

PUBLIC DISCLOSURE

September 7, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank & Trust Company of Beatrice
Charter Number: 2357**

**120 North Sixth Street
Beatrice, Nebraska 68310**

**Office of the Comptroller of the Currency
Midwestern District
Omaha South Field Office
11606 Nicholas Street, #201
Omaha, Nebraska 68154-4410**

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 Community Reinvestment Act (CRA) performance of **The First National Bank & Trust Company of Beatrice** prepared by **The Office of the Comptroller of the Currency (OCC)** the institution's supervisory agency, as of September 7, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory**”.

The First National Bank & Trust Company of Beatrice, Nebraska has demonstrated a “satisfactory” record of performance under the CRA. The bank’s lending levels reflect a reasonable responsiveness to its community credit needs. The loan-to-deposit ratio averaged 79.93% over the last eleven quarters. This ratio compares favorably with the five other similarly situated financial institutions within the same assessment area. According to internal reports, a majority of the bank’s loan originations are within its designated assessment area. Our loan review included a small sample of residential real estate loans, consumer installment loans and small loans to businesses that were originated in the last eighteen months. Based on our limited sample, the level of credit extensions to individuals of different income levels and businesses of different sizes is reasonable. Our review also reflects a good geographic distribution of loans throughout the assessment area. The bank’s lending activities penetrate essentially 100% of the geographies within its assessment area.

The following table indicates the performance level of *The First National Bank & Trust Company of Beatrice* with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>The First National Bank & Trust Company of Beatrice</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints have been received since the prior compliance/CRA examination.		

DESCRIPTION OF INSTITUTION

The First National Bank & Trust Company of Beatrice (FNB&TC) is an independently owned community bank located in southeast Nebraska. At June 30, 1999, the bank reported total assets of \$102 million. However, in July and August 1999, the bank merged with two small financial institutions within its assessment area. As of August 31, 1999, total assets increased to \$130 million, with net loans of \$76 million. As a result of the recent bank merger, FNB&TC now has four banking offices, the main office and branches in the townships of Blue Springs, Clatonia, and Courtland, Nebraska. Each of the offices offer extended hours through the drive-up facilities. The bank also has two on-site and nine off-site automated teller machines (ATMs). Additionally, FNB&TC has an information only Internet web site. The bank's primary lending focus continues to be residential real estate, commercial, and agricultural related loans. As of August 31, 1999, the loan portfolio mix was 30% residential real estate, 57% commercial, including agricultural, 12% consumer, and 1% leases. FNB&TC participates in numerous government guaranteed loan programs for housing, small business, and small farms. A full range of deposit and other banking services are available. Loan and deposit products offered are commensurate with the bank's size and resources. Neither the bank's financial condition nor the legal, regulatory, or economic environment hinder its ability to make loans and provide reasonable banking services. The bank received a "Satisfactory" rating at its last CRA examination dated April 8, 1996.

DESCRIPTION OF THE ASSESSMENT AREA

The First National Bank & Trust Company of Beatrice defines its assessment area as Gage County, which includes seven block numbering areas. This assessment area is legal and does not arbitrarily exclude low- and moderate-income areas. The table below depicts the income characteristics of the identified assessment area geographies. 1990 Census Bureau data reflects the population of this assessment area as 22,794 persons, 6,265 families, and 9,061 households. The 1990 Census Bureau median family income and the 1999 Housing and Urban Development (HUD) median family income for statewide non-metropolitan areas, such as this, is \$27,623 and \$39,800 respectively. Approximately 17% of the families in Gage County are low-income, 19% are moderate-income, 25% are middle-income, and 39% of the families are upper-income. Ninety three percent of the housing units are occupied, with 66% being owner occupied and 27% rental units. Ninety percent of the housing units are 1-4 family units and have a median age of 48 years and median value of \$34,511.

Income Characteristics of Geographies		
Tract Characteristic	Count	%
Low	0	0%
Moderate	1	14%
Middle	6	86%
Upper	0	0%
Total	7	100%

Although the local economy is currently strong, it continues to be driven by agriculture and related industries. Some economic diversity is provided by several manufacturing companies and a state mental retardation center located in Beatrice, which is the county seat. FNB&TC operates in a very competitive banking environment, with at least five other community banks and two branches of larger financial institutions out of Omaha. During this evaluation, our community contact interviews did not identify any unmet credit needs in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loans-To-Deposits

The bank’s lending levels are good and commensurate with its size and available resources. The lending levels compare favorably with the five other similarly situated, competing financial institutions within the same assessment area. FNB&TC’s loan-to-deposit ratio at August 31, 1999 was 71.2%, averaging 79.93% over the last eleven quarters. The asset sizes of the competing institutions range from \$10 million to \$97 million, with average loan-to-deposit ratios ranging from 57% to 90% over the same time period.

Assessment Area Concentration

FNB&TC’s internal loan distribution report is depicted in the table below. Based on our review of the data, the internal reports are considered to be reliable. The bank’s lending level within its assessment area is good.

Lending Within the Assessment Area - Internal Reports						
Product	Total Originations		Inside the Assessment Area			
	#	\$ (000)	#	%	\$ (000)	%
All Loans as of 8/6/99*	5,781	\$181,615	4,480	77%	\$148,028	82%

* Lending levels do not include loans acquired from the Blue Springs merger.

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

The distribution of loans to borrowers of different income levels and businesses of different income sizes is reasonable. The table below depicts a good distribution of loans to all borrower income levels. Additionally, there is a good distribution of small loans to businesses of varying revenue ranges.

1999 Distribution of Loans Within the Assessment Area By Income Level of the Borrower - OCC Sample								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Characteristics of Families	1,064	17%	1,182	19%	1,595	25%	2,424	39%
Loan Product	#	%	#	%	#	%	#	%
Housing Related	5	17%	4	13%	10	33%	11	37%
Consumer	7	30%	6	26%	2	9%	0	0%
Grand Total	12	23%	10	19%	12	23%	11	21%

1999 Lending to Businesses of Different Sizes - OCC Sample								
Revenue Ranges	< \$100M		\$100M - \$500M		\$500M - \$1MM		>\$1MM	
	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)
Loans to Businesses	2	\$58	6	\$950	6	\$835	1	\$500

Geographic Distribution of Loans

Based on our limited sample, the geographic distribution of loans throughout the assessment area is good, as reflected in the table below.

1999 Distribution of Loans Within the Assessment Area By Income Level of the Block Numbering Area - OCC Sample								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Census Tracts	0	0%	1	8%	6	86%	0	0%
Census Tracts Penetrated (% of tracts in income group)	0	0%	1	100%	5	83%	0	0%
Loan Product	#	%	#	%	#	%	#	%
Housing Related	0	0%	8	27%	22	73%	0	0%
Consumer	0	0%	2	13%	13	87%	0	0%
Small Loans to Businesses	0	0%	6	40%	9	60%	0	0%
Grand Total	0	0%	16	27%	44	73%	0	0%

FAIR LENDING ANALYSIS

The analysis we performed did not disclose any discriminatory treatment or illegal credit practices on the prohibited basis of the applicant's sex. We found no evidence of noncompliance with the provisions of any anti-discrimination laws or regulations at this bank.