



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

June 23, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Americana National Bank
Charter Number 10903**

**217 South Newton Avenue
Albert Lea, MN 56007**

**Comptroller of the Currency
Minneapolis South Field Office
920 Second Avenue South Suite 800
Minneapolis, MN 55402**

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.

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INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

- Average loan-to-deposit ratio is reasonable.
- A majority of loans are in the bank's assessment area.
- Americana National Bank has a good distribution of credit among businesses and farms of different sizes and an excellent distribution of credit among consumers of different income levels.

DESCRIPTION OF INSTITUTION

Americana National Bank (ANB) is a \$101 million institution located in Albert Lea, Minnesota, a city of approximately 18,000 people. Albert Lea is the Freeborn County seat and is located in the extreme south central part of the state. In addition to the main bank in Albert Lea, ANB has one branch located in Alden, Minnesota. The bank also has one deposit-taking ATM, located at the main bank in Albert Lea. The bank is owned by Americana Capital Corporation. As of December 31, 2002, Americana Capital Corporation had total assets of \$101 million. The bank does not have any affiliate relationships that impact the bank's CRA performance. Since the last CRA examination, the bank has closed two branch locations. Both the Hayward and Conger branches closed on March 31, 2002.

The bank offers telephone and Internet banking to its customers. These services provide customers with 24-hour access to deposit and loan account information. It also allows customers to make transfers between accounts, including making loan payments. The bank has also recently started accepting loan applications through their website as an added convenience to their customers.

ANB offers a wide range of loan and deposit products well suited to the community's needs. As of December 31, 2002, the bank's \$56 million loan portfolio consisted of 37% commercial loans, 31% agriculture-related loans, 25% residential real estate loans, and 7% consumer loans. During 2001 and 2002, the bank sold \$9.6 million each year in residential real estate loans to the secondary market. As of December 31, 2002, net loans made up 56% of total assets. The bank's primary lending focus is commercial, agriculture and residential real estate loans.

There are no financial, legal or other factors that impede ANB's ability to meet its CRA obligations. The bank's last CRA rating was a "Satisfactory Record of Meeting Community Credit Needs" dated April 27, 1998.

DESCRIPTION OF ASSESSMENT AREA

Americana National Bank's assessment area includes all of Freeborn County. Freeborn County includes ten Block Numbering Areas (BNAs). The bank's assessment area complies with regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies.

Key demographic information for this assessment area, using 1990 census data, indicates that

nine of the BNAs are middle-income and the remaining BNA is upper income. Based on 1990 census information, 16% of the families within the bank's assessment area are low income, 18% moderate income, 28% middle income, and 38% upper income. The 1990 census non-metropolitan areas of Minnesota median family income was \$28,933. Based on the Department of Housing and Urban Development's 2002 estimate, the updated median family income is \$48,500 for non-metropolitan areas in the State of Minnesota.

The 2000 census information pursuant to the US Census Bureau indicates the population of Freeborn County has decreased by 1.4% since 1990 to a current population of 32,300 persons. Comparatively, the population of the State of Minnesota has increased by 12.4% since 1990. The decline in population in this area can be partly attributed to current economic conditions but also can be attributed to the aging population of Freeborn County. Area school enrollments have declined during the same timeframe as the population ages. According to 2000 Census information, 18.9% of persons in Freeborn County are over the age of 65, compared to 12.1% for the State of Minnesota. Similarly, 25% of the persons in Freeborn County are under the age of 18, compared to 26.2% for the State of Minnesota.

Unemployment levels in the assessment area are slightly higher than the State of Minnesota, but lower than the national average. Pursuant to the Minnesota WorkForce Center, Freeborn County unemployment was at 4.4% as of December 31, 2002, compared to 4.0% for the State of Minnesota and 5.7% for the United States as of the same date. Unemployment in Freeborn County has decreased slightly over the past year with year-end 2001 numbers at 4.6%.

Freeborn County is rich in agriculture, industry and retail businesses. The service industry employs 27% of the persons in the county with agriculture representing 17%. Retail trade also employs 15% per the 2002 business demographic data. The Albert Lea Chamber of Commerce shows the largest employer in Albert Lea to be the hospital/clinic, which employs over 1,200 persons. Other large employers include Sweigert Foods, Streater Industries, and the school district. The new Ethanol plant located five miles south of Albert Lea is farmer-owned and allows area farmers a more productive means for marketing their crops.

The 1990 census data indicated the number of households below the poverty level for ANB's assessment area of Freeborn County is at 11.72%. Based on 1999 information from the U.S. Bureau of the Census, 7.9% of the persons living in the State of Minnesota are below the poverty level. That compares to 8.4% in Freeborn County for the same year.

There are thirteen financial institutions with a presence in ANB's assessment area. Those institutions have assets ranging from \$8 million to \$176,049 million. Pursuant to 2002 Deposit Data provided by the Federal Deposit Insurance Corporation, ANB is ranked second in deposit share within its assessment area with 16.60% of the deposits.

The cost of median family housing has increased from 1990 census information of \$43,162 to \$71,400 in Freeborn County, per 2000 census information, which is still considerably lower than the State of Minnesota median family housing cost of \$122,400. 2000 Census information lists home ownership at 78.7% in Freeborn County, compared to 74.6% in Minnesota. Lack of mid-range housing was identified by both the bank and our community contact as a concern for ANB's assessment area. The county has low and upper income housing, along with several

assisted living units for older persons; however, homes in the \$80,000 - \$120,000 range are in demand.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the bank's size, financial condition and local credit needs. The bank's quarterly average loan-to-deposit ratio for the 20 quarters since the previous CRA exam is 87.88%. Similarly situated banks have quarterly average loan-to-deposit ratios ranging from 64.04 to 96.40% over the same time frame. Similarly situated banks include the banks with a presence in ANB's assessment area with total assets between \$27 and \$101 million. The loan-to-deposit ratio does not take into account loans sold by banks on the secondary market, which for ANB totaled \$19.2 million during 2001 and 2002.

Institution	Assets (as of 12/31/02)	Average Loan-to-Deposit Ratio 1Q98 – 4Q02
COMMERCE BANK, Geneva, MN	\$58 million	96.40
AMERICANA NATIONAL BANK, Albert Lea, MN	\$101 million	87.88
SECURITY BANK MINNESOTA, Albert Lea, MN	\$77 million	84.31
PRODUCE STATE BANK, Hollendale, MN	\$27 million	84.30
FARMERS STATE BANK, Hartland, MN	\$38 million	81.94
CITIZENS STATE BANK, Glenville, MN	\$29 million	64.04

Lending in Assessment Area

Based on a sample of 20 commercial, 20 agriculture and 20 residential real estate loans, ANB originates a majority of its loans to borrowers located within its defined assessment area. The sample determined that of loans originated from April 27, 1998 through December 31, 2002, 68.33% by number and 63.90% by dollar volume were made to borrowers located within the bank's assessment area. The following table shows loans originated inside their assessment area by number and dollar volume.

Lending in Assessment Area by Number and Dollar amount		
	% of Total Number of Loans Inside the Assessment Area	% of Total Dollar Amount of Loans Inside the Assessment Area
Commercial Loans	70%	56.58%
Agricultural Loans	55%	52.48%
Residential Real Estate Loans	80%	82.63%
TOTALS:	68.33%	63.90%

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

ANB has a reasonable distribution of credit among businesses and farms of different sizes.

Commercial borrowers in the assessment area have a wide diversity of gross revenue levels. ANB loans to these customers include start-up business ventures and loans to large corporations. The majority of the farm loans are to borrowers with less than a million dollars in annual revenues. A random sample of 20 commercial and 20 agriculture-related files indicates the following breakdown of annual revenues as compared to the demographics for Freeborn County.

Lending Distribution Based on Revenue Size of Business/Farm			
Revenue Size of Business	Bank Lending Distribution by Number of Loans	Bank Lending Distribution by Dollar of Loans	Percentages of Businesses/Farms in Each Revenue Category (per 2002 Business Demographic Data)*
Commercial < 1 million in annual sales	60%	56.81%	72.46%
Commercial > 1 million in annual sales	40%	43.19%	5.79%
Farm < 1 million in annual sales	95%	76.38%	97.41%
Farm > 1 million in annual sales	5%	23.62%	2.12%

*21.76% of business did not report revenues; .47% of farms did not report revenues

ANB has an excellent distribution of credit among real estate borrowers of different income levels. The following table compares the actual percent of families based on income level located within the assessment area to those loans made by the bank from the selected loan sample of 20 residential real estate loans.

Lending Distribution Based on Income Level of Real Estate Borrowers			
Borrower Income Level (per 2002 HUD Estimated Median Family Income for non-metro areas of MN)	Bank Lending Distribution by Number of Loans	Bank Lending Distribution by Dollar of Loans	Percentage of Families in each Income Category (per 1990 Census Information)
Low (\$0 - \$24,250)	10%	5.88%	15.58%
Moderate (\$24,251 - 38,800)	25%	26.07%	18.46%
Middle (\$38,801 - \$58,200)	25%	24.31%	27.97%
Upper (\$58,201 and over)	40%	43.74%	37.99%

Geographic Distribution of Loans

The geographic distribution of loans does not provide a meaningful analysis as none of the BNAs in the bank's assessment area are defined as low or moderate-income BNAs.

Responses to Complaints

ANB has not received any complaints about its performance in helping meet assessment area credit needs during this evaluation period.

Fair Lending Review

We found no evidence of illegal discrimination or other illegal credit practices.