



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**July 15, 2002**

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

**The Stanton National Bank  
Charter Number 7836**

**924 Ivy Street  
Stanton, Nebraska 68779**

**Comptroller of the Currency  
Omaha North 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.**

# TABLE OF CONTENTS

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

## INSTITUTION'S CRA RATING

**This institution is rated Satisfactory.**

The Stanton National Bank (SNB) adequately meets the credit needs of its assessment area. The primary lending activities are agricultural, residential, and consumer loans.

- A substantial majority of the bank's loans are within the assessment area.
- The bank's lending efforts result in reasonable penetration of farms of different sizes and borrowers of different income levels.

## DESCRIPTION OF INSTITUTION

SNB is a \$26 million bank located in central Stanton County in northeastern Nebraska. The bank has a main location in Stanton, Nebraska and a loan production office in Norfolk in adjacent Madison County. The bank is in the process of converting the Norfolk office to a branch. SNB has two automated teller machines (ATMs) located in Stanton, and six ATMs located throughout Norfolk. Three of the Norfolk ATMs are deposit-taking machines. The bank is primarily owned by Eberly Investment Company, Inc., a \$26 million, one-bank holding company headquartered in Stanton. There are no legal or financial impediments limiting the bank's ability to help meet community credit needs.

As of March 31, 2002, SNB's loan portfolio comprised 63% of total assets. The bank's primary credit products are agricultural, residential, and consumer loans. The table below breaks down the loans originated since the last CRA examination by dollar and number.

	<b>% of originated dollars</b>	<b>% of originated # of loans</b>
Agriculture/RE Loans	44%	30%
Commercial/RE Loans	12%	11%
Residential RE Loans	35%	24%
Consumer Loans	7%	34%
Other Loans	2%	1%

SNB was rated "Satisfactory Record of Meeting Community Credit Needs" at the last CRA examination dated January 23, 1998.

## DESCRIPTION OF ASSESSMENT AREA

SNB's assessment area (AA) consists of all of Stanton County, as well as the city of Norfolk. The AA includes Block Numbering Areas (BNAs) 9821 and 9822 in Stanton County, and 9806 through 9811 in Madison County. The towns in the AA include Stanton, Pilger, and Norfolk. The AA does not have any low- or moderate-income census tracts, and it meets the requirements of CRA. Individuals can refer to the CRA public file for a map outlining the bank's AA.

According to the 1990 U.S. Census, the population of the AA is 28,576. The population is divided between 6,244 people in Stanton County and 22,332 people in the city of Norfolk. The 2001 weighted average updated median family income is \$45,000 for non-metropolitan statistical areas in Nebraska. Seven, or 88%, of the BNAs are middle-income, while one BNA in Norfolk, or 12%, is upper-income. Family incomes in the area are 14% low-income, 18% moderate-income, 26% middle-income, and 42% upper-income. Thirteen percent of AA households are below the poverty level. The median housing value is \$37,618 in Stanton County and \$50,128 in Norfolk, and 60% of housing in the AA is owner-occupied. The area is stable with employment sources provided by farming, cattle feeding, meat packing, and the retail sector in Norfolk.

Examiners made one community contact during this CRA examination and reviewed one other contact conducted previously in the AA. The new contact indicated agricultural and small business lending as the primary community credit needs. SNB offers and originates these types of loans.

The primary competition within the AA includes five state banks and two national banks with asset sizes between \$25 million and \$215 million. There are also four large regional banks located in Norfolk.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

SNB's average loan-to-deposit ratio is reasonable, given the institution's size, financial condition, and AA credit needs. SNB's ratio averaged 71% over the past seventeen quarters and was 69% as of March 31, 2002. The seventeen-quarter average for the seven competing banks with similar products and services ranged from 64% to 82%, with an average of 73%.

### Lending in Assessment Area

SNB originates a substantial majority of its loans within the AA. We reviewed a sample of agricultural, residential, and consumer borrowers to determine the bank's lending to individuals in the AA. All loans were originated since the last CRA examination. The following table shows the findings of our sample:

ASSESSMENT AREA CONCENTRATION				
	# of Loans	% of total #	\$ of Loans	% of total \$
Inside AA	52	87%	\$2,615,022	88%
Outside AA	8	13%	\$359,252	12%
<b>Totals</b>	<b>60</b>	<b>100%</b>	<b>\$2,974,274</b>	<b>100%</b>

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

The bank has an adequate record of residential real estate lending to borrowers of different income levels. We reviewed 20 residential real estate loans totaling \$940,922 to determine the bank's performance in this area. All of the loans in the sample were made to borrowers located within the bank's AA and were originated since the last CRA examination. SNB originated only 20% of loans to low- and moderate-income borrowers, which represent 32% of families in the AA. However, the bank originated all 20% of these loans to moderate-income borrowers, which exceeded the demographic of families at this income level.

Although the bank had no loans to low-income borrowers, this is mitigated by the fact that fewer of these individuals have the financial capacity to afford a home. However, residential loans may be an area of growth as the bank enters the Norfolk market. The table below demonstrates the breakdown of the bank's residential loans to individuals as compared to the demographics of the AA.

<b>RESIDENTIAL LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS</b>					
<b>Income Level</b>	<b># of loans</b>	<b>% of total #</b>	<b>\$ of loans</b>	<b>% of total \$</b>	<b>% of Families in the AA</b>
Low	0	0%	\$0	0%	14%
Moderate	4	20%	\$124,779	13%	18%
Middle	8	40%	\$265,792	28%	26%
Upper	8	40%	\$554,879	59%	42%
<b>Totals</b>	<b>20</b>	<b>100%</b>	<b>\$940,922</b>	<b>100%</b>	<b>100%</b>

SNB has an excellent record of consumer lending to borrowers of different income levels. We reviewed 20 consumer loans totaling \$178,165 to determine the bank's performance in this area. All of the loans in the sample were made to borrowers located within the bank's AA and were originated since the last CRA examination. SNB originated 50% of its loans to low- and moderate-income borrowers, while only 34% of AA households are low- or moderate-income. The table below demonstrates the breakdown of loans to individuals as compared to the demographics of the AA.

<b>LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS</b>					
<b>Income Level</b>	<b># of loans</b>	<b>% of total #</b>	<b>\$ of loans</b>	<b>% of total \$</b>	<b>% of Households in the AA</b>
Low	7	35%	\$51,307	29%	20%
Moderate	3	15%	\$27,400	15%	14%
Middle	5	25%	\$33,965	19%	20%
Upper	5	25%	\$65,493	37%	46%
<b>Totals</b>	<b>20</b>	<b>100%</b>	<b>\$178,165</b>	<b>100%</b>	<b>100%</b>

SNB has a good record of lending to farms of different sizes. We sampled 20 loans totaling \$1,690,144 to determine the bank's performance in this area. Ninety percent of the bank's lending was to smaller operations, those with less than \$250,000 in gross annual revenue. All of the loans in the sample were to farms located within the AA and originated since the last CRA examination. The following table shows the number, dollar volume, and corresponding percentages of the agricultural loan sample.

<b>LOANS TO FARMS OF DIFFERENT SIZES</b>					
<b>Gross Revenue of Farms</b>	<b># of loans</b>	<b>\$ of total #</b>	<b>\$ of loans</b>	<b>% of total \$</b>	<b>% of Farms in AA</b>
\$0 - \$100,000	8	40%	\$293,594	17%	70%
\$100,001 - \$250,000	10	50%	\$1,260,337	75%	19%
\$250,000 - \$500,000	2	10%	\$136,213	8%	7%
Over \$500,000	0	0%	\$0	0%	4%
<b>Totals</b>	<b>20</b>	<b>100%</b>	<b>\$1,690,144</b>	<b>100%</b>	<b>100%</b>

### **Geographic Distribution of Loans**

All BNA's in the AA are middle- or upper-income. Therefore, specific analysis of geographic distribution is not meaningful.

### **Responses to Complaints**

The bank has not received any complaints regarding CRA performance since the last CRA examination dated January 23, 1998.

### **Fair Lending Review**

An analysis of 1999, 2000, and 2001 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. We did not identify any substantive violations of laws or regulations during our examinations. 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 exam was performed in 1998.