



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

December 13, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Bankers Trust Company, National Association
Charter Number 24374**

**221 Third Avenue, S.E.
Cedar Rapids, Iowa 52401**

**Comptroller of the Currency
Omaha North 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.

Bankers Trust Company, National Association, Cedar Rapids, Iowa (BTCCR) is helping to meet the credit needs of different segments of its assessment area (AA). The bank's primary lending activities within the AA are residential real estate and small loans to businesses.

- The bank's average loan-to-deposit ratio (LTD) exceeds similarly situated peer banks and demonstrates a strong commitment to lending.
- A majority of bank loans are within the AA.
- The record of lending to businesses of different sizes and households of different income levels is reasonable.
- Lending to businesses and residential borrowers in low-and moderate-income (LMI) census tracts is favorable.

DESCRIPTION OF INSTITUTION

BTCCR, located in east-central Iowa, held assets of \$147 million as of December 31, 2005. BTCCR opened as a de novo bank on December 16, 2002. The bank is wholly owned by BTC Financial Corporation, which also owns the \$1.7 billion Bankers Trust Company, National Association, Des Moines, Iowa (BTCDM). This affiliation to an established financial institution provides BTCCR with access to resources, products, and management support necessary to assist in meeting the financial needs of its AA. The bank presently has one location in downtown Cedar Rapids, Iowa. One full-service ATM is maintained adjacent to the bank.

BTCCR's business development strategy is to target high-quality, mid-market, commercial businesses and promote private banking, personal trust, and wealth management services to their employees. In addition to the business banking emphasis, the bank offers a full range of retail banking products. The table below shows the percentage of loan categories by dollar amount outstanding and by the number of loans outstanding on December 31, 2005.

Loan Type	% by Dollars of Loans Outstanding	% by Number of Loans Outstanding
Residential Real Estate	43.32	44.28
Commercial Real Estate	30.28	16.99
Commercial & Industrial	23.37	13.07
Consumer	3.03	25.66
Total	100.00	100.00

Source: Loan control report provided by the bank.

This is the first CRA examination of the bank. There are no legal, financial, or local economic impediments that prevent the bank from fulfilling its obligations under the regulation.

DESCRIPTION OF ASSESSMENT AREA

The bank's AA is Linn County, Iowa. The defined AA meets the legal requirements of CRA. With 191,701 residents, Linn County is the second most populated Iowa county according to the 2000 U.S. Census. The area has a diverse employment base that is showing recovery from a downturn experienced in the first part of this decade. Recent job creation exceeds the remainder of the state. Companies are attracted to the area because of an educated workforce, proximity to major midwestern markets, and affordability. HUD adjusted median family income for 2005 is \$64,900. The current median home price is \$131,600, and 69% of housing is owner occupied. Major employment sectors include manufacturing (17% of workforce), retail trade (12%), and health care (10%). The AA contains 1 low-, 6 moderate-, 27 middle-, and 9 upper-income census tracts. One percent of the population is located in the low-income census tract, 10% in moderate-income tracts, 63% in middle-income tracts, and 26% in upper-income census tracts. Seven percent of the households in the AA have incomes below the poverty level.

Competition in the financial services industry within the AA is strong. The FDIC Summary of Deposits Report for June 30, 2005 shows 29 financial institutions with a total of 79 locations in Linn County. Large banks with national operations account for 47% of county deposits. According to the FDIC Report, BTCCR is the eighth largest institution in the county with 3.5% of the deposit market.

Examiners made two community contacts during the CRA examination. Both contacts indicated that financial institutions generally do a good job in lending. One contact specified a need for affordable housing and financial education for low- and moderate-income (LMI) households. The other contact said that business start-up and affordable housing loans would be ongoing issues as the community grows. BTCCR offers small business and residential housing products.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

BTCCR's average loan-to-deposit (LTD) ratio exceeds that of similarly situated bank in the AA. Loan generation has been good in a very competitive market. The bank's LTD ratio has averaged 99.15% since it opened and exceeds the AA peer average of 79.17% for the same period. These averages are calculated using loan and deposit information from quarterly regulatory Call Reports. The support of affiliated BTCDM has assisted the bank in achieving the higher LTD ratio through nondeposit funding sources, reciprocal loan sale agreements, and access to capital. As of December 31, 2005, the bank had \$23.8 million in participations sold to and \$26.7 million purchased from BTCDM.

Bank information shows \$89.5 million of residential real estate loans were originated and sold to the secondary market since the bank opened. Had these loans been retained, the LTD ratio would have been even higher. These secondary market loans are not reflected in the bank's Home Mortgage Disclosure Act (HMDA) reports.

Lending in Assessment Area

A majority (80% by number and dollar volume) of the bank's residential real estate and business

loans made during the assessment period were to borrowers in the AA. An analysis of residential real estate loans shows that 78.5% of the number and 79.3% of the dollar amount of HMDA reported loans in 2004 and 2005 were within the AA. Likewise, 82.5% of the number and 76.3% of the dollar amount of CRA reported small loans to businesses originated in 2003, 2004, and 2005 were in the AA. Please refer to table below for details on bank lending patterns.

Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Real Estate	383	78.5	105	21.5	488	48,262	79.3	12,617	20.7	60,879
Small Loans to Businesses	217	82.5	46	17.5	263	54,541	76.3	16,895	23.7	71,436
Totals	600	79.9	151	20.1	751	102,803	77.7	29,512	22.3	132,315

Source: Data reported under HMDA and CRA data collected by bank.

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

We analyzed all HMDA and CRA reported loans made during the assessment period to borrowers within the AA. Overall, BTCCR has a satisfactory record of lending to businesses of different sizes and borrowers of different income levels. In concluding performance was satisfactory, more weight was given to business lending as that is the bank's primary direct loan product. We also took into consideration the percentage of households living below the poverty level and the median home price.

Commercial Loans

The bank's record of lending to business of different sizes is good. The number of bank loans to businesses with revenues of \$1 million or less is consistent with the percentage of businesses of this size in the AA. Loan size is sometimes used as a proxy for a CRA analysis of loan distribution by revenue. This criterion would indicate the bank has a good record of lending to small businesses as nearly half of all reported loans have original amounts of \$100,000 or less. The bank's record of business lending based on the two criteria of revenue and original loan size is shown in the table below.

Borrower Distribution of Small Loans to Businesses in Assessment Area					
Loan Type	Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size		
	% of Businesses	% of Bank Loans	\$100,000 or less	from \$100,000 to \$250,000	From \$250,000 to \$1,000,000
Small Loans to Businesses	61.2	55.6	44.9	23.6	31.5

Source: CRA data collected by bank; D and B data.

Residential Real Estate Loans

The bank has an adequate penetration of residential real estate lending across income levels. The origination of residential real estate loans to low-income families at 4.9% is below the AA demographics of 15.8%. However, 7% of the AA households report income below the poverty level. In addition, the median home price in the AA is \$131,600. LMI families generally have a

more difficult time qualifying for traditional residential mortgage loans of this size.

Borrower Distribution of Residential Real Estate Loans in Assessment Area								
	Borrower Income Level							
	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Real Estate	15.8	4.9	19.8	18.6	26.7	17.0	37.7	59.5

Source: Data reported under HMDA; U.S. Census data.

Geographic Distribution of Loans

Overall, the bank exhibits a satisfactory geographic lending distribution. In concluding performance was satisfactory, more weight was given to commercial lending as that is the bank's primary lending focus.

Commercial Loans

The bank's percentage of small loans to businesses in the low-income census tract significantly exceeds the percentage of businesses located in this geography. Business lending in the low-income census tract was 14.4% of loans compared to only 4.7% of businesses in this census tract. Lending to businesses in moderate-income tracts is slightly below the demographics. The following table shows the bank's good distribution of small loans to businesses across different income geographies.

Geographic Distribution of Small Loans to Businesses in Assessment Area								
	Census Tract Income Level							
	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Small Loans to Businesses	4.7	14.4	17.1	13.4	60.6	56.0	17.6	16.2

Source: Data reported under HMDA; U.S. Census data.

Residential Real Estate Loans

Residential loan distribution in different income geographies is acceptable. The newness of the bank, its lack of a retail branch, and strong retail competition in the AA contribute to a lower penetration in LMI geographies. In addition, 7% of households are below the poverty level. While the bank's focus is on commercial and private banking customers, they have done a good job partnering with a local housing organization to provide residential purchase money and financial training for LMI households. This partnership has provided good exposure to residential lending opportunities in LMI census tracts. BTCCR's record of residential real estate lending in different income geographies is displayed below.

Geographic Distribution of Residential Real Estate Loans in Assessment Area								
	Census Tract Income Level							
	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Real Estate	0.5	0.0	10.0	4.8	66.0	58.5	23.5	36.7

Source: CRA data collected by bank; D and B data.

Responses to Complaints

The bank has not received any complaints regarding its CRA performance. Also, the Office of the Comptroller of the Currency has not received any complaints regarding the bank's CRA performance.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.