

Public Disclosure

April 21, 1999

Community Reinvestment Act Performance Evaluation

**The First National Bank of McCook
Charter Number: 3379
West First and D Streets
McCook, Nebraska 69001**

Office of the Comptroller of the Currency

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NOTE: This evaluation is not, and should not 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.

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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 CRA performance of **The First National Bank of McCook, McCook, Nebraska** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **April 21, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate - Any company that controls, is controlled by, or is under common control by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Community Development (CD) - Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301)) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA) - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Full-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography - A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA) - The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

Home Mortgage Loans - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Limited-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

Low-Income - Income levels that are less than 50% of the median family income.

Median Family Income (MFI) - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income - Income levels that are 120% or more of the MFI.

Overall CRA Rating

Institution's CRA Rating: This institution is rated "**Satisfactory.**"

The following table indicates the performance level of **The First National Bank of McCook** with respect to the Lending, Investment, and Service Tests:

Performance Levels	The First National Bank of McCook Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			X
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The main factors contributing to this rating include:

- ▶ The First National Bank of McCook's (FNB-M) lending levels reflect good responsiveness to the Red Willow County, Nebraska assessment area's (AA) credit needs.
- ▶ The bank achieved a strong distribution of home purchase loans to borrowers of different income levels. For example, 26% of the bank's home purchase loans were to moderate-income borrowers, while demographics showed 17% of families in the Nebraska AA were moderate-income.
- ▶ The bank also has a strong distribution of home improvement loans to borrowers of different income levels. We note 30% of home improvement loans were made to borrowers with low-incomes and another 30% were made to borrowers with moderate-incomes. This distribution

significantly exceeded demographic data, which shows 18% and 17% of families in the Nebraska AA were low-income and moderate-income, respectively.

- ▶ FNB-M had a good record of meeting the credit needs of small businesses and small farms in the Nebraska AA. For example, 95% of the bank's small loans to businesses were to businesses with revenues of \$1 million or less. In comparison, 92% of all businesses in the AA had revenues of \$1 million or less. In addition, 96% of the bank's small farm loans were to enterprises with revenues of \$1 million or less. This closely compares with small farm income demographics. In the 1990 census, 98% of farms reported revenues of \$1 million or less.
- ▶ The level of qualified investments was good at \$171 thousand.
- ▶ Retail delivery systems were reasonably accessible to geographies and individuals of different income levels in its AAs.

Description of Institution

FNB-M is a full-service financial institution headquartered in McCook, Nebraska. First Commerce Bancshares, Inc. (FCBI), a \$2.4 billion multibank holding company, located in Lincoln, Nebraska, owns 100% of outstanding shares of the bank. Seven affiliated national banks are located throughout Nebraska and an eighth bank is located in Colorado. With the exception of one investment made by FCBI, the management of FNB-M does not request our consideration of any activities of these affiliates for its own CRA performance during this evaluation. FNB-M does not have any subsidiaries. The bank has not conducted any merger or acquisition activity during the evaluation period.

There are no known legal or financial impediments which hinder FNB-M's ability to help meet the credit needs of its AA. FNB-M offers a full range of credit products including agricultural, real estate, business and consumer loans. As of December 31, 1998, FNB-M had \$94 million in total assets and \$7.2 million in Tier 1 Capital. The bank's loan-to-deposit ratio on that date was 74% and gross loans represented 64% of total assets. By dollar amount, the loan portfolio consisted of the following types of credit: 46% agricultural and agricultural real estate; 22% commercial and commercial real estate; 24% consumer; and 8% one- to four-family residential real estate. FNB-M sells the majority of its home purchase and refinancing mortgage loans on the secondary market. The loan-to-deposit ratio and loan portfolio mix does not reflect these loans. From January 1, 1997 through December 31, 1998, the bank originated and sold 125 residential mortgage loans totaling \$8 million.

FNB-M's main office is located in McCook, population 8,200, in southwest Nebraska. The bank has additional loan and deposit production offices (LPO) located in the western Kansas community of Goodland, population 5,700, and the eastern Colorado community of Burlington, population 3,500. Management opened these LPOs in September 1997 and February 1998 respectively, to generate primarily agricultural loan volume. The staff in these LPOs also offer all other loan products. None of the offices are located in a Metropolitan Statistical Area (MSA). The bank has five automated teller machines (ATMs) disbursed throughout its AAs and a sixth cash-dispensing ATM in a town located near McCook, but outside the Nebraska AA. ATMs at the McCook bank drive-in and the Burlington Colorado and Goodland Kansas LPOs accept deposits.

FNB-M is an intrastate bank due to its only branch office being in a single state. Although its LPO offices are located in two other states, the CRA does not define them as branches for rating purposes.

FNB-M received an "Outstanding" rating during the November 17, 1995 CRA evaluation.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated FNB-M using the Lending, Investment, and Service Tests for large banks pursuant to the revised CRA regulation. These tests assess the bank's record of helping to meet community credit needs, making community development investments, and providing services throughout the AAs. For the Lending Test, we focused on small farm, residential real estate, and small business loans, as these were the primary loan products extended within the AAs during the evaluation period. The current evaluation covers small farm, residential real estate and small business lending activity for 1997 and 1998. It also covers community development lending; qualified investments; and service activities since the last evaluation, November 17, 1995.

Because the bank and its LPOs are outside an MSA, the bank is not required to collect and report home lending activity for Home Mortgage Disclosure Act (HMDA) purposes. In order to evaluate the bank's performance for this type of lending, we used the bank's database of all purchase, refinance and home improvement loans originated between January 1, 1997 and December 31, 1998. For these loans, we analyzed data on the borrower's income, as well as the geographic location of the loan.

Data Integrity

Examiners verified the accuracy of data used in this evaluation of the bank's performance by comparing original credit file information which describes the type of loan, date, location, amount, whether purchased from another source or directly originated, and borrower revenue. We applied this review to a sample of 30 small business and farm loans, which the bank originated. We also conducted a review of the bank's one- to four-family real estate loan register using similar procedures, except we verified the record of applicant personal income.

Due to a misinterpretation of data reporting requirements for business and farm loans, the bank incorrectly designated several borrowers as having revenues of \$1 million or less. Because the bank did not have revenue data on these borrowers, the bank should have designated these loans as having unknown revenues. After the bank corrected this error, the number of farm borrowers with unknown revenue levels increased. However, this had minimal impact on our overall analysis because most loans with unknown revenues involved purchased dealer contract paper from borrowers outside the bank's AAs. We found no significant errors in the one- to four-family real estate loan register.

Selection of Areas for Full-Scope Review

We assigned the bank's CRA rating based predominately on its lending, investment and service performance within the Red Willow County, Nebraska AA. Examiners selected this area to receive a full-scope review due to the bank's main headquarters location and that 75% of the total of real estate, farm and business loans and 96% of deposits originate within this county. We determined that FNB-M's performance in the Nebraska AA is representative of the bank's overall performance under CRA.

We also reviewed the bank's CRA performance at its Goodland, Kansas and Burlington, Colorado LPOs using limited-scope procedures. These LPOs are located in Sherman County, Kansas and Kit Carson County, Colorado, respectively. FNB-M designated the counties where these two LPOs are located as separate AAs because they include deposit-taking ATMs which are in separate states. These counties are adjacent and have very similar economic characteristics and population demographics. All BNAs within these two counties are middle income.

For areas that receive limited-scope reviews, examiners analyze data considering only quantitative factors with performance context data limited to the comparable demographics in the standardized tables. We present the Lending, Investment, and Service data for the LPO AAs in the limited-scope section of the Nebraska AA tables because these offices are not out-of-state branches as defined by CRA.

Please refer to the table in Appendix A for more information regarding the evaluation's scope.

Ratings

The bank's overall rating is based primarily on the full-scope review of the Red Willow County, Nebraska AA.

Other

Examiners made three community contacts during this examination and reviewed seven previous contacts conducted within the assessment period by financial institution regulators. The three contacts in the bank's Nebraska AA, Red Willow County, cited smaller working capital loans as the most pressing business need followed by loans for home purchases. Two of the three contacts stated that local financial institutions were meeting these needs. The third contact did not express an opinion regarding financial institution performance. These contacts were familiar with commercial and agricultural business development activity in the area or were directly in business.

Fair Lending Review

We did not identify any violations of substantive provisions of anti-discrimination laws. Our fair lending review consisted of analyzing rates and terms granted to all individual female and all individual male borrowers for direct automobile purchase loans from October 30, 1998 to April 16, 1999. Our review included 16 loans to females and 27 loans to males. We found no evidence of discrimination based on gender in the rates and terms given for the loans reviewed.

Conclusions with Respect to Performance Tests

FNB-M's lending levels reflected a good responsiveness to community credit needs. For small farm and small business loans, the bank had a good record of lending to borrowers of different revenue sizes. The bank's lending performance for home purchase and home improvement purposes was especially strong when we consider borrowers' different income levels. An analysis of the geographic distribution of loans, including any gaps in lending, was not meaningful, as the AAs contain only middle-income BNAs. We note the bank makes the majority of its loans to borrowers within the AAs. For borrower distribution, the bank's performance consistently met, and in some cases exceeded, comparable demographic information in the AAs. FNB-M's record of extending refinancing mortgage loans to borrowers of different income levels was notably weaker; however, this did not diminish from the bank's overall performance due to compensating factors described below.

FNB-M also provides a good level of investments which benefit the Red Willow County, Nebraska AA. The bank's management is heavily involved in economic development projects recently completed or currently in process which will enhance the area's job availability for low-and moderate-income (LMI) workers. Management is aware of investment opportunities within the AAs and participates in the Nebraska AA whenever possible. The bank could further enhance overall performance under this test by participating in investment opportunities in the Kansas and Colorado AAs.

We consider the bank's performance under the Service Test to be reasonable, as there are no LMI geographies available to target for special services or banking facilities. FNB-M's single office in each AA location easily provides accessibility to its products and services.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

FNB-M's performance under the Lending Test is rated "High Satisfactory". Based on our full-scope review, the bank's performance in the Red Willow County AA is good.

Lending Activity

Please refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

FNB-M's lending levels reflected a good responsiveness to the assessment area's small farm, residential real estate, and small business credit needs. We based this conclusion on loan data taken from Reports of Condition and Income for all banks headquartered in Red Willow County.

This data provides a basic comparison of lending activity through loan volume and a calculation of

loan-to-deposit ratios. FNB-M led all other banks in farm and business loan volume and was second in real estate loan volume despite being the second largest bank in the AA. The largest bank had 1.5 times the assets on December 31, 1998. FNB-M's loan-to-deposit ratio was second highest of all six competing banks headquartered in the AA at 74%. This ratio ranged from 79% to 49% for these competing banks as of December 31, 1998.

It is not possible to closely compare farm and business lending performance with other similarly situated local lenders within the AA because they do not report aggregate loan data to the Federal Financial Institutions Examination Council (FFIEC). Other than a small branch of an out-of-area competitor, FNB-M was the only bank headquartered in the AA required to submit CRA data. (The FFIEC data only includes small farm and small business loan data for financial institutions with total assets of \$250 million or more or financial institutions of any size that are affiliates of bank holding companies with \$1 billion or more in total assets.)

Similarly, comparisons with other local lenders could not be easily made for residential real estate loans, as market share data is not readily available in nonmetropolitan areas in a standard format. We were able to generally compare home purchase and refinance loan activity by using the bank's records of residential real estate filings by all lenders at the Red Willow County courthouse. This data shows FNB-M originated approximately 24% of the dollar volume of real estate loans, which closely correlates to its deposit market share of 25%. FNB-M's closest competitor originated 29% of the real estate loan volume while holding a deposit market share of 38%.

Distribution of Loans by Income Level of the Borrower

Small Farm Loans

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's small farm loan originations.

FNB-M had a good record of lending to farms of different revenue sizes, including farms with gross annual revenues of \$1 million or less. Also, the bank extended a high percentage of its reported farm loans in relatively small dollar amounts.

Bank data showed 96% of its reported small loans to farms were to farms with revenues of \$1 million or less. FNB-M's performance compares closely to demographic data where 98% of all farms in the AA reported revenues of \$1 million or less. Similarly, 1997 FFIEC aggregate data for all other lenders in the AA showed 20% of the number of all reported small loans to farms were to agricultural operations with revenues of \$1 million or less. We did not assign a significant weight to lending data reported by other lenders reporting FFIEC aggregate data because they are all headquartered outside

the AA and do not maintain offices or gather significant deposits from the area.

Table 11 also shows FNB-M extended a high percentage of its reported farm loans in relatively small dollar amounts. This is another indication of the bank's efforts to meet the needs of smaller farms as loan size generally correlates to the size of the farm. During the evaluation period, FNB-M extended 90% of its total reported loans in amounts of \$100 thousand or less to farms of all revenue sizes. This is comparable to 1997 FFIEC aggregate data for all other lenders in the AA, which showed 70% of the number of all reported loans to farms were in amounts of \$100 thousand or less.

Home Mortgage Loans

Please refer to Tables 7, 8 and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

FNB-M had a strong distribution of home purchase loans to borrowers of different income levels, including low- and moderate-income LMI borrowers. Performance was especially good for lending to moderate-income families.

As shown in Table 7, FNB-M had a strong penetration of home purchase loans to moderate-income borrowers. The bank's percentage of home purchase loans to moderate-income borrowers was 1.5 times the percentage of moderate-income families in the AA.

For home purchase loans, the bank's percentage of loans to low-income borrowers was below demographic comparisons. However, this is not considered unreasonable. Low-income families would have a more difficult time qualifying for residential mortgage loans due to their more limited income. Homes are available in Red Willow County in the \$50 to \$60 thousand range, which a low-income individual or family could purchase if they had no other personal debts to service with their disposable income. However, additional vehicle or credit card debt servicing requirements, when added to the payments required to service home loans in this range quickly disqualifies applicants under standard loan programs. FNB-M's staff assists applicants for home loans with high debt servicing ratios by referring them to the USDA Rural Housing Office in McCook. USDA lenders have payment assistance plans for low-income applicants, which along with extended maturity loan products, serve to lower applicant debt servicing ratios to industry standard underwriting levels.

Table 8 shows especially strong lending to LMI borrowers who are financing improvements to their homes. We note 30% of home improvement loans were made to borrowers with low incomes and another 30% were made to borrowers with moderate incomes. This distribution significantly exceeded demographic data, which shows 18% and 17% of families in the Nebraska AA were low-income and moderate-income, respectively.

As Table 9 shows, the bank's performance for refinance loans to low- and moderate-income borrowers was below the demographics. FNB-M made 13% of its refinance loans to moderate-income borrowers while demographics showed 17% of families in the Nebraska AA were moderate-income. Only 4% of the bank's refinance loans were to low-income borrowers who comprise 18% of the area's families. However, this is not a significant concern. Bank data indicated some moderate-income and many low-income borrowers typically have not requested refinancing loans because it was not to their benefit. Many low- and moderate-income borrowers receiving home purchase loans from FNB-M qualified for one of several first-time home buyer loan programs through the Nebraska Investment Finance Authority or the USDA Guaranteed Rural Housing Program. These programs include a variety of attractive features, such as no or low down payment requirements, fewer fees, and lower interest rates. These loan programs are not available to borrowers wishing to refinance their home loans. Therefore, low-income borrowers wanting to refinance their loans would generally be subject to higher down payment requirements; higher fees; and higher interest rates than they currently pay on their existing home loan. An analysis of market rank and market share is not applicable because FNB-M and other banks in the AAs are outside an MSA, and are not required to collect and report home lending activity for Home Mortgage Disclosure Act (HMDA) purposes.

Small Business Loans

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's small business loan originations.

FNB-M had a good record of lending to businesses of different revenue sizes. Performance was especially strong for loans to businesses with revenues of \$1 million or less. As seen in Table 10, 95% of the number of FNB-M's small loans to businesses within the AA were to businesses with gross annual revenues of \$1 million or less. This compares favorably to demographic data which showed 92% of all businesses in the AA had revenues of \$1 million or less. This performance significantly exceeded other reporting lenders in the AA. FFIEC aggregate loan data for 1997 for all other reporting lenders revealed only 34% of their small loans to businesses were to commercial operations with revenues of \$1 million or less. As explained under ***Small Farm Loans*** we do not place significant weight on FFIEC aggregate loan data from other lenders, because no other reporting entity has major offices or gathers significant deposits in the AA.

Table 10 also displays the overall distribution of FNB-M's small loans to businesses by loan size within the AA. FNB-M extended a significant proportion of its reported business loans in relatively small dollar amounts. During the evaluation period, FNB-M extended 96% of its total reported loans in amounts of \$100 thousand or less to businesses of all revenue sizes. This is comparable to 1997 FFIEC aggregate data for all other lenders in the AA, which showed 34% of the number of all reported

loans to businesses were in amounts of \$100 thousand or less.

Community Development Lending

Table 1 in Appendix C provides the facts and data used to evaluate the bank's level of community development lending.

FNB-M originated a good level of community development loans in its AA considering the limited opportunities in the rural communities it serves. All of the loans benefited Red Willow County by revitalizing a blighted area in the City of McCook. The loans included:

- ▶ Three loans totaling \$207 thousand to a local nonprofit development corporation who in turn used the funds to acquire land in an area designated by the City of McCook as blighted. FNB-M partnered with two other local banks in this transaction. The nonprofit development organization was able to use this land as an incentive for a major industrial manufacturer to locate a factory in McCook which will create approximately 200 new moderate-income jobs for the area. Additional details are found in Appendix B.

Product Innovation and Flexibility

FNB-M used loan products with flexible lending terms to assist in meeting various credit needs in its AA. The bank originated loans under programs targeted to first-time home buyers and LMI individuals. This activity showed the bank's commitment to helping meet a secondary credit need identified by community contacts which was loans for housing. Following are examples of flexible lending programs used by the bank. Loans originated under these programs were included in the tables and analyses of residential real estate lending.

During 1997 and 1998, FNB-M originated 13 loans totaling \$520 thousand under the Nebraska Investment Finance Authority (NIFA) loan program for first-time home buyers. The loan program includes reduced interest rates and lower down payment requirements (generally 3% to 5%). Qualified applicants must have annual incomes of \$46,600 or less. The majority of applicants receiving NIFA loans are LMI.

FNB-M is also very active in financing applicants for home loans who lack down payments. FNB-M ranked eleventh in Nebraska out of 61 banks using the Federal Housing Finance Board's Guaranteed Rural Housing Lender program by closing eleven loans totaling \$516 thousand. Only LMI applicants can use this program which requires no down payment and guarantees loans to first-time home buyers, who are able to pay a reduced level of closing costs.

Distribution of Loans by Income Level of the Geography

It is not meaningful to evaluate the distribution of loans by income level of the geography because the bank's AAs contain only middle-income geographies (BNAs).

Assessment Area Concentration

FNB-M originated or purchased a reasonable percentage of reported loans within its AAs. For all loans evaluated under CRA for 1997 and 1998, the bank originated or purchased 45% by number within its AAs. By loan product, the bank made or purchased 86% of residential real estate loans, 70% of small loans to businesses, and 30% of small loans to farms within its AAs.

The low percentage of farm loans within the bank's AAs is not a concern. FNB-M has the financial resources to evaluate and accommodate demand within the AA for farm loans. The bank's staff continually seeks lending opportunities for farm purposes within its AAs. As a business strategy, FNB-M built up an extensive network of 56 automobile and farm equipment dealers from whom the bank purchases finance contracts. This dealer network extends over 13 counties outside the bank's AAs. Loan volume through this activity drives the number of loans made within the AAs down. Excluding dealer contracts from outside the AAs, the percentage of the number of all reported loans originated within the AAs increases to 63%, while the percentage of farm loans within the AAs increases to 51%.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the FNB-M 's performance under the Lending Test in the Kit Carson County, Colorado and Sherman County, Kansas AAs is weaker than the bank's overall 'High Satisfactory' performance under the Lending Test. However, it did not change the overall Lending Test rating. Refer to the Tables 1 through 11 in Appendix C for the facts and data that support these conclusions.

Although FNB-M's lending for small farm and small business purposes is comparable to the areas' demographics and similar to performance in the Red Willow County AA, its record of lending for residential real estate was considerably weaker. With the exception of home purchase loans to moderate-income families, there is a noted absence of real estate lending to LMI borrowers in these AAs. The bank's business strategy has initially emphasized farm credit and dealer contract financing without advertising home mortgage related loan products. The LPO offices have not been open for a long period of time and lending volume for home mortgage products has not developed. Colorado and Kansas do not offer state sponsored favorable terms for energy conserving home improvement loans.

These programs encourage LMI individuals and families to seek this type of loan in Nebraska.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

FNB-M's performance under the Investment Test is rated "High Satisfactory". Based on our full-scope review, the bank's performance in the Red Willow County AA is good. FNB-M made a beneficial level of qualified community development investments that positively impacted the bank's AA. The bank participated in every investment opportunity presented by the City of McCook's redevelopment plan for a blighted area. The bank provided a leadership role through an executive officer's position as President of the economic development organization in charge of developing the area. During the evaluation period, FNB-M made \$171 thousand in qualified investments and donations. Comparable aggregate information was not available for other competing financial institutions in the Red Willow County AA. Please refer to Appendix B for details regarding the City of McCook's area designated as blighted under a redevelopment plan. The bank's investments included:

- ▶ \$120 thousand investment in a local nonprofit corporation formed by FNB-M and two other McCook banks for the express purpose of developing a building in a blighted area, which then housed a service firm employing workers with a wage scale at low to moderate-income levels. This investment is unique in that this project involved the coordination of the three major McCook banks.
- ▶ \$35 thousand contribution by FNB-M's holding company to a local economic development corporation, which assisted in funding construction of a \$30 million factory in the same blighted area as listed above. The company will employ approximately 200 people with a wage scale at the moderate-income level. This project was complex in that its success was dependent upon the coordination of both investments and loans from the major banks in McCook as well as contributions from several area businesses and individuals.
- ▶ \$15 thousand investment made to date, out of a total \$50M commitment over a nine year period in the Equity Fund of Nebraska VI, L.P. (Fund). The Fund invests in low-income residential rental properties located in Nebraska, which qualify for tax credits. These projects are distributed throughout Nebraska, which includes FNB-M's AA.
- ▶ \$1 thousand contribution to a local economic development organization to assist in funding a housing study in 1997 to determine the McCook area's need for additional housing. The study projected rental and purchase housing needs for LMI individuals and families over the next five years.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on our limited-scope reviews, the FNB-M 's performance under the Investment Test in the Kit Carson County, Colorado and Sherman County, Kansas AAs is weaker than the bank's overall performance; however, it did not change the overall Investment rating. Refer to Table 12 in Appendix C for the facts and data that support these conclusions.

FNB-M has not made any qualified community development investments benefiting the Kit Carson County and Sherman County AAs during the assessment period. This is not unreasonable given the bank's limited presence in those markets.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

FNB-M's performance under the Service Test is rated "Low Satisfactory". Based on our full-scope review, the bank's performance in the Red Willow County AA is adequate.

Retail Banking Services

Please refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

FNB-M's single banking office and services were reasonably accessible to its customers. Office hours provided reasonable access and convenience. The bank's drive-in offered Saturday hours until noon. The staff conducted all lending activities from the bank's headquarters in McCook and offered after-hours appointments to customers who could not conduct banking business during the regular business day. The ATM at the headquarters location drive-in was available 24 hours each day for demand and savings account deposits, withdrawals, and transfers. In addition, borrowers were able to make loan payments using this ATM. Two other cash-dispensing ATMs were located in McCook retail store locations with one available 24 hour hours each day and the second one available until 11:00 P.M.

In November 1995, the bank implemented 24 hour telephone banking services which allowed customers access to select financial services, including the ability to conduct account and loan inquiries and enact funds transfers. There have been no branch openings or closings during this evaluation period.

Community Development Services

FNB-M provided a reasonable level of community development services. Under the CRA, the primary purpose of these services must relate to the provision of financial services.

The bank's community development service activities include:

- ▶ A senior bank official provides an important community development service by serving as President for a local non-profit economic development corporation and on its housing task force committee. The corporation has initiated or been involved with several projects which promote small business in the area, including those located in a blighted area. A director on FNB-M's board also serves on the board of this economic development corporation.
- ▶ A bank official served a five year term, ending in 1998, on the Board of the McCook Housing Authority which provides low cost rental housing for LMI elderly individuals in the McCook area.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Kit Carson County, Colorado and Sherman County, Kansas AAs is not inconsistent with the bank's overall "Low Satisfactory" performance under the Service Test. Refer to Table 13, in Appendix C for the facts and data that support these conclusions.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term "Full-Scope") and those that received a less comprehensive review (designated by the term "Limited-Scope").

Time Period Reviewed	Lending Test: January 1, 1997 to December 31, 1998 Investment Test: November 17, 1995 to April 21, 1999 Service Test: November 17, 1995 to April 21, 1999	
Financial Institution	Products Reviewed	
The First National Bank of McCook (FNB-M) McCook, Nebraska	Small Farm, Small Business, one- to four-family Real Estate Loans, Community Development Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None.		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Red Willow County, Nebraska Kit Carson County, Colorado Sherman County, Kansas	Full-Scope Limited-Scope Limited-Scope	

Appendix B: Market Profile for Area Receiving Full-Scope Review

Red Willow County, Nebraska

Demographic Information for Full-Scope Area: Red Willow County, Nebraska						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	3	NA	NA	100%	NA	NA
Population by Geography	11,705	NA	NA	100%	NA	NA
Owner-Occupied Housing by Geography	3,291	NA	NA	62%	NA	NA
Businesses by Geography	575	NA	NA	100%	NA	NA
Farms by Geography	425	NA	NA	100%	NA	NA
Family Distribution by Income Level	3,170	NA	NA	100%	NA	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,109	NA	NA	100%	NA	NA
Median Family Income	= \$27,810	Median Housing Value		Unemployment Rate: February 1999		= \$37,608
HUD Adjusted Median Family Income for 1998	= \$39,300					=2.9%
Households Below the Poverty Level	= 13.0%					

Source: 1990 U.S. Census and 1998 HUD updated MFI.

FNB-M defines its AA for its Nebraska operations as all of Red Willow County. This AA consists of three block numbering areas (BNAs), all middle-income. While there are no LMI BNAs in the AA, the City of McCook has designated approximately an 80 square block area, Redevelopment Area # 2, as blighted. The City adopted a redevelopment plan for the area which will allow the use of tax incremental financing to spur development. As part of the redevelopment plan, FNB-M made loans and investments to a local nonprofit development corporation to acquire land in the blighted area. The nonprofit organization used the land as an incentive for a major industrial manufacturer to locate to McCook.

According to 1990 census data, the AA population was 11,705. McCook, a county seat with a population of 8,200, is the only major city in the AA. The county has four other small towns, the largest having a population of 856. There were 3,170 families in the AA, with 18% designated low-income, 17% moderate-income, 28% middle-income and 37% upper-income. Nine percent of total families (291) were below the poverty level. The 1990 statewide nonmetropolitan median family income was \$27,623. The estimated statewide nonmetropolitan median family income for 1997 and 1998 were \$37,100 and \$39,300, respectively.

McCook enjoys a reasonable level of economic diversity. The Dayco Corporation (rubber hose manufacturer) is the largest employer in the AA with 320 employees. The Burlington Northern Santa Fe Railroad follows with 300. The next largest employers are the city's school system and the McCook Community Hospital with 250 and 185, respectively. Fifteen other smaller manufacturing firms plus a community college are also present. This employment diversification produced economic stability during the evaluation period. Even so, prospects for the agricultural sector are currently not favorable due to large swings in commodity prices. Despite the current downturn for agricultural markets, the area's unemployment rate in February 1999 was only 2.9%. This figure compares favorably to the national average, which approximates 4.4%.

Banking and financial services competition within in the AA market is strong. The AA is served by six locally headquartered full-service financial institutions, ranging in total assets from \$10 million to \$137 million. FNB-M is the second largest financial institution in the AA. As of June 30, 1998, FNB-M had the second largest deposit base of all financial institutions in the AA, with \$71 million in deposits or 25% of the total market. Eight other financial institutions (local and nonlocal) had deposits in the AA ranging from \$9 million to \$107 million. Additional competition comes from banks, brokerage houses and lenders headquartered outside the AA.

Examiners made one community contact during the examination and reviewed two previous contacts conducted recently by financial institution regulators in FNB-M's Red Willow County AA. These contacts revealed a credit need is working capital loans for small businesses and start-up businesses. The secondary need was for housing credit. Two of the three contacts went on to say these needs were generally being met by area financial institutions. The contact made at this examination also stated current housing supplies are generally adequate, but that if the State of Nebraska completes a prison camp currently planned for McCook, then credit needs for additional housing may significantly increase. A 1997 housing study prepared for the City of McCook cited the projected need in 1999 of an additional 278 owned and rented units to achieve a recommended 5% vacancy rate.

Appendix C: Tables of Performance Data

Content of Standardized Tables

The tables cover the entire CRA evaluation period. References to the "bank" include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations; market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated by the bank as a percentage of the aggregate number of reportable loans originated by all lenders in the MSA/assessment area. The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loan Originations** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loan Originations** - See Table 2.
- Table 5. Geographic Distribution of Small Business Loan Originations** - The percentage distribution of the number of small loans (<\$1 million) to businesses originated by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Farm Loan Originations** - The percentage distribution of the number of small loans (<\$500,000) to farms originated by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loan Originations** - See Table 7.
- Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations** - See Table 7.
- Table 10. Borrower Distribution of Small Business Loan Originations** - Compares the percentage distribution of the number of small loans (<\$1 million) originated by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Farm Loan Originations** - Compares the percentage distribution of the number of small loans (<\$500 thousand) originated by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area.
- Table 13. Distribution of Branch and ATM Delivery System** - Compares the percentage distribution of the number of the bank's retail branches and ATMs in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography.

Table 1. Lending Volume

LENDING VOLUME State: NEBRASKA Evaluation Period: January 1, 1997 to December 31, 1998												
MSA /Assessment Area	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farms		Community Development		Total Reported Loans		% of Total Reported Bank Loans in Rated Area
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Scope:												
Red Willow County, NE	96%	161	\$6,143	168	\$4,684	167	\$7,679	3	\$207	499	\$18,713	75%
Limited Scope:												
Kit Carson County, CO	2%	13	\$861	16	\$652	91	\$2,782	0	\$0	120	\$4,295	18%
Sherman County, KS	2%	9	\$631	4	\$282	34	\$851	0	\$0	47	\$1,764	7%

Sources: FFIEC CRA Aggregate and Disclosure Data for 1997 small loans to business and farms; and bank records for 1997 and 1998 real estate and all loans originated in 1998.

Table 2. Geographic Distribution of Home Purchase Loan Originations

Geographic Distribution: HOME PURCHASE State: NEBRASKA Evaluation Period: January 1, 1997 to December 31, 1998																
MSA /Assessment Area	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank	Market Share by Geography					Total Home Purchase Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
Red Willow County, NE	ANALYSIS OF GEOGRAPHIC DISTRIBUTION NOT MEANINGFUL														72	86%
Limited Scope:																
Kit Carson County, CO	ANALYSIS OF GEOGRAPHIC DISTRIBUTION NOT MEANINGFUL														6	7%
Sherman County, KS	ANALYSIS OF GEOGRAPHIC DISTRIBUTION NOT MEANINGFUL														6	7%

Source: Bank records for loans originated in 1997 and 1998.

Table 3. Geographic Distribution of Home Improvement Loan Originations

Geographic Distribution: HOME IMPROVEMENT State: NEBRASKA Evaluation Period: January 1, 1997 to December 31, 1998																
MSA /Assessment Area	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank	Market Share by Geography					Total Home Improvement Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
Red Willow County, NE	ANALYSIS OF GEOGRAPHIC DISTRIBUTION NOT MEANINGFUL														36	100%
Limited Scope:																
Kit Carson County, CO	ANALYSIS OF GEOGRAPHIC DISTRIBUTION NOT MEANINGFUL														0	0%
Sherman County, KS	ANALYSIS OF GEOGRAPHIC DISTRIBUTION NOT MEANINGFUL														0	0%

Source: Bank records for loans originated in 1997 and 1998.

Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations

Geographic Distribution: HOME MORTGAGE REFINANCE State: NEBRASKA Evaluation Period: January 1, 1997 to December 31, 1998																
MSA /Assessment Area	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank	Market Share by Geography					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
Red Willow County, NE	ANALYSIS OF GEOGRAPHIC DISTRIBUTION NOT MEANINGFUL														53	84%
Limited Scope:																
Kit Carson County, CO	ANALYSIS OF GEOGRAPHIC DISTRIBUTION NOT MEANINGFUL														7	11%
Sherman County, KS	ANALYSIS OF GEOGRAPHIC DISTRIBUTION NOT MEANINGFUL														3	5%

Source: Bank records for loans originated in 1997 and 1998.

Table 5. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS State: NEBRASKA Evaluation Period: January 1, 1997 to December 31, 1998																
MSA /Assessment Area	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank	Market Share by Geography					Total Small Business Loans	
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
Red Willow County, NE	ANALYSIS OF GEOGRAPHIC DISTRIBUTION NOT MEANINGFUL														168	89%
Limited Scope:																
Kit Carson County, CO	ANALYSIS OF GEOGRAPHIC DISTRIBUTION NOT MEANINGFUL														16	9%
Sherman County, KS	ANALYSIS OF GEOGRAPHIC DISTRIBUTION NOT MEANINGFUL														4	2%

Sources: FFIEC CRA Aggregate and Disclosure Data for 1997 small loans to business; and bank records for business loans originated in 1998.

Table 6. Geographic Distribution of Small Farm Loan Originations

Geographic Distribution: SMALL FARM State: NEBRASKA Evaluation Period: January 1, 1997 to December 31, 1998																
MSA /Assessment Area	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank	Market Share by Geography					Total Small Farm Loans	
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
Red Willow County, NE	ANALYSIS OF GEOGRAPHIC DISTRIBUTION NOT MEANINGFUL														167	57%
Limited Scope:																
Kit Carson County, CO	ANALYSIS OF GEOGRAPHIC DISTRIBUTION NOT MEANINGFUL														91	31%
Sherman County, KS	ANALYSIS OF GEOGRAPHIC DISTRIBUTION NOT MEANINGFUL														34	12%

Sources: FFIEC CRA Aggregate and Disclosure Data for 1997 small loans to farms; and bank records for farm loans originated in 1998.

Table 7. Borrower Distribution of Home Purchase Loan Originations

Borrower Distribution: HOME PURCHASE State: NEBRASKA Evaluation Period: January 1, 1997 to December 31, 1998																
MSA /Assessment Area	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank	Market Share by Borrower Income					Total Home Purchase Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
Red Willow County, NE	18%	4%	17%	26%	28%	31%	37%	39%	ANALYSIS OF MARKET RANK AND MARKET SHARE NOT APPLICABLE					72	86%	
Limited Scope:																
Kit Carson County, CO	22%	0%	17%	33%	26%	50%	35%	17%	ANALYSIS OF MARKET RANK AND MARKET SHARE NOT APPLICABLE					6	7%	
Sherman County, KS	21%	0%	22%	17%	25%	0%	32%	83%	ANALYSIS OF MARKET RANK AND MARKET SHARE NOT APPLICABLE					6	7%	

Sources: Bank records for 1997 and 1998 real estate loans.

(*) As a percentage of loans with borrower income information available. No information was available for 2% of loans originated by FNB-M.

Table 8. Borrower Distribution of Home Improvement Loan Originations

Borrower Distribution: HOME IMPROVEMENT State: NEBRASKA Evaluation Period: January 1, 1997 to December 31, 1998																
MSA /Assessment Area	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank	Market Share by Borrower Income					Total Home Improvement Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
Red Willow County, NE	18%	30%	17%	30%	28%	23%	37%	17%	ANALYSIS OF MARKET RANK AND MARKET SHARE NOT APPLICABLE					36	100%	
Limited Scope:																
Kit Carson County, CO	ANALYSIS NOT APPLICABLE														0	0%
Sherman County, KS	ANALYSIS NOT APPLICABLE														0	0%

Sources: Bank records for 1997 and 1998 real estate loans.

(*) As a percentage of loans with borrower income information available. No information was available for 17% of loans originated by FNB-M.

Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations

Borrower Distribution: HOME MORTGAGE REFINANCE State: NEBRASKA Evaluation Period: January 1, 1997 to December 31, 1998																
MSA /Assessment Area	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank	Market Share by Borrower Income					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
Red Willow County, NE	18%	4%	17%	13%	28%	26%	37%	57%	ANALYSIS OF MARKET RANK AND MARKET SHARE NOT APPLICABLE					53	84%	
Limited Scope:																
Kit Carson County, CO	22%	0%	17%	0%	26%	67%	35%	33%	ANALYSIS OF MARKET RANK AND MARKET SHARE NOT APPLICABLE					7	11%	
Sherman County, KS	21%	0%	22%	0%	25%	33%	32%	67%	ANALYSIS OF MARKET RANK AND MARKET SHARE NOT APPLICABLE					3	5%	

Sources: Bank records for 1997 and 1998 real estate loans.

(*) As a percentage of loans with borrower income information available. No information was available for 2% of loans originated by FNB-M.

Table 10. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS State: NEBRASKA Evaluation Period: January 1, 1997 to December 31, 1998											
MSA /Assessment Area	Businesses with Revenues of \$1 Million or Less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans		
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	>\$100,00 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less	#	% of Total	Avg Loan Size
Full Scope:											
Red Willow County, NE	92%	95%	34%	96%	2%	2%	72%	87%	168	89%	\$28,000
Limited Scope:											
Kit Carson County, CO	84%	86%	76%	94%	6%	0%	0%	0%	16	9%	\$41,000
Sherman County, KS	95%	100%	69%	75%	25%	0%	3%	4%	4	2%	\$71,000

Sources: FFIEC CRA Aggregate and Disclosure Data for 1997 small loans to businesses; and bank records for business loans originated in 1998.

(*) As a percentage of businesses with known revenues.
 (**) As a percentage of loans with revenue information available. No information was available for 13% of loans originated by FNB-M.
 (***) The market consists of all other Small Business reporters in FNB-M's assessment area and is based on 1997 Aggregate Small Business Data only.
 (****) Based on 1997 Aggregate Small Business Data only.

Table 11. Borrower Distribution of Small Farm Loan Originations

Borrower Distribution: SMALL FARM State: NEBRASKA Evaluation Period: January 1, 1997 to December 31, 1998											
MSA /Assessment Area	Farms with Revenues of \$1 Million or Less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans		
	% of Farms*	% BANK Loans**	% Market Loans***	\$100,000 or Less	>\$100,00 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less	#	% of Total	Avg Loan Size
Full Scope:											
Red Willow County, NE	98%	96%	20%	90%	7%	3%	90%	97%	167	57%	\$46,000
Limited Scope:											
Kit Carson County, CO	92%	93%	57%	97%	3%	0%	55%	54%	91	31%	\$31,000
Sherman County, KS	97%	94%	100%	100%	0%	0%	25%	19%	34	12%	\$25,000

Sources: FFIEC CRA Aggregate and Disclosure Data for 1997 small loans to farms; and bank records for farm loans originated in 1998.

(*) As a percentage of farms with known revenues.
 (**) As a percentage of loans with revenue information available. No information was available for 23% of loans originated by FNB-M.
 (***) The market consists of all other Small Farm reporters in FNB-M's assessment area and is based on 1997 Aggregate Small Farm Data only.
 (****) Based on 1997 Aggregate Small Farm Data only.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS State: NEBRASKA Evaluation Period: November 17, 1995 to April 21, 1999									
MSA /Assessment Area	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s
Full Scope:									
Red Willow County, NE	0	0	0%	4	171	100%	4	171	100%
Limited Scope:									
Kit Carson County, CO	0	0	NA	0	0	NA	0	0	0%
Sherman County, KS	0	0	NA	0	0	NA	0	0	0%

Source: Bank records.

(*) "Prior Period Investments" means investments made in a previous evaluation period that remain outstanding.
 (**) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.

Table 13. Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM State: NEBRASKA Evaluation Period: November 17, 1995 to April 21, 1998																	
MSA /Assessment Area	Deposits	Branches						ATMs						Population			
	% of Total BANK Deposits	# of BANK Branches	% of Total BANK Branches	Location of Branches by Income of Geographies				# of BANK ATMs	% of Total BANK ATMs	Location of ATMs by Income of Geographies				% of the Population Within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Scope:																	
Red Willow County, NE	96%	1	100%	ANALYSIS NOT MEANINGFUL				3	60%	ANALYSIS NOT MEANINGFUL							
Limited Scope:																	
Kit Carson County, CO	2%	0	0%	ANALYSIS NOT MEANINGFUL				1	20%	ANALYSIS NOT MEANINGFUL							
Sherman County, KS	2%	0	0%	ANALYSIS NOT MEANINGFUL				1	20%	ANALYSIS NOT MEANINGFUL							

Source: Bank records.