



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

June 20, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Holland National Bank
Charter # 9090

P.O. Box 8
Holland, Indiana 47541

Office of the Comptroller of the Currency
One Financial Place Suite 2700
440 South LaSalle
Chicago, Illinois 60605

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 Community Reinvestment Act (CRA) performance of The Holland National Bank prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of June 20, 1996. This examination covers the period since the last examination on August 12, 1992 when the bank's CRA performance was rated satisfactory. 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.

This conclusion is based on the following:

- o Management originated a substantial majority of loans within the assessment area.
- o The bank's average loan to deposit ratio is comparable to similarly situated banks.
- o Management's record of lending to borrowers of different income levels is good.
- o Management helps meet local credit needs by focusing their lending efforts on residential and consumer lending.

The following table indicates the performance level of The Holland National Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	THE HOLLAND NATIONAL BANK PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different sizes	X		
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

The Holland National Bank is a community bank with total assets of approximately \$49 million, located in Holland, Indiana which is in Dubois County. The bank has four full service offices located in southern Dubois County. Their fifth location, a Customer Bank Communication Terminal (CBCT) located in Huntingburg, Indiana, was opened April 11, 1996. On that same day, another Automated Teller Machine (ATM) was activated at their branch located in Ferdinand, Indiana. The bank also introduced a new service to their customers on March 12, 1996 called "Telebank". It is a toll free number that customers can use to access information on their accounts and loans after normal banking hours. The bank is owned by Holland Bancorp, Inc. There are no constraints on the bank's ability to help meet the local credit needs.

Management focuses their lending efforts on residential and consumer lending which is evidenced by their loan mix. The bank's loan mix as of March 31, 1996 was:

- o Residential Mortgages 55%
- o Consumer Loans 23%
- o Loans Secured by Farmland 8%
- o Commercial Real Estate Loans 5%
- o Commercial and Agriculture Loans 9%

DESCRIPTION OF DUBOIS COUNTY AND ADJACENT AREAS

The bank's assessment area is defined as eleven Block Numbering Areas (BNAs) located in:

- o All of Dubois County which includes BNAs # 9532 through 9538;
- o The eastern portion of Pike County which is BNA # 9539;
- o The northern portion of Spencer County which is BNA # 9527;
- o The northern portion of Perry County which is BNA # 9522; and
- o The northwestern portion of Crawford County which is BNA # 9520.

The assessment area meets the regulation requirements and does not arbitrarily exclude low- and moderate- income areas. The assessment area has a population of approximately 57,000 and a median family income of approximately \$31,000.¹ Approximately 29% of the families in the assessment area are considered low- and moderate-income.¹ The eleven BNAs are considered:¹

- o Low-income 0%
- o Moderate-income 9% (Crawford County #9520)
- o Middle-income 55% (Dubois County #9533, #9536, #9537, #9538, Pike County #9539, Perry County #9522)
- o Upper- income 36% (Dubois County #9532, #9534, #9535, Spencer County #9527)

The local economy is healthy. This is mostly due to industrial development in the cities of Jasper and Huntingburg both of which are located in Dubois County. Credit needs for the area include affordable housing and consumer loans which are the main loan products of Holland National Bank. Competition from other financial institutions in the area is strong.

¹ Information was obtained from 1990 Census Data.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio: The Holland National Bank's average loan-to-deposit ratio since the last CRA examination is 73.4%. This is comparable to the loan-to-deposit ratios for similarly situated banks in the area which ranged from 65% to 100% as of December 31, 1995.

Lending in the Assessment Area: Management originates a substantial majority of their loans within the assessment area. We found 88% of the number and 96% of the dollar amount of the loans sampled were within the assessment area.²

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes: The distribution of credit to borrowers of different income levels is good. Our conclusion is based on the following summary of loans sampled: ²

	Number	Dollar Amount
o Low-income	11%	3%
o Moderate-income	36%	23%
o Middle-income	0%	0%
o Upper-income	53%	74%

Substantially all of the commercial and farm loans originated by the Holland National Bank meet the definition of small business or small farm loans.

Geographic Distribution of Loans: The distribution of loans throughout the assessment area is reasonable. Due to the size and location of the bank along with the strong competition in the northern section of Dubois County, there are fewer loans originated in that area. Our conclusion is based on the following summary of loans sampled: ²

	Number	Dollar Amount
o Low-income BNAs	0%	0%
o Moderate-income BNAs	7%	5%
o Middle-income BNAs	79%	79%
o Upper-income BNAs	14%	16%

Response to Complaints: Neither the bank nor this office has received any complaints regarding the bank's lending practices.

Fair Lending: No violations of the substantive provisions of the antidiscrimination laws and regulations were identified during our examination.

² Data was obtained from our sample of 17 residential loans and 15 consumer loans originated in 1996.