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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

September 30, 1996

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank  
of Fairbury  
Charter Number 2994**

**Office of the Comptroller of the Currency  
Omaha Duty Station  
11606 Nicholas Street  
Omaha, Nebraska**

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

## 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 Community Reinvestment Act (CRA) performance of The First National Bank of Fairbury prepared by **The Office of the Comptroller of the Currency**, as of September 30, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

**INSTITUTION'S CRA RATING:** This institution is rated "Satisfactory".

The First National Bank of Fairbury meets the credit needs of its assessment area. The bank's distribution of loans to borrowers of different income levels and its loan-to-deposit (LTD) ratio are reasonable. In addition, the majority of the bank's lending activity is within its assessment area.

The following table indicates the performance level of The First National Bank of Fairbury with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	The First National Bank of Fairbury PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans	AN ANALYSIS OF THIS CRITERION WOULD NOT BE MEANINGFUL TO THE EXAMINATION CONCLUSION.		
Response to Complaints	NO COMPLAINTS RECEIVED SINCE THE LAST EXAMINATION.		

## **DESCRIPTION OF INSTITUTION**

The First National Bank of Fairbury (FNB) is a \$90 million financial institution located in southeast Nebraska. In addition to its main office, FNB has one drive-up facility and operates three automated teller machines. These automated teller machines are located at the bank's drive-up facility and Casey's and Boogaart's stores located in Fairbury, Nebraska. The community is primarily agricultural. FNB is a wholly owned subsidiary of First National Fairbury Corporation, a one bank holding company.

The bank offers a number of agricultural, commercial, real estate, and consumer loan products. FNB also participates in various guarantee programs such as Farm Services Administration (formerly Farmers Home Administration), Small Business Administration, and student loan programs. The loan portfolio consists of 44% real estate, 34% agriculture, 13% consumer, and 9% commercial. Consumer and residential real estate loan portfolios each represent 13% of the total loan portfolio. During the first half of 1996, FNB originated 362 consumer loans and 39 residential real estate loans. The majority of the consumer loans were secured by an automobile.

The bank has no legal or financial impediment which precludes it from fulfilling its obligation under the CRA. The bank received an "outstanding" rating for the CRA examination dated December 8, 1993.

## **DESCRIPTION OF ASSESSMENT AREAS**

FNB's assessment area includes all of Jefferson County. The area includes three contiguous middle-income Block Numbering Areas (BNA's). The assessment area meets the requirements of CRA. The bank is not located in a Metropolitan Statistical Area (MSA).

The total population of the assessment area is 8,759 according to the 1990 Census. Half the residents of the assessment area are not of legal age or retired with fixed incomes. This is why loan demand within the area is soft and area banks have low loan-to-deposit (LTD) ratios. The 1996 statewide non-metropolitan median family income is \$35,100. The 1990 Census reveals that the family income distribution is 25% low-, 17% moderate-, 19% middle-, and 38% upper- income.

Agriculture and agriculture related businesses are the dominate industries in the assessment area. Construction, services, and manufacturing jobs contribute to the economic viability of the area. The bank and members of the community identified the primary credit needs of the community as consumer, agriculture, small business and affordable housing loans. FNB and two other financial institutions operate in a competitive lending and deposit environment within the assessment area.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :**

The bank’s average quarterly LTD ratio since the last examination is 37%. The level is reasonable and at the average of other financial institutions located within Jefferson County. The highest ratio for the county is 50% and the lowest is 22%, with an average of 37%.

Lending within the bank’s assessment areas is reasonable. Based on the bank’s analysis of all loans originated in 1995, over 85% of the dollar amount and 85% of the number of loans were originated within FNB’s assessment areas or \$7,127,000 and 637 loans, respectively.

Lending to borrowers of different income is reasonable. An analysis of a sample of loans secured by automobiles originated between April 1996 and June 1996 showed 55% of the loans were to low- and moderate-income families. This represents 40% of the dollar amount. This is comparable to the 42% of the population designated as having low- and moderate-incomes. The following table summarizes the results of our sample:

<b>LOANS SECURED BY AUTOMOBILES ORIGINATED BETWEEN 4/96 AND 6/96</b>				
<b>INCOME LEVEL</b>	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
LOW	8	40%	23,907	27%
MODERATE	3	15%	10,902	13%
MIDDLE	4	20%	11,664	13%
UPPER	5	25%	40,664	47%

Further, the bank extended credit to a wide variety of agricultural borrowers based on an analysis of revenues. The revenue sizes for a sample of 20 agricultural borrowers for the same time period ranged from \$361,000 to \$31,000. The dollar amount of the loans ranged from \$235,000 to \$6,000. The number and dollar amount of agriculture loans were fairly evenly distributed over the entire range of revenue sizes. Our sample revealed that 55% of these loans were to borrowers with revenues less than \$100,000. The average loan size for the entire sample was \$47,000 and \$23,000 for borrowers with revenues less than \$100,000.

All census tracts and BNA's in the assessment area are middle income. Therefore, specific analysis of geographic distribution is not meaningful. We note, from observation, the bank's loans are distributed in proportion to the population within the entire assessment area.

FNB complies with the substantive provisions of antidiscriminatory laws and regulations. There have been no consumer complaints filed with the bank or the Comptroller of the Currency.