



Comptroller of the Currency
Administrator of National Banks

Public Disclosure

June 17, 1997

Community Reinvestment Act Performance Evaluation

**PEOPLES NATIONAL BANK
Charter Number 17128**

**201 Bennett Avenue
Council Bluffs, Iowa 51503**

**Comptroller of the Currency
Omaha Duty Station
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 **Peoples National Bank** prepared by **The Office of the Comptroller of the Currency** as of June 17, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. § 25.

Institution's CRA Rating: This institution is rated satisfactory.

Peoples National Bank satisfactorily meets the credit needs of its assessment area. The distribution of loans to borrowers of different income levels and businesses of different revenue sizes is reasonable. The geographic distribution of loans within the bank's assessment area is appropriate. The bank's loan-to-deposit (LTD) ratio is reasonable. Peoples National Bank originates a majority of its loans within its assessment area.

DESCRIPTION OF INSTITUTION:

Peoples National Bank (PNB) reports assets of \$116 million as of April 30, 1997. The main bank is located in Council Bluffs with branches in Council Bluffs, Crescent, Carter Lake, and Missouri Valley, Iowa. All locations have drive-up facilities. PNB operates two automated teller machines located at the main bank and the Carter Lake branch. Four offices are located in middle-income geographies, while one branch, at 16th and Broadway in Council Bluffs, is in a moderate-income geography. PNB is a wholly owned subsidiary of Quick Bancorp, Inc., a one bank holding company.

PNB offers traditional loan and deposit services. During 1995 and 1996, the bank originated a significant volume of residential mortgage loans and sold some of these loans on the secondary market. The bank offers several government guaranteed or sponsored loan products to assist in meeting the credit needs of its community. As of March 31, 1997, loans secured by first and junior liens on residential real estate total \$39 million, or 45% of outstanding loans. Commercial and commercial real estate loans total \$29 million, or 33% of outstanding loans. Consumer loans total \$7 million, or 8% of outstanding loans. Agricultural loans total \$12 million, or 14% of outstanding loans.

The bank has no legal or financial impediments which preclude it from fulfilling its obligations under the CRA. PNB received a "satisfactory" rating during the prior CRA examination dated January 13, 1995.

DESCRIPTION OF ASSESSMENT AREA:

The bank's assessment area complies with the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The assessment area includes one low-, eight moderate-, fifteen middle-, and one upper-income census tracts in Pottawattamie County and five middle-income block numbering areas (BNAs) in Harrison County. The census tracts comprise a portion of the Omaha/Council Bluffs Metropolitan Statistical Area (MSA). The BNAs include all of Harrison County. All census tracts and BNAs are contiguous.

The total population of the assessment area is 92,524. The 1996 weighted average median family income of the assessment area is \$44,416. The 1996 median family income for the Omaha/Council Bluffs MSA is \$45,900, while the 1996 statewide nonmetropolitan median family income is \$37,000 (this median family income is used for analyzing lending within Harrison County). The 1990 Census reports the distribution of families by income level of the bank's entire assessment area as 22% low-, 22% moderate-, 29% middle-, and 27% upper-income.

The primary industries include gambling, food processing, and health care in Pottawattamie County. Agriculture and agriculture-related businesses are the dominate industries in Harrison County. Insurance, manufacturing, construction, and service industries also contribute to the economic viability of both counties. The bank identified the primary credit needs of the community as residential real estate, small business, and consumer loans. Information from two

community contacts, a realtor and a small business development official, verifies the bank's assessment of the community's credit needs. PNB aggressively competes for loans and deposits with eight banks chartered in its assessment area, as well as with branches of several nonlocal financial institutions. PNB is the largest of the nine banks chartered in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

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

The distribution of the bank's loans to borrowers of different income levels is reasonable. PNB's market share of loans to low- and moderate-income individuals is only slightly below the bank's overall market share in 1995. The following table reflects the bank's market share according to loans originated and reported on the Home Mortgage Disclosure Act Loan Application Register (HMDA-LAR). HMDA loans include loans for the purpose of financing and refinancing home purchases and home improvements on residential and multi-family dwellings.

Peoples National Bank's Market Share of HMDA Loans Lending by Borrower Income Levels				
Income Category of Borrowers	1995 Market Share			
	# of Originated Loans		\$ of Originated Loans	
	Market Share ¹	Rank ²	Market Share ¹	Rank ²
Aggregate Market Share (all income levels)	10%	3rd	9%	4th
Low-Income Borrowers	7%	4th	8%	4th
Moderate-Income Borrowers	6%	4th	6%	5th
Middle-Income Borrowers	11%	3rd	8%	4th
Upper-Income Borrowers	15%	3rd	11%	2nd

¹ Market share represents PNB's volume of lending as compared to all institutions filing HMDA-LARs and lending in the 25 census tracts in Pottawattamie County in the MSA included in the bank's assessment area.

² Rank represents PNB's position relative to the other institutions filing a HMDA-LAR and lending in this area.

The distribution of HMDA loans originated by PNB between January 1, 1996 and April 30, 1997 also demonstrates a reasonable lending pattern by income level. Approximately 9.5% of these loans originated in the Pottawattamie County portion of the assessment area are to low-income borrowers, while 17% are to moderate-income borrowers. This is below the demographics of 22% and 22% for low- and middle-income families in this portion of the assessment area, respectively. The lower loan penetration to low-income borrowers is mitigated by the number of families below the poverty level (8%) and the high volume of rental housing units. A proportionably higher percentage of housing units within the low- and moderate-income census

tracts are non-owner occupied as compared to the overall assessment area, and low-income families comprise the largest demographic segment of these tracts. During this period, PNB's lending to middle- and upper-income borrowers is 34% and 39%, respectively. Middle-income families represent 29% of all families in this portion of the assessment area while upper-income families represent 27%.

Lending to businesses of different revenue sizes is reasonable and compares favorably to area demographics. Based on an analysis of annual revenues, the bank extends credit to a wide variety of business borrowers. The annual revenues of a sample of 20 businesses obtaining loans in 1996 ranged from \$22,000 to \$2,338,000. The business loans were distributed over the entire range of revenue sizes. Eighty-five percent of the loans were originated to borrowers reporting revenues less than \$500,000 and an additional 10% were to borrowers with revenues between \$500,000 and \$1,000,000. According to demographics for the assessment area, 84% of all businesses reported revenues under \$500,000 while 9% reported revenues between \$500,000 and \$1,000,000. The dollar amount of the bank's loans ranged from \$9,750 to \$371,000 with an average loan amount of \$68,490. According to the Small Business Administration's 1995 *Small Business Lending in Iowa* Report, PNB ranked 25th out of 434 community banks reviewed. This SBA report rates Iowa lenders according to their willingness to extend credit to small businesses.

Geographic Distribution of Loans:

The geographic distribution of loans within PNB's assessment area is appropriate given the percentage of families residing within the low-, moderate-, middle- and upper-income geographies. PNB originates loans within all census tracts and BNAs. The following table summarizes the geographic distribution of all loans originated in 1996.

Geographic Distribution of Loans ¹ Within Bank's Assessment Area All Loans Originated in 1996								
Income Level of Census Tract or BNA	Loans				Families ²		Census Tracts	
	#	%	\$000	%	#	%	#	%
Low-Income	49	2.6%	2,131	3.7%	310	1.2%	1	3.3%
Moderate-Income	336	17.6%	9,459	16.4%	5,700	22.2%	8	26.7%
Middle-Income	1,402	73.5%	40,051	69.4%	18,360	71.6%	20	66.7%
Upper-Income	121	6.3%	6,029	10.5%	1,287	5.0%	1	3.3%
Total	1,908	100.0%	57,670	100.0%	25,657	100.0%	30	100.0%

¹ Information from bank generated reports. Accuracy was verified through sampling.

² Total families residing in each census tract or BNA according to 1990 Census.

Loan to Deposit Ratio:

PNB's average quarterly loan-to-deposit (LTD) ratio of 74% since the last CRA examination is reasonable and slightly above the average of the nine financial institutions chartered within the assessment area. The average quarterly LTD ratio for all banks chartered within the assessment area ranges from 41% to 85% with an average of 67%. PNB's average quarterly LTD ratio over this time period ranks it 4th of the 9 banks.

Lending Within the Assessment Area:

PNB originates the majority of its loans within its assessment area. Based on the bank's internal report of all loans originated in 1996, 84% by dollar and 89% by number were originated within its assessment area. The accuracy of the bank's geographic analysis was verified by sampling 20 loans.

Response to Complaints:

PNB complies with the substantive provisions of antidiscrimination laws and regulations. There have been no fair lending complaints filed with the bank or The Office of the Comptroller of the Currency since the last CRA examination.