



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

July 5, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Cattle National Bank and Trust Company
Charter Number 13431

104 South 5th Street
Seward, Nebraska 68434

Office of the Comptroller of the Currency

Omaha Field Office
13710 FNB Parkway, Suite 110
Omaha, Nebraska 68154-5298

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: This institution is rated Satisfactory.

The Cattle National Bank and Trust Company (CNB&T) does a satisfactory job of meeting the needs of its assessment area (AA).

- The bank maintains a reasonable loan-to-deposit (LTD) ratio relative to area competition and the credit needs of the community.
- A majority of the bank's loans are originated within its AA.
- CNB&T's distribution of loans represents a satisfactory penetration of farms and businesses of different revenue sizes within its AA.
- The bank's record of lending to farms and businesses represents a satisfactory dispersion of geographies of different income levels within its AA.

SCOPE OF EXAMINATION

The scope of the CRA examination included the time period of January 23, 2006 to July 5, 2011. Small bank procedures were used to evaluate the bank's performance under the CRA. A full scope review was completed of the bank's CRA activities in the AA.

CNB&T's primary loan products were agricultural and business loans. This was determined by reviewing all loan originations and purchases from January 1, 2009 to May 24, 2011. To evaluate the bank's business lending performance, a random sample of agricultural and business loans was selected from the same time period.

DESCRIPTION OF INSTITUTION

CNB&T is headquartered in Seward, Nebraska, in Seward County. As of March 31, 2011, CNB&T had total assets of \$190 million. Cattle Crossing, Inc. owned 98.8 percent of the bank, a single-bank holding company. The bank operated two branch offices, one located in Seward and the other located in Lincoln, Nebraska. No branches have been opened or closed since the previous CRA examination.

The bank offered a full range of deposit and loan products and services. Agricultural and business loans were the bank's primary products. As of March 31, 2011, CNB&T reported net loans of \$131 million and tier one capital of \$20 million. Net loans represented 69 percent of total assets. The following table summarizes the percentage of each loan type originated from January 1, 2009 through May 24, 2011.

Loan Origination Summary by Loan Product Type		
Loan Type	% Originated Loans by Dollar	% Originated Loans by Number
Home Loans	17%	16%
Consumer Loans	3%	25%
Agricultural Loans	50%	36%
Business Loans	29%	22%
Other Loans	1%	1%

Source: CNB&T's Loans Originated Report

There were no known legal, financial, or other impediments that hampered CNB&T's ability to help meet the credit needs of its AA. There have not been any significant changes to CNB&T's corporate structure, including merger or acquisition activities, since the previous CRA examination. The bank was rated Satisfactory at the previous CRA examination dated January 23, 2006.

DESCRIPTION OF ASSESSMENT AREA

Seward and Lancaster counties are designated as CNB&T's AA. These counties are located in southeast Nebraska and make up the Lincoln Metropolitan Statistical Area (MSA). Seward County included four census tracts, 9901 through 9904, all of which were considered middle-income tracts. Lancaster County included 59 census tracts, 1 through 104. Two of the census tracts were considered low-income tracts, 15 were moderate-income, 23 were middle-income, 15 were upper-income, and four were not categorized. The AA did not arbitrarily exclude any low- or moderate-income area. A map of the AA can be obtained from the bank's CRA Public File.

According to the U.S. Census Bureau, the total population of Seward County was estimated at 16,481 in 2009. The largest city within the county was Seward, with a population of approximately 6,742. The 2009 estimated population of Lancaster County was 281,531. The largest city within Lancaster County was Lincoln, with a population estimated at 254,001.

While conducting the assessment of the bank's performance, members of the AA were contacted. One community contact was the director of an organization that provides resources and support for local business. The other community contact was a farm loan manager for a government office that provides loans to farmers and ranchers who may not otherwise be able to obtain funding. Both contacts commented the local economy remained generally good and the local financial institutions do a satisfactory job of meeting the credit needs of the AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

CNB&T's performance under the lending test is satisfactory. All criteria of the lending test are documented below.

Loan-to-Deposit Ratio

CNB&T’s LTD ratio is reasonable given the institution’s size, financial condition, area competition, and the credit needs of the community.

The bank maintains a satisfactory LTD ratio that averaged 87 percent over the last 20 quarters. The average LTD for similarly situated banks over the same time period was 97 percent. Individual LTD ratios ranged from 78 percent to 123 percent per bank. Similarly situated banks are those of similar size and/or business lines operating in the same geography.

Lending in Assessment Area

CNB&T originates a majority of loans by number and by dollar volume within its AA.

We reviewed a random sample of 20 agricultural loans and 20 commercial loans to determine the bank’s lending performance within its AA. Eighty percent of the loans by number and 76 percent of the loans by dollar were to borrowers in CNB&T’s AA.

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

CNB&T’s pattern of lending to farms and businesses of different sizes in its AA is satisfactory.

Based on the random sample of 20 agricultural loans, 61 percent of the loans by dollar, and 80 percent of the loans by number, were to farms with gross annual revenue (GAR) less than or equal to \$1 million. This compares reasonably to the percentage of farms in the bank’s AA that reported GAR of \$1 million or less at 98 percent.

Borrower Distribution of Loans to Farms in Seward-Lancaster AA				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	98%	1%	1%	100%
% of Bank Loans in AA by #	80%	10%	10%	100%
% of Bank Loans in AA by \$	61%	37%	3%	100%

Source: Random loan sample; U.S. Census Data

Based on the random sample of 20 commercial loans, 55 percent of the loans by dollar, and 60 percent of the loans by number, were to businesses with GAR less than or equal to \$1 million. This compares reasonably to the percentage of businesses in the AA that reported GAR of \$1 million or less at 77 percent.

Borrower Distribution of Loans to Business in Seward-Lancaster AA				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Business	77%	5%	18%	100%
% of Bank Loans in AA by #	60%	35%	5%	100%
% of Bank Loans in AA by \$	55%	45%	1%	100%

Source: Random loan sample; U.S Census Data

Geographic Distribution of Loans

CNB&T’s pattern of lending to farms and businesses throughout census tracts of different levels in its AA is satisfactory.

Based on our sample of 20 agricultural loans, the bank did not have any agricultural lending activity in low- or moderate-income census tracts in the AA. This is mitigated by the fact that the U.S. Census data found minimal agricultural activity in these geographies, as all of the low- and moderate-income census tracts are located in the city of Lincoln, Nebraska.

Geographic Distribution of Loans to Farms in Seward-Lancaster AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Farm Loans	0%	0%	5%	0%	78%	100%	17%	0%

Source: Random loan sample; U.S Census Data

Based on the random sample of 20 commercial loans, 20 percent of the loans by number were to businesses located in a moderate-income census tract. This compares reasonably to the percentage of business in CNB&T’s AA that are located in a moderate-income census tract at 24 percent.

Geographic Distribution of Loans to Businesses in Seward-Lancaster AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	2%	0%	24%	20%	46%	60%	27%	20%

Source: Random loan sample; U.S Census Data

Responses to Complaints

CNB&T has not received any CRA-related complaints since the previous 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.