

PUBLIC DISCLOSURE

November 1, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community Bank of Boone
RSSD# 2792064

1704 South Marshall Street
Boone, Iowa 50036

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, IL 60604-1413

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.

TABLE OF CONTENTS

Institution's CRA (Community Reinvestment Act) Rating.....	1
Description of Institution	1
Description of Assessment Area.....	2
Conclusions with Respect to Performance Criteria:	4
Loan-To-Deposit Ratio.....	4
Lending in the Assessment Area.....	5
Lending To Borrowers of Different Incomes and to Businesses and Farms of Different Sizes	6
Geographic Distribution of Loans.....	8
Response to Complaints.....	8
Fair Lending	8

INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution's performance is rated **Satisfactory**.

Community Bank of Boone is helping to meet the credit needs within its assessment area. The loan-to-deposit ratio exceeds the standards for satisfactory performance. Lending within the assessment area meets the standards for satisfactory performance as the majority of bank loans are originated within the assessment area. The level of lending to borrowers of different income levels meets the standards for satisfactory performance and the geographic distribution of loans throughout the assessment area is considered reasonable. There were no CRA-related complaints received by the institution or this Reserve Bank since the previous CRA evaluation.

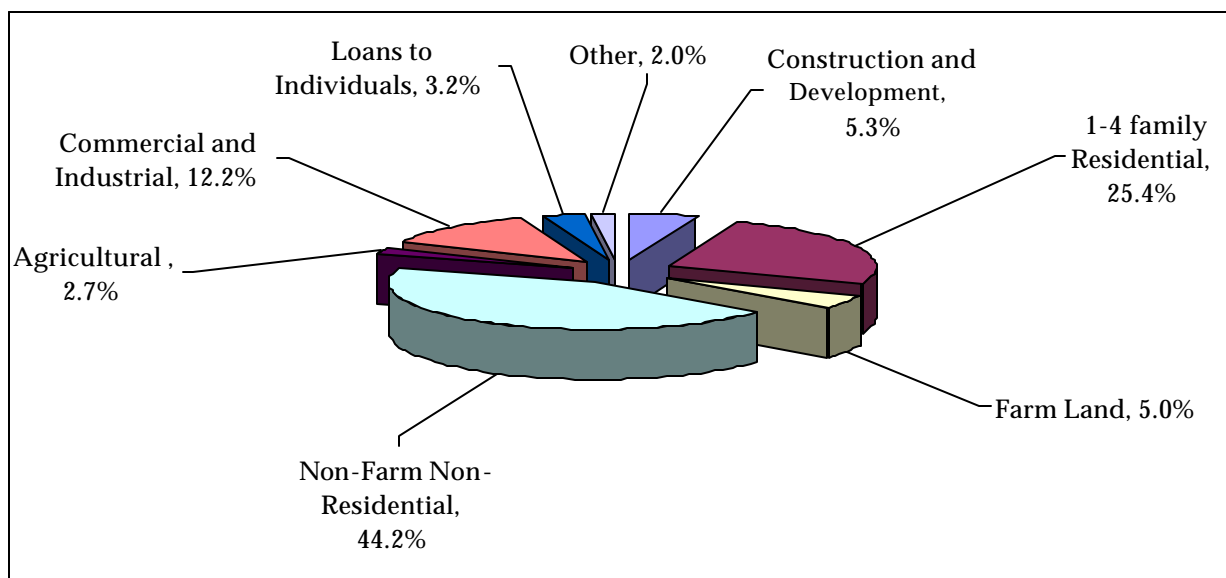
The institution was rated **Satisfactory** under the CRA at its previous evaluation dated July 24, 2000.

DESCRIPTION OF INSTITUTION

Community Bank of Boone is a subsidiary of Ogden Bancshares, Inc., a three-bank holding company located in Ogden, Iowa. Community Bank of Boone is located in Boone, Iowa, which is approximately thirty-five miles northwest of Des Moines, Iowa. The bank has two offices in the town of Boone, Iowa and one ATM machine located at the main office. The bank offers traditional loan and deposit products with a concentration in real estate and commercial lending.

According to the Uniform Bank Performance Report, the bank had \$131 million in total assets as of June 30, 2004. Exhibit 1 illustrates the distribution of the bank's loan portfolio as of that date. As shown, the loan portfolio is predominately comprised of commercial real estate and 1-4 family residential real estate loans.

Exhibit 1 - Composition of Community Bank of Boone's Loan Portfolio



The bank's peer group includes all commercial banks with assets between \$100 and 300 million with

two or fewer banking offices, and located in a non-metropolitan area. The bank's local competitors for loans and deposits include Boone Bank and Trust, as well as branches of US Bank and Commercial Federal Bank, all located in Boone, Iowa. According to the June 30, 2004 FDIC/OTS Summary of Deposit Market Share Report, Community Bank of Boone had 25.5% of the deposits in the market area, ranking 1st out of 7 financial institutions in the market.

DESCRIPTION OF ASSESSMENT AREA

An institution's assessment area(s) will include the towns, counties, or other political subdivisions where its branches are located and a substantial portion of its loans are made. Assessment area(s) must consist of one or more geographies defined by block numbering areas (BNAs) or census tracts, which are statistical subdivisions of a county. Census tracts are primarily used in metropolitan areas, while BNAs are used in non-metropolitan areas. 2000 U.S. Bureau of Census data is used in this evaluation, unless stated otherwise.

Community Bank of Boone's assessment area, consists of four middle-income (201, 202, 203 and 204) census tracts, which comprise the Northeastern quadrant of Boone County. The total population of the assessment area is 15,596, according to the 2000 U.S. Census Bureau of Census data.

Income Characteristics

Low-income is defined as less than 50% of median family income; moderate-income as 50% to less than 80% of median family income; middle-income as 80% to less than 120% of median family income; and upper-income as 120% or more of median family income.

Exhibit 2 compares the income levels for the assessment area to those of Non-Metropolitan Iowa based on 2000 U.S. Bureau of Census data. In contrast to the 2000 data, estimate provided by the Department of Housing and Urban Development (HUD) indicate the 2004 median family income for Boone County is \$58,500. The 2004 median family income for Non-Metropolitan Iowa is \$51,500.

Exhibit #2						
Distribution of Families by Income Level						
Location	Median Family Income(\$)	Percent of Families				
		Low	Moderate	Middle	Upper	Below Poverty Level
Assessment Area	\$48,974	14.0	18.4	24.3	43.3	4.8
Non-Metropolitan Iowa	\$44,603	16.4	19.5	26.3	37.8	6.2

Housing Characteristics and Affordability

Housing in this assessment area consists of 6,761 units of which approximately 68.2% are owner-occupied and 26.7% are occupied-rental units, compared to 68.4% and 23.2% for Non-Metropolitan

Iowa, respectively. The median age of housing stock in the assessment area is 55 years, compared to Non-Metropolitan Iowa of 42 years. The median housing value in the assessment area is \$71,747, which is comparable to Non-Metropolitan Iowa at \$72,114.

Affordability ratios, developed by dividing the median household income by the median household value for a given area or groups of geographies, are helpful in comparing costs for different areas. An area with a high ratio generally has more affordable housing than an area with a low ratio.

The affordability ratios for the assessment area and for Non-Metropolitan Iowa are 54.0% and 50.0%, respectively, indicating that housing is generally more affordable in the assessment area compared to Non-Metropolitan Iowa

Labor and Employment

According to Iowa Workforce Development, as of 2003, Boone's largest private sector was Retail/Wholesale Trade, representing 23.8% of the county's total covered employment. Most of the employment in this sector was in the Retail Trade industry.

Exhibit #3		
Major Employers in the Assessment Area		
Company	Location	Industry
Fareway Store	Boone County	Retail Trade
Communications Data Services	Boone County	Information
Advanta USA	Boone County	Wholesale Trade
Madrid Home	Boone County	Health Services
Woodward Academy	Boone County	Health Services
The Gates Corporation	Boone County	Manufacturing
Hy-Vee Food Stores	Boone County	Retail Trade
Wal-Mart Stores Inc.	Boone County	Retail Trade
Eastern Star Masonic Home	Boone County	Health Services

Source: Iowa Workforce Development

Exhibit #4		
Unemployment Rates for Boone County		
Period	State of Iowa	Boone County
September 2003	4.6%	3.0%
September 2004	4.7%	3.1%

Source: Iowa Workforce Development

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Performance standards for small banks consist of the following, as applicable: the bank’s loan-to-deposit (LTD) ratio and the percentage of loans located in the bank’s assessment area, the record of lending to borrowers of different income levels and farms and businesses of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the preceding standards are analyzed and evaluated within the assessment area context, which includes, but is not limited to, comparative analyses of the assessment area and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank’s assessment area.

Loan-to-Deposit Ratio

The bank’s average loan-to-deposit ratio, calculated from data contained in the Consolidated Reports of Condition, was evaluated giving consideration to the bank’s capacity to lend, competitor and peers’ loan-to-deposit ratios, as well as demographic factors, economic conditions and lending opportunities present in the assessment area.

Based on the bank’s LTD ratios relative to its primary local competitor, peer group, and a sample of banks with similar asset size, the bank exceeds the standards for satisfactory performance under this criterion. Exhibit 5 shows the comparison for the eight-quarters ending June 30, 2004.

Exhibit # 5									
LTD Ratios									
Bank Name, City, 09/04 Assets \$(Millions)	06/04 (%)	03/04 (%)	12/03 (%)	09/03 (%)	06/03 (%)	03/03 (%)	12/02 (%)	09/02 (%)	Avg.
Community Bank of Boone, Boone, IA, \$132.4	93.1	94.4	88.7	95.3	94.3	96.9	103.7	113.1	97.4
Peer Group	71.6	68.2	68.0	68.8	69.0	68.3	69.6	71.6	69.4
Ames Community Bank, Ames, IA, \$135.6	109.5	104.1	101.9	96.6	98.6	89.1	89.0	95.6	98.1
Farmers and Merchants Savings Bank, Manchester, IA, \$144.2	83.3	78.2	77.0	79.1	77.5	70.3	68.5	73.8	76.0
Fort Madison B&TC, Fort Madison, IA \$123.0	74.6	72.1	74.6	70.1	67.7	64.5	69.3	67.5	70.1
Home T&SB, Osage, IA, \$130.6	45.4	44.8	44.5	43.0	41.3	43.5	47.4	47.3	44.7
Humboldt T & SB, Humboldt, IA, \$131.4	67.0	53.7	63.3	61.6	66.4	64.7	69.6	71.3	64.7
Boone Bank & Trust, Boone, IA, \$116.1	68.7	61.3	66.2	60.8	61.4	58.2	67.8	68.9	64.2

Lending in the Assessment Area

To assess the extent of lending within the assessment area, the following were reviewed: commercial loans, agricultural loan, 1-4 family residential real estate loan (1st mortgages and refinance only) and consumer loans. The sample period for each loan product was September 1, 2003 to August 31, 2004. Information from the performance context, such as economic conditions present within the assessment area, loan demand, bank size, financial condition, branching network, and business strategies, were considered when evaluating the bank's performance.

Overall, lending within the bank's assessment area meets the standards for satisfactory performance under this criterion. The majority of bank loans are originated within the assessment area. The distribution of a sample of the bank's primary loan products, originated during the year ended August 31, 2004, is illustrated in Exhibit 6.

The majority of the commercial loans were originated outside the bank's assessment area. Out of the 168 commercial loans that were originated outside the bank's assessment area, 42 loans or 25.0% were originated to the same builder. Bank management stated that business opportunities are very limited in the bank's assessment area. There are not many new businesses in Boone and businesses that have already been established have relationships with other banks that have been in the community for a much longer time. Community representatives contacted during the examination assured that business needs are being meet by financial institutions in the area.

Exhibit #6			
Distribution of Loans in/out of Assessment Area (AA)			
Loan Type	Number of Loans		
	# in Sample	# in AA	% in AA
Residential Real Estate	123	87	70.7
Agricultural	31	24	77.4
Commercial	269	101	37.5
Consumer	421	327	77.7
Totals	844	539	63.8

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

The distribution of loans among borrowers of different income levels was determined by reviewing 1-4 family residential real estate loans(1st mortgages and refinance), farm loans and small business loans. The sample period for each loan product was September 1, 2003 through October 31, 2004. Information from the performance context, such as economic conditions present within the assessment area, demographics, loan demand, bank size, financial condition, branching network, and business strategies, were considered when evaluating the bank's performance.

Given the demographics of the bank's assessment area, the loan distribution across borrowers of different income levels, and farms and businesses of different sizes meets the standards for satisfactory performance under this criterion.

The distribution of loans reflects reasonable penetration among borrowers of different income and revenue levels, as supported by a review of residential real estate, agricultural and commercial loan data.

Community representatives contacted during the examination indicated that the financial institutions within the community do an admirable job of meeting the community's credit needs for housing, small business, and other special needs financing.

Residential Real Estate Loans

Exhibit 7 shows the distribution of the sample of 1-4 family residential real estate loans, originated during the year ending August 31, 2004, by income level. As shown, the percent of loans to low- and moderate-income borrowers is 19.1%, which is less than the 32.4% of low- and moderate-income families in the assessment area.

Exhibit #7			
Loan Distribution of Residential Real Estate Loans by Income Level			
Income Level	Total Number of Loans	Percent of Total Loans*	Percent of Families in Assessment Area
Low	1	2.1	14.0
Moderate	8	17.0	18.4
Middle	9	19.2	24.3
Upper	29	61.7	43.3
Totals	47	100.0	100

* HUD's estimated 2004 median family income was used to determine the income level of the applicants.

Agricultural and Commercial Loans

The distribution of commercial and agricultural loans reflects a reasonable penetration among small businesses and small farms. The distribution, based on information from the Consolidated Report of Condition as of June 30, 2004, is shown in Exhibits 8 and 9.

Exhibit #8		
Distribution of Small Farm Loans		
Original Dollar Amount	Outstanding Number	Outstanding Dollar Amount (000's)
Loans Secured by Farmland		
Less than or equal to \$100,000	14	\$795
Greater than \$100,000 through \$250,000	12	1,700
Greater than \$250,000 through \$500,000	6	1,466
Total	32	\$3,961
Loans to Finance Agricultural Production and Other Loans to Farmers		
Less than or equal to \$100,000	17	401
Greater than \$100,000 through \$250,000	3	432
Greater than \$250,000 through \$500,000	2	454
Total	22	\$1,287
Loans Secured by Farmland and Loans to Finance Agricultural Production and Other Loans to Farmers		
Grand totals	54	\$5,248

Exhibit 8 shows that loan originations in the \$100,000 or less category represent 57.4% of the number and 22.8% of the dollar amount of small farm loans. Small farm loans represent 68.0 % of the bank's agricultural loan portfolio.

Exhibit #9		
Distribution of Small Business Loans		
Original Dollar Amount	Outstanding Number	Outstanding Dollar Amount (000's)
Loans Secured by Non-Farm Nonresidential Properties		
Less than or equal to \$100,000	33	\$1,665
Greater than \$100,000 through \$250,000	19	2,780
Greater than \$250,000 through \$1 million	30	14,760
Total	82	\$19,205
Commercial and Industrial Loans		
Less than or equal to \$100,000	226	\$3,482
Greater than \$100,000 through \$250,000	21	2,564
Greater than \$250,000 through \$1 million	16	6,421
Total	263	\$12,467
Loans Secured by Non-Farm Nonresidential Properties and Commercial and Industrial Loans		
Grand totals	345	\$31,672

Exhibit 9 shows small business loan originations in the \$100,000 or less category represent 75.1% of the number and 16.3% of the dollar amount of small business loans. Small business loans represent 56.0% of the bank's commercial and industrial loan portfolio.

Geographic Distribution of Loans

Given the demographics of the bank's assessment area, the geographic distribution of loans meets the standard for satisfactory performance under this criterion. The assessment area is comprised of four middle-income geographies. An analysis of a sample of the bank's residential real estate, agricultural, commercial and consumer loans originated during the sample period of September 1, 2003 through August 31, 2004, showed that loans are reasonably distributed throughout the assessment area.

Other Lending Related Activities

Community Bank of Boone originates residential real estate loans through Freddie Mac program. This program offers favorable rates and terms. In the last two years, the bank originated 315 loans in the amount of \$29,965,005.00.

Complaints

No CRA-related complaints have been received by the bank or this Reserve Bank since the previous examination.

Fair Lending

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts. A sample of the bank's lending activity was reviewed to determine whether loan policies and lending standards were in compliance with the fair lending laws and regulations, and that these are being consistently applied to all applicants. No evidence of prohibited discriminatory credit practices was detected.