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**Comptroller of the Currency  
Administrator of National Banks**

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Grand Island Duty Station  
P.O. Box 129  
Grand Island, Nebraska 68802

## **PUBLIC DISCLOSURE**

**February 21, 1997**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

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

**901 10th Avenue  
Sidney, Nebraska 69162**

<p><b>NOTE:</b> 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.</p>
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## 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 **The American National Bank of Sidney** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of February 21, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

**INSTITUTION'S CRA RATING:** This institution is rated “**Satisfactory.**”

The American National Bank of Sidney (Bank) has done a good job of extending loans in its assessment area. The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

The following table indicates the performance level of *The American National Bank of Sidney* with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	The American National Bank of Sidney Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		x	
Lending in Assessment Area		x	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		x	
Geographic Distribution of Loans	ANALYSIS NOT MEANINGFUL		
Response to Complaints	NO COMPLAINTS WERE RECEIVED SINCE THE PRIOR EXAMINATION		

## **DESCRIPTION OF INSTITUTION**

The American National Bank of Sidney is a \$57 million institution located in western Nebraska. The bank provides the majority of its services at their main office in Sidney. Deposit services are offered at their drive thru facility which is located two blocks from the main office. In addition, the bank maintains a 24 hour ATM in the drive thru facility. Loans represent 36% of total bank assets. The bank maintains a diverse loan portfolio with agricultural, commercial and consumer loans representing 34%, 32% and 21% of the portfolio, respectively. The remainder of the portfolio is vested in real estate loans for residential and agricultural purposes. Stiff loan and deposit competition comes from several institutions located in the community and surrounding area. There are no legal impediments or other factors, including the financial condition of the bank, which hinder the bank's ability to comply with the Community Reinvestment Act. The bank received a "Satisfactory Record of Meeting Community Credit Needs" at the last CRA examination, March 14, 1994.

## **DESCRIPTION OF ASSESSMENT AREA**

Management designated all of Cheyenne County as their assessment area (AA). This area contains three adjoining block numbering areas (BNAs). All three BNAs are designated as middle income. None of the BNAs are located in a Metropolitan Statistical Area. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- and moderate-income areas. Cheyenne County is a rural area with several small communities. According to 1990 census information, 9,494 people reside in the AA. Sidney is the largest community with a population of 6,000 and serves as a regional trade center. The remaining population is spread among four other small towns and the surrounding countryside.

The local economy is becoming fairly diversified. Agricultural operations and related businesses continue to contribute significantly to the local economy. However, community leaders have been successful in recruiting several light industries to Sidney over the past six years. The retail sector remains strong in large part to the presence of a nationally known hunting and fishing supply store. Oil and gas extraction is also a major industry in the area. As a result of this diverse economy, unemployment remains very low at 2.0% of the labor force.

Two members of the community, contacted by examiners, stated the primary identified credit needs for the area are agricultural, residential real estate, and small business financing. One contact was a representative from an organization which assists with business development in the county. The other contact was a representative from an organization that provides affordable housing to low-income residents in Sidney.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan to Deposit Ratio

The bank's loan to deposit ratio is reasonable. The bank's ratio of 40% at December 31, 1996, compares favorably to the 30% ratio noted at the March 17, 1994 CRA Examination. In this same time period loan volume increased from \$14.9MM to \$20.8MM. Management implemented an internal customer call program since the prior exam to inform customers of loan services, pricing and their desire to make loans. This program is increasing the bank's presence in the AA. However, AA competition remains significant. Competitors include four financial institutions in Sidney, two regional banks with affiliates in Western Nebraska and Farm Credit Services. As a result of strong competition, the bank's ratio is below 13 area banks with offices in the AA and the surrounding counties of Deuel, Garden, Morrill, Banner and Kimball. The average loan to deposit ratio for the previously mentioned banks was 59% as of December 31, 1996.

### Lending In Assessment Area

The bank extends the vast majority of its credit to individuals residing within its assessment area. Based on a zip code analysis of the bank's February 5, 1997 loan customers, 88% of the total number of loans were made to customers who reside within the AA. The dollar volume of these loans is slightly lower at 68% but also supports the above conclusion.

### Lending to Borrowers of Different Incomes / Businesses and Farms of Different Sizes

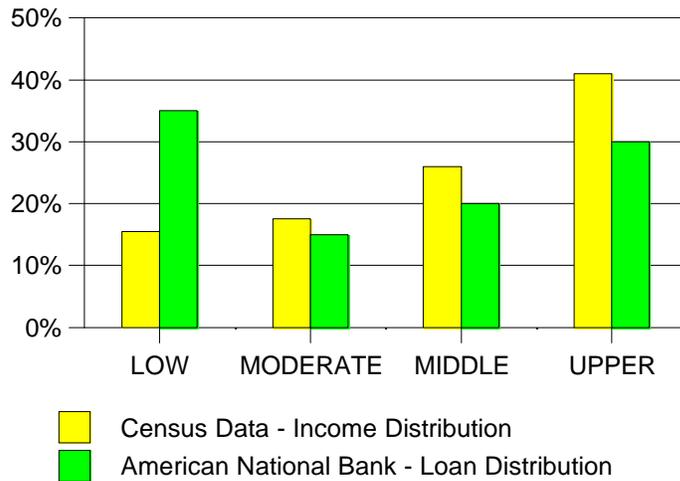
The bank's distribution of credit reflects good penetration to borrowers across all levels of income, including the area's small businesses and farms and individuals with low- and moderate-incomes. Our review of farm and business loans for income information revealed 14 of 20 borrowers had gross revenues of less than \$1 million. The following chart shows the bank is making small business/farm loans to operations of all sizes.

#### AGRICULTURAL & COMMERCIAL LOANS

ANNUAL SALES	# of Loans	Percent	\$ of Loans	Percent
< \$100,000	5	25	667M	17
\$100,001 - \$250,000	5	25	996M	25
\$250,001 - \$500,000	2	10	230M	6
\$500,001 - \$1,000M	2	10	59M	1
> \$1,000M	6	30	2,033M	51
<b>Total</b>	20	100	3,985M	100

The bank lends to individuals of all income levels and compares favorably to the assessment area's demographics. We selected a sample of 20 consumer automobile loans originated to borrowers in the AA in 1996 and 1997 and found a good level of penetration to borrowers with low- and moderate-incomes. As the graph below indicates, the bank has originated a larger portion of its automobile loans to borrowers with low- and moderate-incomes than the proportion of low- and moderate-income individuals residing in the assessment area. Our sample disclosed borrowers with gross annual incomes ranging from \$8,400 to \$122,418.

### Lending to Families of Different Incomes



The following two tables represent the data found in the above graph:

### AUTOMOBILE LOANS

Income Classification	# of Loans	%	\$ of Loans	%
Low-income	7	35%	\$19,928	28%
Moderate-income	3	15%	10,161	14%
Middle-income	4	20%	10,360	15%
High-income	6	30%	30,705	43%
Total	20	100%	\$71,154	100%

The following chart summarizes family income information for the AA. It is based on 1990 census data:

	Total Families	Low Income (%)	Moderate Income (%)	Middle Income (%)	Upper Income (%)	Median Family Income	State Median Income
AA	2,606	15.5%	17.5%	26%	41%	\$27,091	\$27,623

### **Geographic Distribution of Loans**

We did not assess the reasonableness of loans distributed within the bank's AA because the entire area is fully designated as middle income. Through discussions with management and a review of the bank's December 31, 1996 loan trial balance, it is readily apparent a majority of the bank's loan customers reside throughout the AA.

The bank is in compliance with anti-discrimination laws and regulations. Our fair lending review did not disclose any substantive violations of the Fair Lending laws. We did not note any practices intended to discourage applications for the types of credit the bank offers.