

Comptroller of the Currency  
Administrator of National Banks

## PUBLIC DISCLOSURE

August 29, 1996

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American Interstate Bank, N.A.  
Charter #22419  
Post Office Box 588  
Walnut, IA 51577

Comptroller of the Currency  
117 Pierce Street, Suite 100  
Sioux City, IA 51101

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 Community Reinvestment Act (CRA) performance of American Interstate Bank, N.A. prepared by The Comptroller of the Currency, the institution's supervisory agency, as of August 29, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The bank's overall lending levels are excellent, with a majority of loans being made to customers within its assessment area. The distribution of borrowers reflects good penetration among individuals of different income levels and farms/businesses of different sizes. The bank's lending efforts reasonably penetrate all segments of the assessment area.

The following table indicates the performance level of American Interstate Bank, N.A. with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>AMERICAN INTERSTATE BANK, N.A.</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different sizes	X		
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior exam.		

## DESCRIPTION OF INSTITUTION

American Interstate Bank, N.A. (AIB) is a \$16 million bank located in Walnut, Iowa. The bank operates one branch location in Atlantic, Iowa. AIB is wholly owned by American Interstate Bancorp of Iowa, a four bank holding company.

AIB's financial condition, asset size, and product offerings do not limit its ability to meet the community's credit needs. The bank's primary credit products focus on real estate and consumer lending, with some agricultural and small business lending. The following table summarizes the bank's loan portfolio.

Loan Type	Dollars	% of Total
Consumer Loans	5,421,000	49.02%
Real Estate Loans	3,173,000	28.69%
Agricultural Loans	1,426,000	12.89%
Commercial Loans	1,039,000	9.40%
Total Loans	11,059,000	100%

Loan totals as of 7/31/96

Primary competition for loans comes from seven other community banks within the bank's assessment area.

## DESCRIPTION OF THE BANK'S ASSESSMENT AREA

AIB's assessment area (AA) includes the western two census tracts of the Omaha, NE-IA Metropolitan Statistical Area (MSA) in Pottawattamie County, Iowa. The bank also includes three contiguous Block Numbering Areas (BNA's) in northern Cass County and one BNA in western Shelby County. The AA meets the requirements of CRA. Individuals can refer to the CRA Public File for maps specifically outlining the bank's assessment areas.

The AA includes two moderate income geographies and four middle income geographies. The median family income for the census tracts is \$28,183 and the median family income for the BNA's is \$26,585. These averages are below the Department of Housing and Urban Development estimates of \$45,900 for the MSA census tracts and \$37,000 for the BNA's. Families incomes in the areas are 22% low income, 24% moderate income, 26% middle income and 28% upper income.

Total population within the bank's AA is 24,672. The main sources of employment include agricultural production, light manufacturing, and service industry jobs.

## DESCRIPTION OF THE BANK'S ASSESSMENT AREA (continued)

Community contacts with local officials indicated agricultural, automobile, and residential real estate loans are the communities main credit needs. Contacts indicated the bank is quite active in meeting loan demand for automobile and residential real estate loans.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

### Loan-to-Deposit Ratio

AIB's loan-to-deposit ratio is the highest of the eight banks in the AA. AIB's average loan-to-deposit ratio since the last CRA examination on September 30, 1993, is 89%. Loan-to-deposit ratios for the other seven banks in the AA range from 52% to 72%, with an average of 65%. AIB participates in a variety of government sponsored programs to enhance its lending. The purchase of indirect auto paper from dealers outside of the AA greatly enhances the bank's loan-to-deposit ratio.

### Lending in the Assessment Area

The majority of the bank's loans are made to borrowers residing within the bank's AA. Based on verified information provided by AIB management, 54% of the dollar volume of outstanding loans were made to borrowers located within the AA.

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

The bank's distribution of credit to borrowers reflects good penetration to individuals across all levels of income, especially to individuals with low- and moderate-incomes and to businesses/farms of different sizes. The loan portfolio is well balanced in relation to the demographics of the AA.

Income Level	\$	% of \$	#	% of #	% of Population
Low	646,904	12.24%	121	19.71%	21.50%
Moderate	1,274,650	24.12%	163	26.55%	23.96%
Middle	1,543,227	29.20%	178	28.99%	26.32%
Upper	1,819,895	34.44%	152	24.75%	28.22%
Totals	5,284,676	100%	614	100%	100%

Total Outstanding Consumer/Residential Real Estate Loans

Bank information indicates the bank lends to businesses and farms of all sizes, with a particular emphasis on loans to smaller operations.

Gross Revenue	# of Customers	% of Total
0-<\$100,000	16	47.06%
\$100,001-250,000	13	38.24%
\$250,001-500,000	4	11.76%
\$500,001-1,000,000	1	2.94%
>\$1,000,000	0	0%
Totals	34	100%

Outstanding Loans to Farms and Businesses

#### Geographic Distribution of Loans

The geographic distribution of the bank's loans is reasonably disbursed throughout the AA. Based on information supplied by management, outstanding loans within the AA as of July 31, 1996, were distributed as follows:

Type of Geography	\$ of Loans	% of Loans	% of Population
Moderate Income Geographies	1,608,099	26.59%	31.50%
Middle Income Geographies	4,438,799	73.41%	68.50%
Totals	6,046,898	100%	100%

#### Outstanding Loans Located within the Assessment Area

#### Record of Compliance with Antidiscrimination Laws and Regulations

Examiners found no violations of the substantive provisions of the anti-discrimination laws and regulations. We did not note any practices intended to discourage applications for any type of credit offered by the bank.

#### Review of Complaints

No complaints were received by the bank since the last examination in 1993.