



**SMALL BANK**

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

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## **PUBLIC DISCLOSURE**

**May 21, 2007**

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

**First National Bank in Ord  
Charter Number 13557**

**1411 M Street  
Ord, Nebraska 68862**

**Comptroller of the Currency  
Omaha 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 COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution is rated Outstanding.**

First National Bank in Ord (FNB Ord) does an outstanding job of meeting the credit needs of its assessment area (AA). The bank's primary lending activity is to agricultural borrowers.

- A substantial majority of the bank's loans are within its AA.
- Lending to farms of different sizes is excellent.
- The bank's geographic distribution of loans within the AA is outstanding.
- FNB Ord's lending level is reasonable given the institution's size, financial condition, and the AA's credit needs.

## **DESCRIPTION OF INSTITUTION**

FNB Ord is a \$77 million bank located in Valley County in central Nebraska. The bank is 100% owned by BBJ, Incorporated; a one-bank holding company in Ord, Nebraska. The bank's main office is located in Ord and a full service branch is located in Sargent, Nebraska. The bank operates with four automated teller machines.

FNB Ord continues to offer traditional loan and deposit products. As of December 31, 2006, the bank's loan portfolio totaled 57% of total assets. As of May 21, 2007, the loan portfolio consisted of 62% farm, 18% business, 10% consumer, and 10% home loans based on origination dollars. The following table shows the breakdown of loans originated and purchased since January 1, 2005.

<b>Loan Type</b>	<b>% by Dollars of Loans Originated/Purchased during evaluation period</b>	<b>% by Number of Loans Originated/Purchased during evaluation period</b>
Home Loans	10%	5%
Consumer Loans	10%	37%
Business Loans	18%	19%
<b>Farm Loans</b>	<b>62%</b>	<b>39%</b>
Total	100%	100%

*Source: Bank Reports.*

FNB Ord has no legal or financial impediments that prevent it from fulfilling its obligations under the CRA. FNB Ord was rated Satisfactory at the last CRA examination, dated January 27, 2003.

## **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 consists of four contiguous census tracts (CTs); including 9732 in Garfield County, 9713 and 9714 in Valley County, and 9717 in the northeastern part of Custer County. Three (75%) of the CTs are middle-income geographies and one (25%) CT, 9713, is a moderate-income geography. Individuals can refer to the bank's CRA Public File for a map outlining the AA.

According to the 2000 U.S. Census, the total population of the AA is 9,737. Approximately 23% of families in the AA are low-income, 24% moderate-income, 26.5% middle-income, and 26.5% upper-income. 13% of the AA households are below the poverty level. The weighted average median family income is \$34,765 for non-metropolitan statistical areas in Nebraska. The median weighted average of the house value in the AA is \$45,518 and 63% of housing is owner occupied.

The local economy is stable. Unemployment remains low at 1.3%. Local schools and hospitals, a telemarketing firm, a manufacturing plant, and an ethanol plant are the largest employment sources in the area. There is only one other similarly situated financial institution within the AA. FNB Ord is over four times the size of the smaller institution. Larger institutions with branches in the community remain the primary competition to FNB Ord.

We conducted one community contact with a local organization. The community contact revealed that agriculture remains the primary lending need within the community. The contact indicated that the city of Ord and surrounding communities are currently under a housing crisis due to very limited places to build new houses and dilapidated houses around the area. The contact indicated this could potentially be a future funding need that could be provided by the local banks. Finally, the community contact indicated the banks in Ord meet the credit needs of the community.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

### Lending in Assessment Area

FNB Ord originates a substantial majority of its loans within its AA. We reviewed a sample of 20 agricultural loans, originated between January 1, 2005 and May 21, 2007, to determine the bank's lending performance within the AA. We identified 19 loans, or 95% of agricultural loans were originated within the bank's AA. Furthermore, \$451,902, or 99% of loan volume, was originated within the AA. The table below depicts the level of lending in and out of the bank's AA.

Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agricultural	19	95%	1	5%	20	\$451,902	99%	\$4,000	1%	\$455,902

Source: Bank Reports.

### Lending to Farms of Different Sizes

FNB Ord has an excellent record of lending to farms of different sizes. We reviewed a sample of 20 agricultural loans to determine the bank's lending to farms of different sizes. All of the loans in this sample were located within the AA and were originated between January 1, 2005 and May 21, 2007.

FNB Ord originated 100% of agricultural loans by both number and loan volume to farm operations with gross revenues less than \$1,000,000. The bank's lending favorably compares to demographic information, which shows 96% of AA farms with gross annual revenues less than \$1,000,000. The following table shows the breakdown of loans to farms as compared to AA demographics.

Borrower Distribution of Loans to Farms in Assessment Area		
Farm Revenues	≤\$1,000,000	>\$1,000,000
% of AA Farms*	96%	3%
% of Bank Loans in AA by #	100%	0%
% of Bank Loans in AA by \$	100%	0%

Source: Loan Sample; Dun and Bradstreet 2006 Information.

\* 1% of AA farms did not report revenue income.

### Geographic Distribution of Loans

The geographic distribution of FNB Ord’s agricultural loans reflects excellent dispersion throughout the AA. We reviewed 20 agricultural loans to determine if the bank is lending to different income CTs. The bank’s AA does not include any low-income CTs; therefore the focus of our review was on the bank’s lending in the moderate-income CT. All of the loans in this sample were within the AA and were originated between January 1, 2005 and May 21, 2007.

The volume of loans to customers in the moderate-income CT exceeds the AA demographics. FNB Ord originated 55% of agricultural loans in the moderate-income CT compared to 38% of AA farms in the moderate-income CT. The following table shows the breakdown of loans as compared to the AA demographics.

<b>Geographic Distribution of Loans to Farms in Assessment Area</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Agricultural	0%	0%	38%	55%	62%	45%	0%	0%

*Source: Loan Sample; Dun and Bradstreet 2006 Information.*

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

FNB Ord’s lending level is reasonable given the bank’s loan-to-deposit (LTD) ratio, size, financial condition, and the AA credit needs. FNB Ord’s net LTD as of December 31, 2006 was 71%. Over the last 18 quarters, ending December 31, 2006, the bank’s average LTD ratio was 70%. The average LTD ratio for the only other financial institution headquartered within the AA is 58%.

### **Responses to Complaints**

The Office of the Comptroller of the Currency and the bank did not receive any complaints about its CRA performance during the evaluation period.

### **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.