



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 15, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**American National Bank Sidney
Charter Number 13425**

**901 10th Street
Sidney, NE 69162**

**Comptroller of the Currency
Denver Field Office
1099 18th Street Suite 2650
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.

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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 Sidney prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of October 15, 2001. 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.

A satisfactory rating is appropriate given the bank's demonstrated ability to meet the credit needs of the community including loans to low- and moderate-income individuals and small businesses and farms. Specifically:

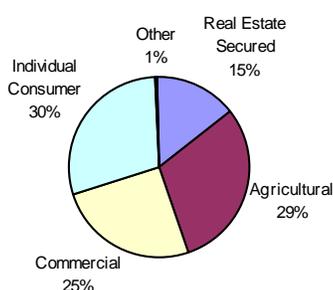
- The substantial majority of loans by number and dollar volume are originated within the bank's assessment area.
- The bank lends to individuals of all income levels and businesses and farms of different sizes.
- The bank's loan-to-deposit ratio is adequate given area competition and credit needs of the community.

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

DESCRIPTION OF INSTITUTION

The American National Bank Sidney (ANB) is a \$59 million community bank located in Cheyenne County, Nebraska. The bank operates one facility located in Sidney, Nebraska. The off-site drive-up facility maintains one deposit-taking ATM. ANB is a subsidiary of American National Sidney Corporation, a \$9.3 million bank holding company located in Sidney, Nebraska.

Loan Portfolio Composition



ANB offers a variety of loan products including agricultural, real estate, commercial, and consumer loans. The chart to the left reflects the composition of the bank's loan portfolio by dollar volume. Agricultural loans include production and farm loans secured by real estate. Consumer home equity installment loans make up the majority of the real estate secured loans and are the single largest category of consumer credit. Individual consumer loans include auto loans, cash reserve lines-of-credit, and other installment loans.

Net loans represent 47 percent of the bank's total assets.

This Performance Evaluation is an assessment of the bank's CRA performance from February 22, 1997, through October 15, 2001. ANB received a "Satisfactory" rating at its February 21, 1997 CRA evaluation. There are no legal or financial impediments to the bank's ability to meet the credit needs of the assessment area.

DESCRIPTION OF CHEYENNE COUNTY ASSESSMENT AREA

Management designated all of Cheyenne County as the assessment area (AA). Cheyenne County contains three block numbering areas (BNAs), all designated as middle-income by the U.S. Census Bureau. None of the BNAs are located in a Metropolitan Statistical Area (MSA). The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

Cheyenne County is located in the southern panhandle of Nebraska with a population of approximately 9,500 people. The Department of Housing and Urban Development (HUD) 2001 updated non-MSA median-family income for Nebraska is \$45,000. Based on U.S. Census data there are 2,606 families residing in the AA of which 16 percent are low-income, 17 percent are moderate-income, 26 percent are middle-income, and 41 percent are upper-income families. The median housing value is \$32,952 based on 1990 U. S. Census information.

Economic conditions are good. The primary industry is agriculture including both livestock and crops. Other major industries include service and retail trade. Cabela's Sporting Goods, the largest employer, employs 1,264 people. Other major employers include Prestolite Wire Corporation and Memorial Health Center. U.S. Census figures show the unemployment rate in Cheyenne County is currently less than two percent.

The city of Sidney is the county seat. Sidney has a population of 6,282 people. The largest businesses are located in or near Sidney. Currently, 40 percent of the work force commutes to Sidney from surrounding areas. The need to attract additional labor has made housing development a priority.

We made one community contact who indicated the strong economy in Sidney and throughout Cheyenne County is expected to continue. In addition to housing development, infrastructure improvements are necessary to support anticipated growth. The contact, an employee of the city of Sidney and Cheyenne County, is responsible for planning and economic development.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

American National Bank does a good job of meeting the credit needs of its AA, including low- and moderate-income individuals.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable and improving. As of June 30, 2001, the ratio of 56 percent was significantly above the 40 percent ratio noted at the February 21, 1997, CRA examination. The quarterly average ratio calculated since the previous examination is 46 percent. The quarterly average ratios over the same time period for similarly situated banks range from 68 to 84 percent. Similarly situated banks are those banks of comparable asset size operating within the bank's AA.

Management continues efforts to increase the loan-to-deposit ratios through an officer-calling program where bank officers call on local businesses and community groups to offer the bank's assistance in meeting the credit needs of the community. Further, although the overall loan-to-deposit ratio is below that of similarly situated banks, this bank's volume by dollar amount of consumer loans far exceeds that of similarly situated banks. This indicates that ANB Sidney originates a large number of consumer loans, demonstrating commitment to meeting the credit needs of the community.

Lending in Assessment Area

The level of lending within the AA is excellent. The primary loan products are agricultural loans and home equity installment loans. A sample of loan products originated and outstanding since the previous CRA examination indicates the substantial majority of loans, by number and dollar volume, are originated within the AA. The following table illustrates these findings.

Loan Type	Loans in the AA based on the Number of Loans in the Sample	Loans in the AA based on the Dollar Volume of loans in the Sample
Agricultural Loans	90%	95%
Home Equity Loans	95%	97%

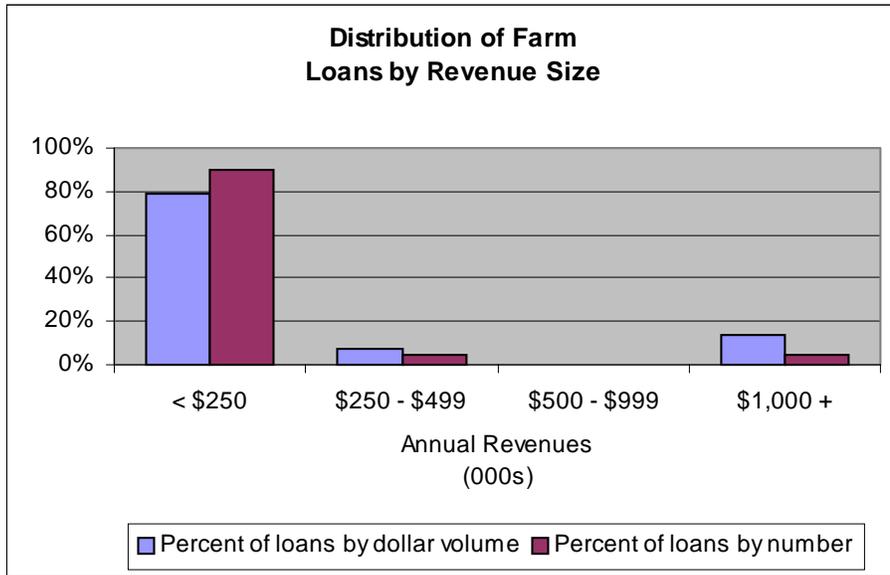
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

ANB’s lending patterns reflect good distribution of credit among borrowers of different income levels and farms of different sizes. Loan originations are well distributed among low-, moderate, middle-, and upper-income level borrowers and are representative of the income demographics of the AA.

We sampled twenty home equity installment loans originated since the previous CRA examination, comparing each borrower’s income to the HUD 2001 non-MSA median-family income of \$45,000. The results of our sample are detailed below.

Income Designation of the Borrower	% of Families in the Assessment Areas	% of Sample Loans by Number	% of Sample Loans by Dollar Volume
Low	16%	20%	16%
Moderate	17%	10%	8%
Middle	26%	35%	28%
Upper	41%	35%	48%
Total	100%	100%	100%

Farms with annual gross revenues of less than \$1 million are designated as “small farms.” The AA demographic data indicate 99 percent of all farms are small farms. We sampled 20 farm loans originated within the bank’s AA. The percentages of loans originated to small farms by number and dollar volume were 95 percent and 87 percent, respectively. The lower percentages are reflective of the small sample size that includes one large loan not typical to this bank. The following chart shows the bank originates a substantial volume of loans to farms with revenues under \$250,000.



Geographic Distribution of Loans

An analysis of the geographic distribution of loans would not be beneficial as all three BNAs within the bank’s AA are designated as middle-income. Loans originated within the AA support the conclusion that the majority of loans originated by the bank are to customers residing within these middle-income BNAs.

Responses to Complaints

ANB did not receive any CRA related complaints during this evaluation period.

Fair Lending Review

An analysis of public comments and consumer complaint information received between 1997 and 2001 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. The latest comprehensive fair lending exam was performed in 1997.