



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

07/23/2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Okey-Vernon First National Bank
Charter Number: 8725

701 Davis Street
Corning, Iowa 50841

Office of the Comptroller of the Currency

Omaha Field Office
13710 FNB Parkway, Suite 110
Omaha, Nebraska 68154

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.

- Okey-Vernon First National Bank (OVFNB) meets the credit needs of its assessment area (AA). The primary lending activity is agricultural.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AA.
- A majority of the bank's loans are within the AA.

SCOPE OF EXAMINATION

Small bank CRA procedures were used to evaluate the bank's CRA performance. Residential real estate, consumer, commercial, and agricultural loans originated in the period of January 2005 to June 2007 were reviewed. Examiners identified agricultural products as the bank's primary product. We randomly selected 20 loans from the primary product to compute an in/out ratio. Findings did not reveal the need to expand the sample.

DESCRIPTION OF INSTITUTION

OVFNB is a \$44.6 million bank located in Adams County in southwest Iowa. OVFNB has one full service facility located in Corning, Iowa and no branch locations. The bank's only branch, the Prescott Office, was closed March 15, 2006. The bank operates two deposit taking automated teller machines (ATMs) in Corning. The bank's strategy is to continue to be the home town bank. OVFNB is 100% owned by Whitmore Company, Inc., a multi-bank holding company located in Corning, Iowa. Whitmore Company, Inc. also owns 100% of First Federal Savings Bank in Creston, Iowa and Page County State Bank in Clarinda, Iowa.

There are no legal or financial impediments limiting the bank's ability to help meet community credit needs. OVFNB was rated "Satisfactory" at the last CRA examination dated January 2003. As of March 31, 2007, OVFNB's loan portfolio was \$17.6 million. The bank's only primary credit product is agricultural loans. The following table shows the volume of each loan type originated by dollar and number since the last CRA examination.

LOAN PORTFOLIO ORIGINATIONS				
	Originated Loans by Dollars		Originated Loans by Number	
	\$(000)	Percentage	Number	Percentage
Agricultural Loans	23,807,557	61%	431	41%
Consumer Loans	2,119,110	5%	341	32%
Residential RE Loans	9,265,097	24%	150	14%
Commercial Loans	4,065,329	10%	140	13%

Source: Bank Reports

DESCRIPTION OF ASSESSMENT AREA(S)

The bank's AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The AA includes two middle-income contiguous census tracts in Adams County. According to the 2000 US Census, the AA's population is 4,482. Corning is the largest town in the AA with a population of 1,780. A map of the AA can be obtained from the bank's CRA public file. Adams County is served by four financial institutions chartered within the AA, including OVFNB. OVFNB has a 56% market share of deposits within Adams County. This examination included comparisons to similarly situated banks in the AA. Since two of the institutions chartered in Adams County have a majority of their deposits outside of the county, they are not considered similarly situated. Therefore, OVFNB's performance was compared to only one bank within the AA.

The local economy is stable and unemployment remains low. The local economy is driven by agriculture. Major employers include Precision Pulley, Midwest Opportunities, the local hospital, area schools, county government, and retail and manufacturing businesses located throughout the AA. Currently there is an ethanol plant under construction that will bring 40 plus jobs to the community.

One community contact with a local organization was conducted. The community contact revealed that agricultural loans remain the primary lending need within the community. However, there is an increase in the need for small business loans. The contact indicated the economy is good and the lending needs of the community are met.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

OVFNB's loan-to-deposit (LTD) ratio is reasonable, given its size, financial condition, and AA credit needs. The quarterly LTD ratio average over the last 18 quarters is 41.05%. This is comparable to the 32.16% average of the other similarly situated bank in the AA. The LTD ratios of the banks are low compared to other Iowa banks. However, Adams County is one of the lowest populated counties in Iowa, limiting the borrower base within the county. With a low and declining population, the lending opportunities are fewer for banks in the AA.

Lending in Assessment Area

OVFNB originates the majority of its loans within the AA. A sample of 20 agricultural borrowers was reviewed to assess the bank's lending within the AA. All loans were originated since 2005. The following table details the findings of our sample.

ASSESSMENT AREA CONCENTRATION

	# of loans	% of total #	\$ of loans(000)	% of total \$
Inside AA	15	75%	\$958	79%
Outside AA	5	25%	\$252	21%
Totals	20	100%	\$1,210	100%

Source: Bank Reports

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

The bank has a satisfactory record of providing loans to borrowers of different incomes and businesses and farms of different sizes. A sample of the primary loan product, agricultural, was used to assess the bank's performance. The following is information on the sample.

Agricultural Loans

OVFNB has a satisfactory record of lending to farms of different sizes. The sample included 20 agricultural loans within the AA that were originated since 2005. The following table indicates that the loans in the sample are comparable to the AA.

LOANS TO FARMS OF DIFFERENT SIZES					
Gross Revenue of Farms	# of loans	% of total #	\$ of loans (000)	% of total \$	% of farms in AA
< \$1,000,000	17	85%	\$1,138	94%	73%
> \$1,000,000	0	0%	\$0	0%	3%
Unknown	3	15%	\$72	6%	24%
Totals	20	100%	\$1,210	100%	100%

Source: Loan Sample; 2007 Business Geodemographic Data

Geographic Distribution of Loans

Geographic distribution analysis is not applicable as the AA consists of two middle-income census tracts.

Responses to Complaints

OVFNB has not received any CRA related complaints since the last performance evaluation.

Fair Lending or Other Illegal Credit Practices Review

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs were found.