

Public Disclosure

May 24, 1999

Community Reinvestment Act Performance Evaluation

**Fremont National Bank and Trust Company
Charter Number: 2848**

**152 East Sixth Street
Fremont, Nebraska 68025**

Office of the Comptroller of the Currency

**Omaha Field Office
11606 Nicholas Street, Suite 201
Omaha, NE 68154-4478**

NOTE: This evaluation is not, and should not 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.

Table of Contents

General Information.....	1
Definitions and Common Abbreviations.....	2
Overall CRA Rating	5
Description of Institution.....	6
Scope of Evaluation	7
Fair Lending Review	9
Conclusions with Respect to Performance Tests	
Lending Test.....	10
Investment Test.....	14
Service Test	15
Appendix A: Scope of Evaluation.....	A-1
Appendix B: Market Profiles for Areas Receiving Full-Scope Reviews.....	B-1
Appendix C: Tables of Performance Data	C-1

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **Fremont National Bank and Trust Company** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **May 24, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate - Any company that controls, is controlled by, or is under common control by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

Community Development (CD) - Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA) - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Full-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography - A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA) - The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

Home Mortgage Loans - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Income Levels - These relate to individuals, families, households, or the geography

Low-Income - Income levels that are less than 50% of the median family income.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

LMI - And income level that is less than 80% of the median income.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Upper-Income - Income levels that are 120% or more of the MFI.

Limited-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

Median Family Income (MFI) - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Poverty Level - An income level that is less than 30% of the median income.

Qualified Investment - A lawful investment that has as its *primary* purpose community development.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders=equity, perpetual preferred shareholders=equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Overall CRA Rating

Institution's CRA Rating: This institution is rated **ASatisfactory.**[Ⓜ]

The following table shows the performance level of **Fremont National Bank and Trust Company (FNB&T)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Fremont National Bank and Trust Company Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory			X
Low Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- < FNB&T has made substantial contributions to the assessment area in the form of community development investments and grants. The bank made a total of 21 qualifying investments and grants totaling more than \$613,000. Many investments were specifically targeted to revitalization efforts under an approved city plan. The bank was typically a leader in these efforts and was often the largest contributor.
- < FNB&T's directors and officers provide a high level of community development services. Bank personnel are positive leaders within the community on many organizations that support the disadvantaged, provide LMI housing, or assist with city revitalization efforts.
- < FNB&T's volume of loan originations and the percentage of loans made within its assessment area demonstrates very good responsiveness to area credit needs.
- < The bank shows responsiveness to credit needs in the assessment area as evidenced by a large volume of loans. However, the bank's percentage of loans to low- and moderate-income families to purchase or refinance homes is below the percentage of families at these income levels. The bank has a very good record of making loans to farms with reported revenues of \$1 million or less.

The bank previously attained an Outstanding rating at the last CRA examination dated

May 12, 1997. The rating assigned in the current evaluation does not reflect a negative change in the bank's CRA performance. Rather, it reflects performance under the revised CRA regulation requirements.

Description of Institution

Fremont National Bank and Trust Company is located in Fremont, Nebraska. As of December 31, 1998, the bank had total assets of \$320 million. In addition to its main office and a drive-through facility located in downtown Fremont, the bank has two branches located in Fremont. The bank operates eleven ATMs throughout Fremont. It is a full-service bank and offers a wide variety of products and services.

The bank is a subsidiary of First National of Nebraska, Inc. (FNNI), a multi-bank holding company headquartered in Omaha, Nebraska. FNNI has consolidated assets of \$8.2 billion. FNNI owns two trust companies, five banks in Nebraska, three banks in Colorado, one bank in South Dakota, and one bank in Kansas.

The bank has business lines, products, and activities influenced by affiliate relationships. These relationships were not, however, considered as part of this CRA evaluation. The bank has a trust subsidiary with \$650 million in managed assets. A large portion of the bank's loan portfolio consists of credit card receivables purchased from an affiliate. Credit card lending is participated throughout the FNNI system. Credit card receivables represent 55% of FNNI's consolidated gross loans. Credit card lending is national in scope, but concentrated in the central United States. Despite the significant presence of credit card receivables on FNB&T's balance sheet, these affiliate activities do not have a negative impact on the bank's ability to lend or invest in the assessment area.

As of December 31, 1998, the bank's net loans and leases totaled \$222 million. This represents 69% of the bank's assets. This percentage is similar to the bank's national peer group. The bank's loan portfolio consisted of 14% residential real estate loans, 11% commercial and commercial real estate loans, 5% agricultural and farmland loans, 5% loans to individuals, 63% credit card receivables, and 2% all other loans. Tier I capital during this period totaled \$22 million.

The bank has an active real estate department that sells loans to the secondary market. Documents show that FNB&T has consistently filed the greatest number and dollar volume of mortgage loans in the county. The bank also considers small to medium sized businesses, including agriculture, to be primary products.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its assessment area. There have not been any merger or acquisition activities during the evaluation period.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We examined FNB&T using the large bank test pursuant to the revised CRA regulation. The evaluation covers lending, investment, and service activities since the bank's May 12, 1997 CRA examination.

- C Our analysis of business and farm lending included 1997 and 1998 reported loan originations. We used full-year data for both years because CRA data is aggregated and reported in whole years. We did not include year-to-date 1999 data.
- C Market comparisons for business and farm lending are based on 1997 CRA data within the non-MSA portion of the assessment area. Including the MSA portion greatly distorts the bank's performance. Market share information is available only on a whole county level. The bank's assessment area includes a very small portion of two counties contained in the Omaha MSA #5920. Including all lenders within this MSA would not present an accurate measure of this bank against its true competition. The non-MSA portion generated the bulk of the bank's loans, contained all office locations, and contained most of the population base. Market share within this non-MSA portion is a closer representation of the bank's performance. Data for 1998 is available at the individual bank level. However, at the time of this evaluation market data has not been aggregated or made available.
- C Our analysis of real estate loans was based on home purchase and refinance loans for 1998. We relied on internally available reports to generate a loan sample of 60 loans. We employed the sample in our analysis because the bank is not a HMDA reporter. The 1997 reports did not assign class codes or show borrower income levels. For these reasons, we did not use 1997 mortgage data. Our statistical sample of 60 loans from 1998 included ten loans made to finance investment property, two loans for a second residence, and four loans made for other purposes. We did not include these sixteen loans in our final sample. Our conclusions were based upon the remaining 44 home purchase and mortgage refinance loans. We reviewed these loans as an aggregate group because this was the method the bank chose to report residential real estate loans. The bank does not record borrower information on home improvement loans. We did not consider home improvement loans in our analysis because it is not a significant product line for the bank.
- C Market analysis comparisons for mortgage loans are not available because the bank is not in a MSA. We did, however, use information supplied by the Register of Deeds for Dodge County to compare the bank's volume of home mortgage lending to other financial institutions.
- C An analysis of the bank's distribution of loans by geographic location is not meaningful because the assessment area consists entirely of middle- and upper-income census tracts or block numbering areas.
- C Total originations and outstanding balances of mortgage loans greatly outnumber small business and agricultural loans. During the evaluation period, 55% of all originations were mortgage loans. For this reason, we gave more weight to mortgage lending in arriving at our conclusion on the bank's performance for the lending test. We gave secondary consideration to small business lending and less emphasis on agricultural lending. (Table 1 in Appendix C outlines the number of originations during the period.)

- C We included community development loans from May 12, 1997 to May 31, 1999 in our analysis of the bank's performance under the lending test.
- C We used the period between May 12, 1997 to May 31, 1999 for evaluating the bank's performance under the investment test and service test.

Data Integrity

Our data integrity testing found few errors. The reported data is considered accurate. We selected a statistical sample of 30 small business/small farm loans and 30 mortgage loans originated during 1998 to test the accuracy of data collected by the bank. The bank used the same data collecting and reporting process for small business and small farm loans during 1997 and 1998.

The bank also takes appropriate steps to ensure the accuracy of its loan data. The bank performs regular tests and audits on all CRA and mortgage data. Bank personnel research and correct any identified errors.

Selection of Areas for Full-Scope Review

The bank has only one assessment area. We completed a full-scope review for all three tests on this assessment area.

Fair Lending Review

Examiners found no instance of illegal discrimination or discouragement in our concurrent fair lending review. Our findings are based on verified data from the bank's self-evaluation. The evaluation reviewed loan approval/denial decisions on indirect auto loans less than \$11,000 between October 1, 1997 and September 30, 1998. The prohibited basis group was Hispanics.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the Lending Test is rated **Low Satisfactory**.

Lending Activity

The volume of mortgage loans originated in the assessment area reflects good responsiveness. FNB&T made 989 mortgage loans totaling \$55 million in the assessment area during the evaluation period. This represented 93% of all mortgage loans originated by the bank. Because this is not a metropolitan statistical area, there is no publicly available information on mortgage activity. However, bank personnel track the volume of all real estate mortgages filed with the Dodge County Register of Deeds. Information shows the bank recorded the most mortgages in Dodge County during 1997, 1998, and through May 31, 1999. In 1997, FNB&T filed 517 mortgages totaling \$26 million. This amount represented 27% of all loans filed. The institution with the next highest volumes of filings had 329 mortgages totaling \$18 million. For 1998, FNB&T filed 611 mortgages totaling \$34 million which was 26% of all loans filed. The institution with the next highest volumes of filings had 381 mortgages totaling \$26 million. Through April 30, 1999, FNB&T had filed 151 mortgages totaling \$14 million which was 30% of all mortgages filed. This compares to 79 mortgages totaling \$9 million for the institution with the next highest number of mortgages filed.

Lending levels reflect good responsiveness to business credit needs. Through contacts within the community we learned that loans to small businesses were an identified need. During the evaluation period, the bank originated 512 small business loans totaling \$34 million in the assessment area. This represented 89% of all small business loans during the period. The bank generated the greatest number of small business loans out of 24 reporting lenders in the non-MSA portion of the assessment area. It gained a 38% market share. FNB&T is also one of 14 Nebraska banks to receive a 1999 SBA Partner Award from the Small Business Administration. This award is based on achieving more than a million dollars in SBA loans over the last three years.

Lending levels reflect adequate responsiveness to farm credit needs. The bank originated 307 reportable farm loans totaling \$17 million. A substantial majority (85%) of the loans were made within the assessment area. The bank achieved a 17% market share in the non-MSA portion of the assessment area. The bank ranked second out of 14 reporting lenders. The bank with the highest market share in this area obtained a 40% market share.

Refer to Table 1 in Appendix C for the data that shows all loan originations during the evaluation period.

Distribution of Loans by Income Level of the Geography

Geographic analysis is not meaningful because the assessment area contains only middle- and upper-income geographies.

Refer to Tables 2-6 in Appendix C for the facts and data used to illustrate the geographic distribution of the bank's home mortgage loan originations, small business loan originations, and small farm originations. We did not identify any lending gaps in our analysis.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

The percentage of loans made to low- and moderate-income borrowers is below the percentage of families with incomes at these income levels. However, it does show an adequate willingness to make home mortgage loans to LMI borrowers. Table 7 in Appendix C shows that a substantial majority of all home purchase originations were to middle- and upper-income borrowers.

Refer to Table 7 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

Small Business Loans

FNB&T has adequate penetration of loans to businesses with revenues of different sizes. Less than half (48%) of all business loans reported by FNB&T were to businesses with revenues less than \$1 million. This is significantly below the percentage of businesses (77%) in the assessment area that report revenues of \$1 million or less. However, FNB&T reported a very large percentage of loans (38%) made to businesses that did not report revenue. Only 15% of all businesses within the assessment area did not report sales levels. The bank's performance appears much better if the number of loans made to businesses that reported revenues of \$1 million or less is taken as a percentage of businesses with known revenues. This calculation would show the bank made 77% of its loans to businesses that reported revenues of \$1 million or less compared with the adjusted demographic measure of 90%.

In aggregate, all lenders in the assessment area made 57% of their 1997 business loans to entities with revenues of \$1 million or less.

There were 24 lenders that reported small business loans within the non-MSA portion of the assessment area in 1997. FNB&T obtained an overall market share of 38% for all small loans to businesses and ranked first. For loans to small businesses with revenues of \$1 million or less, the bank also ranked first with a market share of 37%.

Average loan size provides a positive indication the bank is reaching smaller businesses. For the two-year evaluation period, the average loan size was \$66,000. Market share reports from 1997 show the

bank had an average loan size of \$54,000. The bank's average loan size is larger than the \$46,000 average for all other lenders. Table 10 in the Appendix also shows that a significant portion of the bank's loan originations were in amounts less than \$100,000.

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's small business loan originations.

Small Farm Loans

The bank has a very good record of generating loans to small farms with reported revenues of \$1 million or less. The bank generated 307 loans totaling approximately \$14 million within the assessment area. Eighty-eight percent of FNB&T's farm loans were to farms reporting revenues of \$1 million or less. This compares very well to area demographics and to all other reporting lenders. Eighty-eight percent of all farms in the assessment area reported revenues of \$1 million or less. Within the assessment area, all other reporting lenders also generated 88% of its loans to small farms with revenues of \$1 million or less.

Unlike the small business lending described above, the bank had revenues reported on most farm loans. There were only 27 loans (9%) that did not report revenue.

Market share information from 1997 indicates good performance. FNB&T obtained an overall market share within the non-MSA portion of the assessment area of 17%. This ranks second out of 14 reporting lenders. The bank's market share for loans to farms with revenues of \$1 million or less is slightly lower. FNB&T had a market share of 16% which gave the bank a ranking of third out of 14 reporting lenders.

Average loan size shows the bank is providing smaller loans to farmers. Over the evaluation period, the bank's average loans size was \$44,000. Data from 1997 shows the bank's average loan size was \$35,000. All other lenders had an average loan size of \$43,000. Table 11 in the Appendix confirms the bank had a substantial portion of its loans (92%) originated in amounts less than \$100,000.

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's small farm loan originations.

Community Development Lending

The bank has made an adequate level of community development loans. The bank made six loans of this type totaling \$482,113. The largest loan (\$334,000) was for a Head Start program housed at the local college. Head Start is a preschool education program designed for children in families below the poverty level. A development council used one loan of \$36,000 to purchase land within the blighted area. (Additional information on the City of Fremont's blighted area is discussed in the **Investment Test** section and in Appendix B.) Funds will be used to develop commercial property in an attempt to attract new businesses to the community. Other loans were used to renovate buildings within the city's

targeted rehabilitation area. One building has historical considerations and another will house the city's economic development council. Other buildings are used to provide temporary shelter to the homeless or people in crisis situations, most of whom are low- and moderate-income.

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

Product Innovation and Flexibility

FNB&T provided examples of several loan programs that demonstrate flexibility from routine underwriting guidelines. These products allowed easier access to credit or assisted borrowers who may not have qualified for credit under standard underwriting guidelines.

FNB&T was the primary impetus behind the *MainStreet Downtown Improvement Low Interest Loan Program*. The purpose is to provide low interest loans to small businesses participating in the city's MainStreet program. Loans are used to fund improvement projects for downtown properties, renovation, remodeling, signage, or landscaping and parking lot improvements. FNB&T committed to make loans totaling up to \$500,000 annually. This bank was also instrumental in obtaining commitments from two other local banks to participate in the program. FNB&T originated four loans totaling \$26,315 under the program.

The bank participates in the Federal Home Loan Bank of Topeka's *Affordable Housing Program*. This is a first-time home buyers program that provides five recipients \$2,500 each. The bank was approved to provide a total of \$12,500 in these subsidies from the Federal Home Loan Bank of Topeka. The bank has disbursed one subsidy and all other funds are reserved for specific applicants provided they complete the mandatory home buyer counseling program.

During the evaluation period, FNB&T was the area's most active lender in several government guaranteed loan programs. The bank has made 62 FHA (Federal Housing Administration) loans totaling \$3.7 million, 34 VA (Veterans Administration) loans totaling \$2.5 million, two recent SBA (Small Business Administration) loans totaling \$196,000, and five FmHA (Farmer's Home Administration) loans totaling \$631,000.

The loans described above are included in real estate or small business/small farm totals previously discussed under the **Lending Test**. However, they also represent examples of flexible underwriting.

INVESTMENT TEST

FNB&T has made an excellent level of investments into the assessment area. Qualifying community development investments can be in the form of either grants or investment securities. During this evaluation period, the bank made 21 investments and grants totaling \$613,345. All investments and grants were made to organizations within the assessment area.

A substantial portion of the investment dollars was targeted for revitalization efforts, to alleviate homelessness, or for job creation within the City of Fremont's designated blighted area. This bank has played a key role in several of the revitalization projects illustrated in the city's Fremont Plan. The Fremont Plan is a detailed strategic outline that discusses the current physical and economic condition of the city, highlights risk to the city's economic future, and sets goals for retail and civic developments. The plan also discusses city demographics, employment, and the adequacy of residential and commercial properties. The city has designated a section of the Fremont for specific redevelopment. Under the plan, the city identified an area that meets the state requirements to be officially designated as **Ablighted.** The bank's strong involvement, both in dollar terms and personnel committed to serving the various organizations (see **Service Test**), demonstrates excellent responsiveness to identified needs in the community.

Community contacts from within the city indicate that FNB&T has been instrumental in several revitalization efforts through the work of its employees and the dollars invested. Other community contacts indicated that affordable housing is a need within the community. Several of the bank's grants benefitted organizations that provide temporary shelter for homeless or assist first-time home buyers. Documents provided by several of the organizations that have received grants from FNB&T state the bank is the leading contributor to the organization. Competition for local investment opportunities from other financial institutions is unknown because no other local bank is evaluated under the investment test.

The bank's investments or grants are not considered innovative or complex. However, the bank's consistent leadership provides strong support for community development initiatives. Few qualifying investment opportunities would exist in the assessment area without the initiative and support of the bank and its employees.

Examples of the organizations served through the bank's investments include a bond purchased for the renovation of a downtown historic building located in the blighted area, grants to economic development organizations, emergency shelters for the homeless and for abused or neglected children, Habitat for Humanity, and other charitable organizations that focus efforts to low- and moderate-income individuals and families. FNB&T has also initiated a citywide program for local businesses to **Adopt** a local public school. The elementary school that FNB&T helps financially through grants and through volunteer services is located in the blighted area. A substantial percentage (75%) of the children enrolled in this school qualify for free or reduced lunches. Because of the bank's leadership example, all elementary schools in Fremont now have a corporate partner.

Refer to Table 12 in Appendix C for a summary of the data used to evaluate the bank's level of qualified investments.

SERVICE TEST

The bank's performance under the Service Test is rated **A**High Satisfactory.®

Retail Banking Services

Although all bank branch locations and ATMs are within the Fremont city limits, banking services are reasonably accessible to people living throughout the assessment area. The portion of the assessment area outside the city of Fremont is primarily rural or made up of small towns. The city of Fremont is quite centrally located within the assessment area and is accessible by the highway system. The population base of the assessment area is concentrated within the Fremont city limits. Based on 1990 census information, approximately 35% of the assessment area's population lives within the city of Fremont. Only 19% of the population lives within the MSA portion of the assessment area.

A geographical distribution analysis of the branches and ATMs is not meaningful because There are no low- or moderate-income geographies within the assessment area.

The bank has not opened or closed any branches since our most recent CRA evaluation.

FNB&T offers convenient business hours. The main office has more traditional banking hours of 9:00 A.M. to 4:00 P.M. but extended hours are available across the street at the drive-up/walk-up facility and the other two branches. These locations open at 7:30 A.M. and remain open until 6:00 or 7:00 P.M. Monday through Friday. All locations offer Saturday hours.

The bank offers a wide variety of products and services. The bank has a full line of commercial, agricultural, real estate, and consumer loan products. Several guaranteed or subsidized loan programs are available to help marginally qualified applicants obtain credit. The bank does not have lenders physically housed at all locations. The lack of lenders does not place undue hardship on potential credit applicants because of the close proximity of all the offices. All locations hand out or accept credit applications.

FNB&T offers a comprehensive 24-hour telebanking service that allows access to loan and deposit information. This includes account inquiry, account transfer, product information, messages for bank representatives, and a loan calculator program that would allow the caller to determine the approximate monthly loan payment for a credit request. The bank offers a Web Site that allows consumer credit applications to be downloaded. The bank has provided assistance in setting up computer labs at such places as the Salvation Army and the public library to allow free Internet access. The bank does not gather information on the income levels of the users of these non-traditional services. We did not place significant weight on the bank's alternate delivery systems in our analysis because of this lack of user income data.

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

Community Development Services

Bank personnel and directors demonstrate consistent, positive leadership in many community organizations. This includes activities that promote economic development, provide necessary financial assistance to LMI, provide housing, or help restore buildings within the city's targeted redevelopment area. The bank and its personnel often took the lead in providing these services within the community. Bank personnel participated in approximately 43 organizations or events during the evaluation period. Bank personnel served as committee chair, treasurer, members of finance committee, board members, business/finance advisors, and provided oversight on the fund raising activities.

Bank personnel were instrumental in founding an adopt-a-school program in Fremont. The bank formed a relationship with an elementary school where approximately 75% of its students receive free or reduced lunch. Bank personnel volunteer in several functions including financial or banking education, financial assistance, and counseling.

Bank personnel have been very active in programs and with organizations that assist the poor. A bank officer established a homeless shelter. This officer continues to provide leadership and technical assistance in financial matters, such as grant writing. Another bank officer served as the fund raising chair and serves on the committee for Habitat for Humanity. The bank's trust department manages the no-interest loan program for each family that lives in a Habitat home. The bank was the lead donor and an employee is on the steering committee that developed and continues to raise funds for a shelter for abused and neglected children. Approximately 52% of the children served by the shelter are from LMI families. A bank employee helped Habitat for Humanity with the grant application process that helped them get funding from the Federal Home Loan Bank of Topeka. Bank personnel are very active with the local Salvation Army by serving on the finance board and helping with general fund raising. Bank employees have led the annual Adopt-a-Family program that provides food, clothing, and toys to LMI during the holiday season.

Bank personnel are active members on several committees that promote economic development. Two bank employees are on the board of MainStreet Fremont. This organization promotes development and redevelopment in the downtown blighted area. A bank employee is on the board of the local Chamber of Commerce and serves as the head of the finance committee. This employee also led the fund raising drive. Two employees are on the Chamber's housing task force. A bank director is involved with the Greater Fremont Development Council's efforts to recruit new business and promote further development along the highway business corridor. The Chamber and the Development Council encourages development of businesses at all revenue levels. However, most of their successful activities have been with entities qualifying as small businesses under CRA.

FNB&T has conducted farm marketing seminars designed for small farm operations. The bank has also led first-time home buyers seminars.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered.

Time Period Reviewed	Lending Test: January 1, 1997 to December 31, 1998 Investment Test: May 12, 1997 to May 31, 1999 Service Test: May 12, 1997 to May 31, 1999	
Financial Institution	Products Reviewed	
Fremont National Bank and Trust Company (FNB&T) Fremont, Nebraska	Small Business, Small Farm, Home Purchase, Refinance, and Community Development loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
NA		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Fremont Assessment Area	Full-Scope	AA includes: Dodge County, Colfax County, and four of five BNAs from Saunders County; nonmetropolitan Douglas County - two census tracts; MSA #5920 Washington County - one census tract; MSA #5920

Appendix B: Market Profiles for Full-Scope Areas

Fremont Assessment Area

Demographic Information for Full-Scope Area: Fremont Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	19	-	-	84%	16%	-
Population by Geography	73,819	-	-	85%	15%	-
Owner-Occupied Housing by Geography	20,517	-	-	85%	15%	-
Businesses by Geography	2,585	-	-	88%	12%	-
Farms by Geography	203	-	-	90%	10%	-
Family Distribution by Income Level	20,337	14%	19%	27%	40%	-
Distribution of Low- and Moderate-Income Families throughout AA Geographies	6,615	-	-	90%	10%	-
Median Family Income - nonmetropolitan - MSA #5920	= \$27,623 =	Median Housing Value Unemployment Rate (1998)		= \$43,786 = 1.81%		
\$36,011 HUD Adjusted Median Family Income for 1998 - nonmetropolitan	=					
\$39,300 - MSA #5920	=					
\$52,200 Households Below the Poverty Level	= 10.02%					

Source: 1990 U.S. Census and 1998 HUD updated MFI.

The Fremont assessment area consists of both nonmetropolitan BNAs and three adjacent census tracts from the Omaha MSA #5920. The nonmetropolitan area consists of Dodge County, Colfax County, and four out of five BNAs within Saunders County. The three census tracts from MSA #5920 consist of 0503.00 in Washington County and 0075.01 and 0075.02 in Douglas County. These three census tracts can be included in the assessment area because they are immediately adjacent, do not substantially extend beyond the adjacent nonmetropolitan area, and are predominately rural in nature. The BNA not included from Saunders County is a middle-income geography located at the farthest corner of the county away from the city of Fremont.

The city of Fremont has approximately 25,000 people. The MSA portion of the assessment area has approximately 14,000 people. The remaining population is scattered throughout the assessment area in smaller rural communities.

As described in the **Investment Test**, the city has designated a blighted area and targeted this section for redevelopment and restoration. The Fremont Plan includes preservation of the historic designation

found in many of the downtown buildings. Specific standards must be met that are consistent with the Secretary of the Interior's Standards for Historic Rehabilitation.

The Fremont Plan identified the elements required by the State of Nebraska to designate a blighted area. The housing study done in conjunction with the Fremont Plan identified 87 structures or about 25% of the blighted area's housing as needing substantial rehabilitation. The Plan identified poor or defective traffic patterns in this area. Platted lots within this area are frequently too small for adequate new construction. In addition, within this targeted area, income levels are lower than the city as a whole. Unemployment in this area is also higher - estimated to be 5.8% compared with the rest of the assessment area that has unemployment less than 2%.

All of the bank's offices and ATMs are located in the city of Fremont (see **Service Test** for details). The bank has the largest deposit market share of all banks in Dodge County with 43% of all deposits. Within Dodge County, there are eleven other FDIC-insured financial institutions with 16 offices. The bank with the next largest deposit market share has garnered only a 13% share. The bank's market share for loan products is described under the **Lending Test**. Despite competition, the bank is generally a leader in small business and small farm loan originations. Information from the Dodge County Register of Deeds office shows that FNB&T files the most mortgages in the county. Because the bank is not in an MSA, there is no available information on other lenders to provide the full perspective or accurate market share information.

The area's economy is strong and stable. Although there is considerable reliance on farming and agribusiness, the area also has great diversity from commercial and retail businesses and manufacturing companies. Major employers include Hormel, Valmont, 3M, and the local hospital and school district. The city of Fremont is also the home of a small private college.

During this evaluation, we contacted a member of the city's administrative team. We also reviewed six interviews conducted by the OCC and other regulatory agencies made within the last two years. These interviews provided information on the city of Fremont and other towns within the assessment area. There were consistent comments from all sections of the assessment area on the lack of affordable housing and an overall shortage of general housing. The city of Fremont has an ongoing commitment to extensive redevelopment of its central city. Other cities in the assessment area also commented on a need for revitalization of the downtown areas. Two contacts stated some concern over the local agricultural economy and continued need for farm related credit.

Appendix C: Tables of Performance Data

Content of Standardized Tables

The tables cover the entire CRA evaluation period. References to the **Abank@** include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations; market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated by the bank as a percentage of the aggregate number of reportable loans originated by all lenders in the MSA/assessment area. The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of HMDA Home Improvement Loan Originations** - See Table 2.
- Table 4. Geographic Distribution of HMDA Refinance Loan Originations** - See Table 2.
- Table 5. Geographic Distribution of Small Business Loan Originations** - The percentage distribution of the number of small loans (< \$1 million) to businesses originated by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Farm Loan Originations** - The percentage distribution of the number of small loans (< \$500,000) to farms originated by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of HMDA Home Improvement Loan Originations** - See Table 7.
- Table 9. Borrower Distribution of HMDA Refinance Loan Originations** - See Table 7.
- Table 10. Borrower Distribution of Small Business Loan Originations** - Compares the percentage distribution of the number of small loans (< \$1 million) originated by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Farm Loan Originations** - Compares the percentage distribution of the number of small loans (< \$500 thousand) originated by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area.
- Table 13. Distribution of Branch and ATM Delivery System** - Compares the percentage distribution of the number of the bank's retail branches and ATMs in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography.

Table 1. Lending Volume

LENDING VOLUME												
State: Nebraska												
Evaluation Period: January 1, 1997 to December 31, 1998												
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development *		Total Reported Loans		% of Total Reported Bank Loans in Rated Area
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Scope:												
Fremont Assessment Area	100%	989	\$55,100	512	\$33,725	307	\$13,615	6	\$482	1,814	\$102,922	100%
Limited-Scope:												
NA												

(*) We included loans made through May 31, 1999 for community development

Table 2. Geographic Distribution of Home Purchase Loan Originations

Geographic Distribution: HOME PURCHASE& REFINANCE SAMPLE																	State: Nebraska		Evaluation Period: January 1, 1997 TO December 31, 1998	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans					
	% Owner Occ Units	% FNB&T Loans	% Owner Occ Units	% FNB&T Loans	% Owner Occ Units	% FNB&T Loans	% Owner Occ Units	% FNB&T Loans		Overall	Low	Mod	Mid	Upp	#	% of Total				
Full-Scope:																				
Fremont Assessment Area	NA	NA	NA	NA	85%	NP	15%	NP	NA	NA	NA	NA	NA	NA	989**	100%				
Limited-Scope:																				
NA																				

(*) Based on 1997 Aggregate HMDA Data only.

(**) Bank is not a HMDA reporter and does not code mortgage loans by product type. This is the total number of real estate loans made from January 1, 1997 to December 31, 1998.

Table 3. Geographic Distribution of Home Improvement Loan Originations

Geographic Distribution: HOME IMPROVEMENT		State: Nebraska		Evaluation Period: January 1, 1997 TO December 31, 1998													
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans		
	% Owner Occ Units	% FNB&T Loans	% Owner Occ Units	% FNB&T Loans	% Owner Occ Units	% FNB&T Loans	% Owner Occ Units	% FNB&T Loans		Overall	Low	Mod	Mid	Upp	#	% of Total	
Full-Scope:																	
Not Applicable																	
Limited-Scope:																	

(*) Based on 1997 Aggregate HMDA Data only.

Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations

Geographic Distribution: HOME MORTGAGE REFINANCE		State: Nebraska		Evaluation Period: January 1, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% FNB&T Loans	% Owner Occ Units	% FNB&T Loans	% Owner Occ Units	% FNB&T Loans	% Owner Occ Units	% FNB&T Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Not Applicable																
Limited-Scope:																

(*) Based on 1997 Aggregate HMDA Data only.

Table 5. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS		State: Nebraska		Evaluation Period: January 1, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% FNB&T Loans	% of Businesses	% FNB&T Loans	% of Businesses	% FNB&T Loans	% of Businesses	% FNB&T Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Fremont Assessment Area	NA	NA	NA	NA	88%	66%	12%	34%	1	38%	NA	NA	34%	53%	512	100%
Limited-Scope:																

(*) Based on 1997 Aggregate Small Business Data only.

Table 6. Geographic Distribution of Small Farm Loan Originations

Geographic Distribution: SMALL FARM State: Nebraska Evaluation Period: January 1, 1997 TO December 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% FNB&T Loans	% of Farms	% FNB&T Loans	% of Farms	% FNB&T Loans	% of Farms	% FNB&T Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Fremont Assessment Area	NA	NA	NA	NA	90%	89%	10%	11%	2	17%	NA	NA	15%	45%	307	100%
Limited-Scope:																

(*) Based on 1997 Aggregate Small Farm Data only.

Table 7. Borrower Distribution of Home Purchase Loan Originations

Borrower Distribution: HOME PURCHASE & REFINANCE SAMPLE																
State: Nebraska				Evaluation Period: January 1, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% FNB&T Loans	% of Families	% FNB&T Loans	% of Families	% FNB&T Loans	% of Families	% FNB&T Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Fremont Assessment Area	14%	7%	19%	11%	27%	41%	40%	41%	NA	NA	NA	NA	NA	NA	***	100%
Limited-Scope:																

(**) Bank is not a HMDA reporter. No data available.

(***) Bank does not code mortgage loans by product type. Evaluation was made by the sample but there were 989 total mortgage loans made during the evaluation period.

Table 8. Borrower Distribution of Home Improvement Loan Originations

Borrower Distribution: HOME IMPROVEMENT																	State: Nebraska		Evaluation Period: January 1, 1997 TO December 31, 1998		
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank* *	Market Share by Borrower Income**					Total Home Improvement Loans						
	% of Families	% FNB&T Loans	% of Families	% FNB&T Loans	% of Families	% FNB&T Loans	% of Families	% FNB&T Loans		Overall	Low	Mod	Mid	Upp	#	% of Total					
Full-Scope:																					
Not Applicable																					
Limited-Scope:																					

(**) Based on 1997 Aggregate HMDA Data only.

Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations

Borrower Distribution: HOME MORTGAGE REFINANCE State: Nebraska Evaluation Period: January 1, 1997 TO December 31, 1998																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% FNB&T Loans	% of Families	% FNB&T Loans	% of Families	% FNB&T Loans	% of Families	% FNB&T Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Not Applicable																
Limited-Scope:																

(**) Based on 1997 Aggregate HMDA Data only.

Table 10. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS State: Nebraska Evaluation Period: January 1, 1997 TO December 31, 1998											
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans		
	% of Businesses*	% FNB&T Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Full-Scope:											
Fremont Assessment Area	77%	48%	57%	87%	7%	6%	38%	37%	512	100%	\$66,000
Limited-Scope:											

(*) As a percentage of all businesses in assessment area. 15% of the businesses in the assessment area did not report revenues.
 (**) As a percentage of all loans regardless of revenue size of the business. Note that no revenue information was available for 38% of loans originated by FNB&T.
 (***) The market consists of all other Small Business reporters in the non-MSA portion of FNB&T's assessment area and is based on 1997 Aggregate Small Business Data only.
 (****) Based on 1997 Aggregate Small Business Data only.

Table 11. Borrower Distribution of Small Farm Loan Originations

Borrower Distribution: SMALL FARM State: Nebraska Evaluation Period: January 1, 1997 TO December 31, 1998											
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans		
	% of Farms*	% FNB&T Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Full-Scope:											
Fremont Assessment Area	88%	88%	88%	92%	6%	2%	17%	16%	307	100%	\$44,000
Limited-Scope:											

(*) As a percentage of all farms in assessment area. 6% of all farms in the assessment area did not report revenues .
 (**) As a percentage of all loans regardless of the revenues reported by the farm. Note that no revenue information was available for 9% of loans originated by FNB&T.
 (***) The market consists of all other Small Farm reporters in the non-MSA portion of FNB&T's assessment area and is based on 1997 Aggregate Small Farm Data only.
 (****) Based on 1997 Aggregate Small Farm Data only.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS State: Nebraska Evaluation Period: January 1, 1997 TO May 31, 1999									
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$-s
Full-Scope:									
Fremont Assessment Area	0	\$0	0%	21	\$613	100%	21	\$613	100%
Limited-Scope:									

(*) Prior Period Investments means investments made in a previous evaluation period that remain outstanding.
 (**) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.

Table 13. Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM																	
			State: Nebraska					Evaluation Period: January 1, 1997 TO May 31, 1999									
MSA/Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Total FNB&T Deposits	# of FNB&T Branches	% of Total FNB&T Branches	Location of Branches by Income of Geographies				# of FNB&T ATMs	% of Total FNB&T ATMs	Location of ATMs by Income of Geographies				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
Fremont Assessment Area	100%	4	100%	NA	NA	75%	25%	11	100%	NA	NA	64%	36%	NA	NA	85%	15%
Limited-Scope:																	

