



SMALL BANK

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

PUBLIC DISCLOSURE

September 13, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Farmers & Merchants National Bank of West Point
Charter Number 14308**

**204 North Main
West Point, NE 68788**

**Comptroller of the Currency
Omaha South Field Office
13710 FNB Parkway, Suite #110
Omaha, NE 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 Farmers & Merchants National Bank of West Point (FMNB) has a satisfactory record of lending to farms of different sizes.

The distribution of agricultural borrowers reflected reasonable penetration among farms of different sizes. Based on the 20 borrowers sampled with income information, the bank's distribution of loans to farms with different revenues was reasonably comparable to the demographic information of farms located in the Assessment Area (AA). This demographic data was obtained from the U.S. Census Bureau's 2002 Census of Agriculture. Details on our loan sample of agricultural loans are provided in the following table.

Borrower Distribution of Loans to Farms in AA				
Farm Revenues (or Sales)	< \$100,000	\$100,000 - \$249,000	\$250,000 - \$500,000	>\$500,000
% of AA Farms*	57%	21%	9%	13%
% of Bank Loans in AA by #	65%	0%	10%	25%
% of Bank Loans in AA by \$	33%	0%	10%	57%

* Source: Loan data sample; 2002 U.S. Census of Agriculture

The census data reveals the number of farms declined to 904 in 2002, which is a 13% decline from 1,045 farms in 1997. The average size of the farms in the AA is 405 acres, which is a 15% increase from 352 acres in 1997. The average gross revenue of the farms in the AA is \$643M.

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

The distribution of commercial borrowers reflected a good level of lending to small businesses in the AA. Based on the 15 commercial borrowers sampled with income information, 93% of the loans originated were to businesses with revenues of less than \$1 million. The bank's lending compares favorably to 2003 business demographic data, which reveals 75% of the businesses in the AA have revenues of less than \$1 million, and 5% of businesses have revenues of over \$1 million. The Census data was not available for 20% of the businesses in the AA.

- The bank originated a reasonable majority of loans within the AA. Of the 20 agriculture and commercial loans sampled, the bank originated 75% by number within the AA.
- The bank's average loan-to-deposit ratio (LDR) since the previous Community Reinvestment Act (CRA) examination is reasonable. FMNB's LDR averaged 91% over the past 19 quarters, and compares favorably with the LDR of similarly situated banks in the AA. These competing banks' LDR ranged from 79% to 95%, with an overall average of 85% for the same time period.
- The bank did not receive any complaints about its performance in helping to meet AA credit

needs during the evaluation period.

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

DESCRIPTION OF INSTITUTION

FMNB is a \$79 million dollar institution, located in northeast Nebraska. The primary loan products by dollar amount were agricultural and commercial loans. FMNB received a “Satisfactory” rating at the previous CRA examination, dated December 6, 1999. There are no legal or financial factors that impede the bank’s ability to help meet the credit needs of the AA. Community contacts conducted in 2004 indicate the FMNB’s primary products are consistent with the AA lending needs, and that credit needs are being met within the community. Refer to the bank’s CRA Public File for more information.

DESCRIPTION OF ASSESSMENT AREA

The bank’s AA consists of Cuming County in Nebraska, which is comprised of three block numbering areas (BNAs). Each of the BNAs is considered a middle-income tract as determined by the most recent U.S. Census. FMNB’s AA meets the requirements of the regulation and does not arbitrarily exclude any low- and moderate-income areas. Refer to the bank’s CRA Public File for more information.