



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

November 26, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Le Center
Charter Number 6921

10 West Minnesota Street
Le Center, MN 56057-0000

Office of the Comptroller of the Currency

MINNEAPOLIS SOUTH
920 Second Avenue South Suite 800
Minneapolis, MN 55402-3393

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's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.
- The bank originates a majority of its loans to borrowers located within the designated assessment area.
- The distribution of credit among businesses and farms of different sizes is reasonable. The bank's lending to borrowers with revenues less than \$1 million is reasonable considering the demographics of the designated assessment area.

SCOPE OF EXAMINATION

We evaluated First National Bank of Le Center's Community Reinvestment Act (CRA) performance for the period beginning March 3, 2003 and ending September 30, 2007. In order to determine the bank's lending performance, we selected primary products based on dollar and number volume of originations for the period beginning January 1, 2005 and ending September 30, 2007. We determined that commercial and agricultural loans are the bank's primary products. We selected a random sample of 20 loans from each of the primary products in order to evaluate lending within the assessment area and borrower income distribution. We used 2000 census information for demographic comparison purposes.

DESCRIPTION OF INSTITUTION

The First National Bank of Le Center (FNB) is a \$65 million national bank located in Le Center, Minnesota with a branch in Kilkenny, Minnesota. Le Center and Kilkenny are both located in Le Sueur County. Traxshares, Inc., a one-bank holding company, owns FNB. The bank has a drive up facility and operates automated teller machines at two convenience stores and a liquor store in Le Center. None of the ATMs accept deposits.

FNB is a full-service bank and offers a wide variety of banking products. As of the September 30, 2007 Report of Condition, FNB has the following loans outstanding as a percent of dollar volume: agricultural (35.68%), commercial (34.50%), residential real estate (24.16%), and consumer (5.66%). Net loans represent 67.95% of total assets.

FNB received a "Satisfactory" rating at its March 3, 2003 CRA examination. Corporate structure has not changed since the previous CRA examination. There are no financial, legal, or other factors that impede the bank's ability to meet its CRA obligations.

DESCRIPTION OF ASSESSMENT AREA(S)

FNB's assessment area (AA) includes all of Le Sueur County, MN and part of neighboring Rice County, MN. The AA consists of six census tracts (CTs) in Le Sueur County (9501-9506) and three CTs in Rice County (9701-9703). Based on 2000 U.S. Census data, there are no CTs designated as low- or moderate-income, three CTs designated as middle-income, and six CTs designated as upper-income. The AA complies with regulatory requirements and does not arbitrarily exclude any low- or moderate-income CTs.

According to the Department of Housing and Urban Department's 2007 estimate, the median family income for non-Metropolitan Statistical Areas in Minnesota, including the bank's AA, is \$54,700. The population in the AA is 39,095. There are 453 families, or 4.20% of all families, living below the poverty level. Owner-occupied housing represents 75.58% of the housing stock. Rental units have an average gross rent of \$455 per month.

Unemployment within the AA is comparable to levels in Minnesota and the U.S. average. Based on information from the Minnesota Workforce Center as of October 2007, unemployment levels (not seasonally-adjusted) were 4.5% in Le Sueur County and 4.3% in Rice County, while unemployment was 4.1% state-wide and 4.4% nation-wide. The largest employers in the area include Winco, Central Health Care, and Le Sueur County.

Competition among financial institutions in the bank's AA is strong. There are ten full-service financial institutions with a presence in the AA. FNB ranked third in deposit market share based on June 30, 2007 deposit information obtained from the Federal Deposit Insurance Corporation.

Our community contact indicated that credit needs of the local community are met by financial institutions in the area. The financial institutions are active in working with local businesses. The AA includes a sufficient amount of affordable housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs. The quarterly average net loan-to-deposit ratio from January 1, 2003 through September 30, 2007 was 79.43%. The loan-to-deposit ratio has been relatively stable, subject only to seasonal fluctuations caused by agricultural borrower credit needs. The quarterly average net loan-to-deposit ratio for four similarly situated banks ranged between 71.49% and 82.13%. The similarly situated banks include banks operating in Le Sueur County with total assets between \$32 million to \$83 million.

Lending in Assessment Area

FNB originates a majority of its loans to borrowers located within the AA. Based on a sample of 20 commercial loans and 20 farm loans, 82.50% by number and 72.05% by dollar were made to businesses and farms located within the AA. The following table shows loans originated inside and outside the AA by number and dollar volume:

Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans ('000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	17	85.00%	3	15.00%	20	\$472	92.92%	\$36	7.08%	\$508
Agricultural	16	80.00%	4	20.00%	20	\$1,381	66.91%	\$683	33.09%	\$2,064
Totals	33	82.50%	7	17.50%	40	\$1,853	72.05%	\$719	27.95%	\$2,572

Source: Bank records (verified by examiners)

Lending to Businesses and Farms of Different Sizes

FNB’s distribution of credit among businesses of different sizes in the AA is reasonable. The following table compares the bank’s commercial lending activity by revenue size to AA demographics:

Borrower Distribution of Loans to Businesses in Assessment Area				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	63.82%	3.08%	33.10%	100%
% of Bank Loans in AA by #	85.00%	15.00%	0.00%	100%
% of Bank Loans in AA by \$	66.90%	33.10%	0.00%	100%

Source: Loan sample; 2006 Business Geodemographic Data

FNB’s distribution of credit among farms of different sizes in the AA is reasonable. The following table compares the bank’s farm lending activity by revenue size to AA demographics:

Borrower Distribution of Loans to Farms in Assessment Area				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	96.13%	2.03%	1.85%	100%
% of Bank Loans in AA by #	95.00%	5.00%	0.00%	100%
% of Bank Loans in AA by \$	98.45%	1.55%	0.00%	100%

Source: Loan sample; 2006 Business Geodemographic Data

Geographic Distribution of Loans

Analysis of lending by geographic distribution is not meaningful. FNB’s AA contains only middle- and upper-income CTs.

Responses to Complaints

The bank has not received any CRA-related complaints since the previous CRA examination.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.