



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

October 12, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citizens National Bank in Loup City
Charter Number 24280**

**133 South 7th
Loup City, Nebraska 68853**

**Office of the Comptroller of the Currency
Omaha South Field Office
13710 FNB Parkway, Suite 110
Omaha, Nebraska 68154**

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.

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

- The bank has a satisfactory record of lending to farms of different sizes.

The distribution of agricultural borrowers reflects reasonable penetration among farms of different sizes. Demographic data from the U.S. Census Bureau's 2002 Census of Agriculture reveals that most of the farms in the bank's Assessment Area (AA) are small, with 72% of AA farms reporting revenues of less than \$100 thousand. Based on 20 borrowers sampled, the bank does a satisfactory job of lending to these small farms. The bank's distribution of loans to farms with different revenues is comparable to demographic information, as the bank originated 80% of its loans to farms with revenues of less than \$100 thousand.

- The bank has a good record of lending to small businesses.

The distribution of commercial borrowers reflects good penetration among businesses of different sizes. 2002 business demographic data reveals that 68% of the businesses in the bank's AA are small, with revenues of less than \$1 million. Based on 16 borrowers sampled, the bank does a good job of lending to these small businesses, with all of the loans in the sample made to businesses with revenues of less than \$1 million. The commercial loan sample was limited to 16 customers due to the small size of this de novo bank's commercial loan portfolio.

- The bank originates a majority of its loans in the AA. For agricultural loans sampled, the bank originated 75% by number and 56% by dollar amount within its AA. For commercial loans sampled, the bank originated 75% by number and 83% by dollar amount within its AA.
- The bank's average loan-to-deposit (LTD) ratio is reasonable. The LTD was measured over the nine quarters since this de novo bank commenced operations. It averaged 67% during this timeframe, and was comparable to the ratios of similarly situated banks in the AA. Competing banks' ratios ranged from 77% to 85%.
- It was not meaningful to assess the reasonableness of the geographic distribution of the bank's loans, as the bank's entire AA is designated middle-income.
- The bank did not receive any complaints about its performance in helping to meet AA credit needs during this evaluation period.
- We found no evidence of illegal discrimination or other illegal credit practices.

DESCRIPTION OF INSTITUTION

Citizens National Bank in Loup City (CNB) is a \$7.8 million institution located in central Nebraska. The bank's primary loan products by dollar amount are commercial and agricultural loans. CNB is a de novo institution that received its national charter as of January 28, 2002. This was the bank's first Community Reinvestment Act (CRA) evaluation. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA. Community contacts indicated that start-up business loans were the primary credit need within the community. Examiners contacted a member of the community that is involved with local economic development.

DESCRIPTION OF ASSESSMENT AREA

The bank's AA meets the requirements of the regulation and does not arbitrarily exclude any low- and moderate-income areas. It consists of all of Sherman County, Nebraska, which is composed of one middle-income tract as defined by 2000 U.S. Census data. Refer to the bank's CRA Public File for more information.