

PUBLIC DISCLOSURE

August 2, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American National Bank
Charter Number 15109

5603 Ridge Road
Parma, Ohio 44129

**Office of the Comptroller of the Currency
Cleveland Field Office
Three Summit Park, Suite 530
Independence, Ohio 44131-6900**

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

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 (ANB)** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **August 2, 1999**. 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 bank originates a majority of its small business loans in the assessment area;

The bank has a high loan to deposit ratio;

The bank has a reasonable geographic distribution of loans;

The bank has a reasonable distribution of loans to small businesses with annual gross revenues of \$1 million or less; and

There were no complaints regarding the bank's CRA performance during this review period.

DESCRIPTION OF THE INSTITUTION

American National Bank is a \$31 million independent financial institution. The bank has one office located in Parma, Ohio, a suburb of Cleveland. The bank is open Monday through Friday from 9 A.M. to 4 P.M. The office is not open on Saturday. The bank does not offer automated teller services.

ANB's business strategy focused on commercial lending. The bank's primary business is originating business loans, particularly through the Small Business Loan Administration (SBA) Program. ANB was ranked as the third largest community bank lender in the Cleveland District for SBA loans during 1997 and 1998.

As of June 1999, the bank had total loans of \$27 million. Commercial loans comprise 99% of the bank's total loans. The net loans to total assets ratio is 83%. The bank's total capital is \$5.5 million. The bank does not originate small farm loans and small farm activity in the assessment area is not considered significant. Small farms in the assessment area only represent 1% of the total businesses in the assessment area. The bank does not originate residential mortgages.

There are no current financial or legal impediments that prevent the bank from meeting community credit needs.

The bank received a "Satisfactory" CRA rating in the previous Public Evaluation dated May 31, 1996.

The bank competes with many other financial institutions of various sizes. Competition for SBA loans has increased tremendously over the past few years; a business once thought burdensome is now very desirable.

A discussion with a local community development group indicates that primary credit needs include attracting and retaining small retail establishments in the community.

ASSESSMENT AREA

The bank has designated one assessment area which is Cuyahoga County in the Cleveland-Elyria-Lorain Metropolitan Statistical Area (MSA 1680). The bank's assessment area does not arbitrarily exclude any low- and moderate- income areas.

There are 499 census tracts in Cuyahoga County. Of these 109 (22%) are low- income, 91 (18%) are moderate- income, 176 (35%) are middle- income, 110 (22%) are upper- income, and 13 (3%) are N/A. According to the U.S. Census Bureau, the population is 1,412,140 with 563,303 households. The percent of families is: low- income 22%, moderate- income 17%, middle- income 23%, and upper- income 38%. The Department of HUD's updated median family income for 1999 is \$52,600.

Cuyahoga County is located in the northeast portion of the State, and is the largest in population size among Ohio's 88 counties. Cuyahoga County borders on Lake Erie. Lake Erie's lakefront has many recreational and resort areas. The Lake Erie Port of Cleveland handles millions of tons of cargo annually. The largest city in the County is Cleveland. Cleveland has an estimated population of 505,616 based on a 1994 estimate by the Ohio Department of Development. The major industry is manufacturing. Major employers include American Greetings Corporation, Eaton Corporation, Parker-Hannifin, General Motors Corporation, and Ford Motor Corporation. According to Dunn and Bradstreet in 1998 there were 50,894 businesses, including 707 agricultural related entities, located within the assessment area. As of June 1999, the unemployment rate of 4.8% for Cuyahoga County is in line with the 4.5% unemployment rate for the State of Ohio.

Deposit Market Share and Competition

Deposit market share is based on the Federal Deposit Insurance Corporation data as of July 23, 1999. There were 33 financial institutions insured by the FDIC in this assessment area. American National Bank's deposit share (.08%) is the fifth lowest deposit market share in the assessment area. Key bank, N.A and National City Bank lead deposit market share, 30% and 20%, respectively. Most banks with a low deposit market share only had one office in the assessment area and were of similar asset size as ANB. There were no other banks identified that were commercial lenders only.

SCOPE

This CRA review period covers the bank's small business loan activity from January 1997 through June 1999. The bank is not required to track small business loans by geographies or income for CRA purposes since its asset size is less than \$250 million. The analyses within this Public Evaluation are based on a random sample of loans originated during 1999. The sample included 24 small business loan originations totaling \$3.7 million. Of these amounts, 7 were SBA loan originations totaling \$1.6 million.

The bank's internal manual ledger for business loans for the review period shows approximately 267 small business originations totaling \$68 million. The bank sold approximately \$21 million of these loans during the review period.

LOAN TO DEPOSIT RATIO

The bank's loan to deposit ratio is good. ANB's average loan to deposit ratio exceeds that of peer banks (based on asset size). In the bank's normal business activity it carries a high loan to deposit ratio. The bank's volume of loans fluctuates with the origination of SBA loans and the selling of the guaranteed portion of these loans on the secondary market. ANB and peer loan to deposit ratios by quarter is noted in the Table below.

LOAN TO DEPOSIT RATIOS BY QUARTER											
	1Q97	2Q97	3Q97	4Q97	1Q98	2Q98	3Q98	4Q98	1Q99	2Q99	Average
Bank	90%	87%	91%	96%	85%	92%	92%	73%	88%	105%	90%
Peer	64%	65%	66%	65%	65%	65%	64%	62%	63%	N/A	58%

Note: Data from quarterly UBPR and bank financial reports for June 1999.

LOANS WITHIN AND OUTSIDE THE ASSESSMENT AREA

The bank originated a majority of small business loans in its assessment area. Out of the 24 small business loans sampled, 14 (58%) totaling \$2 million (54%) were originated in Cuyahoga County, the bank's assessment area.

The following Geographic and Borrower Distribution analyses are based on the sample of 24 small business loans originated during 1999. The analyses will show data on the bank's total small business loan originations and only those within assessment area.

GEOGRAPHIC DISTRIBUTION

The bank's small business loan distribution is reasonable.

All Loans in Sample

The bank originated 4% (one loan totaling \$115 thousand) of its loans in low- income geographies which is less than the 12% of businesses in low- income geographies in the assessment area. Also, the bank originated 4% (one loan totaling \$525 thousand) of its loans in moderate income geographies which is less than the 11% of businesses in moderate- income geographies in the assessment area . See the Tables on the next page for details.

Loans Within the assessment area

The bank's small business loan originations in low- income and moderate- income geographies noted above were made within the assessment area. These originations in low- income and moderate- income geographies individually represent 7% of the small business originations within the assessment area. This performance is fairly consistent with the percent of businesses in low- income and moderate- income geographies, 12% and 11% respectively. See the Tables below for detail.

The bank made small business loans in 56% of its assessment area. The bank originated loans in 39 of the 70 zip codes in the assessment area. The bank made most of its small business loans in middle- income geographies. The performance is reasonable in light of the bank's operations being limited to one office and a high level of competition.

Census Tract	# of Businesses	% of Businesses
Low- income	6,225	12%
Moderate- income	5,625	11%
Middle- income	19,129	38%
Upper- income	16,827	34%
NA	2,381	5%
Total	50,187	100%

Note: Business data from Dunn and Bradstreet

Census Tract	All Bank Loans				Loans Within Assessment Area			
	#	%	\$	%	#	%	\$	%
Low- income	1	4%	115	3%	1	7%	115	6%
Moderate- income	1	4%	525	14%	1	7%	525	30%
Middle- income	21	88%	2,902	79%	11	79%	1,000	57%
Upper- income	0	0%	0	0%	0	0%	0	0%
NA	1	4%	125	4%	1	7%	125	7%
Total	24	100%	3,667	100%	14	100%	1,765	100%

BORROWER DISTRIBUTION

The bank's small business borrower distribution is reasonable. The bank is active in assisting in the small business credit needs of its communities by extending small business loans to various entities, including retail establishments.

All Loans in Sample

The bank's primary product line is business loans. There are a total of 50,187 non-farm business entities in the bank's assessment area. Included in that total are 35,151 businesses (70%) with annual gross revenues of \$1 million or less. The bank originated 12 or 50% of its small business loans to small businesses with annual gross revenues of \$1 million or less. This compares favorably to the 47% of small business loans made by aggregate lenders in the assessment area to small businesses with revenues of \$1 million or less.

Loans Within the assessment area

The bank originated 43% of its small business loans to businesses with annual gross revenues of \$1 million or less. This performance is less than the 70% of small businesses in the assessment area with annual gross revenues of \$1million. However, it is fairly consistent with the performance of the aggregate lenders in the assessment area. See the Tables below for the bank's small business activity.

SMALL BUSINESS LOANS TO BUSINESSES OF DIFFERENT SIZES-ALL				
Annual Gross Revenues	#	%	\$	%
< \$1 million	12	50%	1,039	28%
> \$1 million	9	38%	1,923	53%
NA	3	12%	705	19%
Total	24	100%	3,667	100%

Note: three loans were startup businesses and revenue information is NA.

SMALL BUSINESS LOANS TO BUSINESSES OF DIFFERENT SIZES-WITHIN ASSESSMENT AREA				
Annual Gross Revenues	#	%	\$	%
< \$1 million	6	43%	245	14%
> \$1 million	6	43%	1,265	72%
NA	2	14%	255	14%
Total	14	100%	1,765	100%

Note: two loans were startup businesses and revenue information is NA.

All Loans In The Sample

The bank originated the majority of its number of small business loans in amounts less than \$250 thousand. The bank originated the majority of its total dollars in amounts of \$250 thousand or greater.

Within the assessment area

The bank's percent of small business originations less than \$250 thousand are similar to the bank's percent of small business originations noted for all the loans originated during this review period. Within the assessment area, the bank originated a majority of its total dollars in amounts less than \$250 thousand. See the Tables below for detail.

SMALL BUSINESS LOAN AMOUNTS - ALL				
Loan Size	#	%	\$	%
Less than \$100M	11	46%	442	12%
\$100M - \$249M	8	33%	1,075	29%
\$250M and over	5	21%	2,150	59%
Total	24	100%	\$3,667	100%

SMALL BUSINESS LOAN AMOUNTS - WITHIN ASSESSMENT AREA				
Loan Size	#	%	\$	%
Less than \$100M	7	50%	265	15%
\$100M - \$249M	5	36%	725	41%
\$250M and over	2	14%	775	44%
Total	14	100%	\$1,765	100%

COMMUNITY DEVELOPMENT LOANS

The bank had no community development loans for CRA purposes. This is primarily due to its affiliation with the SBA program and rules limiting use of nonprofit organizations.

RESPONSE TO COMPLAINTS

No consumer complaints have been filed regarding the bank's performance under the Community Reinvestment Act during this review period.

FAIR LENDING EXAMINATION

No violations of the substantive provisions of anti-discrimination laws and regulations were identified during our examination.