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Comptroller of the Currency  
Administrator of National Banks

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## **Public Disclosure**

*February 9, 1998*

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

*The First National Bank of Logan*  
Charter Number 6771

*323 East Seventh Street*  
*Logan, Iowa 51546*

**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 Logan** prepared by The Office of the Comptroller of the Currency, as of February 9, 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 First National Bank of Logan (FNBL) generally meets the credit needs of its assessment area. The bank's lending efforts result in reasonable penetration of borrowers of different income levels, and businesses and farms of different sizes. FNBL makes a substantial majority of its loans to borrowers located within its assessment area.

## **Description of Institution**

First National Bank of Logan (FNBL) is a \$24 million financial institution located in western Iowa. The bank's main office is a full-service facility located in downtown Logan, Iowa. The bank also operates a drive-up/walk-in facility and automated teller machine (ATM) in downtown Logan. Logan Bancorporation Inc., a one-bank holding company, owns 100% of the bank.

Agricultural, residential real estate, and commercial loans represent a majority of the bank's loans. As of December 31, 1997, the bank's loan portfolio totaled \$11.1 million. The portfolio consisted of agricultural (53%), residential real estate (21%), commercial (21%), and consumer (5%) loans.

FNBL received a "Satisfactory" rating for the prior CRA examination. There are no legal or financial impediments which preclude the bank from its obligation under the CRA.

## **Description of Assessment Area**

The bank's assessment area is all of Harrison County. The assessment area contains four middle-income Block Numbering Areas (BNAs) and does not arbitrarily exclude any low- or moderate-income areas.

Harrison County is primarily rural, but includes the communities of Logan, Missouri Valley, Magnolia, Woodbine, Pisgah, Persia and Dunlap. Logan serves as the county seat. The population of the assessment area is 14,730 according to the 1990 Census. Agricultural operations and related businesses contribute significantly to the local economy. Retail trade and services also contribute to the economic viability of the assessment area.

The 1997 statewide non-metropolitan median family income for Iowa is \$39,200. The 1990 Census categorizes the distribution of families by income level within the assessment area as 21% low-, 19% moderate-, 27% middle-, and 33% upper-income. The 1990 Census reports 4,093 families within the assessment area.

The assessment area's primary credit needs are loans for agricultural, small business and housing purposes. A community member, contacted by bank examiners, stated that all local financial institutions actively participate in lending programs designed to help meet the community's credit needs.

## Conclusions with Respect to Performance Criteria

### Loan-to-Deposit Ratio:

FNBL's loan-to-deposit (LTD) ratio is reasonable given its size, financial condition and assessment area credit needs. Since December 31, 1995, the bank's LTD ratio has averaged 50%. This is somewhat lower than two similarly-situated banks serving the assessment area which reported average LTD ratios of 60% and 73% during the same time period. However, the bank's ratio has been increasing and was 54% as of December 31, 1997.

### Lending in the Assessment Area:

FNBL originates a substantial majority of its loans within its assessment area. As of December 31, 1997, the bank reported that almost all loans outstanding were made to borrowers located inside the assessment area. We verified this by reviewing a sample of farm, business and residential real estate loan customers. Our sample contained no borrowers outside the assessment area.

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

The bank originates a reasonable level of loans to borrowers of different income levels. We reviewed a sample of 18 loans secured by a borrower's primary residence to determine this. The following table summarizes the results of our review. The table also compares borrower income levels to the assessment area demographics.

<b>Distribution of Borrower Income Levels</b>			
Income Level	# of Loans	Percent	AA %
Low	1	6%	10%*
Moderate	5	28%	19%
Middle	3	16%	27%
Upper	9	50%	33%
Total	18	100%	89%

\* 467 families in the FNBL's assessment area are below poverty level. We adjusted the percentage of families who are low-income (21%) to exclude the families below poverty level because it is highly unlikely they could afford to borrow. This resulted in approximately 10 percent of the low-income families (with incomes between 30% - 50% of the median) who could potentially become borrowers.

FNBL lends to farms and businesses of different sizes with special emphasis on small farms and small businesses. The 1990 Census discloses that 100% of the farms within the assessment area report revenues less than \$1 million while 91% of the businesses report revenues less than \$1 million. The following tables summarize the bank's lending to farms and businesses of different sizes based on a borrower's gross revenue.

<b>Farm Loans Distribution By Revenue</b>				
Gross Revenue (000's)	Number	Percent	\$ Outstanding (000's)	Percent
≤\$100	1	6%	\$87	4%
>\$100 to \$250	10	63%	\$1,015	49%
>250 to \$1,000	5	31%	\$957	47%
Total	16	100%	\$2,059	100%

<b>Business Loans Distribution By Revenue</b>				
Original Amount (000's)	Number	Percent	\$ Outstanding (000's)	Percent
≤\$250	2	20%	\$155	16%
>250 to \$1,000	6	60%	\$477	50%
Over \$1,000	2	20%	\$322	34%
Total	10	100%	\$954	100%

Geographic Distribution of Loans:

We did not assess the reasonableness of loans distributed within the bank's assessment area because the entire area is designated as middle-income. As a result, this information would not be meaningful.

Response to Complaints:

The bank has not received any complaints regarding its performance under the CRA since the last examination. The bank complies with anti-discrimination laws and regulations. We did not identify any evidence of discrimination or other illegal credit practices.