



PUBLIC DISCLOSURE

April 27, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Americana National Bank
217 South Newton Avenue, Box 1058
Albert Lea, MN 56007

Charter # 10903

Office of the Comptroller of the Currency
920 Second Ave. S. Suite 800
Minneapolis, MN 55402

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 Americana National Bank, prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, between May 2, 1995, and April 27, 1998. The agency rates an institution's CRA performance consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

INSTITUTION'S CRA RATING: "Satisfactory"

The bank has a strong record of lending to businesses and farms of different sizes. The bank has a reasonable loan-to-deposit ratio and originates a majority of its loans inside their assessment area.

DESCRIPTION OF INSTITUTION

Americana National Bank (ANB) is a \$78 million institution located in Albert Lea, Minnesota, a city of approximately 18,500 people located in the extreme south central portion of the state. The bank relocated its main office to Albert Lea in March 1996 when it purchased the building formerly owned by Peoples Savings and Loan. The bank has three branch offices within a 15 mile radius of the main office in the communities of Conger (formerly the main office), Alden, and Hayward. The bank's only ATM is located at the main office. The main office and branch facilities are located in middle income areas.

The bank's primary focus is agricultural and commercial lending. As of March 31, 1998, the bank's \$62 million loan portfolio consists of 36% agricultural, 33% residential, 26% commercial, and 5% consumer. Purchased out-of-area residential pool loans represent 64% of the residential loans or 21% of total loans.

The bank offers a wide range of loan products well suited to community credit needs. There are no legal or financial impediments limiting the bank's ability to meet these credit needs.

DESCRIPTION OF THE ASSESSMENT AREA

ANB's assessment area consists of all ten block numbering areas (BNAs) in Freeborn County. Nine BNAs are designated middle income geographies and one is upper income. The bank's assessment area meets regulation requirements.

Based on 1990 Census data, the population of the assessment area is 33,060. The population in the assessment area has declined about 5,000 since 1970. The updated 1998 median family income for the assessment area is \$40,500. Of the 9,348 families in the assessment area, 16% are low-income, 18% are moderate-income, 28% are middle-income, and 38% are upper-income.

The economy of the assessment area is dependent on agriculture and agricultural related services. Corn and soybeans are the primary agricultural products with livestock production gaining in prominence. Light manufacturing, health care, and education related industries add diversity to the local economic base. Unemployment in the county is similar to state averages.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Lending to Businesses and Farms of Different Sizes

Our conclusions are based primarily on the bank's commercial and agricultural lending due to the significant dollar volume of originations for these types of loans. The following table depicts origination activity during the past year. Commercial and agricultural lending accounted for 76% of the bank's total loan originations by dollar amount and 53% of the number of all originations. Purchased out-of-area residential pool loans account for 33% by number and 34% by dollar of the residential loan originations shown in the table.

| Loan Origination Activity Since March 31, 1997 | | | | |
|--|-----------------|------------------|-------------------------------|------------------|
| Type of Loan | Number of Loans | Percent of Total | Dollar Amount of Loans (000s) | Percent of Total |
| Agricultural | 432 | 31% | \$26,072 | 39% |
| Commercial | 241 | 18% | \$24,568 | 37% |
| Residential | 239 | 17% | \$12,223 | 18% |
| Consumer | 473 | 34% | \$3,993 | 6% |
| Totals | 1,385 | 100% | \$120,860 | 100% |

The bank has a strong distribution of lending to businesses and farms of different revenues in relation to the demographics of the assessment area. We based our conclusion on a sample of 50 agricultural and commercial loans totaling \$6.2 million that were originated since March 31, 1997. The sample represented 7% of all commercial and agricultural originations during the same time period by number and 12% by dollar volume. The results of our review are illustrated in the table below. The bank originated 88% by number of their commercial and agricultural loans to borrowers with annual revenues less than \$1 million. This compares to 75% of the businesses and farms in the assessment area having annual revenues of less than \$1 million, per 1990 census data.

| Lending Distribution by Revenue Size of Businesses and Farms Based on Loan Originations Since March 31, 1997 | | | |
|---|---|--|---|
| Revenue Size of Businesses and Farms Sampled \$(000's) | ANB Lending Distribution by Number of Loans | Percentage of Businesses and Farms in each Revenue Category (census information) | ANB Lending Distribution by Dollar of Loans |
| \$0 - \$100 | 20% | 75% | 10% |
| \$100 - \$250 | 20% | | 6% |
| \$250 - \$500 | 32% | | 30% |
| \$500 - \$1,000 | 16% | | 6% |
| > \$1,000 | 12% | 7% | 48% |
| Revenues not reported | | 18% | |
| Totals | 100% | 100% | 100% |

Loan to Deposit Analysis

The bank's average loan to deposit ratio from June 1995 to December 1997 is 95% percent. This compares to average loan to deposit ratios that ranged from 59% to 85% for eight similarly situated banks operating in the bank's assessment area during the same time period. The average loan to deposit ratio of these eight bank's was 73%.

Included in the bank's ratio is a significant volume of purchased out-of-area residential pool loans. Adjusted for the residential pool loans, the bank's ratio more closely resembles the average loan to deposit ratio of the eight similarly situated banks. The adjusted average loan to deposit ratio is reasonable given the bank's size, financial condition, branching network, and lending opportunities within its assessment area.

Lending Inside the Assessment Area

ANB originates a majority of loans inside their assessment area. Since March 31, 1997, bank management has recorded the location of all loans. The following table illustrates the level of lending inside the bank's assessment area during this time period.

| Penetration of Lending Inside the Assessment Area Based on Loan Originations since March 31, 1997 | | |
|--|--|---|
| | % of Total Number of Loans Inside the Assessment Area | % of Total Dollar Amount of Loans Inside the Assessment Area |
| All Loans | 78% | 60% |

Geographic Distribution of Loans

We did not evaluate the geographic distribution of lending within the bank's assessment area. The number and income distribution of geographies in the assessment area are not sufficient for a meaningful analysis of the geographic distribution of the bank's loans.

Response to CRA Related Complaints

The bank has not received any CRA related complaints during the evaluation period.

Other Services Supporting CRA Performance

Bank management sponsors two annual seminars tailored to the bank's agricultural customers. Management's performs an analysis of the individual performance of approximately two-thirds of its agricultural borrowers. The results of this analysis are shared with these customers at an annual seminar. Conclusions are drawn based on the performance and trends of individual farm

operations based on various financial performance categories. The individual farm customers are able to compare their performance with other ANB customers and data collected on other southern Minnesota farm businesses. The second seminar management sponsors features a guest farm industry expert speaker. Topics of discussion at the last three annual seminars have been marketing, financing, and economic forecasting.

ANB is the Freeborn County sponsor for the elementary school savings program Save for America. Save for America is the only approved school savings program in the country. Through the program, ANB encourages students to save for the future by donating the first dollar in the account for every student that participates. To date, over 200 school children with deposits totaling \$20 thousand are involved in the program.

Compliance with Anti-discrimination Laws

ANB complies with applicable anti-discrimination laws and regulations. We found no evidence of discriminatory credit practices or disparate credit treatment during our fair lending review.