



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 4, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Beatrice National Bank and Trust Company
Charter Number 3081**

**523 Court Street
Beatrice, Nebraska 68310**

**Office of the Comptroller of the Currency
Omaha Duty Station
11606 Nicholas Street, Suite 201
Omaha, Nebraska 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 Community Reinvestment Act (CRA) performance of **The Beatrice National Bank and Trust Company** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of April 4, 1997. 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 Beatrice National Bank and Trust Company's (BNBT) average quarterly loan-to-deposit (LTD) ratio is high at 79% and exceeds the average ratio for the assessment area of 61%. BNBT's geographic distribution of loans is reasonable based on the number of loans to borrowers located in the moderate-income BNA and number of loans to low- and moderate-income borrowers. BNBT extends a majority of consumer loans in amounts under \$5,000 to meet consumer credit needs. The distribution of lending to businesses and farms of various sizes is reasonable. BNBT's level of lending within its assessment area is also reasonable.

The following table indicates the performance level of The Beatrice National Bank and Trust Company with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	THE BEATRICE NATIONAL BANK AND TRUST COMPANY 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	Not Applicable. No complaints have been received since the last CRA examination.		

DESCRIPTION OF INSTITUTION:

The Beatrice National Bank and Trust Company (BNBT) is a \$90 million institution located in Beatrice, Nebraska. BNBT has one branch in Beatrice and one in Pickrell, Nebraska. BNBT operates two Automated Teller Machines and three cash dispensing machines at the Gas 'N Shops in Beatrice. BNBT is 100% owned by a two-bank holding company. The Comptroller of the Currency last evaluated the BNBT's performance under the CRA as of April 25, 1994. The bank's performance was previously rated "satisfactory".

BNBT operates in a competitive lending and deposit environment. In addition to the seven other banks chartered in Gage County, BNBT competes with branches of four state-wide financial institutions. BNBT is the largest chartered bank in the county with 35% of the total assets reported as of December 31, 1996.

The composition of the bank's \$68.4 million loan portfolio is 21% agricultural production, 12% farm real estate, 18% residential real estate, 32% commercial (operating or secured by commercial real estate), and 16% consumer loans.

DESCRIPTION OF GAGE COUNTY:

BNBT designates its assessment area as Gage County. Beatrice serves as the county seat. The assessment area includes seven block numbering areas (BNAs). One BNA is categorized as moderate-income with the remaining six BNAs categorized as middle-income. The total population of the assessment area is 22,794.

The nonmetropolitan median family income in 1996 was \$35,100 and is \$37,100 in 1997. Refer to the table on page 5 for the distribution of families by income level. Ten percent of all families report income below the poverty level.

The primary needs of the assessment area are affordable housing and agricultural and business loans. In 1996, Gage County Economic Development, Inc. (GCED) commissioned a community housing market study. This study indicated a demand for additional market rate and affordable housing units. GCED is in the process of developing a strategy to implement a housing plan.

The largest employment base in Beatrice includes providers of health care services, care and services for developmentally disabled individuals, and elder care. Other large employers include five manufacturing firms and the public school system. Manufacturing jobs significantly contribute to the economic viability of the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

BNBT’s level of lending within its assessment area is reasonable. Based on a sample of 38 consumer and residential real estate loans originated between November 1996 and March 1997, BNBT originated 36 loans or 95% by number and \$1.2 million or 95% by dollar within its assessment area. Based on a sample of 23 farm and business loan relationships with loans totaling \$4.3 million, BNBT originated loans to 20 borrowers totaling \$3.9 million or 87% and 91% of the sample, respectively, within its assessment area. Management’s internal analysis reports that 81% by number and 83% by dollar of all loans outstanding as of February 24, 1997 are within its assessment area.

The bank’s geographic distribution of originated loans by number within the seven BNAs is reasonable. Approximately 14% of the sampled residential real estate, consumer, and commercial loans are within the moderate-income BNA. This corresponds to the 14% or one out of seven BNAs categorized as moderate-income. BNBT originates loans within all geographies included in its assessment area.

The bank’s distribution of business and farm loans by annual revenues is reasonable. Management generally obtains only limited information from smaller businesses which resulted in these files being excluded from the analysis. Examiners excluded two relationships totaling \$57,500 due to lack of revenue information. One loan to a business with revenues greater than \$1,000,000 was originated to match a \$500,000 block grant. This loan meets the definition of a community development activity because jobs were created for low- and moderate-income persons. In order to qualify for the block grant, 51% of the workforce must be low- or moderate-income persons.

DISTRIBUTION OF FARM AND BUSINESS LOAN RELATIONSHIPS					
By Annual Revenues of Business or Farm					
ANNUAL REVENUE	Bank Loan Volume				Assessment Area
	#	%	\$	%	Revenue Distribution
Less than \$100,000	3	17%	48,302	4%	84%
\$100,000 - \$499,999	9	50%	1,579,658	13%	
\$500,000 - \$1,000,000	2	11%	318,400	30%	7%
Greater than \$1,000,000	4	22%	2,317,107	52%	9%

Note: Percentages may not foot to 100% due to truncation of the numbers.

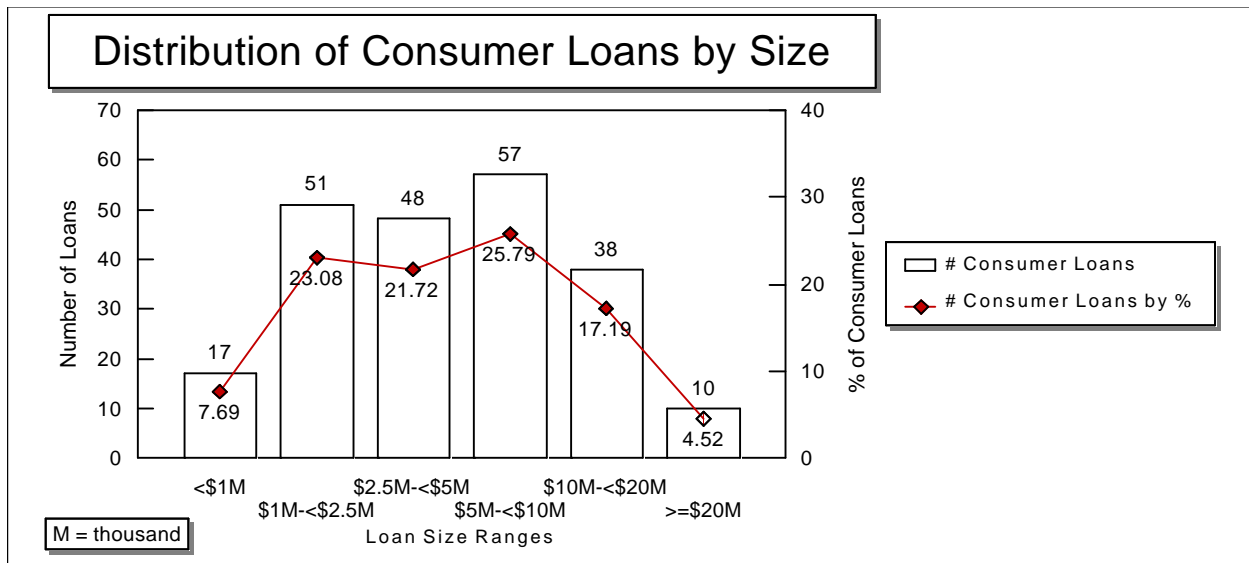
The geographic distribution of residential real estate loans by borrower income is reasonable. Please refer to the following table. The lower volume of loans to

low-income families is reasonable given that 58% of these families report income below the poverty level. Lending to moderate- and middle-income borrowers reflects the demographics of the assessment area.

LOANS SECURED BY RESIDENTIAL REAL ESTATE					
To purchase or refinance residence or for home equity purposes					
INCOME LEVEL	Bank Loan Volume				Assessment Area
	#	%	\$	%	Family Distribution
Low-income	1	6%	20,163	4%	17%
Moderate-income	4	24%	71,559	13%	19%
Middle-income	4	24%	156,123	30%	25%
Upper-income	8	47%	276,225	52%	39%

Note: Percentages may not foot to 100% due to truncation of the numbers.

Based on a sample of consumer loans, BNBT originated more than half of the loans in amounts under \$5,000 to meet credit needs. Examiners used loan size as a proxy for income to analyze the distribution of consumer lending due to the limited credit file information maintained for this loan product. Examiners sampled 221 consumer loans outstanding as of March 7, 1997 which originated since the last examination.



BNBT's average quarterly loan-to-deposit (LTD) ratio is high and exceeds the average ratio for the assessment area of 61%. BNBT's three year average LTD ratio from 1994 through 1996 is 79%. The bank's average quarterly LTD ratio ranks it second highest

of the eight banks chartered in Gage County. The average quarterly LTD ratios range from 28% to 81% over these three years for the eight banks.

The BNBT complies with the substantive provisions of antidiscriminatory laws and regulations. There have been no consumer complaints filed with the bank or the Comptroller of the Currency since the last CRA examination.