



Comptroller of the Currency
Administrator of National Banks

Small Bank

Public Disclosure

August 11, 1998

Community Reinvestment Act Performance Evaluation

**First National Bank
Charter Number 6818**

**Post Office Box 100
201 Main Street
Beemer, Nebraska 68716**

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Omaha Field Office
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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** prepared by The Office of the Comptroller of the Currency, as of August 11, 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.

The bank's lending level is reasonable, given its size, condition, and assessment areas credit needs. A substantial majority of the bank's loans are within the assessment area. Lending to farms of different sizes and borrowers of different income levels is reasonable. Examiners did not detect illegal discrimination or disparate treatment of applicants. The bank has no written complaints related to their CRA performance.

Description of Institution

First National Bank (FNB) is a \$41 million financial institution located in Beemer, an agricultural community located in Cuming County. FNB also has a branch in Homer, in Dakota County. Both are full service offices.

First Beemer Corporation, a one-bank holding company, owns 100% of the bank. There are no legal or financial impediments limiting the bank's ability to meet the area's credit needs.

On June 30, 1998, FNB's loan portfolio comprised 65.4% of total assets. The assessment areas' credit needs are identified as agriculture, small business, and affordable housing. The credit needs were determined through contacts with members of the community. The bank's primary credit products are agriculture, commercial, and residential real estate loans. These products comprise 91.3% of outstanding loans by dollar volume. The table below details the loan portfolio by outstanding loan volume and number of loans.

| | % of Outstanding Loans by Dollar | % of Outstanding Loans by Number |
|------------------------------------|-------------------------------------|-------------------------------------|
| Agricultural | 62.1% | 41.3% |
| Commercial | 11.6% | 10.7% |
| Nonfarm Nonresidential Real Estate | 10.3% | 3.9% |
| Residential Real Estate | 7.3% | 12.9% |
| Consumer Instalment | 6.7% | 28.7% |
| Other | 2.0% | 2.5% |

Description of First National Bank's Assessment Area

The bank has defined two separate assessment areas that meet the requirements of CRA. The first assessment area is Cuming County (BNA #9826, 9827 and 9828). Beemer is in this assessment area. The second is census tract number 104.0 in Dakota County. Homer is in this census tract. Refer to the bank's CRA Public File for maps of the assessment areas.

The 1998 statewide median family income is \$39,300 (\$37,100 in 1997) for Cuming County. The median family income for census tract 104.0 in Dakota County is higher because it is located in a Metropolitan Statistical Area (MSA). The 1998 median family income for the MSA is \$45,000 (\$41,700 in 1997). The entire assessment area is middle-income (80% to 120% of median family income). Family incomes in the Assessment Areas are 15.4% low-income, 24.3% moderate-income, 26.9% middle-income, and 33.4% upper-income. The economy is stable with the main

source of employment provided by agriculture, health care and manufacturing.

The local banking environment is competitive. Both assessment areas are served by several financial institutions.

Conclusions with Respect to Performance Criteria

The bank's lending levels are reasonable.

FNB's net loan-to-deposit ratio (LTD) is reasonable given its size, financial condition, and the assessment areas' credit needs. The loan-to-deposit ratio averaged 71.25% over the past ten quarters and was 76.56% on June 30, 1998. The LTD ratios of other institutions located in the assessment area range from 86.37% to 60.10%.

The bank is lending in the assessment areas.

FNB originates a substantial majority of its loans within the assessment areas. The bank performs an analysis to determine their assessment area concentration. Examiners used this information after verifying its accuracy. The table below shows the findings of the analysis:

ASSESSMENT AREA CONCENTRATION

(Review included all loans originated from 1/1/97 to 8/11/98)

| | Number of Loans | % of Total Number | \$ of Loans (\$000) | % of Total \$ |
|--------------------------|------------------------|--------------------------|----------------------------|----------------------|
| Inside Assessment Areas | 887 | 83.36% | \$35,029 | 90.65% |
| Outside Assessment Areas | 177 | 16.64% | \$3,612 | 9.35% |
| Totals | 1064 | 100.00% | \$38,641 | 100.00% |

Lending to borrowers of different incomes and to farms of different sizes is reasonable.

FNB has a satisfactory record of lending to borrowers of different income levels. The bank made 26.9% of the residential real estate loans sampled to low- or moderate-income individuals. Lending levels reflect a reasonable penetration among individuals of different income levels. The percentage of residential real estate secured loans to low-income families is lower than the percentage of families in the assessment area. This is because low-income families are more likely to use rental housing.

The following table demonstrates the bank's breakdown of loans to individuals as compared to the income demographics of the assessment area. The breakdown of income in the assessment area is from 1990 census data.

LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS

(Review included all residential real estate secured loans originated from 1/1/97 to 8/11/98)

| Income Level | \$ of loans (\$000) | % of total \$ | # of loans | % of total # | % In Assessment Area |
|---------------------|----------------------------|----------------------|-------------------|---------------------|-----------------------------|
| Low | \$45 | 3.7% | 4 | 7.7% | 15.4% |
| Moderate | \$243 | 19.7% | 10 | 19.2% | 24.3% |
| Middle | \$280 | 22.7% | 16 | 30.8% | 26.9% |
| Upper | \$664 | 53.9% | 22 | 42.3% | 33.4% |
| Totals | \$1,232 | 100.0% | 52 | 100.0% | 100.0% |

The bank does a satisfactory job of lending to farms of different sizes. The table below demonstrates the bank’s performance in making farm loans to operations of all sizes. The table separates farm size by gross revenues.

LOANS TO BUSINESSES & FARMS OF DIFFERENT SIZES

(A sample of 25 agricultural borrowers of which 5 did not have sales information)

| Gross Revenue of Farm / Business * | \$ of loans (\$000) | % of total \$ | # of Loans | % of total # | Farms in Assessment Area (%)** |
|---|----------------------------|----------------------|-------------------|---------------------|---------------------------------------|
| \$0 - \$100,000 | \$550 | 13.0% | 8 | 40.0% | 62.6% |
| \$100,001 - \$250,000 | \$506 | 12.0% | 4 | 20.0% | 20.1% |
| \$250,001 - \$500,000 | \$1574 | 37.2% | 5 | 25.0% | 8.7% |
| over \$500,001 | \$1597 | 37.8% | 3 | 15.0% | 8.6% |
| Totals | \$4,227 | 100.0% | 20 | 100.0% | 100.0% |

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

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

Geographic distribution of loans is reasonable.

A geographic distribution analysis was not performed since the census tract and BNAs are middle-income, and the analysis would not be meaningful.

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

We did not detect violations of any substantive provisions of anti-discrimination laws or disparate treatment of any residential loan applicants during our evaluation.