



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**January 03, 2005**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank of Fairbury, N.A.  
Charter Number 2994**

**423 Fifth Street  
Fairbury, Nebraska 68352**

**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 Outstanding.**

- The First National Bank of Fairbury, N.A. (FNB) has a good record of lending to businesses and farms of different sizes.

The distribution of commercial borrowers reflected an excellent level of lending to small businesses in the assessment area (AA), with 80% of the loans in our sample originated to businesses with revenues of less than \$1 million. The bank's lending compares favorably to the 2003 business demographic data, which reveals that 59% of the businesses in the bank's AA have revenues of less than \$1 million and 5% of businesses have revenues over \$1 million. Revenue information was not available for 36% of the businesses in the AA.

The bank does an effective job of lending to farms of different sizes. The majority of loans originated are to small and moderate-sized farms with gross revenues less than \$250,000, with 55% of the loans in our sample originated to farms with revenues less than \$250,000. Revenue information was not available for 25% of the loans in our sample. This compares favorably to the 2002 U.S. Census of Agriculture data, which shows 45% of farms in Jefferson County, Nebraska have revenues less than \$250,000.

- FNB has an excellent record of lending to businesses and farms located in all tracts in the AA. As a result of the 2000 census, one of the census tracts in the AA was designated as moderate-income and two of the census tracts were designated as middle-income.

The geographic distribution of commercial borrowers revealed that the bank does an excellent job of lending to businesses located in moderate-income areas of the AA, with 45% of the loans in our sample originated to businesses located in moderate-income areas. This compares favorably to the 2003 business demographic data, which reveals that 33% of businesses in the AA are located in moderate-income areas.

The 2003 business demographic data reveals only 2% of farms in the AA are located in moderate-income areas. Since the moderate-income census tract is located in the town of Fairbury, it is reasonable that the bank did not originate any loans to farms in moderate-income areas.

- The bank originated a majority of its loans in the AA. For the agricultural and commercial loans sampled, the bank originated 90% by number and 93% by dollar amount within its AA.
- The bank's quarterly average loan-to-deposit ratio since the last examination is reasonable given the demographics of the AA. It averaged 40% over the past 20 quarters. The only other financial institution chartered in the AA had an average loan-to-deposit ratio of 59% over the same time period and had total assets of \$28MM as of September 30, 2004. The other financial institution is approximately 20 miles from Fairbury and is located in the northwest corner of Jefferson County. In addition to drawing loan volume from Jefferson

County, the other financial institution also draws its loan volume from three adjacent counties. The AA had 43% of the population in the under 16 and over 65 years of age ranges, according to the 2000 U.S. Census data. Therefore, the demographics of the AA have contributed to the lower loan-to-deposit ratios.

- 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**

FNB is a \$99MM institution located in southeast Nebraska. The First National Fairbury Corporation wholly owns FNB. The bank's primary loan products by dollar amount are agricultural and commercial loans. FNB received a "Satisfactory" rating at the last CRA examination dated November 29, 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 in the AA. The contact 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 designated Jefferson County, which is composed of three census tracts (CT) as its AA. Two of the CTs (#9936 and #9937) are designated as middle-income and CT # 9338 is designated as moderate-income. The bank's AA meets the requirements of the regulation and does not arbitrarily exclude any low- and moderate-income areas. Refer to the bank's CRA Public File for more information.