



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**September 14, 2009**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Genoa National Bank  
Charter Number 6805

502 Willard Avenue  
Genoa, NE 68640

Office of the Comptroller of the Currency  
Omaha 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 major factors supporting this rating include:

- The bank's loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs.
- A majority of the bank's loans were originated within the bank's assessment area (AA).
- The bank's lending efforts result in reasonable penetration among farms of different sizes.

## **SCOPE OF EXAMINATION**

The scope of the Community Reinvestment Act (CRA) examination included the time period of January 1, 2007 to June 30, 2009 as this was representative of the bank's lending strategy since the previous CRA examination. A full scope review was completed of the bank's CRA activities in the AA. The Genoa National Bank's (GNB) primary loan product for the bank as a whole is agricultural loans. To evaluate the bank's agricultural lending performance, we selected a sample of 20 agricultural loans from the AA which were originated between January 1, 2007 and June 30, 2009. Our conclusions are based on this sample.

## **DESCRIPTION OF INSTITUTION**

GNB is a \$54 million institution located in Genoa, Nebraska, in Nance County. The bank does not have any other locations and has one deposit-taking automatic teller machine located in Genoa. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA. The bank received a "Satisfactory" rating at its prior CRA examination dated March 1, 2004. Refer to the bank's CRA Public File for more information.

GNB offers traditional loan and deposit products. The bank's primary lending focus is agricultural lending, but a full range of credit products are offered including commercial, consumer, and residential real estate loans. As of June 30, 2009, the bank's loan portfolio totaled 74% of total assets. We determined GNB's overall primary loan product to be agricultural loans. The following table shows the breakdown of loans originated and purchased from January 1, 2007 to June 30, 2009.

### Primary Products in AA

Loan Type	% by Dollars of Loans Originated/Purchased during evaluation period	% by Number of Loans Originated/Purchased during evaluation period
Home Loans	2.39%	4.96%
Consumer Loans	3.48%	36.41%
Commercial Loans	7.56%	17.46%
<b>Agricultural Loans</b>	<b>86.57%</b>	<b>41.17%</b>
Total	100%	100%

Source: Bank Reports.

### DESCRIPTION OF ASSESSMENT AREA

Management has designated the whole counties of Nance, Merrick, and Platte as its AA. All counties are contiguous and are located within the state of Nebraska. GNB's AA includes the bank's only office location and the surrounding areas where GNB originates a substantial portion of its loans. The eleven census tracts contained within the AA consist of nine middle-income and two upper-income census tracts. The designated AA meets regulatory requirements and does not arbitrarily exclude any low- or moderate-income census tracts. The AA is not located within a Metropolitan Statistical Area (MSA). Refer to the CRA Public File for a map specifically outlining the bank's AA.

The AA is primarily rural and agricultural. According to the 2000 United States Census, the population of the AA is 43,904. The 2000 Census indicated a weighted average median family income of \$45,494. Of the 11,958 families in the AA, 82% were middle-income, and 18% were upper-income. A total of 8.78% of households in the AA were below the poverty level.

The AA's economy remains fairly stable despite national economic conditions. According to statistics from the National Workforce Development and Department of Labor, unemployment figures in the AA have remained low at 1.36%. Economic activity is centered in agricultural-related industries, with diversity from services, public administration, and small manufacturing companies. Competition from other financial institutions is average, and competitors include several surrounding local community banks and branches of larger regional institutions.

In conducting the assessment of the bank's CRA performance, we contacted a local organization. The community contact described the economic conditions of the area as fair overall. The contact indicated the primary credit need of the community was primarily agricultural loans, and to a lesser extent, small business and home loans. They concluded local financial institutions do a good job at helping to support the needs of the community and offering financial assistance.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

GNB's average loan-to-deposit (LTD) ratio is more than reasonable for satisfactory performance given the bank's size, financial condition, and the AA's credit needs. The LTD ratio averaged 86.04% over the past twenty quarters and was 93.04% as of June 30, 2009. GNB's LTD ratio ranged from a low of 77.01% and a high of 96.35%.

GNB's average LTD ratio compares favorably with other financial institutions that are similarly situated with regards to asset size, location, and product offerings. The six other similarly situated banks operated with an average net LTD of 81.89%. These same institutions operated with a quarterly LTD ratio range from 61.23% to 105.56%.

### Lending in Assessment Area

A majority of GNB's loans were made within the bank's AA. We determined GNB's primary product was agricultural loans. We reviewed a random sample of 20 agricultural loans to determine the bank's lending performance within their AA. The sample included agricultural loans originated in the AA between January 1, 2007 and June 30, 2009. The random sample showed 85% by number and 93% by dollar amount were originated within the bank's AA. The following table illustrates the bank's satisfactory performance regarding lending in the AA.

Lending in GNB's Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total (000)
	#	%	#	%		\$ (000)	%	\$ (000)	%	
Agricultural	17	85%	3	15%	20	\$3,666	93%	\$265	7%	\$3,931

Source: Random loan sample.

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

The distribution of loans to farms reflects reasonable penetration among farms of different sizes. A total of 90% of loans by number and 85% of loans by dollar were to small farms, or farms with total revenues of less than or equal to \$1,000,000. This is reasonable when considering characteristics of the area and demographic data that indicates 97% of the area's farms are considered small farms. The following table shows the distribution of farm loans among different sized farms in the AA.

<b>Borrower Distribution of Loans to Farms in AA</b>				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	97.28%	1.63%	1.09%	100%
% of Bank Loans in AA by #	90%	5%	5%	100%
% of Bank Loans in AA by \$	85%	15%	0%	100%

*Source: Random loan sample and 2009 geodemographic data.*

### **Geographic Distribution of Loans**

An analysis of the geographic distribution was not meaningful as the AA does not contain any low or moderate census tracts; therefore, an analysis was not performed.

### **Responses to Complaints**

The Office of the Comptroller of the Currency and the bank did not receive any complaints about its CRA performance during the evaluation period.

### **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.