



SMALL BANK

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

PUBLIC DISCLOSURE

September 17, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank and Trust Company
Charter Number 2746**

**1701 Stone Street
Falls City, NE 68355**

**Comptroller of the Currency
Omaha Field Office
13710 FNB Parkway, Suite 110
Omaha, NE 68154**

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: Satisfactory

First National Bank and Trust Company (FNBT) adequately meets the credit needs of its assessment area (AA). The bank's primary lending activities are agricultural and consumer loans.

- FNBT originates a substantial majority of its loans within its AA.
- The bank's lending efforts result in satisfactory penetration of borrowers of different income levels and farms of different sizes.

DESCRIPTION OF INSTITUTION

FNBT is an \$80 million bank located in Falls City, Nebraska. The bank's main office is located in downtown Falls City, with a drive-up/walk-in facility located one block away. The bank is 100% owned by First Financial Services, Inc., an \$80 million one-bank holding company headquartered in Falls City, Nebraska. The bank owns one non-depository automated teller machine (ATM). The ATM is located in the main branch. There are no legal or financial impediments limiting the bank's ability to help meet community credit needs.

As of June 30, 2007, FNBT's loan portfolio is comprised of 29% of total assets. The bank's primary credit products are agricultural and consumer loans. The table below breaks down the portfolio by dollar and number of loans originated from January 1, 2005 to August 31, 2007.

Loans Originations				
Loan Product	Number Originated	By Number	Dollars Originated	By Dollar
Home Loans	111	17%	\$5,900,392	25%
Consumer Loans	343	51%	\$4,547,660	19%
Business Loans	20	3%	\$1,177,767	5%
Agricultural Loans	191	29%	\$11,723,732	51%
TOTALS	665	100%	\$23,348,970	100%

Source: Bank Reports – Loan Originations 1/1/2005 to 8/31/2007

FNBT was rated "Satisfactory" at the last Community Reinvestment Act (CRA) examination dated December 2, 2002.

DESCRIPTION OF RICHARDSON COUNTY AA

FNBT's AA consists of all of Richardson County. The 2000 U.S. Census indicates the population of Richardson County is 9,531. The AA includes four middle income census tracts (CT). Towns in the AA include Barada, Dawson, Falls City, Humboldt, Preston, Rulo, Salem, Shubert, Stella, and Verdon. The AA does not have any low- or moderate-income census tracts, and it meets the requirements of the CRA. Individuals can refer to the CRA public file for a map outlining the bank's AA.

The condition of the local economy is stable, and the level of unemployment in the community continues to decrease. Major employers include the local hospital and area schools. However, two local manufacturing plants; AirLanco and Watkins Aircraft Support Products, Inc. also serve as important employers in the community.

One community contact with a local organization was conducted. The community contact indicated a lending need in the community for business expansion and new business development. A focus of the community is to be more aggressive with economic development and work to revitalize downtown. The community contact also revealed the need for agricultural loans. The contact felt all the financial institutions in the area were meeting the lending needs of the community. It was also stated that all the local financial institutions are willing to work together to make the community a viable place to live.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNBT operates with a relatively low loan-to-deposit (LTD) ratio. However, FNBT's LTD ratio closely compares to the other bank in their AA. FNBT's average LTD ratio over the last 20 quarters is 40.22%, compared to the other bank's average of 49.19%. The low LTD ratio can be contributed to the bank's conservative lending culture and little growth in Richardson County. Richardson County population has decreased nearly 10% from April 2000 to July 2006 according to the U.S. Census Bureau.

Lending in Assessment Area

FNBT meets the standards for lending within their AA. FNBT originates a majority of its loans within the Richardson County AA. We reviewed a random sample of forty primary product loans to determine the bank's lending performance within the AA. The bank's primary products were identified as agricultural and consumer loans. A vast majority of the primary product loans were made within the AA, 93% by number and 96% by dollar. The following table shows the findings of our sample.

Lending in Richardson County Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agricultural Loans	19	95%	1	5%	20	\$1,520,752	97%	\$45,000	3%	\$1,565,752
Consumer Loans	18	90%	2	10%	20	\$159,977	89%	\$18,963	11%	\$178,940
Totals	37	93%	3	7%	40	\$1,680,729	96%	\$93,963	4%	\$1,744,692

Source: Bank Reports

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

FNBT meets the standards for lending to borrowers of different incomes. The volume of lending to consumers and farms of different sizes is satisfactory. Examiners selected a sample of twenty consumer loans and twenty agricultural loans granted in the Richardson County AA since the last CRA examination.

The bank's lending to consumers of different is adequate. The bank granted 60% of the number of loans to low and moderate income consumers, as compared to 47% of AA demographics. The consumer loan sample noted in 30% of the consumer loans originated, the bank did not base their credit decision on income. Consequently, income information was not collected. The following table shows the findings of our sample.

Borrower Distribution of Consumer Loans in Richardson County AA										
Borrower Income Level	Low		Moderate		Middle		Upper		NA	
	% of AA Hhlds	% of # of Loans	% of AA Hhlds	% of # of Loans	% of AA Hhlds	% of # of Loans	% of AA Hhlds	% of # of Loans	% of AA Hhlds	% of # of Loans
Consumer Loans	27%	20%	20%	40%	18%	5%	35%	5%	0%	30%

Source: 2006 Geodemographic Data & Bank Reports

The bank's lending to farms of different sizes is excellent. The agricultural loan sample noted 60% of the number, and 80% of the dollar amount of loans granted in the Richardson County AA were to farms with revenues of less than one million dollars. The demographic information shows 98% of the AA farms have revenues less than one million dollars. The following table shows the findings of our sample.

Borrower Distribution of Loans to Farms in Richardson County AA			
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	NA
% of AA Businesses*	98%	2%	0%
% of Bank Loans in AA by #	60%	5%	35%
% of Bank Loans in AA by \$	80%	8%	12%

Source: 2006 Geodemographic Data & Bank Reports

Geographic Distribution of Loans

Geographic distribution analysis is not applicable as the Richardson County AA consists of four middle-income census tracts.

Responses to Complaints

FNBT has not received any CRA-related complaints since the last CRA examination.

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.