



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

May 19, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

NebraskaLand National Bank
Charter Number 23645

121 North Dewey
North Platte, NE 69101

Office of the Comptroller of the Currency

Omaha Field Office
13710 FNB Parkway, Suite 110
Omaha, NE 68154-5298

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.

- NebraskaLand National Bank (NLNB) adequately meets the credit needs of the community, as demonstrated by its quarterly average loan-to-deposit (LTD) ratio of 95.43% during the evaluation period.
- A majority of loans by both number (80%) and dollar volume (58%) are originated within the bank's assessment areas (AAs).
- The bank's distribution of loans reflected satisfactory penetration among businesses and families of different sizes.

SCOPE OF EXAMINATION

We reviewed agricultural, commercial, residential real estate, and consumer loans originated from January 1, 2006 to March 31, 2008 to identify NLNB's primary loan products. Based on the table below, we identified commercial and residential real estate loans as the bank's primary products. We randomly selected 20 loans for each of these primary products in one AA to assess borrower distribution. We could not sample the primary products for the second AA due to an insufficient amount of loans originated in the AA to provide us with an adequate sample. The second AA contains a four year old branch that has originated approximately 50 loans since January 1, 2006. Of these loans originated, the majority were agricultural loans (17). We sampled all agricultural loans originated from January 1, 2006 to March 31, 2008 in the second AA to assess borrower distribution. When making conclusions on overall performance, we gave equal weight to commercial, residential real estate, and agricultural lending.

LOAN PORTFOLIO ORIGINATIONS				
	Originated Loans by Number		Originated Loans by Dollar	
	Number	Percentage	\$(000)	Percentage
Agricultural Loans	87	14.70%	28,456,296	12.75%
Consumer Loans	96	16.22%	2,437,935	1.09%
Residential RE Loans	189	31.93%	44,821,931	20.09%
Commercial Loans	220	37.16%	47,434,413	66.07%

Source: Bank Reports

DESCRIPTION OF INSTITUTION

NLNB is a \$204 million bank located in Lincoln County in western Nebraska. The bank is 100% owned by NebraskaLand Financial Services Inc., a two-bank holding company located in North Platte, Nebraska. NLNB's main office is located in North Platte, Nebraska. The bank also operates three full service branches in North Platte and one full service branch in Mullen, Nebraska. The bank's only deposit-taking automated teller machines are at their full service branches. The bank's corporate structure has not changed since the last Community Reinvestment Act (CRA) examination.

There are no legal or financial impediments limiting the bank's ability to help meet community credit needs. NLNB was rated "Satisfactory" at its last CRA examination dated November 25, 2003. As of March 31, 2008, NLNB's \$163 million loan portfolio comprised 79.30% of average total assets.

DESCRIPTION OF ASSESSMENT AREA(S)

The bank's AAs meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income geographies. Due to the locations of NLNB's four branches, management has designated two AAs.

The first AA is all of Lincoln County in Nebraska which includes three middle-income and two upper-income census tracts. The AA is served by the main bank and three branches all located in North Platte. According to the 2000 U.S. Census, the AA's population is 34,632. The 2000 weighted average median family income was \$45,398 and the 2007 weighted average updated median family income is \$50,400 for non-metropolitan statistical areas in Nebraska. Family income in the AA includes 16% low-income, 17% moderate-income, 23% middle income, and 44% upper-income. Business demographics consist of 89.44% non-farm and 10.56% farm. The local economy is stable, and unemployment remains low at 2.06% compared to 2.8% for the state of Nebraska and 5.1% for the nation (*U.S Dept. of Labor February 2008*).

The second AA is all of Hooker County in Nebraska which includes one middle-income census tract. The AA is served by a branch in Mullen, Nebraska. According to the 2000 U.S. Census, the AA's population is 783. The 2000 weighted average median family income was \$35,114. Family income in the AA includes 18% low-income, 28% moderate-income, 26% middle-income, and 28% upper-income. Business demographics consist of 79.78% non-farm and 20.22% farm. The local economy is stable and unemployment remains low at 0.64%.

We conducted a community contact during the examination with a local community development organization. The community contact revealed that agricultural and commercial loans remain the primary credit need within the community. NLNB offers and originates these types of loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

NLNB's LTD ratio is reasonable and meets the performance criteria, given its size, financial condition, and AA credit needs. NLNB's LTD ratio follows the seasonal housing and commercial construction cycle from quarter to quarter but remains fairly stable. The quarterly LTD ratio average over the last 20 quarters from April 1, 2003 to December 31, 2007 is 95.43%. This was comparable to three similarly situated institutions in the bank's AAs. The three institutions had a combined average LTD ratio of 92.66% during the evaluation period, and ranged from 85.04% to 104.68%.

Lending in Assessment Area

NLNB originates a majority of its loans within the AA and meets the performance criteria. The percentage by dollar is lower due to a few large participations bought from NLNB's sister bank. A single participation was for \$1.2MM alone. Without this participation, the combined in/out ratio by dollar would be 71%. Even though NLNB does participate in larger credits outside their AAs, a majority of their loans are made within their AAs. The following table details the findings of our sample.

LENDING IN THE ASSESSMENT AREA								
Loan Type	Number of Loans (40 total)				Dollars of Loans (\$6,852,264 total)			
	Inside		Outside		Inside		Outside	
	#	%	#	%	\$	%	\$	%
Commercial	15	75	5	25	2,630,419	53	2,290,702	47
Residential RE	17	85	3	15	1,339,118	69	592,025	31
Totals	32	80%	8	20%	\$3,969,537	58%	\$2,882,727	42%

Source: Bank Reports

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

The bank has a satisfactory record of lending to businesses, borrowers, and farms of different sizes, and meets the demographics of each AA.

Lincoln County AA

NLNB's distribution of loans to businesses of different sizes in Lincoln County was satisfactory. As shown in the below table, a majority of the loans were originated to businesses with gross annual revenues less than \$1 million, and 50% of those were originated to very small businesses with gross annual revenues of less than \$250,000. NLNB meets income standards for commercial lending when comparing to AA demographics. In concluding performance was satisfactory, we took into consideration demographic data that showed a large percentage of businesses in the AA did not have revenue information available. When including the unknown businesses, a maximum of 98% of AA businesses have gross annual revenues under \$1 million. This is similar to NLNB's 100% in the same income category.

LOANS TO BUSINESSES IN LINCOLN COUNTY ASSESSMENT AREA				
Business Revenues (or Sales)	≤ \$1,000,000	> \$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	49%	2%	49%	100%
% of Bank Loans in AA by #	100%	0%	0%	100%
% of Bank Loans in AA by \$	100%	0%	0%	100%

Source: Sample of loans from January 1, 2006 to March 31, 2008, 2007 Business Geodemographic Data.

NLNB’s distribution of loans to borrowers of different sizes in Lincoln County was satisfactory. The data did not differentiate between home purchases and refinance loans. NLNB meets income standards for residential real estate lending when comparing to AA demographics.

BORROWER DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS IN LINCOLN COUNTY ASSESSMENT AREA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
	16	5	16	11	23	26	45	58

Source: Sample of loans from January 1, 2006 to March 31, 2008, 2007 Business Geodemographic Data.

Hooker AA

NLNB’s distribution of loans to farms of different sizes in Hooker County was exceptional. As shown in the below table, a majority of the loans were originated to farms with gross annual revenues less than \$1 million, and 50% of those were originated to very small farms with gross annual revenues of less than \$250,000. NLNB exceeds income standards for agricultural lending when comparing to AA demographics.

LOANS TO FARMS IN HOOKER COUNTY ASSESSMENT AREA				
Farm Revenues	≤ \$1,000,000	> \$1,000,000	Unavailable/Unknown	Total
% of AA Farms	100%	0%	0%	100%
% of Bank Loans in AA by #	100%	0%	0%	100%
% of Bank Loans in AA by \$	100%	0%	0%	100%

Source: Sample of loans from January 1, 2006 to March 31, 2008, 2007 Business Geodemographic Data.

Geographic Distribution of Loans

Geographic distribution analysis is not meaningful as the AAs consist of seven middle-income and two upper income census tracts.

Responses to Complaints

NLNB has not received any Community Reinvestment Act related complaints since the last performance evaluation.

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.