



Comptroller of the Currency
Administrator of National Banks

Public Disclosure

September 16, 1997

Community Reinvestment Act Performance Evaluation

**The Farmers & Merchants National Bank of Oakland
Charter Number 10022**

**212 North Oakland
Oakland, Nebraska 68045**

**Office of the Comptroller of the Currency
Omaha South Field Office
11606 Nicholas Street, Suite 201
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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.

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 CRA performance of The Farmers & Merchants National Bank of Oakland prepared by The Office of the Comptroller of the Currency, as of September 16, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: This institution is rated Satisfactory.

The Farmers & Merchants National Bank of Oakland, Oakland, Nebraska is reasonably meeting the credit needs of its community. The majority of the bank's loans are made within the bank's assessment area. The bank's lending efforts reflect good penetration to individuals of different income levels and to farms and businesses of various sizes.

Description of Institution

The Farmers & Merchants National Bank of Oakland (F&M) is a \$23 million bank located in northeast Nebraska. The bank is 100% owned by Oakland Financial Inc., a one-bank holding company. The bank's main office is located in downtown Oakland, with an automated teller machine (ATM) two doors down from the main bank. There are no factors, including the bank's financial condition, which restrict the bank's ability to comply with the Community Reinvestment Act.

Description of Oakland and Craig, Nebraska

F&M has designated block numbering area (BNA) 9832, located in Burt County, as their assessment area. This encompasses the towns of Oakland and Craig, Nebraska. Oakland and Craig's populations are approximately 1,279 and 200, respectively. The BNA was designated middle income in the 1990 census. The statewide nonmetropolitan updated median family income is \$35,100, while the assessment area's median family income is \$23,245. The 1990 census information indicated 23% of the households in the assessment area are low income, 19% moderate income, 25% middle income, and 33% upper income. Twelve percent of the households are below the poverty level. The median housing value is \$25,500 and 63% of the homes are owner-occupied. Agriculture is the primary industry in the area.

The primary needs identified by the bank are small farm and business, consumer, and residential real estate loans. Our community contacts confirmed these as the community's main credit needs. Competition comes from nine other financial institutions within Burt and Cuming Counties.

Conclusions with Respect to Performance Criteria

F&M's loan-to-deposit ratio is low but reasonable in comparison to ratios of other competitors in the community. As of March 31, 1997, the bank's nine quarter average loan-to-deposit ratio was 49%. The ratio is the lowest of the ten banks in Burt and Cuming Counties. Other banks' ratios ranged from 53% to 80%.

A majority of the bank's loans are made to borrowers who live within the assessment area. We sampled 20 agricultural, 10 business, and 10 residential real estate loans originated in the last 24 months as indications of lending levels inside the bank's assessment area. We sampled these loan categories since they represent 88% of the bank's loan portfolio. The tables below summarize our findings.

Agricultural Loans				
	Number	% Number	\$ Volume	% \$ Volume
Inside assessment area	16	80%	\$992,800	88%
Outside assessment area	4	20%	\$137,288	12%
Total	20	100%	\$1,130,088	100%

Business Loans				
	Number	% Number	\$ Volume	% \$ Volume
Inside assessment area	10	100%	\$393,770	100%
Outside assessment area	0	0%	\$0	0%
Total	10	100%	\$393,770	100%

Residential Real Estate Loans				
	Number	% Number	\$ Volume	% \$ Volume
Inside assessment area	7	70%	\$251,383	69%
Outside assessment area	3	30%	\$114,698	31%

Residential Real Estate Loans				
	Number	% Number	\$ Volume	% \$ Volume
Total	10	100%	\$366,081	100%

The bank has good penetration of loans to borrowers of different incomes and businesses of different sizes. We used the agricultural, business and residential real estate loan samples described above to determine the bank's level of lending to farms and businesses of different sizes and individuals with different incomes. The tables below summarize our findings.

Agricultural Loans				
Gross Revenues	Number	% Number	\$ Volume	% \$ Volume
\$0 - \$25,000	3	15%	\$65,839	2%
\$25,001-\$100,000	3	15%	\$152,722	4%
\$100,001-\$250,000	10	50%	\$1,799,745	55%
\$250,001-\$550,000	4	20%	\$1,265,664	39%
Total	20	100%	\$3,283,970	100%

Business Loans				
Income Levels	Number	% Number	\$ Volume	% \$ Volume
\$0 - \$25,000	2	20%	\$46,113	2%
\$25,001-\$100,000	1	10%	\$90,678	5%
\$100,001-\$250,000	3	30%	\$396,643	21%
\$250,001-\$550,000	4	40%	\$1,372,488	72%
Total	10	100%	\$1,905,922	100%

Residential Real Estate Loans					
Income Levels	Number	% Number	% of Families within each tract category of the bank's Assessment Area	\$ Volume	% \$ Volume
Low	0	0%	22%	\$0	0%
Moderate	3	30%	24%	\$69,996	17%
Middle	3	30%	29%	\$107,736	26%
Upper	4	40%	25%	\$23,642	57%
Total	10	100%	100%	\$414,144	100%

Our sample did not identify any residential real estate loans made to low-income individuals. We found the need for residential real estate loans to low-income individuals to be very low since the bank's assessment area contains a large number of subsidized multi-family units and a number of reasonable rental homes.

In addition, the bank helped obtain outside residential real estate financing for eight customers with loans totaling \$362,000 in the past 12 months.

An analysis of the geographic distribution of loans within the bank's assessment area was not meaningful because the assessment area consists of only one block numbering area which is middle income.

F&M is in compliance with antidiscrimination laws and regulations. Our review did not disclose any evidence of discrimination or other illegal credit practices.