



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

May 07, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The American National Bank of Sidney
Charter Number 13425**

**901 10th
Sidney, NE 69162**

**Comptroller of the Currency
Northern Colorado
1225 17th Street Suite 450
Denver, CO 80202**

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.

General Information

Institution's CRA Rating: **This institution is rated "Satisfactory."**

A satisfactory rating is appropriate in the bank's designated assessment area (AA) given the bank's demonstrated ability to meet the credit needs of the community. Specifically:

- The substantial majority of loans by number and dollar volume are originated within the bank's AA.
- The bank's pattern of lending to small businesses and farms is good, reasonably reflecting area demographics.

American National Bank of Sidney is committed to serving the communities in which it operates and demonstrates satisfactory lending performance.

Description of Institution

American National Bank of Sidney (ANB) is a \$62 million institution located in south western Nebraska. ANB is a subsidiary of American National Sidney Corp, a one-bank holding company with no affiliates.

The bank operates one full-service office located in Sidney, Nebraska in Cheyenne County. The bank also operates one drive-up facility which houses the bank's one ATM.

ANB offers a variety of credit products. The primary loan products by dollar volume are commercial and industrial (non-real estate secured) at 43% of total loans and agricultural loans at 30%. Other loans offered include loans to individuals (21%), 1-4 family residential loans (4%), and other real estate loans (2%). Net loans represent 43% of total assets. For purposes of this analysis, CRA performance is based on an analysis of commercial and industrial loans and agriculture loans. There are no legal or financial impediments to the bank's ability to meet the credit needs of the assessment areas.

ANB received a "Satisfactory" rating at the last CRA examination dated October 15, 2001.

Refer to the bank's CRA Public File for more information.

Description of Cheyenne County

Management has designated one assessment area (AA). This AA includes the county of Cheyenne. Based on 2000 census data, this AA is comprised of three middle-income (100%) census tracts. There are no low- or moderate-income census tracts. The Department of Housing and Urban Development (HUD) 2006 updated non-MSA median-family income for this AA is \$51,400. Based on 2000 US Census data, there are 2,693 families residing within the AA of which 16% are deemed low-income, 23% moderate-income, 23% middle-income, and 38% upper-income. Income designations are determined based on annual income as a percentage of the non-MSA median-family income.

Economic conditions of Cheyenne County are good. The primary industry is agriculture, including both livestock and crops. Other major industries include service and retail trade. Cabela's Sporting Goods is the largest area employer. 2000 U.S. Census data indicates the unemployment rate in Cheyenne County is 1.12 percent.

ANB faces strong competition within the AA. Competitors include seven financial institutions, one of which is a large regional institution. ANB ranks fourth in market share holding 15% of area deposits.

The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

We made one community contact with this examination. We spoke with a representative of the City of Sidney. The contact identified the primary credit needs of the community as housing, small business and agricultural loans. The representative stated that the local economy is good with prospects for continued job growth over the next three to four years. Given this, there will remain a continued need for additional housing stock to keep pace with projected population growth. The representative noted that ANB is very active in the community and worked collaboratively with other local banks on several of the larger community projects. Some examples include financing the addition on the new hospital, several church buildings, and a community center. ANB has also taken the lead in sprucing up the exterior of its building on Main Street, leading the city's downtown restoration project.

Refer to the bank's CRA Public File for more information.

Conclusions about Performance Criteria

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is adequate given area competition and credit needs of the community.

The bank's quarterly loan-to-deposit (LTD) ratio since the previous CRA exam is 52 percent. The bank's LTD ratio has remained constant over the review period as have competitor's LTD ratios. The loan-to-deposit ratio of similarly situated banks over the same time period ranged between 52 percent and 108 percent. Similarly situated banks are those banks of similar business lines operating within the same geography.

Lending in Assessment Area

The majority of loans by number and dollar volume are originated within the bank's AA.

We sampled twenty-two agriculture loans originated by the bank in 2004, 2005, and 2006, and twenty-two commercial loans originated over the same time period. Of the forty-four loans reviewed, 86 percent by number and 94 percent by dollar volume were originated within the AA.

Lending to Businesses of Different Sizes

The bank's pattern of lending to small farms and small businesses reasonably reflects area demographics.

Agricultural loans:

The distribution of agriculture loans originated throughout the AA indicates strong performance in lending to farms of different sizes, and in particular small farms. Of the twenty agricultural loans sampled within the AA, 100 percent by number and 100 percent by dollar volume were originated to small farms. This is reflective of area demographics, which indicate that 97 percent of all farms for which revenue information was available have annual revenues of less than \$1 million.

Commercial loans:

The distribution of commercial and industrial loans originated throughout the AA indicates adequate performance in lending to businesses of different sizes. Of the twenty commercial loans within the AA sampled, 80 percent by number and 66 percent by dollar volume were originated to small businesses. This is lower than area demographics, which indicate that 94 percent of all businesses for which revenue information was available report revenues of less than \$1 million. However, we note that 55 percent by number and 25 percent by dollar volume were originated to very

small businesses with revenues less than \$250,000 demonstrating the bank's commitment to meeting the credit needs of small businesses.

Geographic Distribution of Loans

All census tracts within the AA are designated as middle-income. An analysis of the geographic distribution of loans would not have been meaningful and was not performed.

Responses to Complaints

ANB has not received any complaints about its performance in helping to meet assessment area needs during this evaluation period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.