



Comptroller of the Currency
Administrator of National Banks

Public Disclosure

March 9, 1998

Community Reinvestment Act Performance Evaluation

**The First National Bank of Albion
Charter Number 3960**

**103 South Fourth Street
Albion, Nebraska 68620**

**Office of the Comptroller of the Currency
Omaha Field Office
11606 Nicholas Street, Suite 201
Omaha, Nebraska 68154**

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 First National Bank of Albion** prepared by The Office of the Comptroller of the Currency, as of March 9, 1998. 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 First National Bank of Albion (Bank) extends a substantial majority of its loans to borrowers within its assessment area, and does a satisfactory job of lending to farms of different sizes and borrowers of different income levels. The bank maintains a reasonable loan to deposit ratio.

Description of Institution

The First National Bank of Albion is a \$36 million institution located in northeast Nebraska. It is a subsidiary of First Capital Investment Company, Inc., a one-bank holding company. The bank does not have any branches or Automated Teller Machines. Loans represent 59% of total bank assets. The bank is primarily an agricultural lender, with 64% of its loans for agricultural purposes. The remainder of the portfolio is vested in consumer loans (24%) and commercial and other loans (12%). Loan and deposit competition comes from several other financial institutions located in Boone County. There are no legal impediments or other factors, including the financial condition of the bank, which hinder the bank's ability to comply with the Community Reinvestment Act. The OCC previously rated the bank's CRA performance "Satisfactory" at our April 12, 1995 examination.

Description of Assessment Area

Albion is located in central Boone County, and management has designated all of Boone County as its assessment area. Boone County consists of two Block Numbering Areas (BNAs) which are both designated middle income. The assessment area is not located within a Metropolitan Statistical Area and does not arbitrarily exclude any low- and moderate-income areas.

Boone County is a rural area containing several small communities. According to 1990 census information, 6,667 people reside in the assessment area, with 1,916 individuals located in Albion and the remaining population split between seven other small towns and the surrounding countryside. The median family income for the assessment area is \$26,218 compared to the statewide nonmetropolitan median family income of \$27,623. The percent of families by income level for the assessment area is as follows: low-income 20%, moderate-income 19%, middle-income 31%, and upper-income 30%. Sixteen percent of families in the assessment area have incomes below the poverty level.

Agriculture and its related industries dominate the local economy. The area's main agricultural products include corn, soybeans, and cattle. We reviewed three contacts with community members located throughout the assessment area. The contacts were conducted by the OCC and other regulatory agencies during recent examinations in the assessment area. One contact was a local government official, and the other two contacts were local business people. They stated that the primary credit needs of the community include residential real estate loans and financing for small businesses and farms. The bank offers all of these types of loans, with its primary emphasis on agricultural lending.

Conclusions with Respect to Performance Criteria

Loans to Farms of Different Sizes / Borrowers of Different Incomes

The bank does a satisfactory job of extending credit to farms of different sizes. We reviewed a sample of 20 agricultural loans (34% of the bank's agricultural loan volume). Agriculture census data from 1992 reveals that the vast majority of farm operations in the assessment area are small, with 90% reporting gross revenues less than \$250 thousand. Our sample demonstrates that the bank lends to these small operations, as illustrated in the following chart.

AGRICULTURAL LOANS

Gross Revenues	# of loans	Percent	\$ of loans	Percent
Less than \$100M	3	15%	376M	8%
\$100M - \$249M	11	55%	2,082M	45%
\$250M - \$499M	4	20%	1,129M	25%
\$500M or more	2	10%	1,000M	22%
Totals	20	100%	4,587M	100%

The bank also does a reasonable job of lending to residential real estate borrowers of different income levels. We reviewed a sample of residential real estate loans totaling 19% of the bank's volume for this loan type. We found that the bank's residential real estate lending to borrowers of different incomes compares reasonably to the demographics of the assessment area. The bank does a good job of lending to moderate-income borrowers. The lack of loans to low-income borrowers is reasonable considering the small number of families in the assessment area that are low-income but above the poverty level. The following chart contains details on our residential real estate sample.

RESIDENTIAL REAL ESTATE LOANS

Borrower's income level	Assessment area demographics	# of loans	Percent	\$ of loans	Percent
Low	20%*	0	0%	0M	0%
Moderate	19%	3	30%	87M	20%
Middle	31%	4	40%	197M	44%
Upper	30%	3	30%	162M	36%
Totals	100%	10	100%	446M	100%

* The HUD estimated 1997 median family income at \$37,100. Sixteen percent of families in the assessment area have incomes below the poverty level (less than 30% of the median family income). Only 4% of families in the assessment area are low-income but above the poverty level.

Lending in Assessment Area

The bank extends a substantial majority of its credit to individuals residing within its assessment area. Approximately 83% of the number of loans and 88% of the dollar volume of loans were made to customers who reside within the assessment area. We calculated these percentages by reviewing loans outstanding on the March 6, 1998 loan trial balance and by reviewing management's list of borrowers' addresses and zip codes.

Loan to Deposit Ratio

The bank maintains a reasonable loan to deposit ratio. The bank's quarterly average loan to deposit ratio since its last CRA examination is 65%. This is comparable to the loan to deposit ratios for this time period for the other four community banks chartered in the bank's assessment area, which average 68% and range from 59% to 77%.

Geographic Distribution of Loans

We did not assess the reasonableness of loans distributed within the bank's assessment area because the entire area is fully designated as middle income. Through discussions with management and a review of the bank's March 6, 1998 loan trial balance, it is readily apparent that a majority of the bank's loan customers reside throughout the assessment area.

Response to Complaints

The bank has not received any complaints regarding its CRA performance since the last examination.

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