



Comptroller of the Currency
Administrator of National Banks

Public Disclosure

February 2, 1998

Community Reinvestment Act Performance Evaluation

**The Fullerton National Bank
Charter Number 5384**

**4th & Broadway
Fullerton, Nebraska 68638**

**Office of the Comptroller of the Currency
Denver Field Office
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 CRA performance of **The Fullerton National Bank** prepared by The Office of the Comptroller of the Currency, as of **February 2, 1998**. 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.**"

The Fullerton National Bank (bank) does a good job of extending loans to farms of different sizes and borrowers of different income levels. In addition, the bank extends the majority of its credit to individuals residing within its assessment area. The bank maintains a reasonable loan-to-deposit ratio.

DESCRIPTION OF INSTITUTION

The Fullerton National Bank is a \$17 million institution located in central Nebraska. It is a subsidiary of Woodstock Land & Cattle Company, a one-bank holding company. The bank does not have any branches or automated teller machines. Loans represent 76% of total bank assets. The bank is primarily an agricultural lender, with 76% of its loans for agricultural purposes. The remainder of the portfolio is vested in consumer loans (15%) and commercial loans (9%). Loan and deposit competition come from several other financial institutions located in Nance County. There are no legal impediments or other factors, including the financial condition of the bank, which hinder the bank's ability to comply with the Community Reinvestment Act. The OCC previously rated the bank's CRA performance "Satisfactory" at our July 17, 1995, examination.

DESCRIPTION OF ASSESSMENT AREA

Fullerton is located in south central Nance County, and management has designated all of Nance County as the bank's assessment area. Nance County consists of one Block Numbering Area (BNA) which is designated middle income. The BNA is not located within a Metropolitan Statistical Area. The bank's assessment area does not arbitrarily exclude any low- and moderate-income areas.

Nance County is a rural area containing several small communities. According to 1990 census information, 4,275 people reside in the assessment area, with 1,452 individuals in Fullerton and the remaining population split between two other small towns and the surrounding countryside. The median family income for the assessment area is \$24,571 compared to the statewide non-metropolitan median family income of \$27,623. The percent of families by income level for the assessment area is as follows: low income 20%, moderate income 22%, middle income 31%, and upper income 27%.

Agriculture and its related industries dominate the local economy. The school system, local nursing home, and county courthouse provide some economic diversification. We conducted two contacts with members of the community at this examination. One contact was a local government official, and the other contact was a local business person. They stated that the primary credit needs of the community include residential real estate loans and financing for small businesses and farms. The bank offers all of these types of loans, with its primary emphasis on agricultural lending.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loans to Farms of Different Sizes/Borrowers of Different Income Levels

The bank has done a good job of extending credit to farms of different sizes. We reviewed a sample of 15 agricultural loans (29% of the bank's total agricultural portfolio). Agriculture census data from 1992 reveals that the vast majority of farm operations in the assessment area are small, with 92% reporting gross revenues less than \$250,000. Our sample demonstrates that the bank lends to these small operations, as illustrated in the following chart.

AGRICULTURAL LOANS				
Annual Gross Revenues	Number of Loans Sampled	Percent of Loans Sampled by #	\$ of Loans Sampled	Percent of Loans Sampled by \$
\$0 - \$100M	2	13%	\$ 105M	4%
\$101M - \$250M	9	60%	1,416M	51%
> \$250M	4	27%	1,274M	45%
Totals	15	100%	\$2,795M	100%

The bank also does a good job of lending to borrowers of different income levels. We reviewed a sample of residential real estate loans totaling 23% of the bank's volume for this loan type. We found that the bank's residential real estate lending to borrowers of different incomes compares reasonably to the demographics of the assessment area. The following chart contains details on our residential real estate sample.

RESIDENTIAL REAL ESTATE LOANS					
Borrower's Income Level	% of Families in the Assessment Area (Based on 1990 Census Data)	# of Loans Sampled	Percent of Sample (Based on 1997 Income Levels)	\$ of Loans	Percent of Sample by \$
Low	20%	1	13%	\$ 33M	13%
Moderate	22%	2	25%	53M	21%
Middle	31%	2	25%	28M	11%
Upper	27%	3	37%	139M	55%
Totals	100%	8	100%	\$253M	100%

Note: The HUD estimated 1997 median family income is \$37,100.

Lending in Assessment Area

The bank extends the majority of its credit to individuals residing within its assessment area. Approximately 75% of the number of loans and 68% of the dollar volume of loans were made to customers who reside within the assessment area. We calculated these percentages by reviewing loans outstanding on the January 16, 1998, loan trial balance and by reviewing management's master list of borrower addresses.

Loan-to-Deposit Ratio

The bank maintains a reasonable loan-to-deposit ratio. The bank's quarterly average loan-to-deposit ratio since its last CRA examination is 80%. This is comparable to the loan-to-deposit ratios for this time period for the other two community banks chartered in the bank's assessment area. The bank's loan-to-deposit ratio ranks second among the three banks, and the average loan-to-deposit ratio for all three banks is 79%.

Geographic Distribution of Loans

We did not assess the reasonableness of loans distributed within the bank's assessment area because the entire area is designated as middle income. Through discussions with management and a review of the bank's January 16, 1998, loan trial balance, it is readily apparent that a majority of the bank's loan customers reside throughout the assessment area.

Response to Complaints

The bank has not received any complaints regarding its CRA performance since the last examination.

Record of Compliance with Anti-discrimination Laws

The bank is in compliance with anti-discrimination laws and regulations. Our review did not disclose any substantive violations of the fair lending laws. We did not note any practices intended to discourage applications for the types of credit the bank offers.