



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 1, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

**234 Fifth Avenue SW
Le Mars, Iowa 51031**

**Office of the Comptroller of the Currency
Sioux Falls Field Office
4900 South Minnesota Avenue, Suite 300
Sioux Falls, South Dakota 57108**

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.”

- American Bank, National Association’s (ABNA) lending level is outstanding, as demonstrated by its quarterly average net loan-to-deposit ratio of 98 percent.
- A majority (65 percent) of the bank’s loans are originated within its assessment area (AA).
- Lending to farms of different sizes and borrowers of different income levels is good.

SCOPE OF EXAMINATION

We reviewed loans originated between January 1, 2005 and October 1, 2007 to determine the bank’s primary loan products. Agricultural, consumer, and residential real estate loans were all primary products based on the number and volume originated. These primary products are representative of the bank’s business strategy. The following table shows the breakdown of loans originated and purchased since January 1, 2005. For our review, we sampled 60 consumer, 60 residential real estate, and 20 agricultural loans.

Loan Portfolio Originations		
Loan Type	Originated Loans by Number	Originated Loans by Dollar
Agricultural Loans	36%	54%
Consumer Loans	31%	4%
Res. Real Estate Loans	21%	25%
Commercial Loans	12%	17%
Total	100%	100%

Source: Bank reports.

DESCRIPTION OF INSTITUTION

ABNA is a \$214 million bank located in Plymouth County in northwestern Iowa. The bank is 100 percent owned by Ambank Company, Inc., a \$359 million two-bank holding company located in Sioux Center, IA. ABNA has two branch locations, one in Le Mars, Iowa and the other in Remsen, Iowa. The bank has two deposit-taking automated teller machines, located in Le Mars, Iowa and Remsen, Iowa.

ABNA offers traditional loan and deposit products. As of June 30, 2007, the bank’s loan portfolio totaled 85 percent of total assets. The loan portfolio consisted of 61 percent agricultural, 24 percent commercial, 8 percent residential real estate, and 7 percent consumer loans based on outstanding dollar volume.

ABNA has no legal or financial impediments that prevent it from fulfilling its obligations under the CRA. ABNA was rated “Satisfactory” at its last CRA examination dated May 6, 2002.

DESCRIPTION OF ASSESSMENT AREA

The bank's AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income geographies. The bank's AA consists of all census tracts (CTs) in Plymouth County (9701-9706). All CTs are middle-income geographies.

According to the 2000 U.S. Census, the total population of the AA is 24,849. The 2000 U.S. Census estimates 13 percent of families in the AA are low-income, 17 percent moderate-income, 24 percent middle-income, and 46 percent upper-income. Six percent of the AA households are below the poverty level. The 2006 weighted average HUD updated median family income is \$52,800 for non-metropolitan statistical areas in Iowa. The 2000 census weighted average median family income is \$43,887. The median housing value in the AA is \$91,115 and 73 percent of housing is owner-occupied.

The local economy is stable. Unemployment is very low at less than 2 percent. Agriculture and related industries serve as the main employment sources in the area. Wells Blue Bunny and Harker's Distribution, Inc. are the leading employers within the assessment area. There are 10 other financial institutions with branches within Plymouth County. ABNA ranks second among these banks with 24 percent of the deposit market share. These institutions provide the primary competition to ABNA.

Examiners made one community contact with a local economic development official during the CRA examination. The community contact revealed that agricultural, consumer, and residential real estate loans are the primary credit needs within the community. ABNA offers and originates these types of loans. The community contact stated that the credit needs of the community were being met by the local financial institutions.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

ABNA's lending levels are excellent. This is based on the bank's net loan-to-deposit (LTD) ratio, size, financial condition, and the AA credit needs. ABNA's June 30, 2007 net LTD ratio was 106 percent. ABNA's quarterly average net LTD ratio for the 20 quarters beginning September 30, 2002 and ending June 30, 2007 was 98 percent. This compares favorably to six similarly-situated banks which have a 20-quarter average net LTD ratio of 76.68 percent, ranging from 58 percent to 95 percent. We identified similarly-situated banks as those with total assets from \$41 million to \$290 million with the majority of their deposits in Plymouth County.

Lending in Assessment Area

ABNA originates a majority of its loans within the AA. ABNA originated 65 loans or 65 percent of agricultural, residential real estate and consumer loans sampled within the AA. Also, the bank originated \$4.2 million, or 60 percent of loans sampled within the AA. The table below shows the level of lending inside and outside of the AA.

Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agricultural Loans	12	60%	8	40%	20	\$2276	51%	\$2254	49%	\$4530
Consumer Loans	36	60%	24	40%	60	\$375	62%	\$230	38%	\$605
Res. Real Estate Loans	17	85%	3	15%	20	\$1579	84%	\$306	16%	\$1885
Totals	65	65%	35	35%	100	\$4230	60%	\$2790	40%	\$7020

Source: Loan sample.

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

ABNA has a reasonable record of lending to agricultural borrowers of different sizes. ABNA originated 90 percent of its agricultural loans by number and 91 percent by dollar volume to farms with gross annual revenues less than \$1 million. ABNA’s lending practices approximate AA demographics, which show 96 percent of AA farms have gross annual revenues less than \$1 million. The following table shows sampled farm loans compared to the AA demographics.

Borrower Distribution of Loans to Farms in Assessment Area		
Farm Revenues	≤\$1,000,000	>\$1,000,000
% of AA Farms*	96%	3%
% of Bank Loans in AA by #	90%	0%
% of Bank Loans in AA by \$	91%	0%

Source: Loan sample, U.S. Census data.

*1 percent of AA farms did not report revenue

*10% by number and 9% by dollar volume of the sample had unknown income information.

ABNA has an excellent record of lending to households of different income levels. ABNA originated 25 percent of its loans by number to low-income borrowers. This percentage substantially exceeds the 13 percent of AA low-income households. ABNA originated 29 percent of its loans by number to moderate-income borrowers. This percentage exceeds the 17 percent of AA moderate-income households. The following table shows loans to individuals compared to the AA demographics.

Borrower Distribution of Consumer Loans in Assessment Area								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of Number	% of AA Households	% of Number	% of AA Households	% of Number	% of AA Households	% of Number	% of AA Households
Consumer Loans	25%	13%	29%	17%	33%	24%	13%	46%

Source: Loan sample, U.S. Census data.

ABNA has a good record of lending to families of different income levels. ABNA originated 12 percent of its loans by number to low-income families. This percentage nearly meets the 17 percent of AA low-income families. ABNA also originated 30 percent of its loans by number to moderate-income families. This percentage substantially exceeds the 16 percent of AA

moderate-income families. The following table shows the breakdown of loans to families as compared to the AA demographics.

Borrower Distribution of Residential Real Estate Loans in Assessment Area								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families
Consumer Loans	12%	17%	30%	16%	23%	20%	35%	47%

Source: Loan sample, U.S. Census data.

Geographic Distribution of Loans

All 6 census tracts within the AA are middle-income. Therefore, specific analysis of geographic distribution is not meaningful.

Responses to Complaints

The Office of the Comptroller of the Currency and the bank have not received any complaints regarding the bank’s CRA performance since the last CRA examination dated May 6, 2002.

Fair Lending or Other Illegal Credit Practices Review

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