



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

February 06, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The American National Bank of Sidney
Charter Number: 13425

901 10th Street
Sidney, NE 69162-0000

Office of the Comptroller of the Currency

Denver Field Office
1225 17th Street Suite 450
Denver, CO. 80202-5534

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.

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

The major factors that support this rating include:

- The American National Bank of Sidney (ANB) originated a majority of their loans within the Assessment Area (AA);
- The bank's Loan-to-Deposit ratio is reasonable; and
- The bank's penetration of lending to small farms and small businesses is reasonable.
- The geographic distribution of loans is not meaningful as all the census tracts within the Cheyenne County AA are middle-income tracts.

SCOPE OF EXAMINATION

The scope of this examination includes a full-scope review of American National Bank of Sidney's Cheyenne County assessment area (AA). The examination will focus on a review of 26 agriculture loans and 26 commercial loans that originated between May 7, 2007 and February 6, 2012.

DESCRIPTION OF INSTITUTION

American National Bank of Sidney (ANB) is a \$79 million institution located in southwestern 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, Nebraska. ANB also operates one drive-up facility in Sidney, Nebraska that houses the bank's one automated teller machine.

The bank offers a variety of credit products. The primary loan products, as a percentage by dollar volume, are agriculture and farmland loans at 42 percent of total loans, and commercial and industrial at 30 percent of total loans. Other loans offered include consumer loans (22 percent of total loans), and residential loans (6.5 percent of total loans). Net loans represent 24.5 percent of total assets. For the purposes of this analysis, CRA performance will be based on the analysis of agriculture loans and commercial loans. There are no legal or financial impediments to the bank's ability to meet the credit needs of the assessment area.

ANB received a "Satisfactory" rating at the last CRA examination, dated May 7, 2007.

Please refer to the bank's CRA public file for more information.

DESCRIPTION OF ASSESSMENT AREA(S)

The American National Bank of Sidney has designated Cheyenne County, Nebraska, as its assessment area (AA). This designated AA complies with applicable regulatory requirements and does not arbitrarily exclude any low- or moderate-income (LMI) areas. Cheyenne County, located in southwestern Nebraska, encompasses the cities of Dalton, Gurley, Lodgepole, Potter, and Sidney. Sidney is the county seat and contains the majority of the county's population. The total population for the county is 9,830; the population of Sidney is 6,331.

Based on 2010 census data, the Cheyenne County AA is comprised of three census tracts; all designated as distressed or underserved middle income census tracts. The Department of Housing and Urban Development (HUD) lists the 2011 updated median family income for this AA as \$56,200.

The primary industry for the AA is agriculture, including both livestock and crops. Other major industries include service and retail trade. The AA's largest employer is Cabela's Sporting Goods. The unemployment rate for the county, as of March 2011, is 3.7 percent.

ANB faces strong competition within the AA. ANB holds 4.93 percent of the market share of deposits within the AA. There are seven competing banks located within the AA; World's Foremost Bank, Points West Community Bank, Security First Bank, Great Western Bank, Potter State Bank of Potter, Sidney Federal Savings & Loan Association, and Adams Bank and Trust.

We spoke with a representative of the City of Sidney as our community contact for this examination. The contact identified small businesses and housing loans as the primary credit needs of the area. He stated that the local financial institutions are doing what they can to address these needs, but seem to be limited by bank regulations to make many of these loans. He said that the local banks are a great community partner. He also stated that the banks are active in community causes and bank employees actively provide volunteer work.

Please refer to the bank's CRA public file for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's performance context and strong competition in the area. The eighteen-quarter average LTD ratio of similarly situated banks is 73.2 percent, with a high of 87.4 percent and a low of 60.5 percent. The bank's average LTD ratio falls significantly below the average of similarly situated banks at 42.3 percent. This is due to the strong competition in the area. ANB has a 4.93 percent deposit market share among the seven competing banks in

Cheyenne County. Also, the county has recently experienced low loan demand. The two banks most similar and located in the same county had lower average LTD ratios at 69.5 percent and 60.5 percent. Similarly situated banks are those banks of comparable asset size and operating within the same geography.

Lending in Assessment Area

The bank originates a majority of loans inside the AA. The extent of lending inside the AA is reasonable. The bank originated 79 percent of total loans based on number, and 82 percent based on dollar amount, within the AA.

Table 1 - Lending in the Cheyenne County AA										
<u>Loan Type</u>	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agriculture	20	77%	6	23%	26	\$3,094,693	70%	\$1,329,625	30%	\$4,424,318
Commercial	21	81%	5	19%	26	\$4,086,263	95%	\$231,179	5%	\$4,317,442
Totals	41	79%	11	21%	52	\$7,180,956	82%	\$1,560,804	18%	\$8,741,760

Source: Loan Sample

Lending to Farms and Businesses of Different Sizes

Small Farm Lending

The distribution of loans to small farms within the Cheyenne County AA is reasonable. Penetration of lending to small farms is reasonable as a percentage by number of loans. The penetration of lending to small farms by dollars is below the demographic comparator. However, this percentage is still reasonable, and is skewed by the size of the loans in our sample. The average loan size to small farms was \$110,247, all made within the AA. The one loan outside the AA was for \$1 million. Small farms are farms with less than \$1 million in gross annual revenues.

Table 2A - Borrower Distribution of Loans to Farms in Cheyenne County AA				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	98.68%	0.44%	0.88%	100%
% of Bank Loans in AA by #	95.0%	5.0%	0.0%	100%
% of Bank Loans in AA by \$	67.7%	32.3%	0.0%	100%

Source: U.S. Census Data; Loan Sample

Small Business Lending

The distribution of loans to small businesses within the Cheyenne County AA is reasonable. Lending to small businesses, as a percentage of number of loans, is above the geographic comparator. However, lending to small businesses, as a dollar

percentage, is below the demographic comparator at 54.6 percent. The average loan size of the 22 small business loans in our sample was \$131,294. The four loans to businesses with revenues greater than \$1 million averaged \$463,564. Accordingly, penetration of lending as a percentage of dollar amount is also considered reasonable. Small businesses are businesses with less than \$1 million in gross annual revenues.

Table 2B - Borrower Distribution of Loans to Business in Cheyenne County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Business	71.58%	1.85%	26.57%	100%
% of Bank Loans in AA by #	81.0%	19.0%	0.0%	100%
% of Bank Loans in AA by \$	54.62%	45.4%	0.0%	100%

Source: U.S. Census Data; Loan Sample

Geographic Distribution of Loans

The geographic distribution of loans in the Cheyenne County AA is not meaningful as there are no low- or moderate-income tracts within the AA.

Responses to Complaints

The bank has not received any CRA-related complaints since the previous examination.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.