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

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## **PUBLIC DISCLOSURE**

**August 5, 1997**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Platte Valley National Bank  
Charter Number 23124**

**1212 Circle Drive  
Scottsbluff, Nebraska 69363**

<p><b>NOTE:</b> 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>
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## 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 **Platte Valley National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of August 5, 1997. 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.**”

Platte Valley National Bank satisfactorily meets the credit needs of its assessment area. The distribution of loans to businesses of different revenue sizes and to borrowers of different income levels is reasonable. The geographic distribution of loans within the bank's assessment area is appropriate. The bank's loan-to-deposit (LTD) ratio is good. Platte Valley National Bank originates a majority of its loans within its assessment area.

## **DESCRIPTION OF INSTITUTION:**

Platte Valley National Bank (PVNB) is an \$80 million financial institution located in western Nebraska. The institution has three offices in Scottsbluff: the main bank located on Circle Drive, the western branch located on West 27th Street, and the plaza branch located on Avenue "B" & Beltline Highway. Both the main bank and plaza branch have drive-up facilities and automated teller machines. PVNB is building a new main bank facility next to its existing main bank location which is scheduled to be completed in 1998. The bank is a wholly owned subsidiary of Platte Valley Financial Service Companies, Inc., a two bank holding company.

PVNB offers traditional loan and deposit services. The bank's loan portfolio is distributed between agricultural (36%), residential real estate (36%), commercial (20%), and consumer loans (8%). The consumer and residential real estate loan portfolios represent a combined 44% of the total loan portfolio. The bank also offers guaranteed and subsidized loan programs through the following governmental agencies: Farm Services Agency, Small Business Administration, and Nebraska Investment Finance Authority.

The bank has no legal or financial impediment which precludes it from fulfilling its obligation under the CRA. This is the bank's first CRA examination.

## **DESCRIPTION OF THE BANK'S ASSESSMENT AREA:**

PVNB's assessment area consists of Scottsbluff, Morrill, and Banner Counties in Nebraska. Scottsbluff County has two moderate-income, eight middle-income, and one upper-income block numbering areas (BNA). Both Morrill and Banner Counties have one middle-income BNA. The assessment area does not arbitrarily exclude any low- or moderate-income geographies. All BNAs are contiguous. The bank is not located in a Metropolitan Statistical Area.

The total population of the assessment area is 42,300 according to the 1990 Census. The 1996 weighted average median family income of the assessment area is \$37,100. The 1990 Census categorizes the distribution of families by income level of the bank's entire assessment area as 21% low-, 22% moderate-, 23% middle-, and 34% upper-income.

Agriculture and agriculture-related businesses are the dominant industries in the assessment area. Construction, services, and manufacturing jobs contribute to the area's economy. The major employers in the Scottsbluff-Gering area include Agromac, Western Sugar, Midwec, Regional West Medical Center, and city and county government. An organization that provides affordable housing to low- and moderate-income residents in Scottsbluff County identified the primary credit needs of the community as agriculture, small business, residential real estate, and consumer loans. PVNB aggressively competes for loans and deposits with five financial institutions chartered in its assessment area, as well as with branches of several nonlocal financial institutions.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

### Lending to Businesses of Different Sizes & to Borrowers of Different Incomes

Lending to agricultural borrowers of different revenue sizes compares favorably to area demographics. Based on an analysis of revenues, the bank extends credit to a wide variety of agricultural borrowers. The annual revenues of 30 sampled agricultural borrowers, who obtained loans in 1996 and 1997, ranged from \$18,000 to \$867,000. These loans were distributed over the entire range of revenue sizes. Ninety-six percent of the loans were originated to borrowers reporting revenues less than \$500,000, and an additional 4% were to borrowers with revenues between \$500,000 and \$1,000,000. Within the bank's assessment area, 87% of all agricultural borrowers report revenues of less than \$500,000, while 9% report revenues between \$500,000 and \$1,000,000. The dollar amount of the sampled loans ranged from \$7,000 to \$250,000 with an average of \$77,000.

The bank's lending to businesses of different revenue sizes is comparable to area demographics. Based on an analysis of annual revenues, the bank extends credit to a wide variety of business borrowers. The annual revenues of a sample of 20 businesses obtaining loans in 1996 and 1997 ranged from \$25,000 to \$3,879,000. The business loans were distributed over the entire range of revenue sizes. Seventy-five percent of the loans were originated to borrowers reporting revenues less than \$500,000, and an additional 10% were to borrowers with revenues between \$500,000 and \$1,000,000. Within PVNB's assessment area, 76% of all businesses report revenues of less than \$500,000, while 7% report revenues between \$500,000 and \$1,000,000. The dollar amount of the sampled loans ranged from \$10,000 to \$250,000 with an average of \$70,000.

Lending to borrowers of different incomes is reasonable. An analysis of sampled residential real estate loans secured by the borrower's home and originated since the bank opened, shows 20% of the loans were to low- and moderate-income families. This represents 6% of the dollar amount. These percentages are well below 43% of the population designated as having low- and moderate-incomes. The analysis was based on the 1996 median family income of \$37,100 for the assessment area. The following table summarizes the results of our sample:

<b>LOANS SECURED BY A HOME ORIGINATED SINCE JULY 22, 1996</b>			
<b>Income Level</b>	<b>Number</b>	<b>Percentage</b>	<b>Percentage of Families Within Each Tract Category</b>
Low	6	8%	21%
Moderate	10	12%	22%
Middle	16	20%	23%
Upper	48	60%	34%
<b>Totals</b>	<b>80</b>	<b>100%</b>	<b>100%</b>

The percentage of loans to low- and moderate-income families is low since the bank initially did not have any residential real estate programs to attract low- and moderate-income applicants. Prior to opening on July 22, 1996, the bank had not yet received approval to originate residential loan products geared to low- and moderate-income residential real estate loan applicants such as Nebraska Investment Finance Authority (NIFA), United States Department of Agriculture (USDA), and Federal Housing Authority (FHA) loans. During our review, the bank received approval to originate NIFA and USDA loans. In addition, numerous local area homeowners refinanced their residences at PVNB since the bank is locally owned. Our review found many of these borrowers are from middle- and upper-income families. However, the bank originated a \$1,260,000 construction loan to the Platte Valley Community Development Initiative which is funding the construction of an 18 unit low- to moderate-income single family housing project in northern Scottsbluff.

### **Geographic Distribution of Loans**

The geographic distribution of loans is appropriate. Based on the bank's geographic analysis, loans are distributed within the entire assessment area in proportion to the population. PVNB's assessment area includes two moderate-income, ten middle-income, and one upper income BNAs. During the first six months of 1997, the bank originated 144 loans totaling \$4,427,000 in the two moderate income BNAs. This equates to 14% of the number and 12% of the dollar amount of the loans originated in the bank's assessment area. We verified the accuracy of the bank's geographic analysis by sampling 70 loans.

### **Loan to Deposit Ratio**

PVNB's average quarterly loan-to-deposit ratio since the bank opened is good at 81%. The bank's ratio is above the average quarterly ratio for the five financial institutions located within the bank's assessment area. The ratios for banks located within the assessment area ranged between 64% and 83%, with an average of 75%.

### **Lending in the Assessment Area**

The bank originates the majority of its loans within its assessment area. Based on the bank's internal report of all loans originated during the first six months of 1997, 93% by dollar and 97% by number of loans were originated within PVNB's assessment area.

### **Compliance with Anti-Discrimination Laws and Regulations**

The bank is in compliance with anti-discrimination laws and regulations. Our review did not disclose any violations of the Fair Lending laws. We did not note any practices intended to discourage applications for the types of credit the bank offers.

### **Response to Complaints**

There have been no fair lending complaints filed with the bank or The Office of the Comptroller of the Currency since the bank opened for business.