



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

October 1, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Stanton National Bank
Charter Number 7836**

**924 Ivy Street
Stanton, Nebraska 68779**

**Office of the Comptroller of the Currency
Sioux Falls Field Office
4900 South Minnesota Avenue, Suite 300
Sioux Falls, South Dakota 57108**

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.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory."

- The bank's quarterly average net loan-to-deposit ratio of 77.38 percent is reasonable and reflective of the bank's willingness to lend.
- A majority of the bank's loans by number (88 percent) and by dollar volume (87 percent) are located within its assessment area.
- Borrower distribution is excellent for loans to small farms and good for loans to borrowers of different income levels.
- Geographic distribution is reasonable for loans to small farms and loans to consumers.

SCOPE OF EXAMINATION

We considered loans originated from January 1, 2005 to June 30, 2007 and determined the bank's primary products to be agricultural and consumer loans. We sampled 20 agricultural and 20 consumer loans for this exam, and then expanded to 60 consumer loans for our geographic distribution review. The table below shows the loan originations during the sampled period:

	Originated Loans by #	Originated Loans by \$
Agricultural	22.13%	57.51%
Commercial	16.84%	16.94%
Residential RE Loans	16.36%	19.26%
Consumer Loans	44.66%	6.30%

DESCRIPTION OF INSTITUTION

The Stanton National Bank (SNB) is a \$34 million bank headquartered in Stanton County in northeastern Nebraska. The bank includes a main branch located in Stanton, Nebraska and a branch located in Norfolk, Nebraska. The bank offers traditional banking products and services and has been steadily growing the last several years. The bank has eight automated teller machines (ATMs) in Norfolk and Stanton, three of which accept deposits.

According to the June 30, 2007 call report, the bank had the following outstanding loans by dollar volume: residential real estate (40 percent), agricultural (34 percent), commercial (20 percent), and consumer (6 percent). Net loans totaled 73 percent of total assets as of June 30, 2007. These loan types and amounts are reflective of the bank's overall business strategy.

The bank is 83 percent owned by the Eberly Investment Company, Inc. which is a \$34 million, one bank holding company located in Stanton, Nebraska. SNB has one affiliate, an insurance company located in Stanton, Nebraska. Since the last CRA examination, SNB converted its former loan production office in Norfolk to a full branch.

SNB was rated "Satisfactory" at its July 15, 2002 CRA examination. There are no legal or financial impediments limiting the bank's ability to help meet community credit needs.

DESCRIPTION OF ASSESSMENT AREAS

SNB has designated one assessment area (AA) which consists of Stanton County and a small portion of Madison County. The AA includes census tracts 9806, 9807, 9808, 9809, 9810, and 9811 in Madison County and census tracts 9821 and 9822 in Stanton County. The AA includes one moderate-income census tract located in Madison County. The population of this assessment area is 32,557 persons according to the 2000 U.S. Census data.

The bank's AA complies with regulatory requirements. It includes all banking offices and deposit-taking ATMs. The AA does not arbitrarily exclude any low- or moderate-income census tracts.

The 2000 U.S. Census and the 2006 Department of Housing and Urban Development (HUD) estimate the median family incomes for the AA to be \$41,596 and \$51,400 respectively. One of the census tracts (12.50 percent) is moderate-income, five (62.50 percent) are middle-income, and two (25 percent) are upper-income. Family incomes in the area are 14 percent low-income, 19 percent moderate-income, 23 percent middle-income, and 44 percent upper-income.

Economic conditions are generally good. Major employment is centered in manufacturing, agriculture, and a retail sector in Norfolk. According to the Bureau of Labor Statistics, June 2007 unemployment in the AA of 3.35 percent is below the national average of 4.5 percent and comparable to the state of Nebraska at 3.2 percent.

Competition from other financial institutions is strong. There are 16 financial institutions operating in the AA. Elkhorn Valley Bank and Trust leads the market with 23 percent deposit market share. SNB has a deposit market share of 3 percent and ranks 11th in overall deposit market share.

We did not identify any unmet credit needs in SNB's AA. We made one community contact during this CRA examination and reviewed another recent contact conducted in the AA. The contacts identified agricultural loans as the primary credit need and stated the local financial institutions are a great asset to the community.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

SNB's average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs. The bank's quarterly net loan-to-deposit ratio averaged 77.38 percent for the 21 quarters from June 30, 2002 to June 30, 2007. The bank's net loan-to-deposit ratio is reasonable and has ranged from 69.57 percent in 2002 to 87.63 percent in 2006. SNB's LTD ratio has been increasing slightly over the last 21 quarters.

SNB's average net loan-to-deposit ratio compares favorably to three other community banks of similar size (total assets \$25 million to \$80 million) in the AA. The other three banks had

quarterly average net loan-to-deposit ratios averaging 76.35 percent over the 21 quarters from June 30, 2002 to June 30, 2007.

Lending in Assessment Area

SNB originates a majority of its loans by number (88 percent) and dollar volume (87 percent) to borrowers located within its defined AA, as shown in the following table:

	# of loans	% of total #	\$ of loans (000)	% of total \$
Inside AA	35	88%	1106	87%
Outside AA	5	12%	160	13%
Total	40	100%	1266	100%

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

Borrower distribution is excellent for loans to farms of different sizes and good for loans to borrowers of different income levels.

SNB originated 100 percent of its loans to small farms with gross annual revenues under \$1 million, which exceeds community demographics as 93 percent of AA farms have gross annual revenues under \$1 million. In addition, SNB originated 70 percent of its loans to the AA's smallest farms, those with gross annual revenues under \$100 thousand.

SNB originated 35 percent of its loans to low-income borrowers and 30 percent of its loans to moderate-income borrowers, both of which exceed assessment area demographics as shown in the following table:

Income Level	# of loans	% of total #	\$ of loans (000)	% of total \$	% of AA Households
Low	7	35%	28	19%	20%
Moderate	6	30%	58	40%	17%
Middle	4	20%	46	31%	20%
Upper	3	15%	14	10%	43%
Total	20	100%	146	100%	100%

Geographic Distribution of Loans

Geographic distribution of agricultural and consumer loans in the assessment area is reasonable.

The bank's agricultural lending by number meets the community demographics and lending by dollar volume exceeds community demographics as shown in the following table:

Geographic Distribution of Agricultural Loans

Tract Income Level	% of Number	% of Amount	% of AA Farms
Low	0%	0%	0%
Moderate	5%	19%	7%
Middle	85%	47%	67%
Upper	10%	34%	26%
Total	100%	100%	100%

Geographic distribution of consumer loans is also reasonable. The bank's lending by both number and dollar volume are slightly below the AA demographics. However, this is reasonable as the bank's only moderate-income tract is located outside Norfolk where there is higher competition for consumer loans. The table below summarizes the bank's performance compared to the AA demographics:

Geographic Distribution of Consumer Loans

Tract Income Level	% of Number	% of Amount	% of AA Households
Low	0%	0%	0%
Moderate	5%	5%	12%
Middle	80%	71%	51%
Upper	15%	24%	37%
Total	100%	100%	100%

Responses to Complaints

The bank has not received any complaints regarding its CRA performance since the last CRA examination dated July 15, 2002.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.