



Comptroller of the Currency
Administrator of National Banks

Midwestern District
2345 Grand Avenue, Suite 700
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PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

March 21, 1997

**First National Bank & Trust Company
of Columbus
Charter Number 8328
2623 13th Street
Columbus, Nebraska 68601**

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, conclusions, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **First National Bank & Trust Company of Columbus, Columbus, Nebraska** prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of March 21, 1997. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under five performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

Based on the findings presented below, First National Bank & Trust Company of Columbus (FNB&T) is rated:

Outstanding Record of Meeting Community Credit Needs.

The purpose of CRA is to ensure that financial institutions help meet the credit needs of their local communities. We rate this institution's CRA record as outstanding because:

- The bank's origination of small business and small farm loans is exceptional.
- FNB&T's origination of residential mortgage loans within its community demonstrates strong commitment to meeting credit needs.
- The bank actively participates in government-related lending programs for residential real estate, small businesses, and small farms.
- The bank shows a reasonable distribution of loans in its delineated communities.
- FNB&T is willing to participate in community development and redevelopment programs.

Bank Profile

First National Bank & Trust Company is a wholly-owned subsidiary of First National of Nebraska, Inc., a multi-bank holding company headquartered in Omaha, Nebraska. The bank is a full-service financial institution. Its lending services include one-to-four family real estate, agriculture, commercial, small business, and consumer products. FNB&T's asset size was \$376 million as of December 31, 1996. Its \$293 million loan portfolio includes 22% loans secured by real estate, 15% agricultural loans, 8% commercial loans, and 8% consumer loans. The remaining forty-seven percent or \$138 million of the bank's loan portfolio is comprised of credit card participations purchased from an affiliate bank.

The bank's main office and one branch are located in Columbus. The bank has two additional branches in Norfolk, Nebraska. The bank acquired these branches by merging an affiliated bank into FNB&T in 1995. No offices are located in a Metropolitan Statistical Area (MSA). There are nine other banks in the Columbus area and two in Norfolk. These banks have total assets ranging from \$4 million to \$376 million as of December 31, 1996. The loan-to-deposit ratios of these banks ranged from 43% to 91%. FNB&T ranked first in total assets and third highest in loan-to-

deposit ratio with 84%. FNB&T's competition also includes branches of national and state banks chartered outside of these areas, credit unions, savings banks, government agencies, and mortgage companies.

Community Profile

FNB&T has two delineated communities, one for the Columbus offices and one for the Norfolk branch offices. The delineated community for Columbus includes Platte County and adjacent geographies in Colfax, Butler, and Polk Counties. The delineated community consists of one low-income Block Numbering Area (BNA), eight middle-income BNAs, and two upper-income BNAs. The low-income BNA is located along the Platte River in Polk County and has a population of 31 people. The 1996 state-wide nonmetropolitan median family income is \$35,100. Nine percent of the households in the Columbus delineated community report annual income below the poverty level.

Norfolk's delineated community includes the six BNAs that comprise the city of Norfolk, including five middle-income BNAs and one upper-income BNA. Eleven percent of the households in this area report annual income below the poverty level. The table below shows the distribution of families by income level within each delineated community.

	Columbus	Norfolk
Low Income Families	12%	12%
Moderate Income Families	18%	16%
Middle Income Families	26%	25%
Upper Income Families	44%	47%

Local economic conditions within these communities remain stable and place no constraint on the bank's community reinvestment efforts and performance. Manufacturing, services, and agriculture are the major industries of in both the Columbus and Norfolk economies. Economic diversification contributes to low unemployment rates in both areas, estimated at 3%. Columbus' largest employers include Dale Electronics, Behlen Manufacturing Company, and Becton Dickinson & Company. Major employers in Norfolk include BeefAmerica, Nucor Steel, Affiliated, and Dale Electronics.

FNB&T has identified community credit needs to include affordable housing and small business loans. Community contacts also indicated a need for these types of financing.

Reasonableness of Delineated Community

The bank's delineated communities are reasonable and does not arbitrarily exclude any low- to moderate-income (LMI) areas. The delineation includes the geographies where FNB&T has banking offices and other geographies adjacent to its offices. This area represents the majority of the bank's loan volume, excluding the credit card participation.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

Management proactively determines community credit needs through ongoing meaningful contact with a wide range of individuals and groups representing various community interests.

FNB&T conducts a variety of activities to ascertain the community credit needs. In November 1996, management contracted an independent market research firm to conduct studies of the Columbus and Norfolk markets to determine area demographics and community credit needs. In prior years, bank officers have directly contacted individuals representing housing services, government agencies, and community development agencies. Bank employees, officers, and directors serve as members of various local community organizations. This allows the bank to receive ongoing information on community credit needs, as well as promote the bank's available products and services.

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The Board of Directors, senior management, and bank personnel actively support and participate in the bank's program to meet community credit needs.

The Board supports the CRA process through the designation of a CRA officer and CRA/Fair Lending committee. The CRA officer prepares an annual analysis of the bank's geographic distribution of loans. The bank's CRA committee consists of three outside directors and bank officers representing the lending and marketing areas. They meet and report to the Board quarterly. Management and the Board prepare an annual marketing plan. The plan focuses on providing customers with competitive products and quality service. The Board promotes CRA training for employees and supports employee involvement in various community organizations.

II. **MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED**

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

The bank's marketing program effectively reaches all segments of the delineated communities.

The bank maintains a formal marketing program to advertise bank services. It also promotes the bank's image as a provider of basic credit products. Management advertises in widely circulated media which reach all segments of the delineated communities. Advertisements are regularly placed in local newspapers, on local radio stations, and on billboards along high-traffic routes in Columbus and Norfolk. Bank staff promoted the opening of the Norfolk branch by distributing door hanging advertisements in the lower income areas of Norfolk. Direct mail advertising is used occasionally. The bank also makes the community aware of its specific products through participation in home mortgage workshops, various trade shows, and through discussions with student groups.

FNB&T effectively reaches the Hispanic population within its communities. To assist Hispanic customers in obtaining loans, the bank provides loan brochures, credit applications, and disclosures written in Spanish.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

The bank's origination of small business and small farm loans is exceptional. In addition, its origination of residential mortgage loans within its community demonstrates its strong commitment to meeting credit needs.

FNB&T offers and originates a comprehensive array of loan products to meet community credit needs. Loan types are detailed in the bank's 1996 CRA Statement and include loans for housing, consumer, small business, and small farm needs.

The bank originates a sizable volume of loans to small businesses and small farms. Examiners reviewed small business and small farm lending using the Consolidated Report of Condition definitions. By number, 84% of the loans to small businesses and 88% of loans to small farms originated in amounts less than \$100,000 in 1996.

The vast majority of the bank's small business and small farm loans are within its delineated communities. Of the 563 small business loans totaling \$41.1 million originated in 1996, 90% by number and 86% by dollar volume were within the bank's delineated communities. Of the 994 small farm loans totaling \$45.8 million originated in 1996, 85% by number and 84% by dollar volume were within the bank's delineated communities.

FNB&T remains the dominant residential mortgage lender in the Columbus area. FNB&T originated approximately 39% of the total number of residential mortgage loans and 40% of the total dollar volume of mortgages filed in Platte County during 1996. In 1995, FNB&T had 40% by number and 39% by dollar volume of the local market share.

The bank originates a reasonable volume of residential real estate loans in the Norfolk market, given their limited time in this market and the competition they face. In 1996, FNB&T originated 19 mortgage loans for \$1.3 million.

FNB&T originates a substantial volume of residential real estate loans within its delineated communities. In 1996, FNB&T originated 349 loans totaling over \$21.6 million. Approximately 85% of these loans by number and 88% by dollar were originated within the bank's delineated communities.

FNB&T meets the needs of LMI individuals by providing mortgage products with minimal down payment requirements. During 1996, 24% of all mortgage loans were to LMI borrowers. Down payments on these loans averaged 3% to 4%. The following table details 1996 home loan originations by the borrower's income level.

Income Level	# of Loans	% of Total
Low Income	11	3%
Moderate Income	73	21%
Middle Income	100	29%
Upper Income	165	47%

FNB&T also meets the needs of LMI individuals by providing small dollar consumer loans. In 1995 and 1996, the bank originated 706 loans for amounts less than \$1,000.

Assessment Factor J - The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.

The bank actively participates in government-related lending programs for residential real estate, small businesses, and small farms.

FNB&T demonstrates strong support for government home lending programs. The bank originates Federal Housing Authority (FHA) and Veteran’s Administration (VA) home loans for sale on the secondary market. The bank also employs Guaranteed Rural Housing (GRH) loans, a product guaranteed by United States Department of Agriculture Rural Development. In 1996, FNB&T originated the highest number of GRH loans in Nebraska and ranked 83rd among all banks and mortgage lending institutions in the United States. FNB&T is an active lender in Nebraska Investment Finance Authority (NIFA) loans. The following table details the bank’s originations of government-related home loans in 1995 and 1996.

Government Home Loan Program Originations				
	1995		1996	
	#	\$ (000s)	#	\$ (000s)
Veteran’s Administration (VA)	13	693	14	824
Federal Housing Authority (FHA)	35	1,892	40	2,226
Guaranteed Rural Housing (GRH)	35	2,444	20	901
Nebraska Investment Finance Authority (NIFA)	60	2,574	54	2,445

During 1995 and 1996, the bank originated seven loans totaling \$389,000 guaranteed by the Farm Services Administration (FSA), formerly the Farmers Home Administration. The bank also offers Small Business Administration (SBA) guaranteed loans; however, demand for these loans has been low.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

The bank shows a reasonable distribution of loans within and throughout its delineated communities.

FNB&T extends credit throughout its delineated communities. The bank's CRA officer annually compiles loan approval and denial data for each loan product by BNA for Board and CRA committee analysis. The 1996 information shows that FNB&T's lending reached all BNAs in its delineated communities, including the low-income BNA. The bank originated three loans and had no denials for the low-income BNA during 1996. The bank's denials are reasonably distributed throughout the delineated communities.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

FNB&T's offices and available services are readily accessible to all segments of the delineated communities.

The bank has a good record of providing services at its offices. FNB&T's offices are readily accessible to all segments of the delineated communities. The main bank is located in downtown Columbus and a full-service branch is located in the northeast section of the city. FNB&T established two branches in Norfolk since our last CRA evaluation. The Board has never closed any offices.

Business hours at each location are tailored to meet the communities' needs. The main bank's lobby is open until 8:00 PM on Thursdays to accommodate customers who work during the day. Bank hours are reviewed periodically by management. The bank also operates fourteen ATMs, eleven in the Columbus area and three in Norfolk. The independent market research study revealed that FNB&T customers expressed strong satisfaction with the services the bank provides.

To improve access to banking services and reduce barriers for Spanish-speaking customers, management provides interpreters and sent four employees to "Spanish for Bankers", a course sponsored by the American Institute of Bankers.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

Examiners found no practices intended to discourage applicants for any type of credit listed on the bank's CRA Statement.

The bank solicits applications from all portions of its delineated communities. The Board of Directors adopted a formal Fair lending Policy that sets forth basic fair lending requirements. All

lending personnel receive regular training on fair lending, diversity, and sensitivity issues. The bank has an independent second review program for all potential loan denials to ensure consistent application of lending guidelines. In addition, the bank has an internal fair lending audit that compares approved and denied applications to identify any instances of similar loan applicants receiving different treatment or different loan outcomes on a prohibited basis.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

FNB&T complies with substantive provisions of antidiscrimination laws and regulations.

Examiners did not identify any instances in which the bank provided residential real estate credit on less favorable terms to females than males. Examiners verified the findings of the bank's internal fair lending audit to draw this conclusion. The internal review consisted of a comparative analysis testing whether residential real estate loan applicants with comparable qualifications received credit with similar interest rates, repayment periods, and fees. The bank's loan sample included 100% of the approved individual female and individual male residential real estate applications from November 1995 through October 1996.

V. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

FNB&T participates in various community development¹ and redevelopment activities.

The following are examples of the bank's local community development activities:

- A Norfolk employee serves on the Board of Directors of the Community Housing Development Organization (CHODA). This nonprofit organization uses state funding to provide LMI homebuyers in the Norfolk market with second mortgages for down payment assistance, closing costs, and home repairs. CHODA has also begun building and renovating homes for sale to LMI individuals, and recently sold the first home under this program.
- FNB&T provides funds for local realtors to attend a training session on GRH and FHA loan programs offered through the bank.

¹Community development is defined as affordable housing for LMI individuals, community services targeted to LMI individuals, activities that promote economic development by financing small businesses and farms, and activities that revitalize or stabilize LMI geographies.

- FNB&T provides rent-free office space for Consumer Credit Counseling Services in Columbus.
- Bank officers and employees serve in various capacities in several organizations targeted to community development activities and providing services to LMI individuals. These positions include:
 - Co-chair of the Columbus Economic Council;
 - Advisor to the Columbus Development Corporation;
 - President of the Columbus Community Foundation; and
 - President of the Columbus Area United Way.

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

FNB&T's efforts to meet community credit needs are consistent with its size and resources.

FNB&T has sufficient resources to meet the credit needs of its communities. The bank has access to additional resources through its holding company and affiliated banks. FNB&T has demonstrated its willingness to support the development and implementation of programs and products to meet community needs. No legal impediments or other factors limit its efforts.

Assessment Factor L - Any other factors that, in the regulatory authority's judgement, reasonably bears upon the extent to which an institution is helping to meet the credit needs of its entire community.

FNB&T has engaged in other meaningful activities that contribute to its efforts to help meet community credit needs.

The bank offers Guaranteed Student Loans. As of December 31, 1996 the bank had 699 student loans on the books totaling \$1,721,000. Bank personnel conduct educational programs for students at all levels (elementary school through college) on economics and banking products and services. Bank personnel are actively involved in fund raising events for the United Way campaign and the Adopt-A-Family Christmas program to provide financial support for needy individuals and families. The bank does not charge a fee for cashing government checks.

ADDITIONAL INFORMATION

Examination Profile

The scope of the CRA examination included an analysis of the bank's performance since February 1995, the date of the prior CRA examination. National Bank Examiners reviewed information prepared by bank management. Examiners also obtained information regarding the community credit needs through contacts with government housing agencies, community development corporations, and local government offices. The bank is not subject to the Home Mortgage Disclosure Act.

The Office of the Comptroller of the Currency (OCC) is the regulatory agency responsible for the supervision of this bank. If you have comments regarding this bank's performance under the CRA or questions regarding the Act, contact the OCC at: Midwestern District Office, 2345 Grand Avenue, Suite 700, Kansas City, Missouri 64108.