



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

October 22, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank and Trust of Fullerton
Charter Number 2964**

**230 Broadway
Fullerton, NE 68638**

**Office of the Comptroller of the Currency
Omaha Field Office
13710 FNB Parkway, Suite 110
Omaha, NE 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: Satisfactory

First National Bank and Trust of Fullerton (FNBT Fullerton) meets the credit needs of its assessment area (AA). The bank's primary lending activities are agricultural loans.

- A majority of the bank's loans are within its AA.
- FNBT Fullerton's performance in lending to farms of different sizes within its AA is excellent.
- The bank's loan-to-deposit (LTD) ratio is good compared to similarly situated banks in the AA.

SCOPE OF EXAMINATION

Small bank CRA procedures were used to evaluate the bank's CRA performance. We sampled all loans originated from January 1, 2005 to October 12, 2007. The bank's primary lending activity was to agricultural customers.

DESCRIPTION OF INSTITUTION

FNBT Fullerton is a \$46 million bank located in Fullerton, Nebraska. The bank is 100% owned by First National Holding Company, Inc., a one-bank holding company. FNBT Fullerton operates five automated teller machines (ATMs) throughout Fullerton, St. Edward, and Cedar Rapids, Nebraska. The main bank facility is headquartered in Fullerton, Nebraska. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA. The bank received a "Satisfactory" CRA rating at the last examination dated January 6, 2003.

FNBT Fullerton offers traditional loan and deposit products. As of June 30, 2007, the bank's loan portfolio consists of agricultural (80%), commercial (12%), consumer (4%), and residential real estate (4%) loans based on outstanding dollars. The following table shows the breakdown of loans originated and purchased since January 1, 2005, with the bank's primary product in bold.

Loan Type	% by Dollars of Loans Originated/Purchased during evaluation period	% by Number of Loans Originated/Purchased during evaluation period
Agricultural Loans	77%	56%
Consumer Loans	5%	29%
Commercial Loans	15%	12%
Residential RE Loans	3%	3%
Total	100%	100%

Source: Bank reports

Please refer to the bank's *CRA Public File* for more information.

DESCRIPTION OF ASSESSMENT AREA

FNBT Fullerton's AA encompasses all of Nance and Boone counties. Both counties are designated underserved by the Federal Financial Institutions Examination Council (FFIEC). The FFIEC also designates Boone county as distressed. The AA is contiguous and reasonable for the bank. Included in the AA are Nance county census tract 9861, and Boone county census tracts 9801 and 9802. The three census tracts are designated middle-income census tracts. The AA does not arbitrarily exclude any low- or moderate-income areas.

According to the 2000 U.S. Census, the total population of the AA is 10,297. Approximately 21% of families in the AA are low-income, 21% moderate-income, 28% middle-income, and 30% upper-income. Twelve percent of the AA households are below the poverty level. The weighted average median family income is \$38,473 for non-metropolitan statistical areas in Nebraska. The median weighted average house value in the AA is \$54,498, and 67% of housing is owner occupied.

Examiners conducted one community contact with the local government office. The community contact indicated the agricultural needs of the community were being met; however, the lending need for small businesses continues to exist in the community. Overall, the contact felt the two banks in town were serving the community well.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio (LTD)

FNBT Fullerton's average LTD ratio over the past 18 quarters is more than reasonable to meet the credit needs of the AA. The bank's average LTD was 92% compared to the 82% average LTD of other similarly situated financial institutions. There are five other similarly situated financial institutions headquartered in the AA. As of June 30, 2007, the bank's LTD was 101%, while other similarly situated financial institutions LTD ranged from 83% to 92%.

Lending in Assessment Area

FNBT Fullerton's lending in the AA meets the standard for satisfactory performance. We reviewed a sample of 20 agricultural loans originated since January 1, 2005 to determine the bank's lending performance within the AA. We found 85% of the number of loans and 79% of the dollar volume of loans were within the bank's AA.

Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agricultural	17	85%	3	15%	20	\$984,011	79%	\$254,329	21%	\$1,238,340

Source: Bank Reports

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

FNBT Fullerton's performance for lending to small farms is excellent. We reviewed a sample of 20 agricultural loans to determine the bank's borrower distribution of loans. All of the loans in this sample were located in the AA and were originated after January 1, 2005.

The bank originated 100% of agricultural loans to farm operations in the AA with gross revenues of less than \$1 million. The bank compares favorably with demographic comparatives, which indicate 97% of AA farms have gross revenues less than \$1 million.

Borrower Distribution of Loans to Farms in Assessment Area		
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Farms*	97%	2%
% of Bank Loans in AA by #	100%	0%
% of Bank Loans in AA by \$	100%	0%

Source: Bank Reports; Dun and Bradstreet 2007 Information

**1% of farms did not report revenue income*

Geographic Distribution of Loans

An analysis of the geographic distribution of loans was not meaningful as the AA did not have any low- or moderate-income geographies.

Responses to Complaints

The bank has not received any CRA related complaints since the last Performance Evaluation.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.