



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 02, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Western Bank & Trust, National Association
Charter Number 24328**

**120 South First Street
Merville, Iowa 51039**

**Comptroller of the Currency
Omaha North Field Office
13710 FNB Parkway, Suite 110
Omaha, Nebraska 68154**

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.

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INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

Western Bank & Trust, National Association (WB&T) meets the credit needs of its assessment area. The bank's primary lending activities are to agricultural and consumer borrowers.

- WB&T's lending level is excellent, given the institution's size, financial condition, and the assessment area's credit needs.
- A significant majority of the bank's loans are within the assessment area.
- Lending to borrowers of different income levels and farms of different sizes is satisfactory.

DESCRIPTION OF INSTITUTION

WB&T is a \$40 million bank located in Woodbury County in northwestern Iowa. The bank is 100% owned by American Bancshares Inc., a \$157 million, three-bank holding company located in Holstein, Iowa. WB&T's main office is located in Merville, Iowa. The bank also operates two full service branches in Kingsley and Pierson, Iowa. The bank does not have any deposit-taking automated teller machines. The bank's corporate structure has changed since the last Community Reinvestment Act (CRA) examination. The bank converted to a national charter as of January 1, 2002.

WB&T offers traditional loan and deposit products. As of September 30, 2002, the bank's loan portfolio totaled 84% of total assets. The bank's primary credit products are agricultural and consumer loans based on the number and dollar amount of originations. The loan portfolio consisted of 57% agricultural, 22% residential real estate, 17% commercial, and 4% consumer loans based on outstanding dollars.

WB&T has no legal or financial impediments which prevent it from fulfilling its obligation under the CRA. WB&T was rated Satisfactory Record of Meeting Community Credit Needs by the Federal Deposit Insurance Corporation at the last CRA examination dated July 16, 1997.

DESCRIPTION OF ASSESSMENT AREA

WB&T's assessment area (AA) meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The bank's AA consists of six contiguous block numbering areas (BNAs): BNAs 31, 32, and 35 in Woodbury County; BNA 9705 in Plymouth County; BNA 9803 in Cherokee County; and BNA 9901 in Ida County. The three BNAs located in Woodbury County are in the Sioux City Metropolitan Statistical Area (MSA). All six (100%) BNAs are middle-income geographies. Individuals can refer to the bank's CRA Public File for a map outlining the AA.

According to the 1990 U.S. Census, the total population of the AA is 20,983. The 1990 U.S. Census estimated 20% of families in the AA were low-income, 21% moderate-income, 25% middle-income, and 34% upper-income. The 2001 weighted average updated median family income is \$51,900 for the Sioux City MSA. The 2001 weighted average updated median family income is \$48,400 for non-MSAs in Iowa. Fourteen percent of the AA households are below the poverty level. The median housing value for the MSA portions of the AA is \$33,017. The median housing value for the non-MSA portions of the AA is \$30,668. Seventy percent of housing in the AA is owner-occupied.

The local economy is stable. Agriculture and employers in Sioux City provide the main employment sources in the community. There are 34 other financial institutions with branches in Woodbury, Plymouth, Cherokee, and Ida Counties. These institutions range in size from approximately \$17 million to over \$3 billion. These financial institutions, along with the Farm Services Administration, provide the primary competition to WB&T.

Examiners made one community contact with a city official during the CRA examination and reviewed two other contacts conducted previously in the AA. Community contacts revealed that agricultural and small business loans are the primary credit needs in the area. WB&T offers and originates these types of loans. All community contacts felt that the credit needs of the community were being met.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

WB&T's average lending level is excellent. This is based on the bank's loan-to-deposit (LTD) ratio, size, financial condition, and the AA credit needs. WB&T's September 30, 2002 net LTD ratio was 111%. WB&T's quarterly average LTD ratio for the 21 quarters ending September 30, 2002 was 104%. The bank's average LTD ratio is higher than the average LTD ratio of five similarly situated banks in the AA. The five similarly situated banks have a 21-quarter average LTD ratio of 81%, and a range of 50% to 108%. All banks located within the bank's AA were used as similarly situated banks for comparison. The similarly situated banks range in size from \$48 million to \$116 million in total assets.

Lending in Assessment Area

WB&T originates a significant majority of its loans within the AA. We selected a sample of 20 agricultural and consumer loans originated between July 17, 1997 and September 30, 2002. The sample was reviewed to determine if loans originated to farms and individuals were within the bank's AA.

We found that 19 loans, or 95% of agricultural and consumer loans, were made in the AA. Also, \$731,369, or 97% of loan volume, was in the AA.

LENDING WITHIN THE ASSESSMENT AREA				
	# of loans	% of total #	\$ of loans	% of total \$
Inside AA	19	95%	\$731,369	97%
Outside AA	1	5%	\$24,298	3%
Totals	20	100%	\$755,667	100%

Lending to Farms of Different Sizes and Borrowers of Different Incomes

WB&T has a satisfactory record of lending to agricultural borrowers of different sizes. We reviewed a sample of 20 agricultural loans totaling \$1,039,920 to determine the bank's lending to farms of different sizes. All of the loans in this sample were located in the AA and were originated between January 1, 2001 and September 30, 2002.

WB&T originated 75% of agricultural loans by number, and 34% by loan volume, to farm operations with gross annual revenues less than \$500,000. The bank's lending reasonably compares to the 1997 Census of Agricultural Data, which shows 95% of AA farms with gross annual revenues of \$500,000. The bank has a lower percentage of loan penetration by volume. It can be reasonably concluded that smaller farm operations will need smaller loans than larger operations.

The following table shows the breakdown of loans to farms as compared to the AA demographics

LOANS TO FARMS OF DIFFERENT SIZES					
Gross Revenue of Farms	# of loans	% of total #	\$ of loans	% of total \$	% of Farms in AA
< \$99,999	7	35%	\$52,100	5%	61%
\$100,000 - \$249,999	4	20%	\$128,570	12%	25%
\$250,000 - \$499,999	4	20%	\$171,000	17%	9%
> \$500,000	5	25%	\$688,250	66%	5%
Total	20	100%	\$1,039,920	100%	100%

WB&T has a satisfactory record of lending to individuals of different income levels. We reviewed a sample of 20 consumer loans totaling \$145,431 to determine the bank's lending to individuals of different incomes. All of the loans in this sample were located in the AA and were originated between January 1, 2001 and September 30, 2002.

WB&T originated 50% of its loans by number, and 47% by volume, to low- and moderate-income borrowers. These percentages slightly exceed the 41% of AA households with low- or moderate-incomes.

The following table shows the breakdown of loans to individuals as compared to the AA demographics.

LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS					
Income Level	# of loans	% of total #	\$ of loans	% of total \$	% of Households in AA
Low	4	20%	\$22,277	15%	24%
Moderate	6	30%	\$46,236	32%	17%
Middle	6	30%	\$53,531	37%	22%
Upper	4	20%	\$23,387	16%	37%
Total	20	100%	\$145,431	100%	100%

Geographic Distribution of Loans

All six BNAs within the AA are middle-income. Therefore, specific analysis of geographic distribution is not meaningful.

Responses to Complaints

The Office of the Comptroller of Currency (OCC) and the bank have not received any complaints regarding the bank's CRA performance since the last CRA examination dated July 16, 1997.

Fair Lending Review

An analysis of 1999 through 2001 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.