. Eleven percent of families in the assessment area were below the poverty level.

The local economy has stabilized during the past few years. Marshall County's economic activity continues to center around the manufacturing sector, which has experienced employment fluxes since late 2008. Major local employers include JBS Swift & Company, Emerson Process Management/Fisher Controls, the Marshalltown Community School District, Iowa Veteran's Home, and Lennox International, Inc. The unemployment rate has returned to the pre-economic downturn level. Unemployment levels peaked at 8.5 percent during the downturn, but declined to 4 percent as of

September 2015. For comparison, during this same time, the national unemployment rate averaged between 5 and 10 percent. Competition from other financial institutions is considerable in Marshall County. There are 12 other banks and 3 credit unions that operate within Marshall County.

In conducting the evaluation of UB&T's CRA performance, examiners interviewed one community contact in Marshall County. The contact represented a local, economic development program. The contact stated that the overall economic condition in the area is stable, with the best performance coming from the commercial and industrial sectors. The contact mentioned housing, in particular multifamily rental housing, is in the highest demand. The contact also noted that the local institutions were meeting the credit needs of the community. The contact was not aware of any discriminatory lending practices in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

UB&T's performance under the lending test is satisfactory. All criteria of the lending test are discussed below.

Loan-to-Deposit Ratio

UB&T's loan-to-deposit ratio was reasonable given the bank's performance context. The loan-to-deposit ratio averaged 58 percent since the prior CRA examination. The quarterly ratio ranged from 52 percent to 65 percent during the timeframe. This was comparable to the average loan-to-deposit ratio of three similarly situated banks in the assessment area of 61 percent. The average loan-to-deposit ratio for the similarly situated banks ranged from 38 percent to 79 percent. Additionally, UB&T's loan-to-deposit ratio does not include \$24 million of residential real estate loans originated and sold to the secondary market during the evaluation period. If some of these loans were retained in-house, UB&T's loan-to-deposit ratio would be higher.

Lending in Assessment Area

UB&T originated a substantial majority of its loans within the assessment area. We reviewed a sample of residential real estate loans to determine UB&T's lending performance to families within the assessment area. Our sample showed 94 percent of home loans sampled by dollar amount and 90 percent by number were located within UB&T's assessment area. The following table shows the level of lending within UB&T's assessment area.

Table 1 - Lending in the Marshall County AA										
Loan Type	Number of Loans					Dollars of Loans (\$000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Loans	18	90%	2	10%	20	\$1,216	94%	\$82	6%	\$1,298

Source: Sample of loans from January 1, 2013 to August 25, 2015

Lending to Borrowers of Different Incomes

The distribution of home loans reflected reasonable penetration among borrowers of different income levels. Our sample showed the bank originated 25 percent of home loans to moderate-income borrowers, while the demographic data shows approximately 21 percent of families are moderate-income in Marshall County. Our sample also reflected 10 percent of home loans to low-income borrowers, while the demographic data shows nearly 17 percent of families are low-income in Marshall County. Total loans to low- and moderate-income borrowers totals 35 percent of the sample, which approximates the demographic data of 38 percent. The following table shows the distribution of home loans.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Marshall County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Loans	16.86%	10.00%	21.41%	25.00%	24.04%	20.00%	37.69%	30.00%

Source: Sample of loans from January 1, 2013 to August 25, 2015

Geographic Distribution of Loans

UB&T’s geographic distribution of home loans in this assessment area reflected reasonable dispersion throughout census tracts of different income levels. Our sample of 20 home loans included 15 percent of loans to borrowers living in moderate-income census tracts. We placed more weight on the borrower distribution test due to the limited number of low- and moderate-income census tracts within the assessment area. Following is a table that details UB&T’s performance as compared to the percentage of owner-occupied housing units in each census tract income level.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Marshall County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Loans	0%	0%	20.18%	15.00%	61.10%	55.00%	18.72%	30.00%

Source: Sample of loans from January 1, 2013 to August 25, 2015; 2010 U.S. Census data

Responses to Complaints

UB&T has not received any complaints regarding their CRA performance. In addition, the Office of the Comptroller of the Currency has not received any complaints regarding UB&T’s CRA performance.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. § 25.28(c), in determining a bank's CRA rating, the Office of the Comptroller of the Currency considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.