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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

May 12, 1997

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank of Rembrandt  
Charter Number 10729  
101 East Main  
Post Office Box 38  
Rembrandt, Iowa 50576**

**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 **The First National Bank of Rembrandt, Rembrandt, Iowa** prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of May 12, 1997. 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 lending level is reasonable, given the institution's size, financial condition, and assessment area credit needs. A substantial majority of the bank's loans are within its assessment area. Lending levels to borrowers of different income levels is satisfactory. The bank does a very good job of lending to farms of different sizes.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>The First National Bank of Rembrandt</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 Farms of Different sizes		X	
Geographic Distribution of Loans	N/A		
Response to Complaints	No complaints were received since prior examination.		

## DESCRIPTION OF INSTITUTION

The First National Bank of Rembrandt (FNB) is a \$27 million bank located in Buena Vista County in northwestern Iowa. The bank's only location is on the main street in Rembrandt, Iowa. FNB is not affiliated with another bank or holding company. There are no legal or financial impediments limiting the bank's ability to help meet community credit needs.

As of December 31, 1996, FNB's loan portfolio comprises 58% of total assets. The bank's primary credit products are agriculture, residential real estate and consumer. The table below breaks down the loan portfolio by outstanding dollar and number of loans.

	% of outstanding loan dollars	% of outstanding # of loans
Agricultural /RE Loans	65%	29%
Commercial Loans	12%	10%
Consumer Loans	12%	57%
Residential RE Loans	11%	4%

FNB was rated "Satisfactory Record of Meeting Community Credit Needs" at the last CRA examination, September 9, 1994.

## DESCRIPTION OF THE BANK'S ASSESSMENT AREA

FNB's assessment area is block numbering areas 9601, 9602, 9603, and 9606 in Buena Vista County and block numbering areas 9801 and 9804 in Clay County. The assessment area does not exclude any low or moderate income tracts. Individuals can refer to the CRA Public File for a map outlining the bank's assessment area.

The population of the assessment area is 16,790. The median family income is \$29,303, or 79% of the 1996 Iowa statewide metropolitan median family income of \$37,000. All the block numbering areas are middle income tracts. Family incomes in the area are: 14% low income; 19% moderate income; 30% middle income; and 37% upper income. The area economy is stable with the main source of employment provided by agriculture and the local school district. Some meat packing and agricultural manufacturing is found in surrounding communities.

The primary credit needs of the area include agricultural, small commercial loans, consumer, and residential real estate installment loans. We determined this by contacting a local school official and a Farm Services Agency employee.

Primary competition includes seven other banks in the assessment area.

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

### **Loan to Deposit Ratio**

FNB's loan-to-deposit ratio is reasonable, given the institution's size, financial condition, and assessment area credit needs. The FNB's ratio averaged 62% over the past eight quarters and was 64% on March 31, 1997. The loan-to-deposit ratio of other area banks in the assessment area range from 24% to 73%, with an average of 62%.

### **Lending in Assessment Area**

FNB originates a substantial majority of its loans within the assessment area (AA). The table below shows the findings of our sample:

**ASSESSMENT AREA CONCENTRATION**  
(A sample of 45 out of 1253 loans as of April 22, 1997)

	<b># of Loans</b>	<b>% of total #</b>	<b>\$ of Loans</b>	<b>% of total \$</b>
Inside AA	37	82%	\$1,254,379	80%
Outside AA	8	18%	\$ 321,300	20%
<b>Totals</b>	45	100%	\$1,575,679	100%

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

FNB has a satisfactory record of lending to borrowers of different income levels. Lending levels, given the demographics of the assessment area, reflect a reasonable penetration among individuals of different income levels. The table below demonstrates the breakdown of loans to individuals as compared to the demographics of the assessment area (AA).

**LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS**  
(A sample of 19 out of 762 consumer and real estate loans as of April 22, 1997)

<b>Income Level</b>	<b># of loans</b>	<b>% of total #</b>	<b>\$ of loans</b>	<b>% of total \$</b>	<b>AA</b>
Low	5	26%	\$ 17,150	5%	26%
Moderate	5	26%	\$ 62,750	20%	19%
Middle	2	11%	\$ 53,380	16%	26%
Upper	7	37%	\$192,356	59%	29%

<b>Totals</b>	19	100%	\$325,636	100%	100%
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**Lending to Borrowers of Different Incomes and to Farms/Businesses of Different Sizes (Continued):**

It should be noted the bank does not require written applications on all instalment loans. Six consumer instalment loans sampled did not contain income information. The bank does make a significant number of consumer instalment loans under \$5,000.00.

The bank does a very good job of lending to farms and businesses of different sizes. The table below demonstrates the bank's performance in making farm operating and real estate loans to farm and business operations of all sizes.

**LOANS TO FARMS AND BUSINESSES OF DIFFERENT SIZES**

(A sample of 16 out of 500 agricultural and business loans as of April 22, 1997.)

<b>Gross Revenue of Farm / Business</b>	<b># of Loans</b>	<b>% of total #</b>	<b>\$ of loans</b>	<b>% of total \$</b>
\$0 - \$100,000	7	44%	\$ 361,600	31%
\$100,001-\$250,000	4	25%	\$ 282,600	24%
\$250,001 - \$500,000	3	19%	\$ 321,500	27%
over \$500,001	2	12%	\$ 204,600	18%
<b>Totals</b>	16	100%	\$1,170,300	100%

We reviewed four other commercial and farm files which did not contain income information.

**Geographic Distribution of Loans**

We did not complete an analysis of the geographic distribution of loans among the block numbering areas in the assessment area. There are no low or moderate income block numbering areas in the bank's assessment area. The block numbering areas are all middle income. Older housing is dispersed throughout the communities in the assessment areas. We did not detect discrimination or disparate treatment in our fair lending analysis.

**Response to Complaints**

The bank received no written complaints related to CRA performance.