



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 25, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**American National Bank of Sarpy County
Charter Number 18765**

**1401 South Washington Street
Papillion, Nebraska 68128**

**Office of the Comptroller of the Currency
Omaha Duty Station
11606 Nicholas Street, Suite 201
Omaha, Nebraska**

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

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 American National Bank of Sarpy County prepared by **The Office of the Comptroller of the Currency**, as of November 25, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. § Part 25.*

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

American National Bank of Sarpy County (ANBSC) is exceptional at meeting the credit needs of its assessment area, especially business credit needs. Through active participation in Small Business Administration (SBA) and in-house lending programs, the bank effectively originates loans to businesses of various revenue sizes. ANBSC also has a reasonable distribution of loans to borrowers of different income levels. The bank’s loan-to-deposit ratio is more than reasonable when compared to similar financial institutions in its assessment area.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>American National Bank of Sarpy County</u> 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	An analysis of the geographic distribution of loans is not meaningful.		
Response to Complaints	No complaints have been received since the last CRA examination.		

DESCRIPTION OF INSTITUTION

American National Bank of Sarpy County is a \$71 million financial institution located in Papillion, Nebraska. ANBSC's main office and three branches are located within Sarpy County and provide financial services throughout the county and southern portions of Douglas County. Three branches are located in middle-income census tracts while one branch is located in an upper-income census tract. American National Corporation, a multi-bank holding company with assets totaling \$501 million, owns 100% of the bank. The holding company also owns banks in Douglas County, Southeast Nebraska and South central Nebraska. American National Bank, Omaha, Nebraska, is an affiliate bank that originates a significant volume of residential real estate loans for ANBSC. These loans are included in the numbers discussed in this evaluation. ANBSC has no legal or financial impediments which preclude it from fulfilling its obligations under the CRA. ANBSC received a "Satisfactory" rating during its prior CRA examination dated June 30, 1992.

The bank offers a variety of commercial, real estate, consumer and agricultural loan products. The loan portfolio consists of 50% real estate (including 25% residential and 20% commercial), 24% commercial, 22% consumer and 4% other loans as of September 30, 1996.

DESCRIPTION OF ASSESSMENT AREA

ANBSC's assessment area complies with the regulation and does not arbitrarily exclude any low- or moderate-income census tracts. The assessment area consists of Sarpy County and four adjacent census tracts in southern Douglas County. The assessment area is within the Omaha, NE Metropolitan Statistical Area (MSA) #5920. Twenty-seven census tracts comprise the assessment area, including 2 moderate-income (7%), 15 middle-income (56%) and 10 upper income tracts (37%). The moderate-income census tracts are unique because they house Offutt Air Force Base and military housing. Approximately 95% of the housing in these census tracts consists of rental units versus 39% rental for the entire assessment area. Two competing financial institutions have offices located on the military base to meet credit needs. These financial institutions have exclusive rights to locate banking facilities on the base.

The 1996 metropolitan median family income is \$45,900. The 1990 Census reveals that the family income distribution within the assessment area is 11% low-income, 17% moderate-income, 29% middle-income and 43% upper-income. The total population of the assessment area is 133,890. Sarpy County is one of the fastest growing counties in Nebraska. Retail business and real estate development dominate the area. Community contacts reveal that community credit needs include small business and, to a lesser extent, affordable housing loans.

ANBSC competes aggressively for loans and deposits within its assessment area with numerous financial and nonfinancial institutions from both Sarpy and Douglas counties. ANBSC is the second largest of five retail banks chartered in Sarpy County with total assets for these banks ranging from \$23 million to \$142 million.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

ANBSC’s average quarterly loan-to-deposit (LTD) ratio demonstrates a strong commitment to lending. The bank’s average quarterly LTD ratio since the last CRA examination is 73%. This ranks highest out of five similarly-situated competing financial institutions chartered in the bank’s assessment area. The ratios for the other four institutions range from 50% to 68%, with an average of 60%.

The bank originates a majority of its commercial and residential real estate loans within its assessment area. A sample of 81 commercial loans originated from January 1, 1996 to November 12, 1996 shows 75% of the number and 74% of the dollar amount are within the assessment area. For all residential real estate loans originated between January 1, 1994 and October 16, 1996, the bank originated 77% of the number and 75% of the dollar amount within the assessment area.

ANBSC extends credit to a wide variety of businesses based on revenue sizes. From the sample of commercial loans described above, examiners reviewed all commercial loans within the bank’s assessment area where revenue information was available. Annual revenues for these loans ranged from \$18,000 to \$7,879,000. Forty-one percent of the loans were to businesses with gross annual revenues less than \$100,000. The amount of the loans ranged from \$2,134 to \$966,980, with an average of \$93,251. Twenty-seven of the loans sampled, or 66%, were originated in amounts less than \$100,000. The following table shows the distribution of loans to businesses of different sizes:

Lending Within ANBSC’s Assessment Area to Businesses of Different Sizes Loans Sampled from January 1, 1996 to November 12, 1996				
Gross Annual Revenues	# of Loans	%	\$ (000)	%
\$50,000 or Less	8	19%	\$307,946	8%
\$50,000 to \$100,000	9	22%	\$206,690	6%
\$100,000 to \$250,000	6	15%	\$357,372	9%
\$250,000 to \$500,000	12	29%	\$1,995,257	52%
Greater than \$500,000	6	15%	\$956,008	25%
Total Sampled	41	100%	\$3,823,273	100%

Of special note is the bank's active participation in Small Business Administration (SBA) lending. ANBSC ranked first in SBA loan originations within Sarpy County for fiscal years ending September 30, 1994, 1995 and 1996. During this time, ANBSC originated 35 SBA loans for \$3,463,000. Furthermore, ANBSC was the fourth most active SBA lender in Nebraska in 1995. This is especially significant given ANBSC's size in relation to the other top five SBA lenders during this time period. ANBSC had total assets of \$68 million in 1995 while the other top five SBA lenders were considerably larger with total assets ranging from \$510 million to \$3,042 million, with an average of \$1,933 million. ANBSC is a certified SBA lender and participates in SBA's 7(a), LowDoc and 504 lending programs.

Lending to borrowers of different income levels is reasonable. The table below summarizes all loans secured by residential real estate originated in ANBSC's assessment area since January 1994. An analysis of these loans shows the bank's distribution of residential real estate loans is similar to the distribution of these loans for all mortgage lenders in the market.

Residential Real Estate Lending to Borrowers of Different Income Levels January 1, 1994 to October 16, 1996									
Borrower Income Level	ANBSC				Total Loans in Assessment Area				Families within Income Level
	# Loans		\$ (000)		# Loans		\$ (000)		
Low	21	5%	445	2%	408	5%	14,655	3%	11%
Moderate	76	17%	2,368	9%	1,340	18%	63,700	13%	17%
Middle	140	31%	5,765	23%	2,463	32%	146,192	29%	29%
Upper	208	47%	16,774	66%	2,989	39%	243,315	48%	43%
Not Available	2	0%	129	0%	440	6%	35,094	7%	0%

The limited volume of residential real estate lending to low-income borrowers is attributable in part to the fact that approximately 7% of low-income borrowers within the assessment area live in the census tracts that comprise Offutt Air Force Base. With a substantial majority of the housing in these census tracts rental, consumers here have little need for residential real estate loan financing.

An analysis of the geographic distribution of residential real estate and commercial loans is not meaningful. As previously mentioned, the only two moderate-income census tracts in the bank's assessment area comprise Offutt Air Force Base and military housing. Residential real estate and commercial loans are not a significant credit need.

ANBSC complies with the substantive provisions of antidiscriminatory laws and regulations. Neither the bank nor the Comptroller of the Currency have received any written complaints about the bank's performance in helping to meet credit needs in its assessment area.