



**Comptroller of the Currency
Administrator of National Banks**

Grand Island Duty Station
P.O. Box 129
Grand Island, Nebraska 68802

PUBLIC DISCLOSURE

August 6, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank & Trust Company in Aurora
Charter Number 14017**

**1101 12th Street
Aurora, Nebraska 68818**

<p>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.</p>

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 **First National Bank & Trust Company in Aurora** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of August 6, 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.”**

First National Bank & Trust Company in Aurora (Bank) has done a good job of extending agricultural loans to farms of different sizes. The bank's loan volume is reasonably distributed throughout its assessment areas.

The following table indicates the performance level of **First National Bank & Trust Company in Aurora** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	First National Bank & Trust Company in Aurora 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		x	
Response to Complaints	NO COMPLAINTS WERE RECEIVED SINCE THE PRIOR EXAMINATION		

DESCRIPTION OF INSTITUTION:

First National Bank & Trust Company in Aurora is a \$90 million institution located in south central Nebraska. It is a subsidiary of Aurora First National Company, a \$161 million holding company. The bank has two branches (one located in the Aurora Mall, and another in Neligh, Nebraska, about 100 miles north of Aurora) and operates three proprietary ATMs, all in Aurora. Loans represent 50% of total bank assets. The bank is primarily an agricultural lender with 60% of its loans for agricultural purposes. The remainder of the portfolio is vested in consumer loans (21%) and commercial loans (19%). Loan and deposit competition comes from a state bank in Aurora and eight smaller institutions located in communities throughout Hamilton and Antelope Counties. There are no legal impediments or other factors, including the financial condition of the bank, which hinder the bank’s ability to comply with the Community Reinvestment Act.

DESCRIPTION OF HAMILTON COUNTY AND ANTELOPE COUNTY .

Management designated all of Antelope and Hamilton Counties as their assessment areas. These two counties each contain three block numbering areas (BNAs). Antelope County has one middle income BNA and two moderate income BNAs. Hamilton County is fully designated as middle income. Neither county is located in a Metropolitan Statistical Area. The assessment areas meet the requirements of the regulation and do not arbitrarily exclude any low- and moderate-income areas.

Antelope County is a sparsely populated rural area with several small communities. According to 1990 census information, 7,965 people reside in the county with 1,893 individuals in Neligh, 1,012 in Tilden, 807 in Elgin, and 1,095 in four other small towns. Hamilton County is also a primarily rural area with several communities. A total of 8,862 people reside in the county, with 3,717 in Aurora and 1,750 in six other small towns. The following chart summarizes family income information for each county based on 1990 census data:

County	Total Families	Low Income (%)	Moderate Income (%)	Middle Income (%)	Upper Income (%)	Median Family Income	State Median Income
Antelope	2,188	25%	26%	25%	24%	\$21,923	\$27,623
Hamilton	2,461	13%	20%	28%	39%	\$28,505	\$27,623

Agriculture and related industries dominate the area. Other major employers in Hamilton County include manufacturing, school districts, the local government and a hospital. Three members of the community, who were contacted by examiners, stated the primary identified credit needs for the area are residential real estate loans and small business financing. While the bank does offer these types of loans, the majority of its loans are for agricultural purposes. Other area institutions also provide home loans and small business financing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio

The bank maintains a reasonable loan to deposit ratio. This ratio has averaged 58% between June 30, 1994 and June 30, 1996, and ranks fifth among nine community banks whose main offices are within the bank’s assessment areas. The nine banks’ loan to deposit ratios range between 28% and 84%.

Lending In Assessment Area

The bank extends the vast majority of its credit to individuals residing within its assessment areas. About 86% of the number of loans and 75% of the dollar volume of loans were made to customers who reside within the assessment areas. We calculated these percentages by reviewing loans outstanding on the bank’s July 16, 1996 loan distribution report. In addition, we sampled 75 loans and found 81% (by number) are within the assessment areas.

Lending to Borrowers of Different Incomes & to Businesses and Farms of Different Sizes

The bank has done a good job of extending credit to borrowers of different incomes and farms of different sizes. The bank’s lending is concentrated in agriculture, so our analysis focused on agriculture loans. Our review of farm loans for income information revealed 23 of 24 farm operations are considered “small farms” as they had gross revenues of less than \$1 million. The distribution of these loans by level of gross income ranges from \$39,000 to \$1,052,000 and is summarized below (in \$000s):

\$0 - \$100	\$100 - \$250	\$250 - \$500	\$500 - \$1,000	> \$1,000	Total
3	7	10	3	1	24

We also reviewed 28 consumer loans (16 from Hamilton County and 12 from Antelope County). We found the bank reasonably meets the credit needs of individuals within all income categories:

	Loans Originated in Hamilton County	% of Households in Hamilton County	Loans originated in Antelope County	% of Households in Antelope County
Low Income	0%	17%	8%	29%
Moderate Income	19%	16%	17%	20%
Middle Income	12%	22%	8%	21%
Upper Income	69%	45%	67%	30%

Geographic Distribution of Loans

Credit is reasonably distributed within the bank’s assessment areas including moderate-income tracts. Because Hamilton County is fully designated as middle income, our analysis of the geographic distribution of loans focused on loans originated at the Neligh branch. Antelope County is divided into three BNAs. The community of, and area surrounding, Neligh is one BNA and is designated middle income. The remaining two BNAs cover the rest of the county and are designated moderate income tracts. The bank has extended loans in all three tracts. Approximately 68% (by dollar) of the Neligh branch’s loans are to borrowers with Neligh addresses and 32% to other borrowers in and around Antelope County.

The bank is in compliance with anti-discrimination laws and regulations. Our review did not disclose any substantive violations of the Fair Lending laws. We did not note any practices intended to discourage applications for the types of credit the bank offers.