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Comptroller of the Currency  
Administrator of National Banks

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## **Public Disclosure**

**February 23, 1998**

### **Community Reinvestment Act Performance Evaluation**

**The First National Bank of Akron  
Charter Number 7322**

**251 Reed Street  
Akron, Iowa 51001**

**Office of the Comptroller of the Currency  
Omaha North Field Office  
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 **The First National Bank of Akron**, Akron, Iowa prepared by The Office of the Comptroller of the Currency, as of February 23, 1998. 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 satisfactory.

The bank's lending level is reasonable, given the institution's size, financial condition, and the assessment area's credit needs. A significant majority of the bank's loans are within the bank's assessment area. The bank does an excellent job of lending to farms of different sizes, especially small and moderate sized farms. Lending levels to borrowers of different income levels is reasonable. Examiners did not detect illegal discrimination or disparate treatment of applicants during our fair lending examination. The bank has no written complaints related to their CRA performance.

## Description of Institution

The First National Bank of Akron (FNB) is a \$38 million bank in Plymouth County in northwestern Iowa. The main office and an automated teller machine are located in Akron. FNB is 100% owned by the Security National Corporation, a multi-bank holding company. There are no legal or financial impediments limiting the bank's ability to help meet the area's credit needs.

On December 31, 1997, FNB's loan portfolio was 63% of total assets. The bank's primary credit products are agricultural and residential home loans. They comprise 64% of loans by volume. The table below details the loan portfolio by outstanding loan volume and number of loans.

	<b>% of Outstanding Loans By Dollars</b>	<b>% of Outstanding Loans By Number</b>
Agricultural Loans	34%	19%
Residential Real Estate Loans	30%	15%
Consumer Instalment Loans	27%	63%
Commercial Loans	9%	3%

FNB was rated "Satisfactory Record of Meeting Community Credit Needs" at the last CRA examination June 13, 1994.

## Description of The First National Bank of Akron's Assessment Area

FNB's Assessment Area (AA) meets all the requirements of CRA. The AA is contiguous and does not exclude low- or moderate-income tracts. The bank's AA is the west half of Plymouth County, Iowa, and the northern two-thirds of Union County, South Dakota. The AA includes four block numbering areas (BNA). BNA numbers are 9703 and 9706 in Plymouth County, and 201 and 202 in Union County. Individuals can refer to the CRA Public File for a map of the AA.

The population of the AA is 14,681. The population is two-thirds rural, and one-third live in the towns of Akron, Iowa and Alcester and Elk Point, South Dakota. The median family income is \$29,357 or 80% of the 1997 Iowa state wide median family income of \$36,850. All the tracts are middle-income tracts. Family incomes in the AA are 21% low-income, 14% moderate- income, 20% middle-income, and 45% upper-income. The area economy is stable with the main sources of employment being provided by agriculture, Heyl Trucking, Higman Sand & Gravel, and Akron Public Schools. Some individuals commute to LeMars and Sioux City for employment.

The banking environment in the AA is competitive. Three AA banks, six banks in surrounding communities, a saving and loan, and Farm Credit Services provide competition for loans and

deposits. The primary credit needs of the area include all types of agriculture, residential real estate, and consumer instalment loans. We determined the credit needs of the area by contacting a member of the Chamber of Commerce and the Akron Business and Industrial Board.

### **Conclusions with Respect to Performance Criteria**

The bank's lending levels are reasonable.

FNB's net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and the assessment area's credit needs. FNB's ratio averaged 67.99% over the past eight quarters and was 72.52% on December 31, 1997. The last eight-quarter loan-to-deposit averages of nine similarly situated banks ranged from 46.09% to 80.82%.

The bank is lending in the Assessment Area.

FNB originates a significant majority of its loans within the AA. The table below shows the findings of our sample:

#### **ASSESSMENT AREA CONCENTRATION**

(A sample of 39 of 491 residential & agricultural loans outstanding as of December 31, 1997)

	<b># of Loans</b>	<b>% of total #</b>	<b>\$ of Loans</b>	<b>% of total \$</b>
Inside AA	35	90%	\$3,711,110	93%
Outside AA	4	10%	\$296,693	7%
<b>Totals</b>	39	100%	\$4,007,803	100%

Lending to Borrowers of Different Incomes and to Farms of Different Sizes is reasonable.

FNB has a satisfactory record of lending to borrowers of different income levels. The bank is making residential loans to all income levels. However, the majority of the bank's residential loans we sampled were middle- and upper-income individuals. The bank makes home loans regardless of the loan size. Twenty percent of the loans originating the last two years were below \$20,000 in size. Lending levels, given the demographics of income within the AA, reflect a reasonable penetration among individuals of different income levels.

The following table demonstrates the bank's breakdown of loans to individuals as compared to the income demographics of the AA. The breakdown of income in the AA is from 1990 census data.

**LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS**

(Sample of 19 out of 213 residential real estate loans outstanding as of December 31, 1997)

<b>Income Level</b>	<b># of loans</b>	<b>% of total #</b>	<b>\$ of loans</b>	<b>% of total \$</b>	<b>% Per AA</b>
Low	1	5%	\$ 50,000	7%	21%
Moderate	3	16%	\$ 82,973	13%	14%
Middle	6	32%	\$189,485	27%	20%
Upper	9	47%	\$371,627	53%	45%
<b>Totals</b>	19	100%	\$694,085	100%	100%

The bank does an excellent job of lending to farms of different sizes. The table below demonstrates the bank's strong performance in making farm loans to operations of all sizes, especially small and moderate size farms.

The table separates farm size by gross revenues. The breakdown of farm size was determined by discussions with an officer of Farm Credit Services, an officer of the county extension service, and bank officers.

**LOANS TO FARMS OF DIFFERENT SIZES**

(A sample of 20 out of 278 agricultural loans outstanding December 31, 1997)

<b>Gross Revenue of Farm / Business</b>	<b># of Loans</b>	<b>% of total #</b>	<b>\$ of loans</b>	<b>% of total \$</b>
\$0 - \$150,000	11	55%	\$1,300,609	39%
\$150,001 - \$500,000	8	40%	\$1,857,480	56%
\$500,001-\$1,000,000	1	5%	\$ 155,200	5%
over \$1,000,000	0	0%	\$ 0	0%
<b>Totals</b>	20	100%	\$3,313,289	100%

Revenue information is based on cash flows or tax returns in each credit file.

### Geographic Distribution of Loans

Examiners did not complete an analysis of the geographic distribution of loans throughout the AA. All the block numbering areas within the AA are middle-income tracts.

### Response to Complaints

The bank received no written complaints related to its CRA performance during the evaluation period.

We did not detect violations of any substantive provisions of anti-discrimination laws or disparate treatment of any residential loan applicants during our evaluation. The bank has satisfactory fair lending policies, procedures, and training programs in place. We did detect two isolated Equal Credit Opportunity Act violations, which management corrected during the examination.