

Comptroller of the Currency
Administrator of National Banks

Midwestern District
2345 Grand Avenue, Suite 700
Kansas City, Missouri 64108

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

May 19, 1997

**The Fremont National Bank and Trust Company
Charter Number 2848
152 East 6th Street
Fremont, Nebraska 68025**

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, conclusions, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **The Fremont National Bank and Trust Company**, prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of May 19, 1997. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under five performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating

Based on the findings presented below, The Fremont National Bank & Trust Company (FNB&T) is rated:

Outstanding Record of Meeting Community Credit Needs.

The purpose of CRA is to ensure that financial institutions help meet the credit needs of their local communities. We rate this institution's CRA record outstanding for the following reasons:

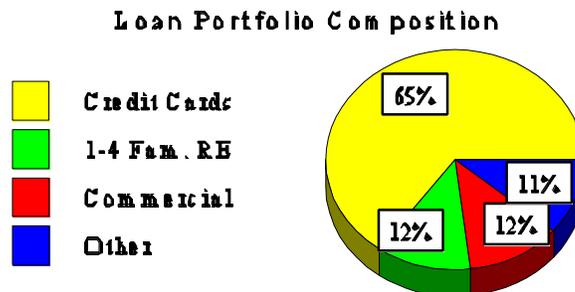
- FNB&T is the leading financial institution in Dodge County, Nebraska in making residential real estate loans.
- FNB&T actively participates in government-related lending programs for residential real estate, small businesses, and small farms. FNB&T is the leading originator of Small Business Administration guaranteed loans in Dodge County, Nebraska.
- The bank has a good record of originating non-guaranteed small business and small farm loans.
- FNB&T actively participates in community development and redevelopment programs, providing financial assistance, leadership, and technical expertise.

Bank Profile

The Fremont National Bank & Trust Company is a \$290 million financial institution located in eastern Nebraska. First National of Nebraska, Inc., a multi-bank holding company with total assets of \$6.9 billion as of December 31, 1996, owns 100% of the bank. First National of Nebraska, Inc. is headquartered in Omaha, Nebraska. The bank operates one full service branch and one limited service branch, both in Fremont. FNB&T also operates seven automated teller machines (ATMs) in Fremont and a drive-through facility next to the main bank. The bank opened one ATM since the last CRA examination.

FNB&T is the largest bank in its delineated community. FNB&T faces strong competition from 23 other banks with total assets ranging from \$8 million to \$134 million as of December 31, 1996. FNB&T's loan-to-deposit ratio of 78%, as of December 31, 1996, compares favorably with its competitors' average loan-to-deposit ratio of 74% for the same period. The loan-to-deposit ratio of competing banks ranged from 46% to 91% in the same timeframe.

The following graph displays FNB&T's loan portfolio composition as of December 31, 1996:



FNB&T purchases credit card participations from an affiliate bank after meeting the credit needs of its delineated community.

Community Profile

FNB&T has one delineated community. The community includes all of Dodge County and portions of Burt, Cuming, Douglas, Saunders, and Washington Counties; all in Nebraska. The delineated community includes 17 block numbering areas (BNAs) and three census tracts. Seventeen of the BNAs/census tracts are middle income and three of the tracts are upper income. There are no low- or moderate-income tracts in the bank's delineated community. Based on 1990 census data, the population of the delineated community is 77,415. The inflation adjusted 1996 median family income for non-metropolitan statistical areas was \$35,100 and \$45,900 for the Omaha NE/IA Metropolitan Statistical Area. The following table illustrates the number and percentage of families in each income category in the bank's delineated community. The data is based on 1990 median family census income of \$27,623 for non-metropolitan statistical areas and \$36,011 for metropolitan statistical areas.

Families by Income Category		
Income Category	Number	Percentage
Low Income	3,167	15%
Moderate Income	4,045	19%
Middle Income	5,691	26%
Upper Income	8,506	40%

Local economic conditions within the bank's delineated community remain stable and do not adversely affect FNB&T's community reinvestment efforts. Manufacturing, services, and agriculture are the major industries in Fremont and the surrounding areas. Economic diversification contributes to the low unemployment rate of approximately 2%. Fremont's largest employers include Hormel Foods Corporation, Fremont Manufacturing, Tek Industries, Inc., and Fremont Area Medical Center. In addition, Midland Lutheran College, a four year liberal arts college, is located in Fremont.

Reasonableness of Delineated Community

The bank's delineated community is reasonable and does not arbitrarily exclude any low- to moderate-income (LMI) areas. The delineation includes geographies where FNB&T has banking offices and other geographies adjacent to its offices. This area represents the majority loan volume, excluding credit card participations.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

Management actively determines community credit needs through ongoing meaningful contact with a wide range of individuals and groups representing diverse community interests.

FNB&T conducts a variety of activities to ascertain community credit needs. FNB&T has an active officer call program to establish and maintain direct contact with the community. In addition, FNB&T management conducts surveys and supports focus groups. These contacts provide FNB&T with valuable and meaningful insight into the credit and service needs of individuals, small businesses and agricultural customers. Numerous bank employees also support ascertainment of credit needs through involvement in a broad spectrum of community groups.

Through its ascertainment efforts, FNB&T has effectively identified community credit needs. The most common identified need is for affordable residential real estate loans. Examiner community outreach efforts confirmed this need.

FNB&T effectively meets identified credit needs by offering flexible residential real estate loan products. In addition, FNB&T actively meets other needs, such as small business

lending, agricultural lending, and consumer loans. Refer to Assessment Factors I and J for details.

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The Board of Directors actively supports and participates in the bank's program to meet community credit needs.

The Board supports the CRA process through the designation of a CRA officer and a CRA/Fair Lending Committee. In addition, the Board reviews the bank's CRA activities, CRA Action Plan, CRA Statement, and training materials periodically. Two directors participate in the CRA/Fair Lending Committee. Members of the Board are personally involved in many community organizations. Examples of these organizations include: Fremont Area Chamber of Commerce, Greater Fremont Development Council, Fremont Area Community Foundation, and many charitable organization Boards. The Board supports CRA training for employees and supports employee involvement in various community organizations.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

FNB&T has implemented a sound marketing program designed to reach all segments of the community.

FNB&T's Board of Directors has implemented a formal marketing strategy to promote the bank's products and services throughout the delineated community. FNB&T reasonably advertises specific products and services through newspaper, television, and direct mail solicitations. Newspaper advertisements are in both free and fee-charged publications. The bank also makes the public aware of products and services offered by providing home buyer seminars and other seminars, and by participating in various trade shows.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans and small business or small farm loans within its community, or the purchase of such loans originated in its community.

FNB&T's volume of originated residential mortgage, small business, and small farm loans supports its commitment to provide credit within its community. FNB&T originates a substantial majority of its real estate, small business, and small farm loans within its delineated community.

FNB&T offers and originates a comprehensive array of loan products to meet community credit needs. Loan types are detailed in the bank's 1997 CRA Statement and include loans for housing, consumer, small business, and small farm needs.

FNB&T remains the dominant real estate lender in Dodge County. Of the 1,904 mortgages filed in Dodge County between January 1, 1996 and April 30, 1997, 29% were filed by FNB&T. This volume is 65% greater than any other local financial institution. FNB&T originates a substantial majority of its residential real estate loans within its delineated community. From January 1, 1996 through April 30, 1997, FNB&T's residential real estate department originated 588 loans totaling \$31.3 million. Approximately 95% of the number of these loans were originated within the delineated community.

The geographic distribution of the bank's consumer, small business and small farm loans demonstrates an ongoing commitment to meet the identified credit needs of the delineated community. The following table summarizes the bank's record of meeting the credit needs of the community.

Lending Within Delineated Community										
By number and dollar volume (\$000's)										
January 1, 1996 through April 30, 1997										
	Inside Delineated Community				Outside Delineated Community				Total	
	#	%	\$	%	#	%	\$	%	#	\$
Residential Real Estate	557	95%	29,093	93%	31	5%	2,227	7%	588	31,320
Small Business	360	87%	28,195	87%	52	13%	4,163	13%	412	32,358
Small Farm	217	85%	9,191	81%	39	15%	2,145	19%	256	11,336
Consumer	1,285	88%	11,476	85%	183	12%	2,059	15%	1,468	13,535

The bank originates a sizable volume of small dollar loans to small businesses and farms. Examiners considered small business and farm loan originations using the Consolidated

Report of Condition and Income definitions. Between January 1, 1996 and April 30, 1997, 89% of the loans to small businesses and farms in the bank's delineated community were originated in amounts of less than \$100,000.

Assessment Factor J - The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.

FNB&T actively participates in government-related lending programs for residential real estate, small businesses, and small farms.

The bank originates all types of government housing program loans, guaranteed small business loans, and guaranteed farm loans. FNB&T is the only certified Small Business Administration (SBA) lender in its delineated community. Information obtained from the Small Business Administration revealed FNB&T was the leading originator of SBA loans in Dodge County from October 1, 1995 through September 30, 1996. Out of eight SBA lenders in Dodge County, FNB&T originated 31% of the number and 14% of the dollar volume of SBA loans written in Dodge County. The following table details the bank's origination of government-related loans during 1995 and 1996.

Government Home Loan Program Originations				
	1995		1996	
	#	\$(000)	#	\$(000)
Veteran's Administration (VA) ¹	20	1,035	20	1,284
Federal Housing Authority (FHA) ¹	38	2,051	31	1,765
Small Business Administration (SBA) ²	2	569	7	665
Nebraska Dollar & Energy Savings	25	122	30	106
Farm Services Administration (FSA)	6	369	5	385

1 The 1995 VA and FHA totals include 20 loans written under the Nebraska Investment Finance Authority (NIFA) program totaling \$886,987. The 1996 VA and FHA totals include 20 loans written under the NIFA program totaling \$1,013,731.

The 1996 VA and FHA totals are also included in residential real estate loan totals under Assessment Factor I.

2 SBA loans included in this table were also displayed in the small business totals under Assessment Factor I.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

FNB&T's documented analysis demonstrates a reasonable penetration of loans within and throughout its delineated community. There are no low- or moderate-income areas within the bank's community.

FNB&T extends credit throughout its delineated community. The bank's CRA officer compiles loan approval and denial data each quarter for each loan product by BNA and census tract. The Board of Directors and CRA committee utilize these reports to ensure penetration to all segments of the community and to formulate marketing strategies. Data for 1996 and year-to-date 1997 shows reasonable penetration to all BNAs and census tracts within the bank's delineated community. Although credit extensions and denials are distributed throughout the bank's delineated community, FNB&T's lending activity is concentrated in Fremont and surrounding Dodge County. FNB&T's lending patterns are consistent with population and business concentrations.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

FNB&T's offices and available services are readily accessible to all segments of the community.

FNB&T operates two full service offices and one limited service facility in Fremont. The bank also has a drive through facility located next the main bank in Fremont. In addition, the bank operates seven ATM throughout Fremont. FNB&T established one new ATM since the last CRA examination. The Board has never closed any offices.

Business hours and services are tailored to meet the community's needs. All facilities offer Saturday hours and the branch locations have extended evening hours every weekday until 7:00 p.m. FNB&T has assessed the bank's hours in the past through customer surveys and through community outreach. FNB&T also offers a 24 hour telephone banking balance transfer service.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

Examiners found no practices intended to discourage applications for any types of credit listed on the bank's CRA Statement.

FNB&T solicits applications from all segments of the community. The Board of Directors adopted a formal Fair Lending policy that sets forth basic fair lending requirements. All lending personnel receive regular fair lending, sensitivity, and diversity training. The bank has an independent second review program for potential denied loan applications. In addition, the bank has an internal fair lending audit that compares approved and denied applications to identify any instances of similar loan applicants receiving different loan outcomes on a prohibited basis.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

FNB&T complies with substantive provisions of antidiscrimination laws and regulations.

Examiners did not identify any instances in which the bank denied credit or provided different levels of assistance to similarly situated applicants on the basis of their gender. Examiners selected 100% or nine denied individual female applications from January 1, 1997 through April 30, 1997 for unsecured consumer credit. Examiners compared the nine female applications to 100% or 34 approved individual male applications for unsecured consumer credit from the same time period.

V. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development¹ and redevelopment projects or programs.

FNB&T actively participates in community development and redevelopment programs, providing financial assistance, leadership, and technical expertise in its community.

The following are examples of the bank's local community development activities:

¹Community development is defined as affordable housing for LMI individuals, community services targeted to LMI individuals, activities that promote economic development by financing small businesses and farms, and activities that revitalize or stabilize LMI geographies.

The Fremont National Bank and Trust Company

- Care Corps - A FNB&T employee founded this 15 room shelter for the homeless in 1995. FNB&T loaned the shelter \$30,000 in 1995 and renewed this amount in 1996.
- Salvation Army of Fremont - A FNB&T employee serves on the Board of this organization which provides social services for low income individuals and families by offering food service, shelter and other services.
- Washington Elementary School - FNB&T “adopted” this school which is located in a predominantly lower income neighborhood in Fremont. Bank employees periodically offer courses to the children and to parents from the neighborhood covering savings programs and credit management. FNB&T also makes financial contributions to the school on a regular basis.
- Habitat for Humanity - FNB&T contributes \$2,000 annually to this nonprofit organization. An FNB&T employee is head of fund raising. The bank also processes loan payments on four of the six houses currently in this program.
- United Way of Fremont - FNB&T contributes \$4,300 annually to this nonprofit charitable organization. The organization’s main purpose is to support the needs of low income families. A FNB&T employee serves in a leadership role at the United Way.
- Low Income Ministry - FNB&T donates \$1,000 annually to this organization that provides food, clothing, and shelter to low income individuals and families at low or no cost.
- Headstart - FNB&T originated a \$334,000 loan to Midland Lutheran College during 1995 to fund the Headstart program. This program is specifically for children of low income families.
- Fremont Area Chamber of Commerce - This organization promotes business improvement in the area. FNB&T’s President is the Chairman of the Board. In addition, two FNB&T directors and an employee serve in leadership roles at the Chamber of Commerce.
- Greater Fremont Development Council - This organization is predominantly involved in attracting businesses to the area and in helping existing businesses expand. Several FNB&T directors have served in leadership roles in this organization in the past.
- Fremont Area Community Foundation - A nonprofit organization providing grants to businesses and nonprofit groups. Three FNB&T directors serve in leadership roles in this organization.

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

FNB&T's efforts to meet community credit needs are consistent with its size and resources.

FNB&T has sufficient resources to meet the credit needs of its community. The bank also has access to additional resources through its holding company and affiliate banks. FNB&T has demonstrated its willingness to support the development and implementation of programs and products to meet community needs. No legal impediments or other factors limit the bank's efforts.

Assessment Factor L - Any other factors that, in the regulatory authority's judgement, reasonably bears upon the extent to which an institution is helping to meet the credit needs of its entire community.

FNB&T is engaged in other meaningful activities that contribute to its efforts to help meet the community's credit needs.

Mainstreet Fremont - FNB&T is the leading contributor to this downtown Fremont revitalization program. The bank donates \$3,000 annually to the Mainstreet Fremont program and has originated several small business loans (included in totals displayed in Assessment Factor I) since the program's inception in 1995. Also, several bank personnel serve in leadership roles in this program.

Domestic Abuse Crisis Center of Dodge County - FNB&T made two loans during 1997 to this organization totaling \$32,000.

Home Buyer Seminars - FNB&T offers annual seminars for the community covering basic information on purchasing a home, home equity loans, and home construction.

YMCA - FNB&T made the largest business contribution of \$100,000 for the YMCA expansion during 1995. The bank also provides financial assistance to the YMCA in the form of loans.

ADDITIONAL INFORMATION

Examination Profile

The scope of the CRA examination included an analysis of the bank's performance since May 1995, the date of the prior CRA examination. National Bank Examiners reviewed information prepared by bank management. Examiners also obtained information regarding the community's credit needs through contacts with government housing agencies, community development corporations, and local government offices. The bank is not subject to the Home Mortgage Disclosure Act.

The Office of the Comptroller of the Currency (OCC) is the regulatory agency responsible for the supervision of this bank. If you should have comments regarding this bank's performance under the CRA or questions regarding the Act, contact the OCC at: Midwestern District Office, 2345 Grand Avenue, Suite 700, Kansas City, Missouri 64108.