



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

August 20, 2001

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**The Beatrice National Bank and Trust Company
Charter Number 3081**

**523 Court Street
Beatrice, NE 68310**

**Office of the Comptroller of the Currency
Omaha South Field Office
13710 FNB Parkway #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: This institution is rated **Satisfactory**.

Beatrice National Bank and Trust Company (BNBT) satisfactorily meet the credit needs of its assessment area.

- The average loan-to-deposit ratio for BNBT since the last examination is more than reasonable.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- BNBT's loan distribution reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.

DESCRIPTION OF INSTITUTION

BNBT is a \$102 million institution located in southeast Nebraska. BNBT's main office is located in Beatrice, Nebraska. In addition, BNBT has two branches in Beatrice and one in Pickrell, Nebraska. The bank operates five cash dispensing machines and three automated teller machines in Beatrice. BNBT is 100% owned by a two-bank holding company. BNBT received a "Satisfactory" rating during the April 4, 1997 examination.

As of June 30, 2001, BNBT's \$84 million loan portfolio consisted of 34% commercial, 24% residential real estate, 19% agricultural, 9% farm real estate, and 14% consumer loans.

Please refer to BNBT's CRA public file for more information.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area (AA) encompasses all of Gage County, which is comprised of seven block-numbering areas (BNA's). One BNA is moderate-income with the remaining six BNA's categorized as middle-income. The AA is not located within a Metropolitan Statistical Area.

Examiners reviewed two previous community contacts made by regulatory agencies in the bank's AA and performed one additional community contact during this examination. Community contacts revealed a need for affordable housing in the bank's AA. Contacts stated low- and moderate-income rental housing exists, but little affordable housing is available for purchase.

Please refer to BNBT's CRA public file for more information.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

BNBT's average loan-to-deposit ratio over the past sixteen quarters is more than reasonable at 91%. The sixteen-quarter average of the financial institutions chartered in the bank's assessment area is 77%, with a range of 60% to 95%.

Lending in the Assessment Area

BNBT originates a majority of its loans in the assessment area. Examiners sampled 20 commercial, 20 residential real estate, and 20 consumer loans. The sample revealed that 82% of the number of originated loans were within the AA. The following table displays the results of the bank's record of lending in the AA, based on the sample of 60 borrowers.

Lending in the Assessment Area		
Loan Type	% of Number of Borrowers in the Assessment Area	% of \$ Volume of Loans Made in the Assessment Area
Commercial	85%	92%
Residential Real Estate	85%	85%
Consumer	75%	86%
Combined	82%	89%

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

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

Lending to Businesses of Different Sizes

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

Sample of 20 Business Borrowers			
Annual Gross Revenue (000)	% of Number of Borrowers in Revenue Range	% of \$ Volume of Loans Made in Revenue Range	% of Businesses in the Assessment Area *
< = \$1,000	70%	73%	93%
> \$1,000	30%	27%	7%

* 1990 U.S. Census Data

The table reveals 70% of the number of BNBT's business borrowers generate gross annual revenues of \$1 million or less. This compares reasonably to Census Data that reveals 93% of businesses have gross annual revenues of \$1 million or less.

Lending to Consumer Borrowers of Different Incomes

The following table displays the bank's lending practices based on the 20 residential real estate borrowers sampled.

Income Distribution of 20 Residential Real Estate Borrowers			
Income Level	% of Number of Residential Real Estate Borrowers in the Revenue Range	% of \$ Volume of Residential Real Estate Borrowers in the Revenue Range	% of Families in the Assessment Area *
Low-Income	15%	18%	17%
Moderate-Income	30%	15%	19%
Middle-Income	10%	6%	25%
Upper-Income	45%	61%	39%

* 1990 U.S. Census Data

The above table reveals that 15% of the number of BNBT's residential real estate borrowers have low-income levels. This compares reasonably to 1990 U.S. Census Data that shows 17% of families in the assessment area have low-income levels. The table also reveals that 30% of BNBT's residential real estate borrowers have moderate-income levels. This compares very well to 1990 U.S. Census Data that shows 19% of families in the assessment area have moderate-income levels.

The following table displays the bank's lending practices based on the 20 consumer borrowers sampled.

Income Distribution of 20 Consumer Borrowers			
BNA Tract	% of Number of Consumer Borrowers in Revenue Range	% of \$ Volume of Consumer Loans Made in Revenue Range	% of Households in the Assessment Area *
Low-Income	20%	25%	24%
Moderate-Income	20%	8%	15%
Middle-Income	25%	17%	20%
Upper-Income	35%	50%	41%

* 1990 U.S. Census Data

The above table reveals that 20% of the number of BNBT's consumer borrowers have low-income levels. This compares reasonably to 1990 U.S. Census data that shows 24% of households in the assessment area have low-income levels. The table also reveals that 20% of BNBT's consumer borrowers have moderate-income levels. This compares very well to 1990 U.S. Census data that shows 15% of households in the assessment area have moderate-income levels.

Geographic Distribution of Loans

A comparison of the three loan types reveals that BNBT has a satisfactory geographic distribution of loans throughout the AA, including the one moderate-income tract. More weight was given to residential real estate and commercial loans in the analysis due to the larger dollar volume in these areas. In addition, focus was given on residential real estate loans since community contacts stated residential real estate was a credit need for the community.

Geographic Distribution of Residential Real Estate Loans

The following table displays the geographic distribution of the bank's lending practices based on the 20 residential real estate borrowers sampled.

Geographic Distribution of 20 Residential Real Estate Borrowers			
BNA Tract	% of Number of Real Estate Loans Originated in BNA	% of Dollar Volume of Real Estate Loans Originated in BNA	% of Owner Occupied Housing Units in the BNA Tract *
Moderate-Income Tract	10%	7%	7%
Middle-Income Tracts	90%	93%	93%

* 1990 U.S. Census Data

The table reveals that 10% of the number of BNBT's residential real estate borrowers are located in the moderate-income tracts. 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 excellent as compared to the census data.

Geographic Distribution of Commercial Loans

The following table displays the bank's geographic lending practices based on the 20 commercial borrowers sampled.

Geographic Distribution of 20 Commercial Borrowers			
BNA Tract	% of Number of Commercial Borrowers with Loans Originated in BNA	% of Dollar Volume of Commercial Borrowers with Loans Originated in BNA	% of Businesses in the BNA Tract *
Moderate-Income Tract	30%	42%	35%
Middle-Income Tracts	70%	58%	65%

* 1990 U.S. Census Data

The table reveals that 42% of the volume and 30% of the number of BNBT's business borrowers are located in the moderate-income tract. This compares very well to 1990 U.S. Census Data that reveals 35% of businesses in the assessment area are located in the moderate-income tract.

Geographic Distribution of Consumer Loans

The following table portrays the bank's geographic distribution record for consumer loans, based on the 20 loans sampled.

Geographic Distribution of 20 Consumer Borrowers			
BNA Tract	% of Number of Consumer Loans Originated in BNA	% of Dollar Volume of Consumer Loans Originated in BNA	% of Households in the BNA Tract *
Moderate-Income Tract	0%	0%	11%
Middle-Income Tracts	100%	100%	89%

* 1990 U.S. Census Data

Based on our sample of 20 consumer borrowers, the above table reveals that the bank did not provide any consumer loans to households located in the only moderate-income tract in the AA. Even so, we consider the bank's overall record of providing loans throughout the AA, including the moderate-income tract, satisfactory. As mentioned above, we placed more weight on the bank's record of providing residential real estate loans, since community contacts revealed a need for affordable housing loans and residential real estate loans represent a larger percentage of the dollar volume of the bank's lending. Given the bank's excellent record of providing residential real estate loans and satisfactory record of providing business loans throughout the AA, we concluded the bank's overall geographic distribution record is satisfactory.

RESPONSE TO COMPLAINTS

BNBT has not received any consumer complaints regarding its CRA performance.

FAIR LENDING REVIEW

An analysis of 1998-1999 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1996.