



Public Disclosure

July 6, 1999

Community Reinvestment Act Performance Evaluation

**The Coleridge National Bank
Charter Number 10023
101 West Broadway
Post Office Box 6
Coleridge, NE 68727**

**Office of the Comptroller of the Currency
Omaha North Field Office
11606 Nicholas Street, Suite 201
Omaha, NE 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 Coleridge National Bank, Coleridge, NE** prepared by The Office of the Comptroller of the Currency, as of July 6, 1999. 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.

- C The bank's lending level is reasonable, given the institution's size, financial condition, and assessment area credit needs.
- C A substantial majority of the bank's loans are within its assessment area.
- C Lending levels to borrowers of different income levels is satisfactory.
- C The bank is effective in lending to farms of different sizes.

Description of Institution

The Coleridge National Bank (CNB) is a \$20 million bank located in Cedar County in northeastern Nebraska. The bank has a full service location on main street in Coleridge, and an automated teller machine located within the bank lobby. CNB is owned by Gray Bancorp., a one bank holding company. There are no legal or financial impediments limiting the bank's ability to help meet community credit needs.

As of March 31, 1999, CNB's loan portfolio comprised 55% of total assets. The bank's primary credit products are agriculture, residential real estate and consumer. The following table breaks down the loan portfolio by outstanding dollar and number of loans.

	% of Loans By Dollar	% of Loans By Number
Agricultural Loans	70%	40%
Commercial Loans	14%	19%
Consumer Loans	5%	30%
Residential Real Estate Loans	9%	9%
Other Loans	1%	2%

The Coleridge National Bank was rated "Satisfactory Record of Meeting Community Credit Needs" at the last CRA examination dated March 4, 1996.

Description of The Coleridge National Bank's Assessment Area

CNB's assessment area (AA) consists of Cedar County, which contains two block numbering areas (BNA's): 9771 and 9772. Both BNA's are classified as middle-income tracts. The AA meets the requirements of the regulation and does not exclude any low- or moderate-income tracts. Individuals can refer to the CRA Public File for a map outlining the bank's AA.

The population of the AA is 10,131. The median family income is \$24,879, or 63% of the 1998 Nebraska statewide median family income of \$39,800. All block numbering areas are middle-income tracts. Family incomes in the area are: 20% low-income; 21% moderate-income; 31% middle-income; and 28% upper-income. The area economy is stable with the main source of employment provided by agriculture.

The primary credit needs of the area include agricultural, commercial and consumer installment loans. We determined this by contacting a local appointed official.

Primary competition is provided by six other banks with offices located in the AA.

Conclusions with Respect to Performance Criteria

The bank's lending levels are reasonable.

CNB's loan-to-deposit ratio is reasonable, given the institution's size, financial condition, and AA credit needs. The CNB's ratio averaged 62% over the prior twelve quarters and was 61% on March 31, 1999. The twelve quarter average loan-to-deposit ratio of other banks in the AA ranged from 44% to 79%, with an average of 66%.

The bank is lending in the assessment area.

CNB originates a substantial majority of its loans within the AA. The following table shows the findings of our sample:

ASSESSMENT AREA CONCENTRATION (Agricultural and Consumer loans sampled)

	# of Loans	% of total #	\$ of Loans	% of total \$
Inside AA	42	89%	\$1,063,413	87%
Outside AA	5	11%	\$157,296	13%
Totals	47	100%	\$1,220,709	100%

Lending to borrowers of different incomes and to farms/businesses of different sizes

CNB has a satisfactory record of lending to borrowers of different income levels. Lending levels, given the demographics of the assessment area, reflect a reasonable penetration among individuals of different income levels. The following table demonstrates the breakdown of loans to individuals as compared to the demographics of the AA.

LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS (A sample of 22 out of 214 consumer originations)

Income Level	# of loans	% of total #	\$ of loans	% of total \$	AA
Low	1	4%	\$7,800	4%	20%
Moderate	14	64%	\$114,270	54%	21%
Middle	4	18%	\$35,916	17%	31%
Upper	3	14%	\$53,302	25%	28%
Totals	22	100%	\$328,339	100%	100%

The bank does an effective job of lending to farms of different sizes. The following table demonstrates the bank's willingness to make loans to farms of all sizes. The bank's lending performance was compared to the 1992 Agricultural Census data prepared by the U.S. Bureau of the Census. The census data showed 90% of farms in Cedar county had sales less than \$250,000.

LOANS TO FARMS OF DIFFERENT SIZES

(A sample of 25 out of 242 agricultural loan originations)

Gross Revenue of Farms	# of customers	% of customers	\$ of loans	% of total \$
\$0 - \$100,000	9	36%	\$246,841	25%
\$100,001 - \$250,000	6	24%	\$69,150	7%
\$250,001-\$500,000	3	12%	\$172,160	17%
over \$500,000	2	8%	\$490,631	48%
Not Available	5	20%	\$30,639	3%
Totals	25	100%	\$1,009,421	100%

The bank's ratios for lending to small and moderate-sized farms compare favorably to the 1992 agricultural census data. The majority of loans with data are to small- and moderate-sized farms.

Geographic Distribution of Loans

We did not complete an analysis of the geographic distribution of loans among the block numbering areas in the AA. There are no low- or moderate-income block numbering areas in the bank's AA. The block numbering areas are all middle-income.

Response to Complaints

The bank received no written complaints related to its CRA performance during the evaluation period.

We did not detect violations of any substantive provisions of anti-discrimination laws or disparate treatment for consumer loans during our fair lending examination. The bank has satisfactory fair lending policies, procedures, and training programs in place. We did not detect Equal Credit Opportunity Act violations during the examination.