



Public Disclosure

May 24, 1999

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
Omaha North 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 **The First National Bank of Rembrandt**, Rembrandt, Iowa prepared by The Office of the Comptroller of the Currency, as of May 24, 1999. 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.

- C The bank's lending level is reasonable given the institution's size, financial condition, and assessment area credit needs.
- C A substantial majority of the bank's loans are within its assessment area.
- C Lending levels to borrowers of different income levels is satisfactory.
- C The bank does a very good job of lending to farms of different sizes.

Description of Institution

The First National Bank of Rembrandt (FNB) is a \$28 million bank located in Buena Vista County in northwestern Iowa. The bank has a full service location on Main in Rembrandt, Iowa, and an automated teller machine located in a truck stop five miles south of Rembrandt. 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 March 31, 1999, FNB's loan portfolio comprises 56% of total assets. The bank's primary credit products are agricultural, residential real estate, and consumer loans. The table below breaks down the loan portfolio by outstanding dollar and number of loans.

	% of Loans By Dollar	% of Loans By Number
Agricultural Loans	53%	31%
Commercial Loans	13%	11%
Consumer Loans	13%	46%
Residential Real Estate Loans	21%	12%

The First National Bank of Rembrandt was rated "Satisfactory Record of Meeting Community Credit Needs" at the last CRA examination dated May 12, 1997.

Description of The First National Bank of Rembrandt's Assessment Area

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

The population of the AA is 16,790. The median family income is \$29,303 or 71% of the 1998 Iowa statewide median family income of \$41,200. 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, residential real estate, and home improvement/equity loans. We determined this by contacting a local elected official.

Primary competition is provided by 17 other banks with offices located in the AA.

Conclusions with Respect to Performance Criteria

The bank's lending levels are reasonable.

FNB's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and AA credit needs. FNB's ratio averaged 70% over the prior seven quarters and was 67% on March 31, 1999. The seven quarter average loan-to-deposit ratio of other banks in the AA ranged from 40% to 98%, with an average of 69%.

The bank is lending in the assessment area.

FNB originates a substantial majority of its loans within the AA. The table below shows the findings of our sample.

ASSESSMENT AREA CONCENTRATION
(Agricultural and Residential Real Estate loans sampled)

	# of Loans	% of total #	\$ of Loans	% of total \$
Inside AA	29	83%	\$557,039	79%
Outside AA	6	17%	\$150,500	21%
Totals	35	100%	\$707,539	100%

Lending to borrowers of different incomes and to farms of different sizes is satisfactory.

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

LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS

(A sample of 15 out of 134 real estate originations)

Income Level	# of loans	% of total #	\$ of loans	% of total \$	AA
Low	2	13%	\$16,300	5%	14%
Moderate	6	40%	\$69,327	21%	19%
Middle	5	33%	\$226,712	69%	30%
Upper	2	13%	\$16,000	5%	37%
Totals	15	100%	\$328,339	100%	100%

The bank does an effective job of lending to farms of different sizes. The table below demonstrates the bank's willingness to make loans to farms of all sizes. 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 86% of farms in Buena Vista and Clay Counties had sales less than \$250,000.

LOANS TO FARMS OF DIFFERENT SIZES

(A sample of 20 out of 1,556 agricultural loan originations)

Gross Revenue of Farms	# of customers	% of customers	\$ of loans	% of total \$
\$0 - \$100,000	8	40%	\$87M	23%
\$100,001 - \$250,000	5	25%	\$115M	30%
\$250,001-\$500,000	4	20%	\$158M	42%
over \$500,000	0	0%	\$0	0%
Not Available	3	15%	\$19M	5%
Totals	20	100%	\$379M	100%

The bank's ratios for lending to small and moderate-sized farms compare favorably to the 1992 agricultural census data. The majority of loans are to small and moderate-sized farms.

Geographic Distribution of Loans

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

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 female applicants for consumer loans during our fair lending examination. The bank has satisfactory fair lending policies, procedures, and training programs in place. We did not detect Equal Credit Opportunity Act violations during the examination.