



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 30, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank
Charter Number 17515**

**100 West Fletcher
Lincoln, Nebraska 68521**

**Office of the Comptroller of the Currency
Community Bank Supervision - South
2345 Grand Boulevard, Suite 700
Kansas City, Missouri 64108**

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 First National Bank prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of **April 30, 1997**. 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.**”

The First National Bank (FNB) is meeting the credit needs of its community. FNB's loan-to-deposit ratio is reasonable, with the majority of loans being made to customers within its assessment area. The bank's lending efforts penetrate borrowers of all income levels.

The following table indicates the performance level of First National Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST NATIONAL BANK 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 is a \$12 million bank located at the extreme northern edge of Lincoln, Nebraska. First National Lincoln Corporation, a one bank holding company, owns First National Bank. The bank has two automated teller machines, one at the Amoco gas station near the Lincoln Municipal Airport and one at the bank. The bank currently has no branches. The bank's remote location provides little visibility.

FNB offers a wide variety of loan products including residential real estate (5 year balloon), small business, home improvement and consumer loans. The loan portfolio composition is 51% real estate, 34% commercial and 14% consumer loans. In addition, the bank has heavy competition from 11 national and state banks and 26 credit unions.

DESCRIPTION OF THE LINCOLN METROPOLITAN STATISTICAL AREA

The bank has designated the Lincoln metropolitan statistical area (MSA) as their assessment area (AA). According to updated 1996 census information, the AA consists of 48 census tracts, three low, 12 moderate, 24 middle and 9 upper income tracts. In addition, 33 percent of the middle income areas are composed of low and moderate-income families. The median family income of the AA is \$46,600, representing 107% of the statewide, metropolitan median family income. Family income distribution consists of 17% low, 18% moderate, 28% middle and 37% upper. The median housing value is \$55,650 with 57% of the units owner-occupied.

The 1990 census information shows the population of the Lincoln MSA is 213,641. Government agencies dominate the area because Lincoln is the Nebraska state capital and the county seat of Lancaster County. Services and retail trade also dominate the area.

We reviewed six community contacts on file performed by the Comptroller of the Currency and other agencies which indicated the need for multi-family unit financing with more flexible/creative underwriting guidelines and rehabilitation loans on owner occupied and rental units. The University of Nebraska is located in Lincoln. It's presence drives the need for affordable housing units because most homes can be rented to college students which increases property values.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio Analysis

First National Bank generally responds to the credit needs of its assessment area. This is demonstrated by the bank's reasonable loan-to-deposit (LTD) ratio which averaged 59% in the past eight quarters. The average LTD ratio for banks with total assets under \$50,000,000 located in the Lincoln MSA was 76% as of December 31, 1996.

Lending in Assessment Areas

A majority of the bank's loans are within its defined assessment area. We determined this by reviewing a sample of 12 or 100% of residential real estate purchase, refinance and home improvement loans made in 1996, 24 business loans made in 1996 and year-to-date 1997, and 18 consumer loans made in 1996 and year-to-date 1997. These loans represent nearly all of the bank's lending in that time period. Based on a review of those loans, 85% of the number and 89% of the dollar volume of these loans were made to borrowers within the bank's assessment area.

Lending to Borrowers of Different Incomes

Lending levels reflect a reasonable number of loans to low- and moderate-income borrowers. The bank makes a number of consumer loans to low- and moderate-income families. In addition, our review of ten automobile loans revealed that nine of the ten or 90% were to low- and moderate-income borrowers. The following table highlights the other loan categories we reviewed.

Income Levels	% Population	\$ Consumer	# Consumer	\$ RE	# RE
Low	17%	7%	31%	3%	10%
Moderate	18%	7%	39%	7%	10%
Middle	28%	7%	15%	21%	30%
Upper	37%	79%	15%	69%	50%

The business loan sample indicates the bank makes loans to businesses of various sizes. The following table represents the sample of the 24 business loans we reviewed.

Annual Sales	Number	Amount
<\$100,000	26%	7%
\$100,000 - \$250,000	22%	41%
\$250,000 - \$500,000	35%	22%
> \$500,000	17%	30%

Geographic Distribution of Loans

The bank's lending levels coincide with the demographics of the assessment area and are evenly distributed throughout the assessment area. We note from our sample of business, consumer and real estate loans, that the bank's loans are distributed in proportion to the population and business concentrations within the entire assessment area. This sample included 46 loans that totaled \$2,278,521. The following table reflects the bank's lending activity in the various census tracts.

Census Tract Type	% of Census Tracts	# of Loans	\$ of Loans
Low	6%	22%	8%
Moderate	25%	52%	42%
Middle	50%	24%	42%
Upper	19%	2%	8%

Record of Compliance with Antidiscrimination Laws

We did not note any violations of the substantive provisions of the antidiscrimination laws or disparate treatment of loan applicants.