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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**December 6, 1996**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**American National Bank  
Charter Number 22841  
116 North Kiel Street  
Holstein, Iowa 51025**

**Office of the Comptroller of the Currency  
117 Pierce Street, Suite 100  
Sioux City, Iowa 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 National Bank, Holstein, Iowa**, prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of December 6, 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 Outstanding.

The bank's overall lending level is more than reasonable, given the institution's size, financial condition, and credit needs of the assessment area. The majority of the bank's loan originations are within its assessment area. Management does an excellent job of lending to farms and businesses of different sizes. Management makes consumer loans of various sizes to consumers across all income levels.

The following table indicates the performance level of American National Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>American National Bank</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	Analysis not meaningful.		
Response to Complaints	The bank received no CRA complaints.		

## **DESCRIPTION OF INSTITUTION**

American National Bank's (ANB's) financial condition, asset size, and product offerings do not limit its ability to meet the community's credit needs. ANB is owned by American Bancshares Inc., a two-bank holding company.

ANB's main bank is located in Holstein, IA, with a branch in Galva, IA. The bank opened for business in March of 1995 with total assets of roughly \$10 million. As of October 31, 1996, ANB has \$42 million in total assets. Loans totaling \$32 million represent 76% of total assets on the same date. The bank's primary credit products are agriculture (66%), commercial (19%), residential real estate (11%) and consumer (4%). ANB's main focus since its origination has been to provide agricultural and small business financing to the local area.

## **DESCRIPTION OF THE BANK'S ASSESSMENT AREA**

ANB's assessment area meets the requirements of the CRA regulation. The assessment area consists of six block numbering areas (BNA's), which include all of Ida County, southern Cherokee County, and a portion of Sac County. All six BNA's are middle-income. Individuals can refer to the CRA Public File for a map outlining the bank's assessment area.

The assessment area has a population of 16,439. The HUD 1996 Iowa statewide non-metropolitan median family income is \$37,000. Household incomes within the assessment area are: 18% low-income, 22% moderate, 27% middle, and 33% upper. The local economy focuses on agriculture, service industries, retail trade, and manufacturing. Two community contacts with local officials identified agriculture and small business lending as the major community credit needs. Both officials are active in the local community through various civic and governmental groups.

The bank's primary competition comes from five other community bank's within its assessment area. The other banks range in size from \$12 to \$163 million dollars of total assets. The local banking environment is competitive with most surrounding communities having at least one community bank.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### Loan-to-Deposit Ratio

The bank's overall lending level is excellent and reflects a more than reasonable response to community credit needs. The bank's loan-to-deposit ratio of 90% (the average of the 7 quarters since the bank opened) demonstrates a willingness to meet community credit needs. ANB's loan-to-deposit is higher than the five other bank's chartered within the assessment area. Examiners reviewed the other local banks' loan-to-deposit ratios and calculated an average of 72%, with a range from 60% to 85%.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (continued)**

### Lending In Assessment Area

A majority of all bank loans lie within its assessment area. A sample of 116 ag, business and consumer loans show 79% of ANB's outstanding loans by number, and 77% by dollar volume, are within the bank's assessment area. This sample represented 13% of the outstanding dollar volume of loans.

### Lending to Borrowers of Different Incomes and Farms/Businesses of Different Sizes

Management does an excellent job of lending to borrowers of different income levels and farms and businesses of different sizes. The bank's portfolio demonstrates management's willingness to lend to small farms and businesses.

Management participates in a number of government loan programs to enhance the bank's lending. The bank uses these programs to assist borrowers who do not qualify for credit due to lack of collateral or profitability. The bank has originated 13 Farmers Home Administration loans, 4 Linked Deposit loans, 1 Small Business Administration loan, and 1 Young Farmer Program loan. The Linked Deposit loan program provides an interest rate subsidy for small businesses owned by women or minorities. Loans outstanding under government loan programs total \$1.4 million or 5% of the bank's ag and commercial loan portfolio.

Management does lend to farms and businesses of different sizes. We classified farms and businesses based on total revenues, see the table on the following page. The local Farm Service Agency Agricultural Credit Manager concurred with the guidelines used to classify the local farm and business operations according to gross revenues.

Management provided a sample of 85 farm and business loans originated since the bank opened, on which they collected income information. The information provided by the bank, which examiners verified, demonstrates the bank's lending levels to ag and commercial borrowers of different sizes. Examiners sampled an additional 72 loans and found 43 loans with income information to verify the accuracy of management's sample. Management provided estimates of the total revenues for the remaining 29 loans in our sample, as management does not collect income information on all borrowers. Both samples together total 157 originations, or 21% of outstanding commercial and ag loans by dollar volume. The table on the following page demonstrates the revenue levels and dollar volume of loan originations in the loan samples.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA  
(continued)**

Gross Revenue Levels	\$ of loans	% of sample	# of loans	% of sample
\$0 - \$100,000	854,460	11%	40	25%
\$100,001 - \$250,000	2,402,883	37%	64	41%
\$250,001-\$500,000	1,451,072	22%	23	15%
\$500,001 and over	1,938,410	30%	30	19%
<b>TOTALS</b>	<b>5,934,086</b>	<b>100%</b>	<b>128</b>	<b>100%</b>

157 originations sampled out of 1,340 since the bank opened in March 1995

Management does a good job of making consumer loans of various sizes to consumers across all income levels. The bank's lending distribution to low and moderate income individuals is higher than the income level distribution of the assessment area. Bank management provided a sample of 31 consumer loans, with borrower income information, to demonstrate the bank's performance. Examiners verified the income information on this sample and found the sample represents 14% of the dollar volume of outstanding consumer loans.

Income Level	# of loans	% of sample	\$ of loans	% of sample	% of AA population
Low	7	23%	30,231	19%	18%
Moderate	11	35%	78,343	48%	22%
Middle	9	29%	43,321	26%	27%
Upper	4	13%	11,899	7%	33%
<b>TOTALS</b>	<b>31</b>	<b>100%</b>	<b>163,794</b>	<b>100%</b>	<b>100%</b>

31 originations sampled out of 368 since the bank opened in March 1995

Geographic Distribution of Loans

Examiners did not conduct an analysis of the geographic loan distribution within the assessment area since all BNA's within that area are considered middle income.

Response to Complaints

The bank received no written complaints related to its performance under CRA.

Examiners found no substantive violations of the anti-discrimination laws and regulations as a result of the fair lending review.

