



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 12, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Holdrege
Charter Number 3208**

**401 East Avenue
Holdrege, Nebraska 68949**

**Office of the Comptroller of the Currency
Omaha South 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 CRA RATING

This institution is rated Satisfactory.

- The First National Bank of Holdrege (FNB) has a satisfactory record of lending to farms of different sizes and to households of different income levels.

The distribution of agricultural borrowers reflected satisfactory lending to farms of different sizes. Demographic data from the U.S. Census Bureau's 1997 Census of Agriculture reveals that most farms in the bank's Assessment Area (AA) are small with annual gross revenues less than \$250M. Based on twenty borrowers sampled, the bank does a reasonable job of lending to these small farms. FNB's distribution of loans to farms with different revenues was comparable to demographic information on farms located in the AA.

The distribution of consumer borrowers reflected satisfactory lending to households of different income levels. Demographic data from the U.S. Census Bureau's 1990 Census shows the distribution of households by income level. Based on twenty borrowers sampled, the bank does a reasonable job of lending to borrowers at all income levels. The bank's distribution of loans to households with different income levels was comparable to demographic information on households located within the AA.

- The bank originated a majority of its loans in the AA. For agricultural and consumer loans sampled, the bank originated 70% by number and 63% by dollar amount within its AA.
- The bank's average loan-to-deposit ratio since the previous examination was reasonable. It averaged 62% over the past 18 quarters. Competing banks' ratios ranged from 75% to 83%. FNB's ratio is lower than competing banks because management pursued a strategy to shrink the bank during the evaluation period.
- A geographic analysis of the bank's lending was not meaningful because the AA consists of only middle- and upper-income census tracts.
- The bank did not receive any complaints about its performance in helping to meet AA credit needs during the evaluation period.
- We found no evidence of illegal discrimination or other illegal credit practices.

DESCRIPTION OF INSTITUTION

The First National Bank of Holdrege is a \$107MM institution located in south-central Nebraska. First Holdrege Bancshares, Inc., a one bank holding company located in Holdrege, Nebraska, owns 100% of the outstanding shares of the bank. The bank's primary loan products are agricultural and consumer loans. FNB received a "Satisfactory" rating at the last CRA examination, dated June 21, 1999. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA. Examiners contacted a member of the community that is involved with economic development. The contact indicated the credit needs of the community are being met and was not aware of any unmet credit needs in the community. Refer to the bank's CRA Public File for more information.

DESCRIPTION OF ASSESSMENT AREA

FNB's AA encompassed all of Phelps County, Nebraska. The bank's AA meets the requirements of the regulation and does not arbitrarily exclude any low- and moderate-income areas. It is composed of two middle-income and one upper-income census tracts. Refer to the bank's CRA Public File for more information.