



Public Disclosure

November 24, 1998

Community Reinvestment Act Performance Evaluation

**The Genoa National Bank
Charter Number 6805**

**502 Willard Avenue
Genoa, Nebraska 68640**

**Office of the Comptroller of the Currency
Omaha South 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 Genoa National Bank**, prepared by The Office of the Comptroller of the Currency, as of November 24, 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**."

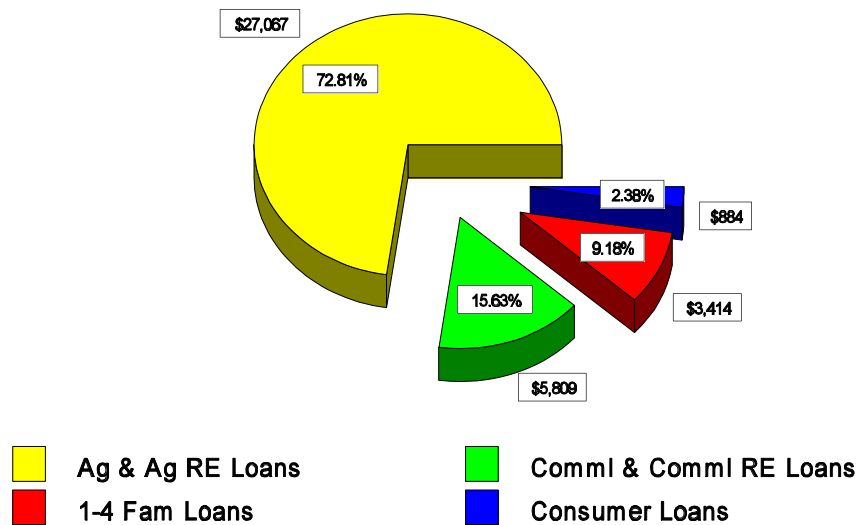
The Genoa National Bank is actively meeting the credit needs of its community. The bank's lending efforts reasonably penetrate all income segments within the assessment area, with a good penetration to small farms and businesses. The bank's loan-to-deposit ratio is high, which reflects the lending staff's commitment to providing credit. A majority of loans are made to customers within its assessment area.

DESCRIPTION OF INSTITUTION

The Genoa National Bank (GNB) is a \$43 million bank headquartered in Genoa, Nebraska. It is the seventh largest of the twenty-seven bank or savings institution offices and branches located in the three county assessment area. We determined this June 30, 1997 ranking by comparing deposits reported by the Federal Deposit Insurance Corporation. Refer to the assessment area section for a detailed description of the bank's assessment area. The bank operates from one location. The bank maintains two automated teller machines. The machine located at the bank is full service and the machine at a convenience store in Genoa is restricted to withdrawals and transactions between accounts. The OCC assigned a CRA rating of "Satisfactory" during the last CRA evaluation ending December 6, 1996. GNB is owned by individual stockholders.

GNB has the financial capacity to assist in meeting the community's credit needs. There are no legal or financial barriers to impede its efforts. The bank offers a full-range of credit products including agricultural, real estate, commercial and consumer loans plus an overdraft credit plan. Loans comprised 77 percent of the bank's assets as of September 30, 1998. The following graphic shows the bank's loan portfolio consists of 73 percent agricultural and agricultural real estate; 16 percent commercial and commercial real estate; 9 percent 1-4 family residential and 2 percent consumer loans. We concentrated our analysis on small farm and business loans as residential and consumer loans are a

Loans by Type



relatively small portion of the portfolio.

DESCRIPTION OF GNB'S ASSESSMENT AREA

GNB's assessment area includes all of Merrick, Nance and Platte Counties. GNB is located in eastern Nance County, near Platte County's western boundary. Merrick County lies directly south of Nance County. The 1990 U.S. Census divides these counties into eleven block numbering areas (BNA) for measuring purposes. The Census designated nine of these BNA's as middle-income and two as upper-income. According to the 1990 Census, the bank's assessment area had a population of 42,137. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies.

Population trends are stable with moderate growth in the Columbus, Nebraska area which is in Platte County. The demographics of the families in the assessment area by income level were 13 percent low-, 18 percent moderate-, 28 percent middle- and 41 percent upper-income. In addition, 15 percent of the population was over age 65 and 7 percent of families were below poverty level. The 1990 HUD nonMSA statewide median family income for Nebraska was \$27,623. In 1998, the updated HUD nonMSA statewide median family income was \$39,300. The 1990 Census determined the median housing value within the assessment area was \$43,982 and 67 percent of the housing units were owner occupied.

The majority of the bank's business originates in the immediate Genoa area where the bank's office is located. Genoa, with a population of approximately 1,115, is a non-county seat town in Nance County. It is located in east central Nebraska, approximately 95 miles from Lincoln, Nebraska, the state capital.

Agriculture and its related industries dominate the area with farm row crop and livestock operations. The bank lends heavily for feeder cattle, cow/calf financing, and row crop (primarily corn) production. Agricultural land quality varies greatly in the area and a large portion tends to be lower quality sandy ground, best suited to livestock production.

Seven members of the public within the three county assessment area, contacted by examiners during examinations within the past twenty-three months, stated the primary credit need was affordable family housing. These contacts were city, low-income housing or economic development council administrators familiar with area housing economics. GNB assists in meeting this need by making available loans for lower dollar 1-4 family real estate loans.

Major area employers in the immediate area include the Genoa Community Care Center, the public schools and the local Coop. Overall unemployment remains low. Retail activity is good in nearby Columbus, Nebraska and provides some employment diversification to the local economy. An

agricultural equipment manufacturer in nearby Lindsay, Nebraska also provides industrial job opportunities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending to Farms and Businesses of different revenue sizes.

A sample of agricultural, and business loans made within the assessment area revealed a good penetration of loans to borrowers of different income levels. This bank meets the standards for satisfactory performance for this performance factor. We reviewed the revenue distribution of 41 agricultural and 17 commercial borrowers with loan originations between 1/1/97 and 11/30/98. Loan originations to these borrowers totaled \$25,191M. Our agricultural and commercial loan samples represented 17% of the number and 31% of the dollar value of loan originations during this period. Information from the 1990 U.S. Census for the assessment area indicates most businesses and farms are small. Of the 1,471 businesses and farms reporting census data, 90 percent (1,331) had revenues totaling less than \$1,000,000. Our sample of loans made within the assessment area during the previous twenty-three months reflects a close correlation with this demographic information. One hundred and 88 percent of farm and business loans, respectively, in the sample were to borrowers with revenues of less than \$1,000,000.

Farm revenue information from the 1992 Census of Agriculture covering 1,585 farms in the three county assessment area details agricultural sales demographics. We itemize this data in the table below by listing the percentage of farms in each revenue category and comparing GNB's lending to agricultural borrowers in each of the revenue categories. We note fewer loans to farms with low revenues of \$100,000 or less. This is reasonable as farmers with less than \$100,000 in gross revenue are part-time or "hobby farmers" or are landlords whose additional outside income support the farm operation and eliminate the need to borrow money. In addition, the 1992 Census of Agriculture for the three county assessment area shows the average market value of agricultural products sold per farm to be \$165,000 which is a reasonable level supporting a farm as an ongoing self supporting enterprise. The table shows the bank is an active lender to farms with revenues near this average.

SMALL FARM LOANS	% Farms in AA*	Loans to Farms †			
		# of Loans	%	\$ (000's)	%
Revenues <= \$50,000	46%	3	7%	214	5%
Revenues \$50,000 to \$99,999	19%	3	7%	157	4%
Revenues \$100,000 to \$249,999	23%	21	51%	1,502	38%
Revenues \$250,000 to \$499,999	8%	12	30%	1,649	42%

Revenues \$500,000 and greater**	4%	2	5%	419	11%
TOTAL	100%	41	100%	3,941	100%

* Data Source: 1992 Census of Agriculture - Merrick, Nance and Platte Counties (combined) .

** No farm loans in the sample were to enterprises with revenues more than \$1,000,000.

† A sample note to one farm may not be the total debt to that farm.

GNB is primarily an agricultural lender, but also supports commercial credit needs of small businesses within the immediate area. The table shown below reveals good support of business with revenues below \$1,000,000.

SMALL BUSINESS LOANS	% Businesses in AA*	Loans to Businesses			
		# of Loans	%	\$ (000's)	%
Revenues <= \$1 Million	74%	15	88%	934	53%
Revenues > \$1 Million	8%	2	12%	837	47%
Unknown Revenues	18%	-	-	-	-
TOTAL	100%	17	100%	1,771	100%

*Data Source: Bank Records and Dun & Bradstreet

Comparison of Credit Extended Inside and Outside of the Assessment Area

A majority of GNB's loans are to borrowers within its assessment area. The results of our sampling for this factor are listed in the following table. It shows 71 percent of small farm and 85% of small business borrowers are within the assessment area. The bank meets the standards for satisfactory performance for this factor.

Product Type		Total		% of Total	
		#	\$(000's)	#	\$(000's)
Small Farm	In	41	3,941	71%	71%
	Out	17	1,645	29%	29%
Total Small Farm		58	5,586	100%	100%
Small Business	In	17	1,771	85%	80%
	Out	3	433	15%	20%

Product Type	Total		% of Total	
	#	\$(000's)	#	\$(000's)
Total Small Business	20	2,204	100%	100%

Loan-to-deposit Ratio

The bank's net loan-to-deposit ratio averaged 89 percent over the last eight quarters based on data the bank reported in Consolidated Reports of Condition. This average was the highest of fourteen banks headquartered within the assessment area. GNB exceeds the standards for satisfactory performance in this area. During this period GNB's loan-to-deposit ratio generally ranked in first place with the ratio falling to second place in the most recent three quarters. The most recent data shows the fourteen banks' loan-to-deposit ratios ranging from 44 percent to 102 percent. The fourteen other institutions headquartered in the assessment area as well as branches of six other banks or savings institutions provide robust competition for loans and deposits. All are similarly situated as the GNB when comparing general size and product mix, except for 8 significantly larger banks or branches of savings institutions in Columbus, Nebraska.

Geographic Distribution of Loans

An analysis of the geographic distribution of loans would not be meaningful since all of the BNA's within GNB's assessment area are middle or upper income.

Response to Complaints

No complaints were received since the prior examination.

Compliance with Antidiscrimination Laws and Regulations

GNB is in compliance with the substantive provisions of antidiscrimination laws and regulations. We found no evidence of discrimination or disparate treatment in our review of the bank's lending practices.