



SMALL BANK

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

PUBLIC DISCLOSURE

July 19, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Central Bank McCook, National Association
Charter Number 23734**

**904 North Highway 83
McCook, Nebraska 69001**

**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 Satisfactory.

- First Central Bank McCook, National Association (FCB) has a satisfactory record of lending to farms of different sizes.

The distribution of agricultural borrowers reflected reasonable penetration among farms of different sizes. Based on 20 borrowers sampled, the bank's distribution of loans to farms with different revenues was reasonably comparable to demographic information on farms located in the Assessment Area (AA) obtained from the U.S. Census Bureau's 2002 Census of Agriculture.

Census information reveals that the average gross revenue of farms in the AA was \$226,000, which is reasonably comparable with the average gross revenue of \$285,000 for the farms in our sample. While 35% of the bank's lending was to farms with revenues of less than \$100,000, demographics show that 67% of farms in the AA report revenues in this range. However, 39% of farms in the AA report no interest expense for 2002, and 22% of farm operators in the AA state that farming is not their primary occupation. This information indicates that there are likely a fairly large number of "hobby farmers" in the AA, whose farms do not borrow and who do not rely on farming as their principal occupation. It is reasonable to assume that many of these farms would fall into the less than \$100,000 revenue range, limiting the bank's opportunity to lend to the farms in this category. Details on our sample of agricultural loans are provided in the following table.

Borrower Distribution of Loans to Farms in AA				
Farm Revenues (or Sales)	< \$100,000	\$100,000 - \$249,000	\$250,000 - \$500,000	>\$500,000
% of AA Farms*	67%	19%	9%	5%
% of Bank Loans in AA by #	35%	20%	20%	25%
% of Bank Loans in AA by \$	12%	23%	26%	39%

* Source: Loan data sample; 2002 U.S. Census of Agriculture

- The bank had a satisfactory record of lending to businesses of different sizes.

The distribution of commercial borrowers reflected a good level of lending to small businesses in the AA, with 100% of the loans in our sample originated to businesses with revenues of less than \$1 million. The bank's lending compares favorably to 2003 business demographic data, which reveals that 61% of the businesses in the bank's AA have revenues of less than \$1 million, and 4% of businesses have revenues over \$1 million. Revenue information was not available for 35% of the businesses in the AA.

- The bank does a reasonable job of lending to the moderate-income geography in its AA.

The bank's AA contains one moderate-income census tract. Demographic information shows that 11% of area farms were located in the moderate-income geography. Our sample revealed that 5% by number of the bank's loans were to farms in the moderate-income geography. There are two towns located in the moderate-income geography; the bank's office is located 35 miles from one of the towns and 37 miles from the other. There is a branch of a competing bank located in the largest town in the moderate-income geography, and there is one other competing bank that is located closer to the towns in the moderate-income geography than FCB. Therefore, while the bank's lending does not match AA demographics, it is reasonable given the bank's distance from the moderate-income geography, and the existence of other competitors that more directly serve this geography.

The bank did not have any commercial loans to businesses located in the moderate-income geography. However, demographic information shows that only 2% of AA businesses are located in the moderate-income geography. Given the minimal number of businesses located in this geography, and considering that the moderate-income geography is more directly served by two other banks as noted above, the bank's lending is not unreasonable.

- The bank originated a majority of its loans in the AA. For agricultural loans sampled, the bank originated 95% by number and 92% by dollar amount within its AA. For commercial loans sampled, the bank originated 85% by number and 50% by dollar amount in the AA.
- The bank's average loan-to-deposit ratio since the last examination was reasonable. It averaged 91% over the past 18 quarters, and compared favorably with the ratios of similarly situated banks in the AA. Competing banks' ratios ranged from 45% to 95%.
- 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

FCB is a \$41MM institution located in southwestern Nebraska. The bank's primary loan products by dollar amount were agricultural and commercial loans. FCB received a "Satisfactory" rating at the last CRA examination, dated October 25, 1999. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA. Community contacts indicated that the community needs agricultural, commercial, and residential real estate loans, but also indicated that these needs were being met. Examiners contacted a member of the community that is involved with promoting economic development within the AA. Refer to the bank's CRA Public File for more information.

DESCRIPTION OF ASSESSMENT AREA

The bank's AA encompassed five counties in southwestern Nebraska, and two contiguous counties in northwestern Kansas. The counties included in the AA are Dundy, Frontier, Hayes, Hitchcock, and Red Willow counties in Nebraska, and Decatur and Rawlins counties in Kansas. The AA consists of one moderate-income and nine middle-income census tracts. 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.