



Public Disclosure

May 10, 1999

Community Reinvestment Act Performance Evaluation

**NebraskaLand National Bank
Charter Number 23645**

**519 North Dewey
North Platte, Nebraska 69103**

**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 **NebraskaLand National Bank** prepared by The Office of the Comptroller of the Currency, as of **May 10, 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.

NebraskaLand National Bank does a good job of lending to businesses of different sizes and a reasonable job of lending to borrowers of different income levels. The bank also does a reasonable job of lending to geographies of different income levels. The bank maintains a good loan to deposit ratio.

Description of Institution

NebraskaLand National Bank (NLNB) is a \$24 million institution located in western Nebraska. The bank is a subsidiary of First York Bancorp, a multi-bank holding company. NLNB's main office is located in North Platte. The bank does not have any branches, but maintains a deposit-taking Automated Teller Machine (ATM) at its main office. Loans represent 65% of total bank assets. The bank is primarily focused on commercial and residential real estate lending. Forty-one percent of its loans are for commercial purposes. The remainder of the portfolio is vested in agricultural loans (29%), residential real estate loans (24%), and consumer and other loans (6%).

Loan and deposit competition comes from several other financial institutions operating in communities throughout the assessment area. There are five other banks chartered in the assessment area, and six branches of non-local financial institutions operating in the assessment area. Average total assets of the banks chartered in the assessment area were \$127 million as of December 31, 1998. NLNB is smaller in asset size than the average bank in the assessment area and has only a small portion of the deposit market share. 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. This is the bank's first CRA examination since it was chartered in May 1998.

Description of Assessment Area

NLNB's assessment area consists of Lincoln County, located in western Nebraska. Lincoln County is not located within a Metropolitan Statistical Area. North Platte is the county seat of Lincoln County. The assessment area includes the bank's office and ATM. The assessment area contains nine Block Numbering Areas (BNAs); one designated moderate income, four designated middle income, and four designated upper income. The assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- and moderate-income areas.

North Platte serves as a retail trade area for the surrounding rural countryside. According to 1990 census information, 32,508 people reside in the assessment area with 22,605 individuals in North Platte and the remaining population split among seven other small towns and the surrounding countryside. Bank officers estimate that North Platte's population has grown to 25,000 since the last census. The 1990 census revealed that the median family income for the assessment area is \$31,992 compared to the statewide nonmetropolitan median family income of \$27,623. Updated HUD statewide median family income for 1998 is \$39,300. The distribution of families by income level for the assessment area is as follows: low income 17%, moderate income 15%, middle income 21%, and upper income 47%. Ten percent of families in the assessment area are below the poverty level. According to the 1990 census, the median housing value in the assessment area is \$43,311 and 61% of housing is owner-occupied. A local realtor contacted during this examination stated that the current median housing value is approximately \$86,000.

North Platte is located on a major transportation corridor, which benefits the local economy. Union Pacific Railroad is the town's dominant employer. Other significant employers include the city of North Platte, the local school system, the Nebraska Public Power District, and the local hospital. Members of the community contacted by examiners stated that the local economy is continuing to grow. Contacts indicated that small business loans, residential real estate loans, and agricultural loans are important credit needs in the community. NLNB makes all of these types of loans, but focuses on commercial and residential real estate loans. We contacted a local realtor during this examination, and reviewed a contact with a local trade association that was made previously by another regulatory agency.

Conclusions with Respect to Performance Criteria

Lending to Businesses of Different Sizes and Borrowers of Different Income Levels

NLNB does a good job of lending to businesses of different sizes. Because the bank is primarily a commercial lender, we reviewed a sample of 16 commercial loans totaling \$1,322,000 to determine the bank's lending to businesses of different sizes. All of the loans in our sample were originated since the bank was chartered in May 1998 and were made to businesses located within the bank's assessment area. Demographic data reveals that most of the businesses in the bank's assessment area are small, with revenues less than \$1 million. NLNB's lending to small businesses closely matches assessment area demographics. Our sample revealed that NLNB lends to businesses of all sizes, with gross revenues of borrowers in our sample ranging from \$23 thousand to \$1.7 thousand. Data collected in our sample is displayed in the following table.

Commercial Lending					
Gross Revenues (000s)	% of businesses in AA	# of loans	%	\$ volume of loans (000s)	%
Less than \$1,000	76%	13	81%	\$942	71%
\$1,000 or greater	5%	3	19%	\$380	29%
Unknown	19%	0	0%	\$0	0%
TOTALS	100%	16	100%	\$1,322	100%

Because the bank also focuses on residential real estate lending, we reviewed a residential real estate loan sample to assess the bank's lending to borrowers of different income levels. Our sample included 19 loans totaling \$1,620,000. The sample consisted of loans originated since the bank was chartered in May 1998 to borrowers located within the assessment area. The bank does a good job of making residential real estate loans to moderate-income borrowers, matching assessment area demographics. None of the loans in our sample were made to low-income borrowers, but this is explained by the high cost of housing in the assessment area and the large percentage of low-income residents that are below the poverty level. To help meet the housing needs of low-income residents of the assessment area, NLNB participated in the construction and permanent financing of a 38-unit housing complex in North Platte for low-income elderly residents. One community contact specifically noted that this project helped to meet the housing needs of low-income people in North Platte. Results of our residential real estate sample are displayed in the following table.

Residential Real Estate Lending					
Income Level	% of families in AA	# of loans	%	\$ volume of loans (000s)	%
Low	17%	0	0%	\$0	0%
Moderate	15%	3	16%	\$137	8%
Middle	21%	2	10%	\$108	7%
Upper	47%	14	74%	\$1,375	85%
TOTALS	100%	19	100%	\$1,620	100%

Geographic Distribution of Loans

The bank does a reasonable job of lending in the moderate-income geography in its assessment area. We used the commercial and residential real estate samples described above to assess the bank’s geographic distribution of loans. Our commercial loan sample revealed that the bank’s lending to businesses located in the moderate-income geography approximates assessment area demographics. The results of our commercial loan sample are displayed in the following table.

Commercial Lending					
Income level of BNA	% of businesses in AA	# of loans	%	\$ volume of loans (000s)	%
Moderate	23%	2	13%	\$310	23%
Middle	42%	9	56%	\$517	39%
Upper	35%	5	31%	\$495	38%
TOTALS	100%	16	100%	\$1,322	100%

No loans in our residential real estate sample were made in the moderate-income geography. However, assessment area demographics reveal that only a very minimal portion of the assessment area’s owner-occupied housing is located in the moderate-income geography. Therefore, the bank’s lack of lending in this geography is reasonable. We also note that the low-income housing project described above is located in the moderate-income BNA. The results of our residential real estate sample are displayed in the following table.

Residential Real Estate Lending					
Income Level of BNA	% of owner-occupied housing in AA	# of loans	%	\$ volume of loans (000s)	%
Moderate	2%	0	0%	\$0	0%
Middle	49%	10	53%	\$846	52%
Upper	49%	9	47%	\$774	48%

Residential Real Estate Lending					
TOTALS	100%	19	100%	\$1,620	100%

Loan to Deposit Ratio

The bank maintains a good loan to deposit ratio which is comparable to the other banks chartered in the assessment area. Over the last three quarters, the bank's loan to deposit ratio averaged 81%. The ratios of the other banks chartered in the assessment area range from 73% to 92% and average 84%. NLNB's ratio ranks fourth of the six banks during this timeframe. NLNB recently began selling residential real estate loans on the secondary market, with \$503M sold to date.

Lending in Assessment Area

The bank extends the majority of its commercial and residential real estate loans to borrowers within the assessment area. We sampled loans to 20 commercial borrowers totaling \$2,214,000. We found that 60% of the loans by dollar volume and 80% of the loans by number were to borrowers located within the assessment area. We also sampled 22 residential real estate loans totaling \$1,756,000. We found that 92% of the loans by dollar volume and 86% of the loans by number were to borrowers located within the bank's assessment area.

Response to Complaints

The bank has not received any complaints regarding its CRA performance.

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 applicants for the types of credit the bank offers.