



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

February 20, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Commercial National Bank of Ainsworth
Charter Number: 13139

200 North Main Street
Ainsworth, NE 69210

Office of the Comptroller of the Currency

Omaha 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 Commercial National Bank of Ainsworth (CNB Ainsworth) meets the credit needs of its assessment area (AA).

- CNB Ainsworth's lending level is reasonable given the financial institution's size, financial condition, and the AA's credit needs.
- A substantial majority of the bank's loans are within its AA.
- Lending to farms of different sizes is reasonable.
- The bank's geographic distribution of loans within its AA is excellent.

SCOPE OF EXAMINATION

The scope of the CRA examination included the time period of December 1, 2003 to February 20, 2008. Small bank procedures were used to evaluate the bank's performance under the Community Reinvestment Act (CRA). A full scope review was completed of the bank's CRA activities in the AA. The primary product for the AA was agricultural loans. A sample of 20 loans of the bank's primary lending product was used to assess the bank's lending performance. The evaluation period for the lending test was January 1, 2005 to December 31, 2007.

DESCRIPTION OF INSTITUTION

CNB Ainsworth is a \$73 million bank headquartered in Ainsworth, Nebraska. The bank is 93% owned by Commercial Investment Company, Inc. CNB Ainsworth operates with one other branch in Springview, Nebraska. The bank remains primarily focused on agricultural borrowers. The bank operates with one Automated Teller Machine which is located at the Pump-n-Pantry in Ainsworth, Nebraska. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA. The bank was rated Satisfactory at its last CRA examination dated December 1, 2003.

CNB Ainsworth offers traditional loan and deposit products. As of December 31, 2007, the bank's loan portfolio totaled 65.7% of total assets. As of December 31, 2007, the loan portfolio consisted of 67% agricultural loans, 24% commercial loans, 7% consumer loans, and 2% residential real estate loans based upon origination dollars. The following table shows the breakdown of loans originated and purchased from January 1, 2005 to December 31, 2007.

Loan Type	% by Dollars of Loans Originated/Purchased during evaluation period	% by Number of Loans Originated/Purchased during evaluation period
Agricultural Loans	67%	57%
Consumer Loans	7%	24%
Commercial Loans	24%	17%
Residential RE Loans	2%	2%
Total	100%	100%

Source: Bank reports.

Please refer to the bank’s CRA Public File for more information.

DESCRIPTION OF ASSESSMENT AREA

The bank’s AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The AA consists of three contiguous census tracts (CTs); including 9754 in Keya Paha County, 9746 in Rock County, and 9750 in Brown County. Two (67%) of the CTs, 9754 and 9746, are moderate-income geographies and one (33%) CT is a middle-income geography. Brown County is designated underserved by the Federal Financial Institutions Examination Council. Individuals can refer to the bank’s CRA Public File for a map outlining the AA.

According to the 2000 U.S. Census, the total population of the AA is 6,264. Approximately 27% of families in the AA are low-income, 24% moderate-income, 25% middle-income, and 24% upper-income. 16% of the AA households are below the poverty level. The weighted average median family income is \$32,498 for non-metropolitan statistical areas in Nebraska. The median weighted average of the house value in the AA is \$44,567, and 58% of housing is owner occupied.

The local economy is stable. Unemployment remains low at 0.9%. Local schools, the State of Nebraska, the Co-op, and local feed yards are the largest employers in the area. There is only one other similarly situated financial institution within the AA. CNB Ainsworth is slightly larger than this institution. Larger institutions with branches in the community remain the primary competition to CNB Ainsworth.

Examiners conducted one community contact with a local organization. The community contact revealed that agricultural loans remain the primary lending need within the community. The contact indicated the city of Ainsworth and surrounding communities are in need of population growth. There are currently more jobs available than people to staff these positions. Thus, the community has started a major recruitment effort. The community contact also indicated the banks in the AA meet the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

CNB Ainsworth's average loan-to-deposit (LTD) ratio is reasonable for satisfactory performance. The LTD ratio averaged 68% over the past seventeen quarters and was 69% as of December 31, 2007. The average LTD ratio for the one other similarly situated financial institution headquartered within the AA was 74%.

Lending in Assessment Area

A substantial majority of CNB Ainsworth's loans were made within the bank's AA. We reviewed a sample of 20 agricultural loans, originated between January 1, 2005 and December 31, 2007, to determine the bank's lending performance within the AA. We identified 17 loans or 85% of agricultural loans were originated within the bank's AA. Furthermore, \$695,191 or 92% of loan volume, was originated within the AA. The following table illustrates the bank's excellent performance regarding lending in the AA.

Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agricultural	17	85%	3	15%	20	\$695,191	92%	\$59,000	8%	\$754,191

Source: Bank Reports.

Lending to Farms of Different Sizes

CNB Ainsworth has a reasonable record of lending to farms of different sizes. We reviewed a sample of 20 agricultural loans to determine the bank's lending to farms of different sizes. All of the loans in this sample were located within the AA and were originated between January 1, 2005 and December 31, 2007.

CNB Ainsworth originated 90% of agricultural loans by number and 71% by dollar volume to farm operations with gross revenues less than \$1,000,000. This reasonably compares to demographic comparative information, which shows 98% of AA farms with gross revenues less than \$1,000,000. The following table shows the breakdown of loans to farms as compared to AA demographics.

Borrower Distribution of Loans to Farms in AA		
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Farms	98%	2%
% of Bank Loans in AA by #	90%	10%
% of Bank Loans in AA by \$	71%	29%

Source: Bank Reports; Dun and Bradstreet 2007 Information.

Geographic Distribution of Loans

The geographic distribution of CNB Ainsworth’s agricultural loans reflects excellent dispersion throughout the AA. We reviewed 20 agricultural loans to determine if the bank is lending to different income CTs. The bank’s AA does not include any low- or high-income CTs; therefore, the focus of our review was on the bank’s lending in the moderate-income CTs. All of the loans in this sample were within the AA and were originated between January 1, 2005 and December 31, 2007.

The volume of loans to customers in moderate-income CTs exceeds the AA demographics. CNB Ainsworth originated 50% of agricultural loans in the moderate-income CTs compared to 49% of the AA farms in the moderate-income CTs. The following table shows the breakdown of loans as compared to the AA demographics.

Geographic Distribution of Loans to Farms in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Agricultural	0%	0%	49%	50%	51%	50%	0%	0%

Source: Bank Reports; Dun and Bradstreet 2007 Information.

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.