



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

May 21, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank in Exeter
Charter Number 14073**

**139 South Exeter Avenue
Exeter, NE 68351**

**Comptroller of the Currency
Omaha Field Office
13710 FNB Parkway, Suite 110
Omaha, NE 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: First National Bank in Exeter (FNB) is rated Satisfactory.

- FNB's record of lending to agricultural and commercial borrowers of different sizes is satisfactory.
- The majority of the loans made by FNB are within the assessment area (AA).
- FNB's average loan-to-deposit ratio since the last examination is reasonable.

DESCRIPTION OF INSTITUTION

FNB is a \$25 million institution located in south central Nebraska. FNB has one full service facility and no branch locations. The bank's strategy is to continue to be the home town bank. The primary competition within the AA includes branches of several large regional banks and locally owned community banks.

FNB offers traditional loan and deposit products. The bank's primary loan products are agricultural and commercial loans. Loan originations in 2005, 2006, and through May 21, 2007 consisted of 43% farm, 33% business, 16% consumer, and 8% home loans based on the number originated.

FNB received a "Satisfactory" rating at the last CRA examination dated December 16, 2002. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the assessment area.

DESCRIPTION OF ASSESSMENT AREA

The bank's AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The AA includes four middle-income contiguous census tracts in southeast York County, southwest Seward County, northwest Saline County, and east Fillmore County. There are four other similarly situated financial institutions within the AA.

The local economy is stable. Unemployment remains low at 1.40%. Local schools, a health care center, a hospital, and industrial businesses continue to be the largest employers.

We conducted one community contact with a local organization. The community contact revealed that agricultural loans remain the primary lending need within the community. The contact indicated the economy is good and the lending needs of the community are met.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's lending level is reasonable given the bank's loan-to-deposit (LTD) ratio, size, financial condition, and the AA credit needs. FNB's average LTD ratio since the prior CRA examination is 77%. This is reasonable compared to the average LTD ratio of the four similarly situated banks in the AA at 88%. These other institutions had a high LTD ratio of 122%, and a low LTD ratio of 71%.

Lending in Assessment Area

Loans made inside the AA meet the standards for financial institutions. FNB makes a majority of its loans in its AA. The loan sample consisted of 20 randomly selected agricultural loans and 20 randomly selected commercial loans originated from January 1, 2005 to May 21, 2007. FNB originated 83% by number, and 92% by dollar amount within its AA for agricultural and commercial loans.

Lending to Farms and Commercial Businesses of Different Sizes

FNB's record of lending to farms and commercial businesses of different sizes is satisfactory. A majority of the loans in the agricultural sample were made to small farms, which is defined as farms with gross revenues of less than \$1 million. The demographic data supports this type of lending and makes it apparent that small farms constitute the vast majority of farms in the AA. Nearly all of the commercial loans were made to businesses with gross revenue of less than \$1 million. The demographic data supports this type of lending; however, nearly half of borrowers did not report revenue.

Geographic Distribution of Loans

Geographic distribution analysis is not applicable as the AA consists of four middle-income census tracts.

Responses to Complaints

FNB has not received any CRA related complaints since the last performance evaluation.

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.