



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**June 26, 2003**

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

**First National Bank  
Charter Number 6818**

**201 Main Street, P.O. Box 100  
Beemer, Nebraska 68716**

**Comptroller of the Currency  
Omaha North 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.**

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## **INSTITUTION'S CRA RATING**

**This institution is rated Satisfactory.**

First National Bank (FNB) meets the credit needs of its assessment areas. The bank's primary lending activities are to agricultural and consumer borrowers.

- FNB's lending level is satisfactory given the institution's size, financial condition, and the assessment areas' credit needs.
- A majority of the bank's loans are within the assessment areas.
- Lending to borrowers of different income levels and farms of different sizes is satisfactory.
- Geographic distribution of loans is satisfactory.

## **DESCRIPTION OF INSTITUTION**

FNB is a \$72 million bank located in Cuming County in northeastern Nebraska. The bank is 100% owned by First Beemer Corp, a \$72 million one-bank holding company located in Beemer, Nebraska. FNB's main office is located in Beemer, Nebraska. The bank also operates two full service branches in Bancroft and Homer, Nebraska. The bank does not have any deposit-taking automated teller machines. The bank's corporate structure has not changed since the last Community Reinvestment Act (CRA) examination. However, the bank has added the Bancroft branch location since the last CRA examination.

FNB offers traditional loan and deposit products. As of March 31, 2003, the bank's loan portfolio represented 67% of total assets. The loan portfolio consisted of 73% agricultural loans, 18% commercial loans, 5% consumer loans, and 4% residential real estate loans based on outstanding dollars. Based on the number of loans originated, agriculture and consumer loans are the primary products. Forty-nine percent of the loans originated are agriculture, and 38% are consumer.

FNB has no legal or financial impediments preventing it from fulfilling its obligations under the CRA. FNB was rated Satisfactory at the last CRA examination dated August 11, 1998.

## **DESCRIPTION OF ASSESSMENT AREA**

FNB has two assessment areas (AAs). Both AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income geographies. Individuals can refer to the bank's CRA Public File for a map outlining the bank's AAs.

The local economy is stable. Agriculture and employers in Sioux City provide the main employment sources between the two AAs. There are 17 other financial institutions with branches within Cuming, Burt, Thurston, and Dakota Counties. These institutions range in size from approximately \$15 million to \$3.8 billion in total assets, and provide the primary competition to FNB.

Examiners made two community contacts with city officials during the CRA examination. Community contacts revealed that agricultural and consumer loans are the primary credit needs within the area. FNB offers and originates these types of loans. Both community contacts felt that the credit needs of the area were being met.

### **Sioux City Metropolitan Statistical Area**

The first AA consists of Metropolitan Statistical Area (MSA) 104 in Dakota County. The only geography in this AA is a middle-income census tract.

According to the 1990 U.S. Census, the total population of the MSA is 3,242. The 1990 U.S. Census estimated 18% of families in the AA were low-income, 21% moderate-income, 28% middle-income, and 33% upper-income. Twelve percent of AA households are below the poverty level. The 2002 weighted average updated median family income is \$52,300 for the Sioux City MSA. The median housing value in the AA is \$39,100, and 69% of housing is owner-occupied.

### **Non-MSA Block Numbering Areas**

The second AA consists of five contiguous block numbering areas (BNAs). The BNAs are 9826, 9827, and 9828 in Cuming County, BNA 9831 in Burt County, and BNA 9782 in Thurston County. Four of the five (80%) geographies are middle-income census tracts in this AA. One of the five (20%) geographies is a moderate-income census tract.

According to the 1990 U.S. Census, the total population of this AA is 17,550. The 1990 U.S. Census estimated 20% of families in the AA were low-income, 22% moderate-income, 26% middle-income, and 32% upper-income. Fifteen percent of the AA households are below the poverty level. The 2002 weighted average updated median family income is \$45,800 for non-MSAs in Nebraska. The median housing value in the AA is \$34,480, and 63% of housing is owner-occupied.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

FNB's average lending level is satisfactory. This is based on the bank's loan-to-deposit (LTD) ratio, size, financial condition, and the AAs' credit needs. FNB's March 31, 2003 net LTD ratio was 80%. FNB's quarterly average LTD ratio for the 19 quarters ending March 31, 2003 was 78%. The bank's average LTD ratio is lower than but reasonably compares to the average LTD ratio of ten similarly situated banks in the AAs. The ten similarly situated banks had a 19-quarter average LTD ratio of 84%, and a range of 71% to 105%. The banks used for comparison range in size from \$15 million to \$157 million in total assets.

### **Lending in Assessment Area**

FNB originates a majority of its loans within the AA. We relied upon bank reports to determine if the number and dollar amount of outstanding loans were within the bank's AAs. We verified the accuracy of bank reports by testing a sample of loans. We found that 78% and 82% of outstanding loans, by number and volume respectively, were made in the AAs.

### **Lending to Borrowers of Different Incomes and to Farms of Different Sizes**

#### **Sioux City Metropolitan Statistical Area**

FNB has a satisfactory record of lending to agricultural borrowers of different sizes in the MSA AA. We reviewed a sample of 8 agricultural loans totaling \$664,010 to determine the bank's lending to farms of different sizes. All of the loans were located in the AA and were originated between January 1, 2001 and December 31, 2002.

FNB originated 75% of agricultural loans by number and 26% by loan volume, to farm operations with gross annual revenues less than \$250,000. The bank's lending reasonably compares to the 1997 Census of Agricultural Data, which shows 87% of AA farms with gross annual revenues less than \$250,000. The bank has a low percentage of loan penetration by volume. It can be reasonably concluded that smaller farm operations will need smaller loans than larger operations.

The following table shows the breakdown of loans to farms as compared to the AA demographics.

<b>LOANS TO FARMS OF DIFFERENT SIZES</b>					
Gross Revenue of Farms	# of Loans	% of Total #	\$ of Loans	% of Total \$	% of Farms in AA
< \$99,999	3	25%	\$82,000	14%	69%
\$100,000 - \$249,999	4	50%	\$76,500	12%	18%
\$250,000 - \$499,999	1	12%	\$55,510	8%	8%
> \$500,000	1	12%	\$450,000	68%	5%
<b>Total</b>	<b>8</b>	<b>100%</b>	<b>\$664,010</b>	<b>100%</b>	<b>100%</b>

FNB has an excellent record of lending to individuals of different income levels in the MSA AA. We reviewed a sample of 18 consumer loans totaling \$270,534 to determine the bank's lending to individuals of different income levels. All of the loans were located in the AA and were originated between January 1, 2001 and December 31, 2002.

FNB originated 61% of its loans by number and 55% by volume, to low- and moderate-income (LMI) borrowers. These percentages exceed the 37% of AA households with low or moderate incomes.

The following table shows the breakdown of loans to individuals as compared to the AA demographics.

<b>LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS</b>					
Income Level	# of Loans	% of Total #	\$ of Loans	% of Total \$	% of Households in AA
Low	7	39%	\$65,441	24%	23%
Moderate	4	22%	\$84,084	31%	14%
Middle	3	17%	\$45,031	17%	22%
Upper	4	12%	\$75,978	28%	41%
<b>Total</b>	<b>18</b>	<b>100%</b>	<b>\$270,534</b>	<b>100%</b>	<b>100%</b>

### Non-MSA Block Numbering Areas

FNB has a satisfactory record of lending to agricultural borrowers of different sizes in the non-MSA AA. We reviewed a sample of 19 agricultural loans totaling \$2,624,983 to determine the bank's lending to farms of different sizes. All of the loans were located in the AA and were originated between January 1, 2001 and December 31, 2002.

FNB originated 85% of agricultural loans by number and 80% by loan volume, to farm operations with gross annual revenues less than \$250,000. The bank's lending reasonably compares to the 1997 Census of Agricultural Data, which shows 79% of AA farms with gross annual revenues less than \$250,000.

The following table shows the breakdown of loans to farms as compared to the AA demographics.

<b>LOANS TO FARMS OF DIFFERENT SIZES</b>					
Gross Revenue of Farms	# of Loans	% of Total #	\$ of Loans	% of Total \$	% of Farms in AA
< \$99,999	10	53%	\$959,183	37%	55%
\$100,000 - \$249,999	6	32%	\$1,130,800	43%	24%
\$250,000 - \$499,999	2	11%	\$445,000	17%	11%
> \$500,000	1	5%	\$90,000	3%	10%
<b>Total</b>	<b>19</b>	<b>100%</b>	<b>\$2,624,983</b>	<b>100%</b>	<b>100%</b>

FNB has a satisfactory record of lending to individuals of different income levels in the non-MSA AA. We reviewed a sample of 16 consumer loans totaling \$186,863 to determine the bank's lending to individuals of different income levels. All of the loans were located in the AA and were originated between January 1, 2001 and December 31, 2002.

FNB originated 50% of its loans by number, and 42% by volume, to LMI borrowers. These percentages reasonably compare to the 43% of AA households with low or moderate incomes.

The following table shows the breakdown of loans to individuals as compared to the AA demographics.

<b>LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS</b>					
Income Level	# of Loans	% of Total #	\$ of Loans	% of Total \$	% of Households in AA
Low	3	19%	\$20,520	11%	25%
Moderate	5	31%	\$56,906	31%	18%
Middle	6	38%	\$86,427	46%	22%
Upper	2	12%	\$23,010	12%	35%
<b>Total</b>	<b>16</b>	<b>100%</b>	<b>\$186,863</b>	<b>100%</b>	<b>100%</b>

## **Geographic Distribution of Loans**

### **Sioux City Metropolitan Statistical Area**

The one income tract within this AA is middle-income. Therefore, specific analysis of geographic distribution is not meaningful for this AA.

### **Non-MSA Block Numbering Areas**

Geographic distribution of loans in the non-MSA AA is satisfactory. We did not identify any significant unexplained lending gaps.

FNB originated 32% of agricultural loans by number and 38% by loan volume, to farm operations in the moderate-income census tract. The bank's lending significantly exceeds the 7% of AA farms located in the moderate-income census tract.

The following table shows the breakdown of loans to farms as compared to the AA demographics.

<b>GEOGRAPHIC DISTRIBUTION OF FARM LOANS</b>					
Tract Income Level	# of Loans	% of Total #	\$ of Loans	% of Total \$	% of Farms in AA
Low	0	0%	\$0	0%	0%
Moderate	6	32%	\$1,007,620	38%	7%
Middle	13	68%	\$1,617,363	62%	93%
High	0	0%	\$0	0%	0%
<b>Total</b>	<b>19</b>	<b>100%</b>	<b>\$2,624,983</b>	<b>100%</b>	<b>100%</b>

FNB originated 6% of its loans by number and 4% by volume in the moderate-income census tract. These percentages are well below the 24% of AA households in the moderate-income census tract. However, we noted that there is a high level of competition within the bank's AA, with a high number of other financial institutions in the area.

The following table shows the breakdown of loans to individuals as compared to the AA demographics.

<b>GEOGRAPHIC DISTRIBUTION OF CONSUMER LOANS</b>					
Tract Income Level	# of Loans	% of Total #	\$ of Loans	% of Total \$	% of AA Households
Low	0	0%	\$0	0%	0%
Moderate	1	6%	\$7,200	4%	24%
Middle	15	94%	\$179,663	96%	76%
High	0	0%	\$0	0%	0%
<b>Total</b>	<b>16</b>	<b>100%</b>	<b>\$186,863</b>	<b>100%</b>	<b>100%</b>

### **Responses to Complaints**

The Office of the Comptroller of Currency and the bank have not received any complaints regarding the bank's CRA performance since the last CRA examination dated August 11, 1998.

### **Fair Lending Review**

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