



**SMALL BANK**

---

Comptroller of the Currency  
Administrator of National Banks

---

## **PUBLIC DISCLOSURE**

**December 3, 2001**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

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

**302 Main Street  
Lewellen, NE 69147**

**Comptroller of the Currency  
Denver Field Office  
1099 18th Street Suite 2650  
Denver, CO 80202**

**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.**

## TABLE OF CONTENTS

<b>INSTITUTION'S CRA RATING.....</b>	<b>1</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>2</b>
<b>DESCRIPTION OF ASSESSMENT AREA .....</b>	<b>2</b>
<b>CONCLUSIONS ABOUT PERFORMANCE CRITERIA.....</b>	<b>3</b>

*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 First National Bank of Lewellen prepared by The Office of the Comptroller of the Currency, as of December 3, 2001. 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.**

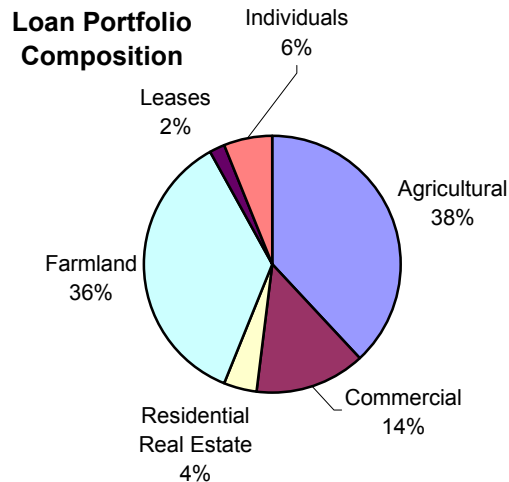
A satisfactory rating is appropriate given the bank's demonstrated ability to meet the credit needs of the communities in the assessment area, including loans to small farms. Specifically:

- The majority of loans by number and dollar amount are originated within the bank's assessment area.
- The bank lends to farms of different revenue size.
- The bank's loan-to-deposit ratio is more than reasonable given area competition and credit needs of the communities it serves.

First National Bank of Lewellen (FNB) is committed to serving the communities in its assessment area and demonstrates satisfactory lending performance.

## DESCRIPTION OF INSTITUTION

First National Bank of Lewellen is a \$21 million bank located in west central Nebraska, approximately 30 miles northwest of the city of Ogallala. The bank does not have any branches or Automated Teller Machines. FNB is a wholly owned subsidiary of Lewellen National Corp., a one-bank holding company located in Lewellen, Nebraska. The holding company also owns an insurance company that is an affiliate of the bank.



The chart to the left reflects the composition of the bank's loan portfolio. The portfolio is heavily concentrated in agricultural-related loans, which are equally divided between loans secured by farmland and agricultural operating loans. Out of \$14 million in total loans, \$11 million is related to agriculture. The remainder of the portfolio consists of loans to small businesses, consumer loans, and tax-exempt leases.

Net loans represent 67% of the bank's total assets.

This Performance Evaluation is an assessment of the bank's CRA performance from December 9, 1996, through December 3, 2001. FNB received a "Satisfactory" rating at its December 9, 1996, CRA evaluation. There are no legal or financial impediments to the bank's ability to meet the credit needs of the assessment area.

## DESCRIPTION OF ASSESSMENT AREA

Management and the board designated Garden, Deuel, and Arthur Counties, and the northern portion of Keith County, including the two Block Numbering Areas (BNAs) in the city of Ogallala, as its assessment area (AA). These are contiguous counties in west central Nebraska. The AA consists of one moderate-income BNA and five middle-income BNAs. None of the BNAs are located in a Metropolitan Statistical Area (MSA). The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

FNB has 6% of the deposits in the AA. Competition comes from Farmers State Bank in Big Springs; Deuel County Bank in Chappell; Nebraska State Bank in Oshkosh; Lisco State Bank in Lisco; Pinnacle Bank, Adams Bank and Trust, and Valley Bank in Ogallala; and Bank of Keystone in Keystone, with a branch in Arthur. In addition, Farm Credit Services is a major competitor for agricultural loans.

The AA has a population of approximately 11,000 people. The majority live in the city of Ogallala. The rest of the AA consists of small towns dependent on agriculture. The Department of Housing and Urban Development (HUD) 2001 updated non-MSA median-family income for Nebraska is \$45,000. Based on U.S. Census data, there are 3,215 families residing in the AA of which 16% are low income, 23% are moderate income, 27% are middle income, and 34% are upper income. Eight percent of the families are below the poverty level. Although the population in the AA is stable, the rural areas experienced a small decline with an offsetting increase in the area surrounding the city of Ogallala. The median housing value is \$39,623 based on 1990 U.S. Census information. Demographic data indicates 50% of housing units are owner occupied, 21% are rentals, and 29% are vacant. Major employers in the AA include Cabela's, school districts, feed lots, hospitals and health services, and government services. The hospitality industry also provides numerous jobs due to the AA's proximity to Interstate 80 and Lake McConaughy, a popular tourist area in the summer months. Unemployment in the AA is comparable to the State of Nebraska average, and below the national average.

We made one community contact during this review. We interviewed the president of the Garden County Farm Bureau who also has been a farmer in the area for 10 years. He indicated the economy in the farm sector is marginal for grain farmers and good for livestock. Jobs in the area are scarce and the only new jobs are low paying. He said the availability of low- and moderate-income housing is good. The financial institutions in the area generally respond well to credit needs; however, it is difficult to get funding for start-up businesses in the rural areas due in part to the small population that provides limited support for businesses.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

FNB does a good job of meeting the credit needs of its AA, including lending to farms of all revenue size.

### **Loan-to-Deposit Ratio**

The bank's loan-to-deposit (LTD) ratio is more than reasonable given area competition and lending opportunities. The bank's average quarterly LTD ratio since the previous CRA evaluation is 86%. The average quarterly LTD for similarly situated banks is 68%, and ranges from 31% to 84%. Similarly situated banks are those banks of comparable asset size operating within the AA.

### Lending in Assessment Area

The bank’s level of lending within the AA is satisfactory. Our sample of loans originated and outstanding since the previous CRA evaluation indicates the majority of loans, by number and dollar volume, are originated in the AA. The following table illustrates these findings:

Lending Within the Assessment Area		
Loan Type	Loans Made in AA Based on Number of Loans in Sample	Loans Made in AA Based on Dollar Amount of Loans in Sample
Agricultural Loans	84%	91%

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

The distribution of loans among farms of different revenue size is good. Farms with annual gross income of less than \$1 million are designated as “small farms.” Demographic data indicates 94% of all farms in the AA have annual revenues less than \$1 million.

We sampled 21 farm loans originated within the bank’s AA since the previous CRA evaluation. One hundred percent of the farm loans sampled were to farms designated “small.” Sampling other types of loans, due to their small percentage of total loans, would not have contributed to the results of this evaluation. The following table shows the bank originates a substantial number and dollar amount of loans to farms with revenues less than \$100,000.

Distribution of Agricultural Loans By Annual Revenue					
Gross Annual Revenue \$(000’s)	Number of Loans in Sample	Percentage of Loans Based on Number in Sample	Dollar Amount of Loans in Sample \$(000’s)	Percentage of Loans Based on Dollar Amount of Sample	Reported Farms in AA with Revenue Size Less Than \$1 Million
\$0 - \$50	6	29%	279	26%	94%
\$50 - \$100	3	14%	155	15%	
\$100 - \$250	12	57%	633	59%	
>\$250	0	0%	0	0%	
Totals	21	100%	1,067	100%	

## **Geographic Distribution of Loans**

We did not perform an analysis of the geographic distribution of loans. The assessment area does not have sufficient income variation in its geographies for a meaningful analysis. The assessment area contains five middle-income BNAs and one moderate-income BNA. The moderate-income BNA has a population of only 444 according to the U.S. Census. A competitive bank has a branch office in the only town of this BNA. Because of this, and the distance of the town from FNB, we would not expect to find significant lending penetration in this BNA.

## **Responses to Complaints**

There have been no CRA-related complaints since the previous evaluation.

## **Fair Lending Review**

An analysis of 1996-2001 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in 1996.