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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

March 13, 1997

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank of Bancroft  
Charter Number 8863  
Post Office Box 159  
Bancroft, Nebraska 68004**

**Office of the Comptroller of the Currency  
117 Pierce Street, Suite 100  
Sioux City, Iowa 51101**

**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 Community Reinvestment Act (CRA) performance of **The First National Bank of Bancroft** prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of March 13, 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.

The bank's lending level is reasonable, given the institution's size, financial condition, and assessment area credit needs. A substantial majority of the bank's loans are within its assessment area. Lending levels to borrowers of different income levels is excellent. The bank does a very good job of lending to farms of different sizes. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u><b>The First National Bank of Bancroft</b></u> 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 Farms of Different sizes	X		
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the last examination.		

## DESCRIPTION OF INSTITUTION

The First National Bank of Bancroft (FNB) is a \$14 million bank located in Cuming County in northeastern Nebraska. The bank's only location is on the main street in Bancroft, Nebraska. FNB is a stand alone bank and is not affiliated with another bank or holding company. There are no legal or financial impediments limiting the bank's ability to help meet community credit needs.

As of December 31, 1996, FNB's loan portfolio comprises 54% of total assets. The bank's primary credit products are agriculture, residential real estate and consumer. The table below breaks down the loan portfolio by outstanding dollar and number of loans.

	% of outstanding loan dollars	% of outstanding # of loans
Agricultural /RE Loans	75%	57%
Residential RE Loans	9%	8%
Consumer Loans	6%	27%
Commercial Loans	8%	7%

FNB was rated "Satisfactory Record of Meeting Community Credit Needs" at the last CRA examination, May 23, 1994.

## DESCRIPTION OF THE BANK'S ASSESSMENT AREA

FNB's assessment area is block numbering areas 9826, 9831, and 9782 in Cuming, Burt, and Thurston Counties, respectively. The assessment area does not exclude any low or moderate income tracts. Individuals can refer to the CRA Public File for a map outlining the bank's assessment area.

The population of the assessment area is 10,034. The median family income is \$35,100, or 89% of the 1996 Nebraska statewide metropolitan median family income of \$39,400. One census tract is moderate income and two other tracts are middle income. Family incomes in the area are: 26% low income; 19% moderate income; 26% middle income; and 29% upper income. The area economy is stable with the main source of employment provided by agriculture with some meat packing and agricultural manufacturing in surrounding communities.

The primary credit needs of the area include agricultural, residential real estate, and consumer installment loans. We determined this by contacting the Chairman of the Bancroft Town Board.

Primary competition includes a state bank in Bancroft and four other banks in the assessment

area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan to Deposit Ratio

FNB's loan-to-deposit ratio is reasonable, given the institution's size, financial condition, and assessment area credit needs. The FNB's ratio averaged 66% over the past eight quarters and was 64% at December 31, 1996. The eight quarter average of other area bank's ranges from 51% to 92%, with an average of 67%.

### Lending in Assessment Area

FNB originates a substantial majority of its loans within the assessment area (AA). The table below shows the findings of our sample:

#### ASSESSMENT AREA CONCENTRATION

(A sample of 36 out of 519 loans as of December 31, 1996)

	<b># of Loans</b>	<b>% of total #</b>	<b>\$ of Loans</b>	<b>% of total \$</b>
Inside AA	34	94%	\$1,326,312	98%
Outside AA	2	6%	\$ 31,613	2%
<b>Totals</b>	36	100%	\$1,357,925	100%

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

FNB has an outstanding record of lending to borrowers of different income levels. Lending levels, given the demographics of the assessment area, reflect excellent penetration among individuals of different income levels. The table below demonstrates the breakdown of loans to individuals as compared to the demographics of the assessment area (AA).

#### LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS

(A sample of 21 out of 182 consumer and real estate loans as of December 31, 1996)

<b>Income Level</b>	<b># of loans</b>	<b>% of total #</b>	<b>\$ of loans</b>	<b>% of total \$</b>	<b>AA</b>
Low	9	43%	\$ 46,461	28%	26%
Moderate	8	38%	\$ 89,502	54%	19%
Middle	3	14%	\$ 13,365	8%	26%
Upper	1	5%	\$ 17,660	10%	29%

<b>Totals</b>	21	100%	\$166,988	100%	100%
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**Lending to borrowers of different income levels (continued)**

The bank does a very good job of lending to farms of different sizes. The table below demonstrates the bank's performance in making farm operating and real estate loans to farm operations of all sizes.

**LOANS TO FARMS AND BUSINESSES OF DIFFERENT SIZES**

(A sample of 15 out of 295 agricultural loans as of December 31, 1996.)

<b>Gross Revenue of Farm / Business</b>	<b># of Loans</b>	<b>% of total #</b>	<b>\$ of loans</b>	<b>% of total \$</b>
\$0 - \$50,000	4	27%	\$ 38,219	3%
\$50,001- \$100,000	4	27%	\$ 214,174	18%
\$100,001 - \$250,000	6	40%	\$ 738,453	62%
over \$250,001	1	6%	\$ 200,091	17%
<b>Totals</b>	15	100%	\$1,190,937	100%

**Geographic Distribution of Loans**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The table on the following page demonstrates the breakdown of loans by location within the assessment area (AA). Although, the largest population in the assessment area is in Thurston County, the majority of the loans sampled were in Cuming County. We concluded this is reasonable as the bank is located in northeast Cuming County. Bancroft is about 6 miles south of Thurston County. Thurston County (Block Numbering Area 9882) contains three competitive banks. We did not detect discrimination or disparate treatment in our fair lending analysis.

**Geographic Distribution of Loans (continued)**

**GEOGRAPHIC DISTRIBUTION OF LOANS**

(A sample of 36 out of 519 loans as of December 31, 1996)

<b>Census Tract</b>	<b># of loans</b>	<b>% of total #</b>	<b>\$ of loans</b>	<b>% of total \$</b>	<b>AA*</b>
#9826 (middle)	23	67%	\$ 932,830	70%	26%
#9831 (middle)	6	18%	\$ 243,845	18%	26%
#9782 (moderate)	5	15%	\$ 149,637	12%	48%
<b>Totals</b>	34**	100%	\$1,326,312	100%	100%

\* % of the assessment area population in each census tract.

\*\*34 out of the sample of 36 loans are located in the three census tracts.

**Response to Complaints**

The bank received no written complaints related to CRA performance.