



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

June 9, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The American National Bank of Kimball
Charter Number 13420
201 South Chestnut
Kimball, Nebraska 69145**

**Comptroller of the Currency
1099 18th Street, Suite 2650
Denver, Colorado 80202**

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 **The American National Bank of Kimball** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of June 9, 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.**”

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

- C The bank lends to individuals of all income levels and businesses and farms of different sizes.
- C The bank’s loan-to-deposit ratio is reasonable given the competition and assessment area credit needs.
- C A majority of the bank’s loans are originated within the assessment area.

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

DESCRIPTION OF INSTITUTION:

The American National Bank of Kimball (ANB) is a \$41 million community bank located in Kimball County, Nebraska. Headquartered in Kimball, Nebraska, ANB also conducts business at a Loan Production Office (LPO) located in Pine Bluffs, Wyoming, in Laramie County. The bank operates two automated teller machines (ATM). One is a deposit taking ATM located at the LPO. The other is a cash dispensing ATM located at a convenience store in Kimball. ANB is a subsidiary of Kimball Bancorporation, Inc., a \$46 million bank holding company located in Kimball, Nebraska.

ANB offers a variety of loan products with the primary focus being agricultural lending. Per Call Report data as of March 31, 1999, agricultural loans represent 53% of total loans based on dollar amount. Agricultural loans include loans for agricultural purposes and loans secured by farm land. Additionally, residential real estate and commercial loans comprise 12% and 21% of total loans, respectively. Consumer loans make up the remaining 14%. Net loans represent 54% of the bank's total assets.

This Performance Evaluation is an assessment of the bank's CRA performance from March 30, 1996, through June 9, 1999. ANB received a "Satisfactory" rating at its March 29, 1996, 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 ASSESSMENT AREA:

ANB has designated all of Kimball County, Nebraska and the eastern most portion of Laramie County, Wyoming as its assessment area (AA). The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. Kimball is the county seat of Kimball County. Pines Bluff is the largest city within the Laramie County portion of the assessment area.

Kimball County contains two block numbering areas (BNAs). Both are designated as middle-income. BNA income designations are based on the 1990 United States Census non-MSA Median Family Income for Nebraska. The AA located in Wyoming consists of two census tracts. One is designated as moderate-income and the other as upper-income. Census tract income designations are based on the 1990 United States Census Metropolitan Statistical Area (MSA) Median Family Income for Wyoming. There are no low-income BNAs or census tracts within the designated assessment area.

Kimball County has an estimated population of 4,108 people. The income demographics of the population are as follows:

Distribution of Families within Kimball County by Income		
Income Level*	Families by Number	Families by Percent
Low Income (Less than 50%)	232	20
Moderate Income (51% - 80%)	237	20
Middle Income (81% - 120%)	255	22
Upper Income (Greater than 120%)	452	38
Total	1,176	100

*Note: Individual income designation is based on the 1990 Non-MSA Census Median Family Income of \$27,623.

The 1998 updated non-MSA median family income for Nebraska is \$39,300.

The portion of Laramie County within the AA has an estimated population of 5,897 people. The income demographics of the population are as follows:

Distribution of Families within Laramie County AA by Income		
Income Level*	Families by Number	Families by Percent
Low Income (Less than 50%)	314	19
Moderate Income (51% - 80%)	307	18
Middle Income (81% - 120%)	344	20
Upper Income (Greater than 120%)	721	43
Total	1,686	100

*Note: Individual income designation is based on the 1990 MSA Census Median Family Income of \$32,587.

The 1998 updated MSA median family income for Wyoming is \$43,800.

The economy of the AA is highly dependant on agriculture and agriculture related industries. Although commodity prices have fallen, product yields have been higher than normal. The overall impact on the economy has been minimal.

Primary competition comes from five banks located within a 25 miles radius. All serve the same communities and offer similar loan products.

During the examination, we interviewed Kimball's City Administrator. Based on this discussion, the greatest credit need in Kimball County is for agricultural operating lines, followed closely by small business loans. ANB is actively involved in meeting these needs and in providing access to banking services. Our contact did not identify any segments of the community that are under-served.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

ANB's loan-to-deposit ratio is reasonable given the bank's size, financial condition, risk appetite, and AA credit needs. The average loan-to-deposit ratio for the 12 quarters ended March 31, 1999, is 60%. The quarter loan-to-deposit ratios for similarly situated banks ranged between 54% and 72%, resulting in an average ratio of 67%. Similarly situated banks are those comparable in delineated communities and loan products offered.

Lending in the Assessment Area

ANB originates the majority of its loans in number and dollar volume within its assessment area. We sampled 20 each of agriculture, commercial, and residential real estate loans originated between April 1, 1996 and March 31, 1999, and found that 75% by number and 57% by dollar amount were originated within the AA. Within the loan sample, one commercial loan for \$1 million was originated outside the AA. The exclusion of this outlier would increase the percentage of loans originated within the AA to 76% by number and 79% by dollar amount.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

ANB's overall lending pattern reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes. Loan originations demonstrate the bank's focus on loans to small businesses and small farms. By definition, small businesses and small farms are those with annual revenues of less than \$1 million.

Agricultural Loans

The bank is active in helping to meet the credit needs of small farms within the community. Our sample consisted of 20 loans originated for the purpose of financing agricultural activities. As shown in the table, 90% of the loans by number were made to small farms. Further, 65% by number and 31% by dollar amount were made to farms with annual revenues of less than \$250,000.

Distribution of Agricultural Loans by Annual Revenue		
Annual Revenue	Percent of Loans by Number	Percent of Loans by Dollar Amount
Revenues Less than \$250M	65	31
Revenues \$250M - \$1,000M	25	11
Revenues more than \$1,000M	10	58
Total Agricultural Loans	100	100

The bank originated a one million-dollar loan to a customer with annual revenues in excess of one million dollars. This loan is not representative of the bank’s portfolio. With the exclusion of this outlier, 95% of the loans by number were originated to small farms. Further, 68% by number and 66% by dollar amount were made to businesses with annual revenues of less than \$250,000.

Distribution of Agricultural Loans by Annual Revenue		
Annual Revenue	Percent of Loans by Number	Percent of Loans by Dollar Amount
Revenues Less than \$250M	68	66
Revenues \$250M - \$1,000M	27	23
Revenues more than \$1,000M	5	11
Total Agricultural Loans	100	100

This distribution closely matches the demographics of the AA. The 1990 US Census data indicates 93% of the farms in the assessment area have annual revenues of less than \$1 million.

Commercial Loans

The bank is active in meeting the credit needs of small businesses within the community. We sampled 20 loans originated for the purpose of financing commercial activities. As shown in the table, 85% of the loans by number were to small businesses. Further, 70% by number and 30% by dollar amount were made to businesses with annual revenues less than \$250,000.

Distribution of Commercial Loans by Annual Revenue		
Annual Revenue	Percent of Loans by Number	Percent of Loans by Dollar Amount
Revenues Less than \$250M	70	30
Revenues \$250M - \$1,000M	15	19
Revenues more than \$1,000M	15	51
Total Commercial Loans	100	100

This distribution closely matches the AA demographics. The 1990 US Census data indicates 93% of the businesses within the AA have revenues of less than \$1 million.

Residential Real Estate Loans:

The bank's effort in meeting the credit needs of residential real estate borrowers is satisfactory. Our sample consisted of 20 loans originated in 1998 to finance owner-occupied real estate. The following table shows a breakdown of residential real estate loan originations by income level as compared to the population.

Distribution of Residential Real Estate Loans by Borrowers Income			
Income Level	Percent of the Population by Income	Percent of Loans Originated by Number	Percent of Loans Originated by Dollar Amount
Low	20	10	6
Moderate	20	30	11
Middle	22	30	41
Upper	38	30	42
Total Residential Real Estate Loans	100	100	100

The bank's opportunities to originate owner-occupied real estate loans to low- and moderate- income borrowers are limited by the availability of affordable housing. The weighted average of median housing is \$32,739. It is not cost effective for developers to build new housing at this price. The weighted average of median year built is 1950 which is further evidence of minimal development.

Geographic Distribution of Loans Within the Assessment Area

An analysis of the geographic distribution of loans within the bank's assessment area was not meaningful. Kimball County contains two middle-income BNAs. The expansion of the AA to include the moderate-income census tract in Laramie County occurred when the bank opened its LPO in May 1998. Lending activity within this geography is minimal and consists solely of agricultural related loans. An analysis may be warranted in the future as loan volume, including consumer loans, generated by the LPO increases.

Institution's Record of Compliance with Antidiscrimination Laws

We conducted a concurrent fair lending examination of owner-occupied residential real estate loans originated between January 1, 1998, and March 31, 1999, for evidence of disparate treatment on a prohibited basis. We did not find any evidence of discrimination or practices designed to discourage applicants from applying for credit.

Response to Complaints

No complaints have been received regarding the bank's CRA or Fair Lending performance since the last CRA Performance Evaluation dated March 29, 1996.