



Public Disclosure

September 14, 1998

Community Reinvestment Act Performance Evaluation

**First National Bank in Exeter
Charter Number 14073**

**139 S. Exeter Avenue
Exeter, Nebraska 68351**

**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 First National Bank in Exeter, Exeter, Nebraska prepared by The Office of the Comptroller of the Currency, as of September 14, 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**.

First National Bank in Exeter (FNB) adequately meets the credit needs of its assessment area.

- FNB originates the majority of its loans in the assessment area.
- The bank has a satisfactory record of lending to farms and businesses of different sizes.
- FNB's average loan-to-deposit ratio since the last CRA examination is reasonable, given the institution's size, condition, and assessment area credit needs.
- The bank has not received any written complaints related to its CRA performance.
- Examiners did not identify any violations of anti-discrimination laws or disparate treatment of loan applicants.

Description of Institution

First National Bank in Exeter (FNB) is a \$20 million financial institution located in Exeter, Nebraska, an agricultural community located 60 miles southwest of Lincoln, Nebraska. McCabe Investments, Inc., a one-bank holding company, owns 100% of FNB. FNB has one cash-dispensing automated teller machine located in an Exeter convenience store.

On June 30, 1998, FNB's loan portfolio comprised 57% of total assets. The bank's primary credit products are agricultural and commercial loans. These products comprise 86% of outstanding loans by dollar volume. The table below details the loan portfolio by outstanding loan volume and number of loans.

Loan Type	% of Outstanding Loans by Dollar	% of Outstanding Loans by Number
Agricultural	65%	51%
Commercial	21%	11%
Consumer Instalment	4%	28%
Residential Real Estate	9%	8%
Other	1%	2%

FNB received a "Satisfactory" rating during the July 6, 1995 CRA examination. There are no legal or financial impediments limiting the bank's ability to meet the area's credit needs.

Description of FNB's Assessment Area

FNB has designated four block numbering areas (BNAs) as its assessment area. All four BNAs are middle income. The BNAs include: #9899, #9904, #9907, and #9916 in southeast York County, southwest Seward County, northwest Saline County, and east Fillmore County. FNB is physically located in eastern Fillmore County (BNA# 9916). Refer to the bank's CRA Public File for a map of the assessment area. The assessment area meets the requirements of CRA and does not arbitrarily exclude any low- or moderate-income tracts.

The 1998 Nebraska statewide median family income is \$39,300 (\$37,100 in 1997). All four BNAs in the assessment area are middle-income (80% to 120% of median family income). Family incomes in the assessment area are 15% low-income, 16% moderate-income, 27% middle-income, and 42% upper-income. The economy is stable, but concerns exist regarding current grain prices and the uncertainty of the continued stability of the local economy. The main source of employment is provided by agriculture, construction, and manufacturing.

There are six financial institutions located in the bank's assessment area and a total of 20 in the four county area. The local banking environment is competitive. The primary credit need in the area is agriculture. We determined the credit needs of the area by contacting an Exeter business owner during the examination. We also used information from three previous community contacts in Friend, Henderson and Milligan.

Conclusions with Respect to Performance Criteria

Lending in the Assessment Area (AA)

FNB originates the majority of its loans within the assessment area. The tables below display the findings of our samples. Our samples included 46% of agricultural borrowers and 71% of commercial borrowers with loan originations between January 1, 1997 and June 30, 1998.

AGRICULTURAL LOANS				
Location	Number of Loans	% of Total Number	\$ of Loans (000)	% of Total Dollars
Inside Assessment Area	27	96%	\$6,872	100%
Outside Assessment Area	1	4%	\$6	0%
Totals	28	100%	\$6,878	100%

COMMERCIAL LOANS				
Location	Number of Loans	% of Total Number	\$ of Loans (000)	% of Total Dollars
Inside Assessment Area	14	70%	\$4,061	74%
Outside Assessment Area	6	30%	\$1,464	26%
Totals	20	100%	\$5,525	100%

Lending to Farms and Businesses of Different Sizes

FNB does a satisfactory job of lending to farms and businesses of different sizes. Agriculture is the primary credit need and it is also the largest portion of the bank's loan portfolio. Commercial loans are the second largest portion of the loan portfolio. The tables below demonstrate the bank's performance in making loans to farm and business of all sizes. The following table includes a breakdown of revenue for all farms in Fillmore, Saline, Seward, and York Counties.

Sample of 28 agricultural borrowers using loan origination amounts:

LOANS TO FARMS OF DIFFERENT SIZES					
Gross Revenue of Farm *	\$ of Loans (000)	% of Total Dollars	# of Borrowers	% of Total Number	Farms in the Area (%)**
\$20,000 - \$100,000	\$152	2%	4	14%	50%
\$100,001 - \$250,000	\$2,448	36%	14	50%	34%
\$250,001-\$500,000	\$3,323	48%	5	17%	10%
over \$500,001	\$819	12%	1	3%	4%
No income information	\$136	2%	4	14%	0%
Totals	\$6,878	100%	28	100%	100%

* Revenue information is based on tax returns and cash-flows in each credit file.

**Information taken from the 1992 U.S. Agriculture Census.

Sample of 20 commercial borrowers using loan origination amounts:

LOANS TO BUSINESSES OF DIFFERENT SIZES				
Gross Sales of Businesses*	\$ of Loans (000)	% of Total Dollar	# of Borrowers	% of Total Number
\$0 - \$500,000	\$1,505	27%	11	55%
\$500,001 - \$999,999	\$180	3%	1	5%
\$1,000,000 & over	\$3,806	69%	6	30%
No income information	\$34	1%	2	10%
Totals	\$5,525	100%	20	100%

* Revenue information is based on tax returns and cash-flows in each credit file.

According to the 1990 Census, 76% of the businesses in FNB's assessment area have annual revenues of less than \$1 million, 9% have revenues greater than \$1 million, and 15% did not report their revenues during the Census. FNB's commercial lending compares satisfactorily with the demographic information as 60% of the bank's business loans sampled were to borrowers with revenues of less than \$1 million.

Lending to Borrowers of Different Incomes

We did not conduct a review of this area because residential real estate and individual loans are not primary products. The community contact in Exeter did identify residential real estate loans as a primary credit need. However, FNB does offer secondary market loans with 15 and 30 year amortizations.

Loan-to-Deposit Ratio

FNB's average loan-to-deposit ratio over the past 12 quarters is reasonable given the institution's size, financial condition, and assessment area credit needs. FNB's 12 quarter average loan-to-deposit ratio is 68%. The 12 quarter average loan-to-deposit ratio of the five competing institutions in the bank's assessment area is 78%, with a range of 68% to 92%.

Geographic Distribution of Loans

Specific analysis of the geographic distribution of loans is not meaningful. All four BNAs in FNB's assessment area are middle-income.

Response to Complaints

The bank has not received any written complaints related to its CRA performance during the evaluation period.

Record of Compliance with Anti-discrimination Laws

Examiners did not detect any violations of anti-discrimination laws or disparate treatment of loan applicants during our evaluation.