



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 03, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Nebraska National Bank
Charter Number 22849**

**3110 Second Avenue
Kearney, Nebraska 68847**

**Office of the Comptroller of the Currency
Omaha South 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 bank had a satisfactory record of lending to businesses of different sizes.

The distribution of commercial borrowers reflected satisfactory penetration among businesses of different sizes. 2002 business demographic data reveals that 79% of the businesses in the bank's Assessment Area (AA) are small, with revenues of less than \$1 million. Based on 20 borrowers sampled, the bank does a satisfactory job of lending to these small businesses. The bank's distribution of loans to businesses with different revenues was comparable to demographic information on businesses located in the AA.

- The bank had a reasonable record of lending to residential real estate borrowers of different income levels.

The distribution of residential real estate borrowers reflected reasonable penetration among borrowers of different income levels. The following table depicts the bank's residential real estate lending, based on a sample of loans originated in 2001 and 2002. The table shows that the bank's lending to moderate-income borrowers meets AA demographics. There are several mitigating factors that explain the bank's lack of penetration in the low-income category for residential real estate loans. The 1990 Census lists the median cost of housing in the AA at \$52,919. A member of the community who is familiar with the Kearney housing market stated that the current price of existing starter homes in Kearney is \$100 thousand and up, and new construction of a starter home would cost \$125 thousand and up. In order to be considered low-income, applicants would have annual incomes of less than \$22,900. This income level would make it difficult to qualify for even the lowest priced houses in Kearney. In addition, 8% of families in the bank's AA are living below the poverty level, leaving only 7% of low-income families above the poverty level. Finally, only 54% of Kearney's housing units are owner-occupied. Low-cost homes are scarce as investors frequently purchase these homes for student rental units, which decreases the availability of housing for low-income families.

Borrower Distribution of Residential Real Estate Loans in Assessment Area								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential RE	15	0	14	15	24	22	47	63

Source: Sample of loans originated in 2001 and 2002; U.S. Census data.

- The bank originated a majority of its loans in the AA. For commercial loans sampled, the bank originated 85% by number and 88% by dollar amount within its AA. For residential real estate loans sampled, the bank originated 65% by number and 67% by dollar amount in the AA.
- The bank's average loan-to-deposit ratio since the last examination was reasonable. It averaged 83% over the past 20 quarters, and was comparable with the ratios of similarly situated banks in the AA. Competing banks' ratios ranged from 80% to 88%.
- A geographic analysis of the bank's lending was not meaningful, as the AA consists of only middle- and upper-income geographies.
- The bank did not receive any complaints about its performance in helping to meet AA credit needs during the evaluation period.
- We found no evidence of illegal discrimination or other illegal credit practices.

DESCRIPTION OF INSTITUTION

Nebraska National Bank (NNB) is a \$69MM institution located in central Nebraska. The bank's primary loan products by dollar amount were residential real estate and commercial loans. NNB received a "Satisfactory" rating at the last CRA examination, dated July 27, 1998. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA. Community contacts indicated that credit needs of the community are being met, but affordable housing is in short supply. Examiners contacted a member of the community that is involved with providing housing for low- and moderate-income individuals. Refer to the bank's CRA Public File for more information.

DESCRIPTION OF ASSESSMENT AREA

The bank's AA encompassed six block numbering areas (BNAs) in Buffalo county, comprising the city of Kearney and the immediately surrounding area. The bank's AA meets the requirements of the regulation and does not arbitrarily exclude any low- and moderate-income areas. It is composed of five middle-income BNAs and one upper-income BNA. Refer to the bank's CRA Public File for more information.