



Comptroller of the Currency
Administrator of National Banks

Public Disclosure

March 30, 1998

Community Reinvestment Act Performance Evaluation

**American Bank, National Association
Charter Number 22286**

**234 5th Avenue Southwest
LeMars, Iowa 51031**

**Office of the Comptroller of the Currency
Omaha Field Office
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 **American Bank, National Association**, LeMars, Iowa prepared by The Office of the Comptroller of the Currency, as of March 30, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

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

The bank's lending level is excellent, given the institution's size, financial condition and assessment area credit needs. A majority of the bank's loans are within its assessment area. The bank does a satisfactory job of lending to farms of different sizes. Lending levels to individual borrowers and businesses of different income levels are reasonable. Examiners did not detect illegal discrimination or disparate treatment of applicants, regardless of gender during our fair lending examination. The bank has no written complaints related to its CRA performance.

Description of Institution

American Bank, National Association, LeMars, Iowa (AmBank) is a \$68 million bank in Plymouth County in northwestern Iowa. The main office and an automated teller machine (ATM) are located in LeMars. A branch and an ATM are located in Remsen, Iowa. AmBank is 100% owned by Remsen Financial Services, Inc. AmBank Company Inc., a multi-bank holding company controls Remsen Financial Services. There are no legal or financial impediments limiting the bank's ability to help meet the area's credit needs.

On December 31, 1997, AmBank's loan portfolio was 82% of total assets. The bank's primary credit products are agricultural, small business and residential home loans. These products comprise 81% of loans by volume. The table below details the loan portfolio by outstanding loan volume and number of loans.

| | % of Outstanding Loans By Dollars | % of Outstanding Loans By Number |
|-------------------------------|--|---|
| Agricultural Loans | 47% | 38% |
| Commercial Loans | 23% | 9% |
| Residential Real Estate Loans | 11% | 9% |
| Consumer Loans | 8% | 41% |
| Other Loans | 11% | 3% |

AmBank was rated "Satisfactory Record of Meeting Community Credit Needs" at the last CRA examination dated July 12, 1996.

Description of American Bank, National Association's Assessment Area

AmBank's assessment area (AA) meets all the requirements of CRA. The AA is contiguous and does not exclude low- or moderate-income tracts. The bank's AA is Plymouth County, Iowa. The AA includes all six block numbering areas (BNAs), numbers 9701-9706, in Plymouth County. Individuals can refer to the CRA Public File for a map of the AA.

The population of the AA is 23,388. Two-thirds of the population live in rural areas. One-third live in the town of LeMars, Iowa. The AA's median family income is \$29,119 which is 74% of the 1997 Iowa state-wide median family income of \$39,200. All the BNAs are middle-income tracts. Family incomes in the AA are 15% low-income, 17% moderate-income, 27% middle-income, and 41% upper-income. The local economy is stable. The main sources of employment are provided by agriculture, agricultural related businesses, Well Blue Bunny, and Harkers.

The banking environment in the AA is competitive. Seven banks, a savings and loan, and Farm

Credit Services provide competition for loans and deposits. The primary credit needs of the AA include agricultural, residential real estate, and small business loans. We determined the AA's credit needs by contacting a Chamber of Commerce member and a local city official.

Conclusions with Respect to Performance Criteria

The bank's lending levels are more than reasonable.

AmBank's net loan-to-deposit ratio is excellent, given the institution's size, financial condition, and AA credit needs. AmBank's ratio averaged 79.09% over the past eight quarters and was 91.89% on December 31, 1997. The last eight quarter loan-to-deposit averages of seven similarly situated banks ranged from 41.80% to 73.87%. The bank's average of 79.09% is more than 19% above the average of the seven other banks analyzed. In addition, the bank participated out \$2,922,216 in loans it originated to its affiliate.

The bank is lending in the Assessment Area.

AmBank originates a majority of its loans within the AA. The bank geo-codes loans by BNA. The table below shows the totals from the bank's AA analysis:

ASSESSMENT AREA CONCENTRATION
(Net loans outstanding on March 13, 1998)

| | # of Loans | % of total # | \$ of Loans | % of total \$ |
|---------------|------------|--------------|-------------|---------------|
| Inside AA | 1240 | 68% | \$41,446M | 70% |
| Outside AA | 575 | 32% | \$17,701M | 30% |
| Totals | 1815 | 100% | \$59,147M | 100% |

Lending to Individual Borrowers of Different Incomes and to Farms and Businesses of Different Sizes is reasonable.

AmBank has a satisfactory record of lending to individual borrowers of different income levels. The bank is making residential loans to all income levels. Although the majority of the residential loans we sampled were to middle- and upper-income individuals, the bank originates government-sponsored home loans. The bank originated ten first-time home buyer loans during the evaluation period. Generally, first-time home buyers have lower incomes. These loans would reflect positively on the bank, but these loans were sold into the secondary market. Lending levels, given the income demographics within the AA, reflect a reasonable penetration among individuals of different income levels.

The following table demonstrates the bank's breakdown of loans to individuals as compared to the income demographics of the AA. The breakdown of income in the AA is from 1990 census data.

LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS

(A sample of 16 out of 156 residential real estate loans outstanding as of February 28, 1998)

| Income Level | # of loans | % of total # | \$ of loans | % of total \$ | % Per AA |
|---------------------|-------------------|---------------------|--------------------|----------------------|-----------------|
| Low | 3 | 19% | \$ 191,945 | 18% | 15% |
| Moderate | 2 | 12% | \$ 42,500 | 4% | 17% |
| Middle | 3 | 19% | \$ 343,250 | 31% | 27% |
| Upper | 8 | 50% | \$ 510,600 | 47% | 41% |
| Totals | 16 | 100% | \$1,088,295 | 100% | 100% |

In addition to the loans above, the bank originated ten first-time home buyer loans during the evaluation period. These loans totaled \$618,700 in volume.

The bank does a satisfactory job of lending to farms of different sizes. The table below demonstrates the bank's willingness to make farm loans to operations of all sizes, especially small and moderate size farms. The bank's lending performance was compared to the 1992 Agricultural Census data prepared by the U.S. Bureau of the Census. The census data showed 87% of Plymouth County farms had sales less than \$250,000.

LOANS TO FARMS OF DIFFERENT SIZES

(A sample of 20 farmers, 92 notes of 690 agricultural notes outstanding February 28, 1998)

| Gross Revenue of Farms | # of customers | % of customers | \$ of loans | % of total \$ |
|-------------------------------|-----------------------|-----------------------|--------------------|----------------------|
| \$0 - \$250,000 | 10 | 50% | \$1,718,752 | 44% |
| \$250,001 - \$500,000 | 4 | 20% | \$1,284,044 | 32% |
| \$500,001-\$1,000,000 | 4 | 20% | \$ 866,074 | 22% |
| over \$1,000,000 | 0 | 0% | \$ 0 | 0% |
| Totals | *20 | *100% | *\$3,941,965 | *100% |

*Two files did not contain current revenue information. Revenue information was obtained from business records or tax returns in each credit file.

In addition to the loans sampled above, the bank originated eight farm related government-sponsored loans totaling \$675,685 during the assessment period.

The bank does a satisfactory job of lending to businesses of different sizes. The table below demonstrates the bank's satisfactory performance in making business loans to businesses of all sizes, including small and moderate size businesses.

LOANS TO BUSINESSES OF DIFFERENT SIZES

(A sample of 20 businesses, 40 notes of 172 business notes outstanding February 28, 1998)

| Gross Revenue of Businesses | # of customers | % of customers | \$ of loans | % of total \$ |
|------------------------------------|-----------------------|-----------------------|--------------------|----------------------|
| \$0 - \$150,000 | 6 | 30% | \$ 195,143 | 11% |
| \$150,001 - \$500,000 | 6 | 30% | \$ 727,744 | 42% |
| \$500,001-\$1,000,000 | 2 | 10% | \$ 169,466 | 10% |
| over \$1,000,000 | 2 | 10% | \$ 539,369 | 31% |
| Totals | *20 | *100% | *\$1,727,248 | *100% |

*Four files did not contain current revenue information. Revenue information was obtained from business records or tax returns in each credit file.

The Small Business Administration (SBA) reports AmBank is one of the most active banks in Plymouth County in using SBA-sponsored loan products. The bank originated nine SBA loans totaling \$1,397,267 during the evaluation period.

Geographic Distribution of Loans

Examiners did not complete an analysis of the geographic distribution of loans throughout the AA. All the BNAs within the AA are middle-income tracts. The communities within the assessment area do not contain low-income tracts. Older housing is mixed throughout each community.

Response to Complaints

The bank received no written complaints related to its CRA performance during the evaluation period.

We did not detect violations of any substantive provisions of anti-discrimination laws or disparate treatment of any single applicants for auto purchases during our evaluation. The bank has satisfactory fair lending policies, procedures, and training programs in place. We did detect two isolated Equal Credit Opportunity Act violations, which management addressed during the examination.