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Comptroller of the Currency  
Administrator of National Banks

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## **Public Disclosure**

*September 11, 1997*

### **Community Reinvestment Act Performance Evaluation**

**AMERICAN NATIONAL BANK OF FREMONT  
Charter Number 17719**

**99 West 6th Street  
Fremont, Nebraska 68025**

**Office of the Comptroller of the Currency  
Omaha Field Office  
11606 Nicholas Street, Suite 201  
Omaha, Nebraska 68154**

**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 CRA performance of **American National Bank of Fremont** prepared by The Office of the Comptroller of the Currency as of September 11, 1997. 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 satisfactory.

American National Bank of Fremont's (ANB) commitment to lending is represented by its high loan-to-deposit ratio. ANB's reasonable distribution of loans to borrowers of different income levels evidences its willingness to extend credit to meet the needs of its community. ANB ensures that the credit needs of small business and farm customers are met by extending loans to businesses and farms of different revenue sizes. Sixty-seven percent of ANB's loan customers reported annual revenues under \$1 million. ANB originates the majority of its loans to borrowers within its assessment area.

### **Description of American National Bank of Fremont:**

ANB is a \$35 million institution located in Fremont, Nebraska. Its main office with drive-up teller windows is located in downtown Fremont, while its branch office and a full service automated teller machine are located on Highway 30. The bank also owns and operates a cash dispensing machine at a local gas station. The main office and branch are located in middle- and upper-income block numbering areas, respectively. ANB is wholly owned by a one-bank holding company. ANB's primary business focus is small business and consumer lending. Its loan portfolio consists primarily of commercial real estate loans at 24%, other commercial loans at 16%, residential real estate loans at 36%, and consumer loans at 17%. Agricultural operating and real estate loans comprise only 7% of the portfolio.

Eight banks are chartered within the assessment area with total assets ranging from \$7 to \$306 million. ANB's asset size ranks it fifth of the eight banks. ANB also competes with a farm credit service office, federal savings banks, and branches of banks chartered outside the assessment area.

ANB received a satisfactory rating during its previous CRA examination prepared as of August 18, 1994. There are no legal or financial impediments on the bank's ability to meet the credit needs of its assessment area.

**Description of Assessment Area:**

ANB's assessment area consists of eleven geographies located predominately in a nonmetropolitan statistical area. Only the census tract in Washington County is located in a metropolitan statistical area (MSA). ANB's assessment area complies with the regulation and does not arbitrarily exclude low- or moderate-income areas. The updated 1997 nonmetropolitan median family income is \$37,100, while the updated 1997 MSA median family income is \$48,500. The following table summarizes the geographies.

<b>Geographies Within the Assessment Area</b>				
<b>Block Numbering Area or Census Tract</b>	<b>County</b>	<b>Designated Income Level</b>	<b>Median Family Income<sup>1</sup></b>	<b>Total Families</b>
9836	Dodge	Middle	27,747	1,453
9837	Dodge	Middle	28,801	797
9838	Dodge	Upper	35,018	1,111
9839	Dodge	Middle	27,440	987
9840	Dodge	Middle	26,687	974
9841	Dodge	Upper	37,087	1,256
9842	Dodge	Middle	25,625	1,001
9843	Dodge	Middle	32,839	1,246
9844	Dodge	Middle	25,000	654
9881	Saunders	Upper	34,973	811
503	Washington	Middle	31,957	1,195

<sup>1</sup> Median Family Income refers to the median family income for that BNA or census tract as reported during the 1990 U.S. Census.

The 1995 unemployment rate for Dodge County was low at 2.9%. The largest employers include the manufacturing companies of George A. Hormel & Company, Oilgear Fremont, and Tek Industries, Inc.

Community contacts revealed the need for affordable single-family housing loans. A

public official indicated that high residential real estate values prohibit many first-time home buyers from being able to afford a home.

**Conclusions with Respect to Performance Criteria:**

***Loan-to-Deposit Ratio***

The bank’s commitment to lending is evidenced by its high loan-to-deposit (LTD) ratio. ANB’s average quarterly LTD ratio is 77.5% which ranks ANB first among the eight banks chartered in its assessment area. ANB’s quarterly LTD ratio has steadily increased over the time period reviewed due to loan growth. The eight banks chartered within this assessment area report average quarterly LTD ratios ranging from 53% to 77% with an average of 67%. Average quarterly LTD ratios are based on loan and deposit information calculated from Reports of Condition filed between December 31, 1994 and March 31, 1997.

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

ANB’s reasonable distribution of loans to borrowers of different income levels evidences its willingness to extend credit to meet the needs of its customers. National bank examiners reviewed a sample of 27 consumer loans originated within ANB’s assessment area. While the volume of loans to low-income borrowers appears to exceed demographics, this volume is reasonable given that the sampled loans were predominately originated in amounts under \$10,000.

<b>Distribution of Loans to Borrowers of Different Income Levels</b>					
<b>Sample of Consumer Loans Secured by Vehicles Originated Between January 1, 1997 and July 31, 1997</b>					
Income Level	\$	%	#	%	Family Demographics in Assessment Area (%)
Low-income	54,219	52.8%	12	44.5%	14.5%
Moderate-income	12,191	11.9%	5	18.5%	17.1%
Middle-income	27,853	27.1%	8	29.6%	26.2%
Upper-income	8,467	8.2%	2	7.4%	42.2%

ANB ensures that the credit needs of commercial customers are met by extending loans to businesses and farms of different revenue sizes. Sixty-seven percent of ANB’s loan

customers report annual revenues of less than \$1 million. Although the bank's lending to businesses and farms reporting in excess of \$1 million in revenues exceeds demographics, this activity is balanced by the bank's activity to extend credit to businesses reporting revenues less than \$250,000. National bank examiners reviewed the annual revenues of a sample of 27 businesses and farms operating in ANB's assessment area. The following table provides detail on the distribution of the bank's loan customer base.

<b>Distribution of Loans to Businesses and Farms by Revenues</b> Sample of Customers With Loan Activity Between January 1, 1997 and June 30, 1997			
Annual Revenues	Number of Loan Customers	%	Assessment Area Demographics (%)
Less than \$250,000	11	40.8%	80.3%
\$250,000 - \$500,000	3	11.1%	
\$500,001 - \$1,000,000	4	14.8%	8.6%
Greater than \$1,000,000	9	33.3%	11.1%

***Lending in the Assessment Area***

ANB originates the majority of its consumer and residential real estate loans to borrowers residing in its assessment area. Thirty-nine consumer and residential real estate loans totaling \$315,000 were originated between January 1, 1997 and July 31, 1997 in ANB's assessment area. These loans represent 83% by number and 88% by dollar of the total loans in the sample.

ANB also extends the majority of its business and farm loans to customers in its assessment area. National bank examiners reviewed 30 commercial loans originated between January 1, 1997 and June 30, 1997 and found that 93% by number and 90% by dollar of the loans were originated to borrowers in the bank's assessment area.

***Geographic Distribution of Loans***

A geographic analysis of the distribution of the bank's loans was not performed, because it would not be meaningful. The bank's assessment area consists entirely of middle- and upper-income geographies.

***Response to Complaints***

Neither the bank nor the Comptroller of the Currency has received any consumer

complaints regarding the bank's performance in meeting credit needs within its assessment area since the last CRA examination.

***Record of Compliance with Antidiscrimination Laws***

Examiners did not identify any substantive violations of antidiscrimination laws or regulations, or disparate treatment of loan applicants.