



Public Disclosure

MAY 11, 1998

Community Reinvestment Act Performance Evaluation

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

**1411 M Street
Ord, Nebraska 68862**

**Office of the Comptroller of the Currency
Omaha Field Office
11606 Nicholas Street, Suite 201
Omaha, Nebraska a 68154**

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 CRA performance of **First National Bank in Ord**, Ord, Nebraska prepared by The Office of the Comptroller of the Currency, as of May 11, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: This institution is rated Satisfactory.

The bank's lending level is reasonable given the institution's size, condition, and assessment area credit needs. A substantial majority of the bank's loans are within its assessment area. Lending to businesses and farms of different sizes and borrowers of different income levels is reasonable. The geographic distribution of loans reflects a reasonable dispersion throughout all the block numbering areas in the assessment area. Examiners did not detect illegal discrimination or disparate treatment of applicants. The bank has no written complaints related to their CRA performance.

Description of Institution

First National Bank in Ord (FNB) is a \$67 million bank in Valley County. The main office and three automated teller machines (ATM's) are located in Ord. The bank also operates a full service branch and two ATM's in Sargent, 30 miles west of Ord in Custer County. FNB is 100% owned by BBJ, Inc., a one-bank holding company. There are no legal or financial impediments limiting the bank's ability to meet the area's credit needs.

On December 31, 1997, FNB's loan portfolio was 53% of total assets. The bank's primary credit products are agriculture and residential real estate loans. They comprise 74% of outstanding loans by dollar volume. The table below details the loan portfolio by outstanding loan volume and number of loans.

	% of Outstanding Loans By Dollar	% of Outstanding Loans By Number
Agricultural	58%	37%
Residential Real Estate	16%	13%
Consumer Instalment	6%	32%
Commercial	13%	15%
Nonfarm Nonresidential Real Estate	7%	3%

FNB was rated "Satisfactory" at the last CRA examination dated May 18, 1995.

Description of First National Bank in Ord's Assessment Area

The assessment area meets the requirements of CRA. It does not exclude low- or moderate-income tracts and includes entire Block Numbering Areas (BNAs). The assessment area includes all of Valley County (BNA #9713 and #9714), Garfield County (BNA #9732) and the northeast portion of Custer County (BNA #9717). Refer to the bank's CRA Public File for a map of the assessment area.

The population of the assessment area is 10,730. The 1998 Nebraska state wide median family income is \$39,300. Three of the BNAs are middle-income and one is a moderate-income tract. Family incomes in the assessment area are 20% low-income, 23% moderate- income, 27% middle-income, and 30% upper-income. The economy is stable with the main source of employment provided by agriculture, the local hospital, nursing homes, and area school districts. The local banking environment is competitive. The area is served by thirteen financial institutions

in surrounding communities, a saving and loan association, and Farm Credit Services. The primary credit needs of the area include all types of agriculture, residential real estate, and consumer loans. We determined the credit needs of the area by contacting the Director of the Ord Housing Authority and an active businessman in Sargent, Nebraska.

Conclusions with Respect to Performance Criteria

The bank’s lending levels are reasonable.

FNB’s net loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and the assessment area credit needs. FNB’s loan-to-deposit ratio averaged 63.03% over the past eight quarters and was 63.8% on December 31, 1997. The thirteen area bank’s average loan-to-deposit ratios range from 49.29% to 92.15%.

The bank is lending in the assessment area.

FNB originates a substantial majority of its loans within the assessment area. The table below shows the findings of our sample:

ASSESSMENT AREA CONCENTRATION

(1,310 agricultural loans originated between 01/01/97 and 12/31/97)

	# of Loans	% of total #	\$ of Loans (\$000)	% of total \$
Inside AA	1,160	88.5%	\$27,871	90.29%
Outside AA	150	11.5%	\$ 2,999	9.71%
Totals	1,310	100.00%	\$30,870	100.00%

Lending to Borrowers of Different Incomes and to Farms of Different Sizes is reasonable.

FNB has a satisfactory record of lending to borrowers of different income levels. The bank is making residential loans to all income levels. The majority of the bank’s residential loans we sampled were low and moderate income individuals. However, the middle and upper income individual loans accounted for a majority of the dollar volume. This is because middle and upper income individuals generally spend more on housing. The bank does make home loans regardless of the loan size. Lending levels, given the demographics of income within the assessment area, reflect a reasonable penetration among individuals of different income levels.

The table below demonstrates the bank’s breakdown of loans to individuals as compared to the income demographics of the assessment area. The breakdown of income in the assessment area is

from 1990 census data.

LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS

(Sample of 29 residential real estate loans originated in 1997)

Income Level	# of loans	% of total #	\$ of loans (\$000)	% of total \$	% Per AA
Low	5	17%	\$ 77	7%	20%
Moderate	10	35%	\$ 171	15%	23%
Middle	8	27%	\$ 298	25%	27%
Upper	6	21%	\$ 635	53%	30%
Totals	29	100%	\$1,181	100%	100%

The bank does a satisfactory job of lending to farms of different sizes. The table below demonstrates the bank's performance in making farm loans to operations of all sizes, especially small and moderate size farms. The table separates farm size by gross revenues.

LOANS TO FARMS OF DIFFERENT SIZES

(A sample of 22 farm borrowers with income information out of a sample of 35 borrowers)

Gross Revenue of Farm / Business	# of Loans	% of total #	\$ of loans (\$000)	% of total \$
\$0 - \$150,000	14	64%	\$2,106	38%
\$150,001 - \$250,000	4	18%	\$1,104	20%
\$250,001-\$500,000	3	14%	\$1,611	29%
over \$500,001	1	4%	\$ 681	13%
Totals	22	100%	\$5,502	100%

Revenue information is based on cash flows or tax returns in each credit file.

Geographic distribution of loans is reasonable.

The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. It is reasonable for the bank to have a majority of its loans in Valley County and Northeastern Custer County since offices are located within each area. The assessment area contains one moderate-income BNA and three middle income BNAs. Our geographic distribution analysis included 56 residential real estate related loans originated in 1997. Five loans were originated in Garfield County, BNA #9732 (the moderate-income BNA). This was 9% of loans originated. This is lower than the 20% of the assessment area population that Garfield County represents. The difference between the population percentage and the loan percentage is reasonable since the bank does not have an office in Garfield County and the area is also served by three other institutions in a closer proximity. The other residential real estate related loans are more widely dispersed throughout the other BNAs.

Response to Complaints

The bank received no written complaints related to its CRA performance during the evaluation period.

Record of Compliance with anti-discrimination laws

We did not detect violations of any substantive provisions of anti-discrimination laws or disparate treatment of any residential loan applicants during our evaluation.