



**Comptroller of the Currency
Administrator of National Banks**

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PUBLIC DISCLOSURE

December 17, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Lewellen
Charter Number 13423**

**301 Main Street
Lewellen, Nebraska 69147**

<p>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.</p>

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 Community Reinvestment Act (CRA) performance of **First National Bank of Lewellen** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of December 17, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory.**”

First National Bank of Lewellen (Bank) does a good job of extending agricultural loans to farms of different sizes. The bank’s loan volume is reasonably distributed throughout its assessment area.

The following table indicates the performance level of **First National Bank of Lewellen** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	First National Bank of Lewellen Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	NO COMPLAINTS WERE RECEIVED SINCE THE PRIOR EXAMINATION		

DESCRIPTION OF INSTITUTION:

First National Bank of Lewellen is a \$18MM institution located in western Nebraska. The bank does not have any branches or Automated Teller Machines. Loans represent 65% of total bank assets. The bank is primarily an agricultural lender with 68% of its loans for agricultural purposes. The remainder of the portfolio is vested in commercial loans (21%) and consumer loans (11%). Loan and deposit competition comes from several financial institutions located in communities throughout Arthur, Garden, Deuel, and Keith counties. 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.

DESCRIPTION OF ASSESSMENT AREA:

Lewellen is located in the southeast corner of Garden County. The bank also has customers in three bordering counties. As a result, management designated Garden, Deuel, and Arthur Counties, each consisting of one Block Numbering Area (BNA), and the northern BNA in Keith County as its assessment area. The Arthur County BNA is designated moderate income. The remaining three BNAs are all middle income. None of the counties are within a Metropolitan Statistical Area. The assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- and moderate-income areas.

The bank's assessment area is a sparsely populated rural area with several small communities. According to 1990 census information, 6,035 people reside in the assessment area with 307 individuals in Lewellen and the remaining population split among seven other small towns and the surrounding countryside. The median family income for the assessment area is \$24,051 compared to the statewide nonmetropolitan median family income of \$27,623. The percent of families by income level for the assessment area is as follows: low income 18.6%, moderate income 25.2%, middle income 25.1%, and upper income 31.1%.

Agriculture and its related industries dominate the area. A large recreational lake lies five miles east of town. Lake traffic during the summer months adds some diversification to the local economy. An individual in the assessment area contacted by examiners stated that the primary identified credit needs for the area are residential real estate loans and small business financing. While the bank does offer these types of loans, the majority of its loans are for agricultural purposes. Other area institutions also provide home loans and small business financing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to Deposit Ratio

The bank maintains a reasonable loan to deposit ratio. The bank’s quarterly average loan to deposit ratio since the bank’s last CRA exam (February 28, 1993) is 69%. The ratio has been generally increasing during this time period. The bank’s loan to deposit ratio ranks third among six community banks with main offices in the bank’s assessment area. These ratios range between 23% and 77%.

Lending in Assessment Area

The bank extends the vast majority of its credit to individuals residing within its assessment area. Approximately 91% of the number of loans and 88% 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 bank’s December 6, 1996 loan trial balance. Management assisted in the process by identifying borrowers’ home addresses and the purpose of loan proceeds.

Lending to Borrowers of Different Incomes / Businesses of Different Sizes

The bank has done a good job of extending credit to farm borrowers of different incomes and farms of different sizes. The bank’s lending is concentrated in agriculture, so our analysis focused on agriculture loans. Our review of 17 farm loans revealed the distribution of these loans by level of gross income ranges from \$12,000 to \$330,000 and is summarized below (in \$000s):

\$0-\$100	\$100-\$250	\$250-\$500	> \$500	Total
6	8	3	0	17

Geographic Distribution of Loans

Credit is reasonably distributed throughout the bank’s assessment area. Arthur County is the only moderate income area in the bank’s assessment area. Loan penetration here is low

(< 1% of loans by number and dollar volume). However, this is reasonable because Arthur County is the least populated county in the bank’s assessment area; it contains only one town (Arthur, Nebraska) with a population of 128 people that is located 49 miles from the bank. In addition, Arthur is served by a Loan Production Office of another bank.

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.