

PUBLIC DISCLOSURE

August 13, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Cedar Valley State Bank
RSSD# 858649

345 W. 4th
P.O. Box 548
St. Ansgar, IA 50472

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, IL 60604-1413

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.

Cedar Valley State Bank, St. Ansgar, Iowa

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INSTITUTION'S CRA RATING: This institution is rated **satisfactory**.

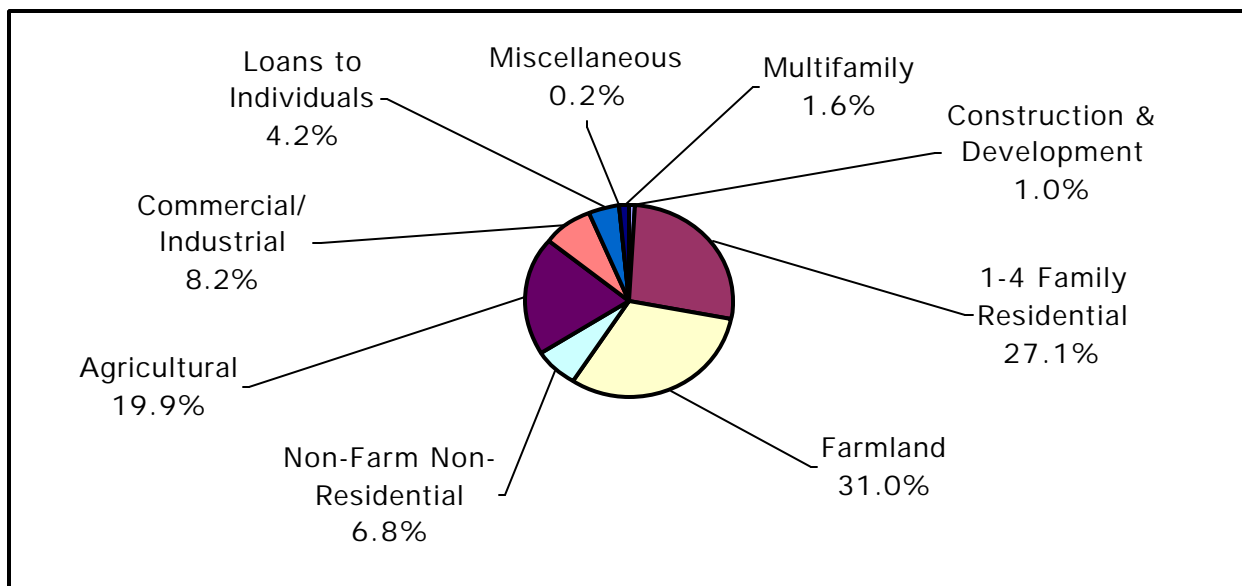
Cedar Valley State Bank is helping to meet the credit needs of the different segments of its assessment area, in particular those of low- and moderate-income borrowers and small farms and businesses. The majority of loans are in the institution's assessment area, and the geographic distribution of loans is reasonable. The loan-to-deposit (LTD) ratio meets the standards for satisfactory performance. There were no CRA related complaints received by the institution or this Reserve Bank during the scope of this evaluation.

The bank was rated satisfactory under the CRA at the previous examination as of April 21, 1997.

DESCRIPTION OF INSTITUTION

Cedar Valley State Bank is a subsidiary of American Bancorporation, a one-bank holding company located in Cedar Falls, Iowa. According to the Uniform Bank Performance Report, the bank had \$10.4 million in total assets as of March 31, 2001. The bank offers standard deposit and loan products from its office in St. Ansgar, Iowa. Agricultural and farmland loans at 51.0% and 1-4 family residential loans at 27.1% comprise the majority of the bank's loan portfolio, as shown in Exhibit 1. The bank's competitors for loans and deposits include: St. Ansgar State Bank, St. Ansgar; Home Trust & Savings Bank, Osage; Northwood State Bank, Mason City; and Farmers State Bank, Northwood, Iowa. The bank's peer group includes all commercial banks having assets between \$10 and \$25 million, with one banking office in a non-metropolitan area.

Exhibit 1 – Composition of Cedar Valley State Bank's Loan Portfolio as of March 31, 2001



There are no apparent factors relating to the bank's financial condition, size, products offered, prior performance, legal impediments, or local economic conditions that would prevent the bank from meeting the credit needs of the community.

DESCRIPTION OF ASSESSMENT AREA

An institution's assessment area(s) will include the towns, counties, or other political subdivisions where its branches are located and a substantial portion of its loans are made. Assessment area(s) must consist of one or more geographies defined by block numbering areas (BNAs) or census tracts, which are statistical subdivisions of a county. Census tracts are primarily used in metropolitan areas, while BNAs are used in non-metropolitan areas. 1990 U.S. Bureau of Census data is used in this evaluation, unless stated otherwise.

Cedar Valley State Bank's assessment area, shown under Exhibit 2, consists of three middle-income geographies: BNA 9602, located in Mitchell County, and BNAs 9901 and 9903, located in Worth County.

Exhibit 2 – Assessment Area

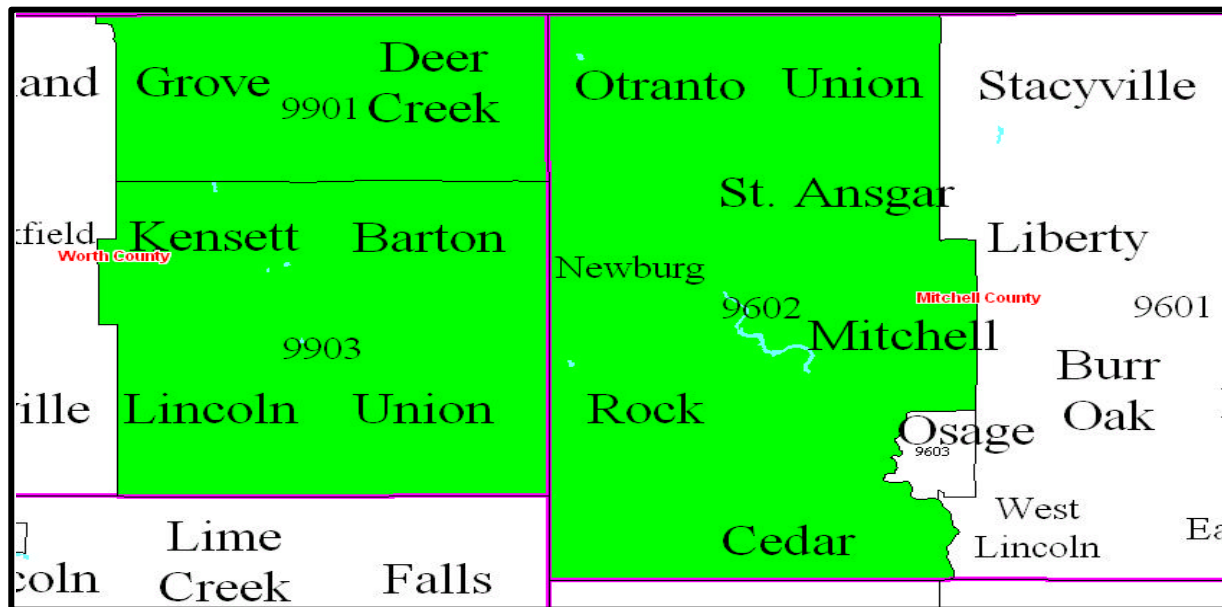


Exhibit 3 shows the income levels for the assessment area in comparison to the non-metropolitan areas of the state of Iowa, based on 1990 US Bureau of Census data. In contrast to the 1990 data, the 2001 HUD adjusted median family income for non-metropolitan Iowa is \$48,400.

Exhibit 3 – Distribution of Families by Income Level

Location	Median Family Income(\$)	Percent of Families				
		Low	Moderate	Middle	Upper	Below Poverty Level
Assessment Area	27,518	18.0	22.0	26.8	33.2	8.1
Non-Metropolitan Iowa	29,303	17.5	19.2	25.8	37.5	8.8

Low-income is defined as less than 50% of median family income; moderate-income as 50% to less than 80% of median family income; middle-income as 80% to less than 120% of median family income; and upper-income as 120% or more of median family income.

According to 1990 census data, 9,030 people reside in the assessment area. Housing in the assessment area consists of 3,814 units. Approximately 72.0% of the units are owner-occupied and 22.9% are rental units; compared to 66.3% and 25.3%, respectively, for non-metropolitan Iowa. The median age of the housing stock in the assessment area is 50 years, in contrast with 38 years for non-metropolitan Iowa.

The median housing value for the assessment area, \$34,335, is below the non-metropolitan Iowa median housing value, \$38,521, and the affordability ratio is slightly higher, indicating that housing is generally more affordable in the assessment area. *Affordability ratios, developed by dividing the median household income by the median household value for a given area or groups of geographies, are helpful in comparing costs for different areas. An area with a higher ratio generally has more affordable housing than an area with a lower ratio.* The affordability ratios for the assessment area and for non-metropolitan Iowa are 0.65 and 0.63, respectively.

Employment in the assessment area is stable. Based upon Iowa Workforce Development statistics, the July 2000 and 2001 unemployment rates for Mitchell County were both 1.9% and for Worth County 3.0% and 2.6%, respectively; compared to 2.3% and 2.7% for the State of Iowa. Labor and employment in the assessment area are largely dependent on agriculture. The major employers in the assessment area are listed in Exhibit 4.

Exhibit 4 – Primary Employers in the Assessment Area

Company	Location	Employees	Description
Fieldstone Cabinet Co.	Northwood	320	Wood cabinetry
Carroll George	Northwood	205	Acoustical products
St. Ansgar Community Schools	St. Ansgar	115	K-12 education
Good Samaritan Center	St. Ansgar	102	Nursing home
Grain Millers (Iowa) Inc.	St. Ansgar	100	Specialty food ingredients supply

* Source: imedia-online.com

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Performance standards for small banks consist of the following, as applicable: the bank's LTD ratio, the percentage of loans and other lending-related activities located in the bank's assessment area, the record of lending to borrowers of different income and farms and businesses of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints.

To determine CRA performance, the above standards are analyzed and evaluated within the assessment area context, which includes, but not limited to, comparative analyses of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank's assessment area.

LOAN-TO-DEPOSIT RATIO

Cedar Valley State Bank's LTD ratio meets the standards for satisfactory performance. The bank's LTD ratios for the eight-quarters ending March 31, 2001, were compared to the ratios for its peer group and a sample of competitors. Exhibit 5 shows the comparison. As shown, the LTD ratio for Cedar Valley State Bank is higher than that of its peer group and reasonable when compared to the ratios of a sample of competitors.

Exhibit 5 – LTD Ratios for Cedar Valley State Bank, Peer Group, and Competitors

Bank Name and Jun 2001 Assets (\$ Millions)	Jun 1999	Sept 1999	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000	Mar 2001	Avg.
Cedar Valley State Bank, St. Ansgar, \$10.2	67.5	71.7	64.3	67.4	72.4	76.7	70.7	68.1	69.9
Peer Group	65.5	66.5	65.1	65.3	66.5	66.9	64.8	64.3	65.6
St. Ansgar State Bank, St. Ansgar, \$92.7	70.5	72.2	65.2	69.2	68.5	67.9	63.6	67.6	68.1
Northwoods State Bank, Mason City, \$69.5	57.4	68.4	68.8	68.6	74.7	73.5	71.2	75.0	69.7
Farmers State Bank, Northwood, \$53.1	86.5	87.8	75.5	76.4	84.7	88.1	77.2	76.1	81.5
Home Trust & Savings Bank, Osage, \$129.6	47.9	49.3	50.4	50.8	51.1	50.5	49.7	49.7	49.9

LENDING IN THE ASSESSMENT AREA

The majority of Cedar Valley State Bank's loans are located within its assessment area. The review of a sample of loans originated since the previous evaluation supported this conclusion, as shown in Exhibit 6.

Exhibit 6 – Distribution of Loans in/out of Assessment Area (AA)

Loan Type	Number of Loans			Dollar Amount (000's)		
	# in Sample	# in AA	% in AA	\$ in Sample	\$ in AA	% in AA
Residential Real Estate	14	11	78.6	1,069	927	86.7
Agricultural	58	53	91.4	962	767	79.7
Commercial	21	14	66.7	498	154	30.9
Consumer	37	31	83.8	199	135	67.8
Totals	130	109	83.8	2,728	1,983	72.7

Exhibit 6 shows that 83.8% of the total number of loans and 72.7% of the total dollar amount of loans were originated within the assessment area. With the exception of commercial loan dollars, at 30.9%, the majority of loans by type were also originated within the assessment area. As Exhibit 1 indicates, as of March 31, 2001, commercial loans comprised 8.2% of the bank's loan portfolio.

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS AND TO FARMS AND BUSINESSES OF DIFFERENT SIZES

Cedar Valley State Bank is helping to meet the credit needs of the different segments of its assessment area, while exhibiting an excellent record of lending to low- and moderate-income borrowers and small farms and businesses.

The distribution of a sample of 51 loans originated since the previous examination is shown in Exhibit 7. As shown, the percent of loans at the low- and moderate-income level is strong in comparison to the percent of families in the assessment area that are classified as low- or moderate-income. The overall distribution of the loan sample demonstrates that the bank is meeting the credit needs of borrowers of all income levels.

Exhibit 7 – Loan Distribution by Income Level

Income Level	Total Number of Loans	Percent of Total Loans*	Percent of Families in Assessment Area
Low	19	37.3	18.0
Moderate	16	31.4	22.0
Middle	9	17.6	26.8
Upper	7	13.7	33.2

* Based on HUD's 2001 adjusted median family income

A further analysis of agricultural and business loans indicates an excellent penetration of loans among small farms and businesses. The analysis is based on information from the Consolidated Report of Condition as of June 30, 2001, shown on Exhibits 8 and 9.

Exhibit 8 – Distribution of Small Farm Loans

Original Dollar Amount	Outstanding Number	Outstanding Dollar Amount (000's)
Loans Secured by Farmland		
Less than or equal to \$100,000	11	494
Greater than \$100,000 through \$250,000	5	623
Greater than \$250,000 through \$500,000	2	735
Total	18	1,852
Loans to Finance Agricultural Production and Other Loans to Farmers		
Less than or equal to \$100,000	86	1,022
Greater than \$100,000 through \$250,000	1	150
Greater than \$250,000 through \$500,000	N/A	N/A
Total	87	1,172

As Exhibit 8 shows, the number of originations in the \$100,000 or less category represented 92.4%, or the majority of small farm loans. These loans also represented 50.1% of the total dollar amount of small farm loans. According to the Consolidated Report of Condition, small farm lending represented 100.0% of total dollar amount of farm loans in the bank's portfolio.

Exhibit 9 – Distribution of Small Business Loans

Original Dollar Amount	Outstanding Number	Outstanding Dollar Amount (000's)
Loans Secured by Nonfarm Nonresidential Properties		
Less than or equal to \$100,000	10	495
Greater than \$100,000 through \$250,000	N/A	N/A
Greater than \$250,000 through \$1 million	N/A	N/A
Total	10	495
Commercial and Industrial Loans		
Less than or equal to \$100,000	36	581
Greater than \$100,000 through \$250,000	N/A	N/A
Greater than \$250,000 through \$1 million	N/A	N/A
Total	36	581

As Exhibit 9 shows, all the bank's small business loans were originated in the \$100,000 or less category. These loans also represented 100.0% of the bank's business loan portfolio, according to the Consolidated Report of Condition.

GEOGRAPHIC DISTRIBUTION OF LOANS

The bank's assessment area is comprised of middle-income geographies. A review indicated that no low- or moderate-income geographies were arbitrarily excluded from the assessment area.

Cedar Valley State Bank's loans are reasonably dispersed throughout the assessment area, based on the analysis of the distribution of a sample of commercial, agricultural, and real estate loans originated since the previous examination. Community Contacts also stated that

they were not aware of any segments of the assessment that may be arbitrarily excluded from credit.

COMPLAINTS

No CRA-related complaints were received by Cedar Valley State Bank or this Reserve Bank since the previous examination.

FAIR LENDING

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts. A sample of the bank's lending activity was reviewed to determine whether loan policies and lending standards were in compliance with the fair lending laws and regulations and implemented on an equitable basis. No evidence of prohibited discriminatory credit practices was detected.