



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**February 12, 2004**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

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

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

**Office of the Comptroller of the Currency  
Omaha South Field Office  
13710 FNB Parkway, Suite 110  
Omaha, Nebraska 68154**

**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 First National Bank & Trust Company of Beatrice (FNBT) satisfactorily meets the credit needs of its assessment area (AA).

- FNBT's loan distribution reflects a reasonable penetration among farms of different sizes, businesses of different sizes, and individuals of different income levels.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The bank originated a majority of its loans in the AA.
- The bank's quarterly average loan-to-deposit ratio since the last Community Reinvestment Act (CRA) examination is reasonable.
- The bank did not receive any complaints about its performance in helping to meet AA credit needs during the evaluation period.
- We found no evidence of illegal discrimination or other illegal credit practices.

## **DESCRIPTION OF INSTITUTION**

FNBT is a \$150MM institution located in southeast Nebraska. FNBT has a main office and two branch locations in Beatrice. In addition, FNBT has branches located in Blue Springs, Clatonia, and Cortland, Nebraska. The bank's primary loan products are agricultural, commercial, and residential real estate loans. FNBT received a "Satisfactory" rating at the last CRA examination, dated September 7, 1999. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA. Examiners interviewed one community contact and this contact stated commercial lending is the primary credit need in the community. The contact was not aware of any credit needs that were not being met in the community. Refer to the bank's CRA Public File for more information.

## **DESCRIPTION OF ASSESSMENT AREA**

The bank's AA encompasses all of Gage County in Nebraska. The 1990 U.S. Census divides this county into one moderate-income block numbering area and six middle-income block numbering areas. The bank's AA meets the requirements of the regulation and does not arbitrarily exclude any low- and moderate-income (LMI) areas. Refer to the bank's CRA Public File for more information.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA LENDING TO FARMS OF DIFFERENT SIZES, BUSINESSES OF DIFFERENT SIZES, AND BORROWERS OF DIFFERENT INCOMES**

A comparison of the three primary loan types reveals that FNBT has a reasonable penetration among farms and businesses of different sizes and individuals of different income levels. The following explains the results for each loan sample taken.

### **Lending to Farms of Different Sizes**

The following table displays the bank's lending practices based on a sample of 20 agricultural borrowers.

<b>Borrower Distribution of Loans to Farms in Gage County</b>				
Farm Revenues	<\$100,000	\$100,000 - \$249,000	\$250,000 - \$500,000	>\$500,000
% of AA Farms	71	19	8	2
% of Bank Loans in AA by #	55	35	10	0
% of Bank Loans in AA by \$	43	43	14	0

*Demographic Data Source: 1997 Census of Agriculture, U.S. Census*

The table reveals 90% of the number of FNBT's agricultural borrowers generated gross annual revenues of less than \$250,000. This compares reasonably to 1997 Census of Agriculture data that reveals 90% of reporting farms had gross annual revenues of less than \$250,000.

### **Lending to Businesses of Different Sizes**

The following table displays the bank's lending practices based on a sample of 20 business borrowers.

<b>Borrower Distribution of Loans to Businesses in Gage County</b>		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	65	5
% of Bank Loans in AA by #	55	30
% of Bank Loans in AA by \$	32	67

*Demographic Data Source: 2003 Dunn and Bradstreet*

*\*30% of AA businesses did not report revenue data*

The table shows 55% of the number of FNBT's business borrowers generated gross annual revenues of \$1 million or less. This compares reasonably to the 1990 U.S. Census data that reveals 65% of reporting businesses had gross annual revenues of \$1 million or less.

**Lending to Residential Real Estate Borrowers of Different Income Levels**

The following table displays the bank’s lending practices based on a sample of 20 residential real estate borrowers.

<b>Borrower Distribution of Residential Real Estate Loans in Gage County</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families
Sample	10	17	20	19	25	25	45	39

*Demographic Data Source: 1990 U.S. Census*

The above table shows 30% of FNBT’s residential real estate borrowers have LMI levels. This compares reasonably to 1990 U.S. Census data that shows 36% of families in the assessment area have LMI levels.

**GEOGRAPHIC DISTRIBUTION OF LOANS**

A comparison of the three loan types reveals that FNBT has a satisfactory geographic distribution of loans throughout the AA, including the one moderate-income tract. A comparison of the three primary loan types reveals that FNBT’s geographic distribution of loans throughout the AA meets the standards for a satisfactory rating. The loan distribution reflects reasonable dispersion throughout the AA for agricultural, business, and residential real estate loans.

**Geographic Distribution of Farm Loans**

The following table displays the bank’s geographic lending practices based on our sample of agricultural borrowers.

<b>Geographic Distribution of Loans to Farms in Gage County</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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	% of AA Businesses
Sample	0	0	0	10	100	90	0	0

*Demographic Data Source: 2003 Dunn and Bradstreet*

Based on our sample of 20 agricultural borrowers, the above table reveals that the bank did not provide any agricultural loans to farmers located in the only moderate-income tract in the AA. Dunn and Bradstreet data shows only 10% of farms in the AA were located in the moderate-income tract. It is reasonable to expect a small volume of agricultural loans in the moderate-income tract, as this tract is located in the city of Beatrice.

**Geographic Distribution of Business Loans**

The following table displays the bank’s geographic lending practices based on our sample of business borrowers.

<b>Geographic Distribution of Loans to Businesses in Gage County</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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	% of AA Businesses
Sample	0	0	30	27	70	73	0	0

*Demographic Data Source: 2003 Dunn and Bradstreet*

The table reveals that 30% of the number of FNBT’s commercial borrowers were located in the moderate-income tract. This compares well to 2003 Dunn and Bradstreet data that shows 27% of businesses in the AA were located in the moderate-income tract.

**Geographic Distribution of Residential Real Estate Loans**

The following table displays the geographic distribution of the bank’s lending practices based on the sample of residential real estate borrowers.

<b>Geographic Distribution of Residential Real Estate Loans in Gage County</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing
Sample	0	0	5	7	95	93	0	0

*Demographic Data Source: 1990 U.S. Census*

The table reveals that 5% of the number of FNBT’s residential real estate borrowers are located in the moderate-income tract. This compares to 1990 U.S. Census Data, which reveals 7% of owner-occupied housing units in the assessment area are located in the moderate-income tract. The geographic distribution of the bank's residential real estate loans is satisfactory as compared to the census data.

**LENDING IN THE ASSESSMENT AREA**

FNBT satisfactorily originates a majority of its loans in its assessment area. Examiners found 90% of the number and 75% of the dollar volume of loans were originated within FNBT’s AA. This is based on our samples of agricultural, commercial, and residential real estate loans.

## **LOAN TO DEPOSIT RATIO**

FNBT's average quarterly loan-to-deposit ratio over the past twenty quarters is reasonable at 67%. The twenty-quarter average of the similarly situated financial institutions chartered in the bank's assessment area is 80%, with a range of 60% to 99%.

## **RESPONSE TO COMPLAINTS**

FNBT did not receive any consumer complaints regarding its CRA performance during the assessment period.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

We found no evidence of illegal discrimination or other illegal credit practices.