

LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

First National Bank
Charter Number: 14163

202 East 11th
Goodland, Kansas 67735

Office of the Comptroller of the Currency

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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, 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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Overall CRA Rating

Institution’s CRA Rating: This institution is rated “**Satisfactory.**”

The institution’s rating in the State of Kansas is “**Satisfactory.**”

The institution’s rating in the State of Colorado is “**Satisfactory.**”

The following table indicates the performance level of **First National Bank** (“FNB” or the “bank”) with respect to the Lending, Investment, and Service tests:

| Performance Levels | First National Bank 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 major factors that support this rating include:

- FNB has an excellent volume of small loans to business and farms, with good concentration in the AAs. The bank achieved excellent borrower distribution in its small loans to businesses and farms, but only adequate borrower distribution in its home mortgage refinance loans.
- The bank has an adequate level of investments, grants, and donations that are responsive to the essential needs of low- and moderate-income families relative to the availability of these investments in the community.
- FNB’s service delivery systems are accessible to individuals and geographies of different income levels. FNB provided a good level of community development services to its delineated communities.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. 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 with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/AA.

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development (CD): Affordable housing (including multifamily rental 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.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited 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, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/AA.

Median Family Income (MFI): The median income determined by the U.S. 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 Area (MA): Any primary metropolitan statistical area (PMSA), metropolitan statistical area (MSA), or consolidated metropolitan area (CMSA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Description of Institution

FNB is an interstate community bank that serves two rural (assessment areas) AAs. One AA is in northwestern Kansas and the other in eastern Colorado. FNB's main office is located in Goodland, Kansas, 17 miles east of the Colorado state line, and 50 miles south of Nebraska. Full service branches are located in St. Francis, Bird City, Oberlin, Quinter, Colby, and Sharon Springs, Kansas, and Kirk, Colorado. The bank operates 13 automated teller machines (ATMs); five in Goodland, two in Quinter and one each in Sharon Springs, St. Francis, Colby, Oberlin, and Bird City, Kansas, and Stratton, Colorado. All branches and ATMs are located in FNB's AAs.

FNB is owned by First National Bancshares, Inc., a one-bank holding company. First National Bancshares, Inc., is located in Goodland, Kansas, and has total assets of \$330 million.

As of September 30, 2002, FNB had total assets of \$330 million and Tier 1 Capital of \$20 million. Loans make up 56% of total assets. The bank held total loans of \$184 million, comprised of agricultural loans (61%), consumer mortgage loans (14%), commercial real estate loans (10%), commercial loans (6%), consumer loans (6%), and other loans (3%). Agricultural lending has historically been FNB's primary market focus because the bank serves rural farming communities.

The last CRA examination of FNB was performed October 18, 1999, at which time a "Satisfactory" rating was assigned. FNB was examined under the small bank performance standards at that time.

The bank is not restricted in its ability to meet community credit needs. There are no legal impediments or other factors preventing the bank from lending in its AA.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The bank transitioned into large bank status during this evaluation period. The reported small loans to farms and small loans to businesses data only covers the required reporting period. For the Lending Test we considered loan originations beginning January 1, 2000, to September 30, 2002. For CD loans, investments, and services, the evaluation period is from October 18, 1999, to January 6, 2003. (See Appendix A)

Market comparisons for small farm and small business lending are based on the 2001 peer data. This is the most recent data available at the time of this evaluation.

Considering the bank's small farm and small business lending focus, we weighted these loan types accordingly. As of September 30, 2002, small farm and small business loans accounted for about 77% of the bank's total loans by dollar volume. The bank is not a HMDA reporter, so market share information for those loan types is not available. FNB was not able to provide home mortgage loan data in electronic format, so the limited home mortgage loan information in Appendix C is based on a loan sample. Further complicating the analysis, the bank's Federal Housing Home Loan Data was not segregated by state and it lacked some information. We did obtain home mortgage loan totals by number of loans made, which indicated that the volume of home mortgage loans was minimal in the Colorado Non-MSA Area, and the overall volume of home improvement loans was minimal. Home mortgage refinance loans were the highest volume product by a substantial margin, so we did sample those loans to generate distribution information for the tables in Appendix C. However, due to the low volume of such loans (173) and the lack of good information, we did not give much weight to these loans in our analysis of the bank's performance under the Lending Test.

For the Investment Test, we evaluated qualifying investments and donations. For the Service Test, we evaluated retail services, including branch distribution and accessibility, alternative delivery systems, and CD services.

Data Integrity

At a separate examination, we reviewed the bank's system for ensuring the accuracy of publicly reported CRA loan data. During this CRA examination, we reviewed the accuracy of other CRA performance data. We identified significant errors in the bank's data and management made the necessary corrections. The publicly reported data contains errors for the years 2000 and 2001. The year 2002 data was corrected prior to submission. We used corrected data for our review.

Selection of Areas for Full-Scope Review

FNB has two AAs, one in Kansas and one in Colorado. Due to the necessity of assigning a rating for the bank's performance in each state where it has branches, we performed full scope reviews in the Kansas Non-MSA Area and the Colorado Non-MSA Area.

Ratings

The bank's overall rating is a blend of the state ratings. We placed the most weight in arriving at our overall conclusion on the bank's performance in the State of Kansas, since a substantial majority of the bank's operations are in Kansas. FNB obtained 96% of its deposits and 90% of its reported CRA loans from the Kansas Non-MSA Area. The bank only obtained 4% of its deposits and 10% of its reported CRA loans from the Colorado Non-MSA Area. These statistics clearly indicate that the bulk of the bank's overall CRA rating should rely on its performance in Kansas.

Fair Lending Review

An analysis of the most recent public comments and consumer complaint information for small business and small farm lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in October of 1999.

Kansas State Rating

| | |
|--------------------------------------|---------------------------------|
| CRA Rating for Kansas: | <u>Satisfactory</u> |
| The lending test is rated: | <u>High Satisfactory</u> |
| The investment test is rated: | <u>Low Satisfactory</u> |
| The service test is rated: | <u>High Satisfactory</u> |

The major factors that support this rating include:

- FNB demonstrates overall excellent responsiveness to credit needs within the AA. FNB achieved an excellent level of extending small loans to farms and businesses and a good level of CD lending in view of the limited opportunities available in its rural market areas.
- FNB has an excellent record of lending to small businesses and small farms that meet the revenue definition.
- FNB has an excellent concentration of lending in its AA and penetrated all geographies in the area with one or more loan products.
- FNB's branch delivery systems provide good accessibility to individuals living in the Kansas AA.
- Bank personnel provide a good level of CD services.
- FNB demonstrated adequate performance in providing donations to meet community needs in the AA.

Description of Institution's Operations in Kansas

The majority of FNB's operations are in Kansas. FNB operates 7 branches and 12 ATMs in the State of Kansas, representing 88% of the bank's branches.

FNB is a full service bank with a focus on agricultural lending. A total of 34 financial institutions reported making small loans to businesses or farms in 2001 in the AA. Major banking competitors include credit card banks, large interstate banks, and other community banks, some of which do not have to report data under the CRA.

Refer to the market profiles for the State of Kansas in Appendix C for detailed demographics and other performance context information for the AA receiving a full-scope review.

Scope of Evaluation in Kansas

We evaluated the bank's performance in Kansas by performing a full-scope review of the one AA in the state.

As previously stated, we gave the most weight to small loans to farms, followed by small loans to businesses in the Lending Test. We gave little weight to home mortgage loans due to the low volume of such loans and the lack of information. Farm lending in this market represents the bank's most important lending product by a wide margin. Business lending received less consideration. We evaluated lending activity, geographic distribution, borrower distribution, and CD loans.

For the Investment Test, we reviewed qualifying investments and donations. We assessed their complexity, their innovativeness, and how well they met important community needs, including those of low- and moderate-income (LMI) persons.

For the Service Test, we evaluated the distribution of bank branches, their accessibility to all segments of the AA, branch opening and closing activity, use of alternative delivery systems, and CD services.

We performed two community contacts with representatives of a local chamber of commerce and an economic development organization. The organizations stated that overall banks are meeting the credit needs of the community and are supportive of community projects. Agricultural loans, affordable housing, small business loans, and financial counseling for small business owners were identified as area needs.

LENDING TEST

The bank's performance under the lending test in Kansas is rated "High Satisfactory." This is based on a full-scope review of the bank's performance in the Kansas Non-MSA Area.

Lending Activity

(Refer to Table 1 in the State of Kansas section of Appendix D for the facts and data used to evaluate the bank's lending activity.)

When analyzing the bank's lending activity in comparison to its deposit taking activity in the AA, the structure of the financial services market is an important contextual issue. There are a number of financial service providers active in the AA that make loans, but do not take deposits. These include credit card banks and large interstate financial institutions that do not have branches in the AA. Furthermore, there are several community banks in the AA that are not subject to the reporting requirements of CRA and HMDA.

FNB's lending levels reflect an excellent responsiveness in relation to area credit needs. Agricultural and business loans are essential to the local economy and are expressed credit needs. The bank's deposit market share and lending market share reflect a good record of reinvesting deposits into the community credit needs. As of June 30, 2001, FNB ranked first in deposit market share at 39% of total area deposits. In 2001, FNB achieved a 78% market share for reportable small farm loans, and ranked first among 17 lenders. During the same period, FNB attained a 52% market share for reportable small business loans, ranking first among 31 lenders. Lending market share for agricultural and business loans significantly exceeds the bank's deposit taking activity in the AA.

FNB does not report home mortgage data for residential real estate loans because the AA is not located in a MSA. No lending market share information is available to compare the bank's activity for this type of loan.

FNB's CRA reportable loans totaled 5,088 by number and \$316 million by dollar volume over the evaluation period. During the reporting period the bank made one loan for multi-family housing under the Community Development criteria. Peer group data is not available for the analysis of CD lending activity, but the loan is more fully discussed later in this Performance Evaluation.

Distribution of Loans by Income Level of the Geography

(Refer to Tables 2 through 7 in the State of Kansas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loans and small loans to businesses and farms.)

All of the census tracts in the AA are designated middle income. Therefore, an analysis of the distribution of loans by income level of geography would not be meaningful. But the bank did demonstrate an overall excellent concentration of lending activity within its AAs. And, FNB penetrated all geographies in the AA with its lending products. The bank's good to excellent performance in these two factors had a positive effect on our conclusions about the bank's performance under the Lending Test.

Lending Gap Analysis

Maps and reports detailing FNB's lending activity over the evaluation period for small loans to farms and businesses were reviewed to identify gaps in the geographic distribution of those loans. No unexplained conspicuous gaps were identified.

Inside/Outside Ratio

The reported loan information was not segregated by state, so we computed one bank-wide inside/outside ratio for the two major lending products. FNB's lending activity demonstrated a good concentration in its AAs. A little over 84% of the bank's small loans to farms were made to borrowers located within its AAs. And slightly more than 85% of FNB's small loans to businesses were made to borrowers in its AAs. For the two products, the bank averaged making 85% of the loans in the AAs.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of FNB's small loans to businesses and farms reflects good dispersion among borrowers of different income levels in the Kansas Non-MSA AA.

Home Mortgage Loans

(Refer to Tables 8 through 10 in the State of Kansas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.)

As noted above, FNB is not subject to the recordkeeping requirements of the HMDA. Residential real estate lending is not a primary loan product for the bank. During the reporting period, the bank extended only 313 mortgage loans for home purchase, home refinance, and home improvement purposes. Home mortgage lending activity is strongest in home refinance loans by a significant margin. Therefore, we reviewed a random sample of 21 refinanced real estate loans made to borrowers in this AA to determine borrower distribution.

The review reflects that FNB makes loans to borrowers of all income levels and the overall distribution is adequate. The distribution of FNB's home refinance loans to low-income borrowers is poor, but the distribution to moderate-income borrowers is excellent. FNB's pattern of lending to low-income borrowers is substantially below the percentage of families in the AA who are low income. However, the very high poverty rate in this AA is a mitigating factor. Almost 19% of the families in the AA are low income and 15% of the households are below poverty level. While there is not an exact correlation between families and households, this demographic data would indicate that very few of the low-income families could afford to purchase a home. Hence, very few low-income families in this AA would be in a position to obtain home refinance loans.

Small Loans to Businesses

(Refer to Table 11 in the State of Kansas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.)

The distribution of small loans to businesses is excellent. FNB's portion of small loans to small businesses is significantly higher than the portion of businesses that are defined as such. The bank's portion of loans of \$100 thousand or less is also significantly higher than the portion of businesses that are defined as small businesses. While the size of the loan is the least reliable indicator of the bank's performance, it is worthwhile to note that the competition includes credit card lenders who specialize in small loans. And, FNB's market share of small loans made to small businesses exceeds the overall market share for small loans to all businesses, indicating the bank's emphasis on this market segment in its lending activities.

Small Loans to Farms

(Refer to Table 12 in the State of Kansas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.)

In the Kansas Non-MSA AA, FNB shows excellent distribution of lending to farms of different revenue sizes, with a significant majority of loans to farms with revenues of \$1 million or less. The percentage of bank loans to farms with revenues of \$1 million or less is only slightly below the percentage of small farms in the AA. A majority of the bank's small farm loans are in original amounts of \$100 thousand or less. The bank's portion of loans of \$100 thousand or less is reasonably close to the portion of farms that are defined as small farms. However, the size of the loan is the least reliable indicator of the bank's performance. FNB's market share of loans made to small farms that meet the definition exceeds its overall market share for small loans to all farms. FNB ranks first among all lenders in overall market share of small loans to farms, underscoring the bank's emphasis on agricultural lending needs.

Community Development Lending

(Refer to Table 1 in the State of Kansas section of Appendix D for the facts and data used to evaluate the bank's level of CD lending.)

FNB has a good level of community development loans in the AA considering the declining population and limited opportunities in this rural area. The bank made one CD loan totaling \$225 thousand during this evaluation period that equaled about 1% of allocated Tier 1 Capital. This loan was for construction of 12 units of affordable rental housing in Goodland, Kansas. Affordable housing is a stated need in the community, so this loan helped meet an important need in the community. CD lending had a positive impact on our conclusions about the bank's performance under the Lending Test.

Product Innovation and Flexibility

During the evaluation period FNB participated in SBA and USDA Rural Development Agency loan programs. Through the use of government guaranties, relaxed underwriting standards, and technical assistance, these programs enabled the bank to lend to businesses and small farms, which would not otherwise qualify for credit. Thus, these programs required the bank to be flexible in its underwriting standards. This lending activity demonstrates additional responsiveness to area credit needs. Most of the loans made in these programs were included in the bank's reported loan numbers in the tables in the Appendix.

INVESTMENT TEST

(Refer to Table 14 in the State of Kansas section of Appendix C for the facts and data used to evaluate the bank's level of qualified investments.)

The bank's level of qualified investments in the Kansas is adequate. Qualified investment opportunities within the Kansas Non-MSA AA are limited. Discussions with local community members indicated that the bank is responsive to area concerns and contributes to or is involved with local organizations.

The bank made many donations supporting a variety community needs, from the local hospital to scholarship endowments. However, most of the entities the bank donated to do not meet the requirements of a CD investment, grant, or donation. FNB did provide a \$35 thousand grant to an assisted living center in Goodland that qualifies as a community development investment. Additionally, the bank made 18 donations totaling over \$4 thousand to organizations that provide mentoring, emergency relief, health care, child care, and other community services targeted primarily at LMI persons. These communities don't typically have good access to quality medical services, so this is an important community need. Qualifying investments equaled less than 1% of the bank's Tier 1 Capital.

SERVICE TEST

The bank's performance under the service test in Kansas is rated "High Satisfactory." Overall, FNB's branch delivery systems provide good accessibility to all individuals in the AA. Since the AA does not have any LMI block numbering areas we assessed this factor on the services provided.

Retail Banking Services

(Refer to Table 15 in the State of Kansas section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.)

FNB did not close any branches during our evaluation period. FNB opened two branches during our evaluation period in the Kansas AA. The bank opened one branch in Oberlin and the other in Bird City, both in middle-income geographies. However, there are only middle-income geographies in the AA, and the new branch in Bird City increased the accessibility of bank services in an existing AA to persons of all income levels.

Banking hours are tailored to meet the needs of the community. Full service banking is offered during all regular business hours. FNB offers low-cost checking accounts to all customers. Other products offered include low-cost business accounts designed for small businesses and small farms. Business hours of the branches do not vary in a way that would inconvenience LMI persons.

FNB operates 12 ATMs in the Kansas AA. Most branches have ATMs. Alternate delivery systems also include Internet banking services, banking by mail, and Telecommunication Device for the Deaf (TDD). This allows customers to obtain deposit and loan account information, pay bills electronically, and transfer funds. We did not place significant weight on the alternative delivery systems since these services are not targeted toward low- or moderate-income individuals or geographies.

Community Development Services

The bank employees provided 333 hours of CD services in the Kansas AA. Activities include serving on committees such as the Goodland Housing Authority, Senior Housing Committee, Goodland Economic Development Finance Committee, and providing time and assistance to organizations serving low-income groups, such as the Salvation Army, Genesis (a food bank), and Meals on Wheels.

In view of the relatively limited opportunities available in this rural area, this is considered a good level of CD services.

Colorado State Rating

| | |
|--------------------------------------|---------------------------------|
| CRA Rating for Colorado: | <u>Satisfactory</u> |
| The lending test is rated: | <u>High Satisfactory</u> |
| The investment test is rated: | <u>Need to improve</u> |
| The Service Test is rated: | <u>High Satisfactory</u> |

The major factors that support this rating include:

- FNB has a good record of lending to small farms in various agricultural geographies and to small farms of various revenue levels in the Colorado AA.
- FNB has a good record of lending to small businesses in diverse geographies and has a good record of lending to borrowers of various revenue levels.
- FNB did not originate any loans that qualified as CD in the Colorado AA during the review period. The opportunities in the Colorado AA are very limited due to the low population, with only 16 thousand persons in the AA, and limited infrastructure.
- FNB's branch delivery systems provide good accessibility to individuals living in LMI geographies.

Description of Institution's Operations in Colorado

FNB's Colorado operations play a minor roll in the bank's overall operations. Only 4% of the bank's deposits and 10% of its loans are in the Colorado Non-MSA Area. The bank purchased a branch in Kirk, Colorado, in April of 2000. The branch is in the only moderate-income geography in the AA. The bank also has an ATM in Stratton, which is located along the Interstate 70 freeway corridor that leads to Denver.

The one Colorado branch serves this entire two-county, rural AA. This AA is made up of several agricultural communities with a total population of only sixteen thousand people. As of June 30, 2002, FNB held somewhat less than 3% of the deposit market share in its Colorado AA. Its major local competitors include First Pioneer National Bank, Bank of Colorado, and First National Bank of Yuma. Most of these competitors are independent banks or savings and loans with assets under \$250 million. However, large out-of-area lenders also compete for small loans to farms and businesses, including credit card banks. FNB's primary business focus in the Colorado AA is agricultural and small business lending. The bank does offer a full range of products at its branch in Colorado.

(Refer to the market profile for the State of Colorado in Appendix C for detailed demographics and other performance context information.)

Scope of Evaluation in Colorado

The performance in the Colorado AA had limited weight on the bank's overall rating, since the volume of business in the AA is a small part of the bank's overall business.

We performed a full scope review of the bank's performance in this AA. In the Lending Test, we focused on the bank's lending activity in small loans to farms and businesses. With the bank's historical focus on agricultural lending, and the preponderance of that product in its reported lending activity, we place the most weight on FNB's small loans to farms in our evaluation. The limited information available indicated that the volume of home mortgage loans in this AA was negligible, so an analysis of these loans would not have provided meaningful results. The bank did not report any CD loans, CD services, or qualifying investments in this AA. We evaluated FNB's retail services.

We made one community contact in the AA with a member of a local Chamber of Commerce. The contact indicated that the most significant financial need in the community is improved housing for low- and moderate-income individuals. In most cases, there is not a lack of housing, but a lack of quality housing. This information did not impact our evaluation of the bank's performance in the AA.

LENDING TEST

We rated the bank's performance "High Satisfactory" under the lending test in Colorado. Based on a full-scope review, the bank's performance in the Colorado Non-MSA Area is good.

Lending Activity

(Refer to Table 1 in the State of Colorado section of appendix D for the facts and data used to evaluate the bank's lending activity.)

Home mortgage loans were not a significant factor in the bank's Colorado lending activity. FNB does not report home mortgage data for the few residential real estate loans made in Colorado because the AA is not located in an MSA. Further, less than 10 home mortgage loans were made during the evaluation period in the AA. This was numerically insignificant and was not analyzed because the results would not be meaningful.

Similar to the Kansas AA, the Colorado AA includes a number of banks that are not subject to the reporting requirements of CRA, but who make small loans to farms and businesses. Furthermore, there are 15 interstate banks and credit card lenders that make loans in the AA but do not take deposits from the AA. This can have the effect of making the bank's lending market share look low relative to its deposit market share. Of the CRA reporting banks, FNB's market share in small loans to farms exceeded the bank's deposit market share in the AA. FNB ranked 10th in deposits as of June 30,

2001, with a 3% market share. For 2001, CRA reporting data for small loans to farms, the bank ranked second with a 30% market share. For small loans to businesses, FNB ranked third with a market share of 8.6%. Clearly the bank is a leader in small farm lending in the AA, and its small loans to businesses volume gives it a significant market presence. On average, FNB's market share in lending substantially exceeds its market share in deposits. This indicates an excellent level of lending activity in the AA.

Distribution of Loans by Income Level of the Geography

A geographic distribution analysis of lending activity carries limited weight in this AA. As noted above, there is one moderate-income geography and no low-income geographies in the AA. We did evaluate the concentration of lending within the AA and we performed a lending gap analysis.

Home Mortgage Loans

(Refer to Tables 2 through 4 in the State of Colorado in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of home mortgage loans.)

As noted above, the volume of home mortgage loans in this AA was too low to perform a meaningful analysis.

Small Loans to Businesses

(Refer to Table 6 in the State of Colorado section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.)

The geographic distribution of small loans to businesses is excellent. The bank made 47.75% of its loans in the AA to borrowers in the moderate-income BNA. Only 7.93% of the businesses in the AA are in the moderate-income geography. FNB's performance substantially exceeded the AA's demographics. The bank serves this geography very well.

Small Loans to Farms

(Refer to Table 7 in the State of Colorado section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.)

The geographic distribution of small loans to farms is excellent. FNB extended 51.79% of its small loans to farms in the moderate-income BNA. Demographic information indicates 10.60% of farms are located in the moderate-income BNA. Again, the bank's performance substantially exceeded the demographics.

Lending Gap Analysis

Maps and reports detailing FNB's lending activity over the evaluation period for small loans to farms and businesses were reviewed to identify gaps in the geographic distribution of those loans. No unexplained conspicuous gaps were identified.

Inside/Outside Ratio

The bank's marketing plan focuses on borrowers located within the AA's for both Colorado and Kansas. The reported loan information was not segregated by state, so we computed one bank-wide inside/outside ratio for the two major lending products. FNB's lending activity demonstrated an overall excellent concentration in its AAs. A little over 84% of the bank's small loans to farms were made to borrowers located within its AAs. And slightly more than 85% of FNB's small loans to businesses were made to borrowers in its AAs. For the two products, the bank averaged making 85% of the loans in the AAs.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

(Refer to Tables 8 through 10 in the State of Colorado section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of home mortgage loans.)

The level of the bank's home mortgage lending activity was not significant in this AA; therefore, we did not review the borrower distribution of home mortgage loans.

Small Loans to Businesses

(Refer to Table 11 of the State of Colorado section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.)

The distribution of small loans to businesses in the Colorado Non-MSA Area is excellent. FNB's percentage of small loans to small businesses is significantly higher than the percentage of small businesses in the AA. The bank's percentage of loans of \$100 thousand or less is also significantly higher than the percentage of businesses that

are defined as small businesses in the AA. Further, FNB's market share of 13.90% for small loans to small businesses that meet the definition exceeds its overall market share of reported small loans to all businesses of 8.6%. This indicates that the bank's places an emphasis on extending credit in its commercial lending activities to small businesses that meet the definition.

Small Loans to Farms

(Refer to Table 12 in the State of Colorado section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.)

The distribution of loans to farms that meet the revenue definition is excellent. FNB's percentage of loans to small farms of 98.21% exceeds the percentage of small farms in the AA of 92.48%. The bank's percentage of loans in amounts of \$100 thousand or less is reasonably close to the percentage of small farms in the AA. Generally, the size of the loan is a less reliable indicator of the bank's performance in this element because there is no direct relationship between loan size and the revenue stream of the borrower. FNB's market share of small loans to small farms exceeds its overall market share for all reported small loans to farms.

Community Development Lending

(Refer to Table 1 in the State of Colorado section of Appendix D for the facts and data used to evaluate the bank's CD lending.)

The bank does not have any CD loans in the Colorado AA. The lack of CD loans in this area does not negatively impact the bank's performance since this is not a required activity. The opportunity to extend loans with a CD purpose is low in this AA, given the low population and relative lack of development and redevelopment activities.

Product Innovation and Flexibility

During the evaluation period, FNB participated in SBA and USDA Rural Development Agency loan programs. Through the use of government guaranties, relaxed underwriting standards, and technical assistance, these programs enabled the bank to lend to businesses and small farms, which would not otherwise qualify for credit. Thus, these programs required the bank to be flexible in its underwriting standards. This lending activity demonstrates additional responsiveness to area credit needs. Most of the loans made in these programs were included in the bank's reported loan numbers in the tables in the Appendix.

INVESTMENT TEST

(Refer to Table 14 in the State of Colorado section of Appendix C for the facts and data used to evaluate the bank's level of qualified investments.)

The bank did not have any qualified investments in the Colorado AA. But, investment opportunities in this AA were very limited. Discussions with a community group representative indicated that the bank is responsive to area concerns and contributes to, or is involved with, local organizations. The bank provides donations and grants to a variety of organizations. None of the organizations meet the CD definition. However, there are investment opportunities in the broader statewide or regional area that were not pursued. This leads to a needs to improve rating.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Colorado is rated "High Satisfactory." FNB's branch provides good accessibility to individuals living in the moderate-income geography, and there are no low-income geographies in the AA.

Retail Banking Services

(Refer to Table 15 in the State of Colorado section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.)

FNB acquired a state-chartered bank in Kirk, Colorado, and converted this bank to a branch during the evaluation period. The town of Kirk is located in the southern portion of Yuma County is in the only moderate-income BNA in the AA.

Banking hours are tailored to meet the needs of the community. Full service banking is offered during all regular business hours. FNB offers low-cost checking accounts to all customers. Other products offered include low-cost business accounts designed for small businesses and small farms.

FNB operates one ATM in the Colorado AA. It is located in Stratton along the Interstate 70 Highway corridor. Alternate delivery systems also include Internet banking services. This allows customers to obtain deposit and loan account information, pay bills electronically, and transfer funds. We did not place significant weight on the alternative delivery systems since these services are not targeted toward LMI individuals or geographies.

Community Development Services

The bank did not provide any significant services that qualify under the CD service test. However, this is not a required activity. Due to the bank's limited presence in Colorado and the relative absence of opportunities, the lack of CD services in the AA does not negatively impact the bank's performance.

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 non-metropolitan 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 (excludes CD Loans): (1/1/00 to 9/30/02) Investment and Service Tests and CD Loans: (10/18/99 to 1/6/03) | |
| Financial Institution | | Products Reviewed |
| First National Bank (FNB) Goodland, Kansas | | Loans, Investments & Services |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| None | NA | NA |
| List of Assessment Areas and Type of Examination | | |
| Assessment Area | Type of Exam | Other Information |
| Kansas Non-MSA Area Colorado Non-MSA Area | Full Scope Full Scope | None None |

Appendix B: Summary of State Ratings

| RATINGS First National Bank | | | | |
|----------------------------------|----------------------|------------------------|---------------------|---------------------------|
| Overall Bank: | Lending Test Rating* | Investment Test Rating | Service Test Rating | Overall Bank/State Rating |
| First National Bank | High Satisfactory | Low Satisfactory | High Satisfactory | Satisfactory |
| State: | | | | |
| Kansas | High Satisfactory | Low Satisfactory | High Satisfactory | Satisfactory |
| Colorado | High Satisfactory | Needs to Improve | High Satisfactory | Satisfactory |

(*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

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| Kansas Non-MSA Area | 28 |
| Colorado Non-MSA Area | 30 |

State of Kansas

Kansas Non-MSA Area

| Demographic Information for Full Scope Area: Kansas Non-MSA Area | | | | | | |
|--|--------|---------------|------------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 14 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Population by Geography | 30,904 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Owner-Occupied Housing by Geography | 8,887 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Business by Geography | 3,230 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Farms by Geography | 1,082 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Family Distribution by Income Level | 8,536 | 18.93 | 21.58 | 26.02 | 33.47 | 0.00 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 3,458 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Median Family Income | | 28,067 | Median Housing Value | | 33,212 | |
| HUD Adjusted Median Family Income for 2002 | | 44,200 | Unemployment Rate (1990 US Census) | | 1.24% | |
| Households Below Poverty Level | | 15.18% | | | | |

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 US Census and 2002 HUD updated MFI

The defined AA for Kansas consists of seven contiguous counties located in the northwest corner of Kansas. This includes the counties of Cheyenne, Decatur, Gove, Rawlins, Sherman, Thomas, and Wallace. There are 14 BNAs within the AA, all of which are designated middle income. The AA meets the regulatory requirements and does not arbitrarily exclude low- or moderate-income areas.

The 1990 U.S. Census lists population in the AA at 30,904. Goodland presently has a population of approximately 5,000 and Colby, the other major population center, has an approximate population of 5,800. Median family income for the AA is \$44,200, based on the updated 2002 MFI information provided by the Department of Housing and Urban Development (HUD). Fifteen percent of AA households are below the poverty level and thirty-four percent of households collect social security benefits.

FNB operates 7 full-service branches and 12 Automated Teller Machines (ATMs) within the AA. FNB's main office is located in Goodland, Kansas, 17 miles east of the Colorado state line, and 50 miles south of the Nebraska border. Other branches are located in St. Francis, Bird City, Oberlin, Quinter, Colby, and Sharon Springs. Two of the branches, Oberlin and Bird City, were acquired in 2001 and 2002, respectively.

The Kansas AA represents 93% of rated loans made during the evaluation period and 96% of total bank deposits. FNB rank's first in market share of deposits at 39%, with the nearest

reporting competitor reporting a 13% market share of AA deposits. The bank also ranks first in small farm and small business loan market share in the AA at 78% and 52%, respectively.

FNB is a full service bank offering a variety of loan products, including agricultural loans, commercial loans, residential mortgage loans, and consumer loans. Agricultural lending has historically been FNB's primary market focus. Competition is strong with 11 chartered banks in the AA. Two banks have total assets exceeding \$250 million, while the remaining nine community banks are significantly smaller in asset size. Farm Credit Services provides additional competition for agriculture loans. And, several credit card banks and large interstate banks actively lend in this AA.

Unemployment in the area is low, averaging below 2% as of September 2002. However, area labor markets show signs of distress, and decreasing labor bases resulted in area counties having among the lowest unemployment rates in the state. An estimated 85% of employment opportunities in the AA are related to agriculture. Due to the effect of the continuing drought, many farms and businesses have laid off or furloughed workers. As of August 2002, The U.S. Drought Monitor reports that the area has exceptional drought conditions. Two sunflower processing plants and the Goodland Cooperative have experienced layoffs. Several businesses in Goodland have closed due to parent company bankruptcy and increased competition from the Wal-Mart store. The nationwide collapse in the communication industry led to a decline in enrollment at the Vocational/Technical School. Due to the employment conditions, the overall population in the area is slightly declining. The Goodland Chamber of Commerce is working with local and out-of-state investors to revive some of the businesses that have been closed. The community college in Colby is a stabilizing factor, helping Thomas County to remain stable economically. Major AA employers include the FNB in Goodland, the Vocational/Technical School, and Colby Community College, Wal-Mart Store, and the Goodland Regional Medical Center.

Major towns in the area are Goodland and Colby, with numerous small farm communities throughout the AA. The housing market is soft due to declining population and low credit demand. Recent new housing projects are limited to higher priced homes. Housing availability is higher than normal. Currently, new construction is limited to the population centers of Colby and Goodland. Overall, in the AA there is relatively little new development and no redevelopment occurring. Furthermore, there are few nonprofit organizations that operate in the area, and those mainly provide emergency relief and community services to the poor and elderly.

We performed two community contacts with a Chamber of Commerce and an economic development board. Small business loans, counseling for small businesses, agricultural loans, and affordable housing were noted as area credit needs. The contacts stated that, overall, financial institutions appear to be addressing the credit needs of the community.

State of Colorado

Colorado Non-MSA Area

| Demographic Information for Full Scope Area: Colorado Non-MSA Area | | | | | | |
|--|--------|------------|-----------------------------------|---------------|--------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 6 | 0.00 | 16.67 | 83.33 | 0.00 | 0.00 |
| Population by Geography | 16,094 | 0.00 | 7.32 | 92.68 | 0.00 | 0.00 |
| Owner-Occupied Housing by Geography | 4,421 | 0.00 | 6.33 | 93.67 | 0.00 | 0.00 |
| Business by Geography | 1,716 | 0.00 | 7.93 | 92.07 | 0.00 | 0.00 |
| Farms by Geography | 585 | 0.00 | 10.60 | 89.40 | 0.00 | 0.00 |
| Family Distribution by Income Level | 4,496 | 20.69 | 19.13 | 25.07 | 35.12 | 0.00 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 1,790 | 0.00 | 10.06 | 89.94 | 0.00 | 0.00 |
| Median Family Income | | 28,257 | Median Housing Value | | 45,087 | |
| HUD Adjusted Median Family Income for 2002 | | 46,000 | Unemployment Rate (BLS 2002 data) | | 2.00% | |
| Households Below Poverty Level | | 14.89% | | | | |

(*) The NA category consists of geographies that have not been assigned an income classification. Source: 1990 US Census, 2002 HUD updated MFI, and 2002 BLS data.

The defined AA for Colorado consists of two contiguous counties located in the eastern section of the state. This AA includes Yuma and Kit Carson Counties. There are six BNAs within the AA. Five are designated middle income and one is designated moderate income. The AA meets the regulatory requirements and does not arbitrarily exclude any LMI areas.

This AA is a rural agricultural part of Colorado. Much of the agricultural sector in Colorado has been adversely affected by a severe drought. Area labor markets continue to show declining job bases. Unemployment rates remain low because many of the younger age groups move to metropolitan areas as they enter the job market. Unemployment rates were approximately 2% in both Kit Carson and Yuma counties in 2002.

There is little development or redevelopment activity in this AA. And there are few nonprofit organizations operating in the area that focus on community needs. Therefore, there is little opportunity for CD activities by the bank.

FNB operates one full-service branch and 1 ATM within the AA. The branch is located in Kirk, Colorado. The ATM is located in a service station in Stratton, Colorado, along a major interstate highway.

The Kirk branch offers a variety of banking products. Loan products include agricultural loans, commercial loans, residential mortgage loans, and consumer loans. Agricultural lending has historically been FNB's primary market focus in this AA. Competition is strong, with nine chartered banks competing for deposits in the AA. Also, Farm Credit Services provides competition for agricultural loans, and out-of-area credit card banks and large interstate banks compete with FNB for small loans to businesses.

Appendix D: Tables of Performance Data

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Content of Standardized Tables

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/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As Volume 66, No. 134, 12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** – Not applicable. No data available.
- Table 3. Geographic Distribution of Home Improvement Loans** – Not applicable. No data available..
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased 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 share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased 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 share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** – Not applicable. No data available.
- Table 9. Borrower Distribution of Home Improvement Loans** – Not applicable. No data available.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased 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. In addition, the table presents the percentage distribution of the number of loans originated and purchased 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 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased 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. In addition, the table presents the percentage distribution of the number of loans originated and purchased 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 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-,

moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As Volume 66, No. 134, 12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

TABLES OF PERFORMANCE DATA

Table 1. Lending Volume

| LENDING VOLUME 2002 | | Geography: KANSAS & COLORADO | | | | | | Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER 30, | | | | |
|-------------------------------|---|------------------------------|------------|------------------------------|------------|----------------------|------------|---|------------|-------------------------|------------|---|
| MA/Assessment Area (2002): | % of Rated Area Loans (#) in MSA/AA* | Home Mortgage**** | | Small Loans to Businesses | | Small Loans to Farms | | Community Development Loans** | | Total Reported Loans | | % of Rated Area Deposits in MSA/AA*** |
| | | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | |
| Full Review: | | | | | | | | | | | | |
| State of Kansas | | | | | | | | | | | | |
| Kansas Non-MSA Area | 100.00 | NA | NA | 1,653 | 103,458 | 3,435 | 212,609 | 1 | 225 | 5,088 | 316,067 | 100.00 |
| State of Colorado | | | | | | | | | | | | |
| Colorado Non-MSA Area | 100.00 | NA | NA | 178 | 10,583 | 448 | 25,578 | 0 | 0 | 626 | 36,161 | 100.00 |

* Loan Data as of September 30, 2002. Rated area refers to either the state or multi-state MSA rating area.

** The evaluation period for Community Development Loans is From January 01, 2000 to January 06, 2003.

*** Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MSA, or institution, as appropriate.

****The bank 's FHHLDS records were not of sufficient quality to generate this information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

| Geographic Distribution: HOME MORTGAGE REFINANCE**** JANUARY 1, 2000 TO SEPTEMBER 30, 2002 | | | Geography: KANSAS & COLORADO | | | | | | | | Evaluation Period: | | | | |
|---|---|--------------|------------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|-----|-----|-----|-----|
| MSA/Assessment Area: | Total Home Mortgage Refinance Loans**** | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total** | % Owner Occ Units *** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | % Owner Occ Units*** | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| State of Kansas | | | | | | | | | | | | | | | |
| Kansas Non-MSA Area | 21 | 100 | NA | NA | NA | NA | 100 | 100 | NA | NA | NA | NA | NA | NA | NA |
| State of Colorado | | | | | | | | | | | | | | | |
| Colorado Non-MSA Area | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |

* Based on 2000 Aggregate HMDA Data Only.

** Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

****These numbers represent a random sample of home refinance loans in the Kansas Non-MSA Area.

Table 5. Geographic Distribution of Multifamily Loans

| Geographic Distribution: MULTIFAMILY 2002 | | Geography: KANSAS & COLORADO | | | | | | Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER 30, | | | | | | | |
|--|-------------------------------|------------------------------|---------------------------|-----------------|--------------------------------|-----------------|------------------------------|---|-----------------------------|-----------------|--------------------------------|-----|-----|-----|-----|
| MSA/Assessment Area: | Total Multifamily Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total** | % of MF Units *** | % BANK Loans | % MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | % MF Units*** | % BANK Loans | Over all | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| State of Kansas | | | | | | | | | | | | | | | |
| Kansas Non-MSA Area | 1 | 100 | NA | NA | NA | NA | 100 | 100 | NA | NA | NA | NA | NA | NA | NA |
| State of Colorado | | | | | | | | | | | | | | | |
| Colorado Non-MSA Area | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |

* Based on 2000 Aggregate HMDA Data Only.

** Multifamily loans originated and purchased in the MSA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

| Geographic Distribution: SMALL LOANS TO BUSINESSES SEPTEMBER 30, 2002 | | | Geography: KANSAS & COLORADO | | | | | | | | Evaluation Period: JANUARY 1, 2000 TO | | | | |
|--|----------------------------|--------------|------------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|---------------------------------------|------|-------|-------|------|
| MSA/Assessment Area: | Total Small Business Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total** | % of Business*** | % BANK Loans | % of Business*** | % BANK Loans | % of Business*** | % BANK Loans | % of Business*** | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| State of Kansas | | | | | | | | | | | | | | | |
| Kansas Non-MSA Area | 1,653 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 | 0.00 | 0.00 | 41.35 | 0.00 | 0.00 | 43.02 | 0.00 |
| State of Colorado | | | | | | | | | | | | | | | |
| Colorado Non-MSA Area | 178 | 100.00 | 0.00 | 0.00 | 7.93 | 47.75 | 92.07 | 52.25 | 0.00 | 0.00 | 8.60 | 0.00 | 58.97 | 2.83 | 0.00 |

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2002).

Table 7. Geographic Distribution of Small Loans to Farms

| Geographic Distribution: SMALL LOANS TO FARMS | | | Geography: KANSAS & COLORADO | | | | | | | | Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER 30, 2002 | | | | |
|---|------------------------|--------------|------------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--|------|-------|-------|------|
| MSA/Assessment Area: | Total Small Farm Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total** | % of Farms*** | % BANK Loans | % of Farms** | % BANK Loans | % of Farms** | % BANK Loans | % of Farms** | % BANK Loans | Overa ll | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| State of Kansas | | | | | | | | | | | | | | | |
| Kansas Non-MSA Area | 3,435 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 | 0.00 | 0.00 | 74.47 | 0.00 | 0.00 | 74.83 | 0.00 |
| State of Colorado | | | | | | | | | | | | | | | |
| Colorado Non-MSA Area | 448 | 100.00 | 0.00 | 0.00 | 10.60 | 51.79 | 89.40 | 48.21 | 0.00 | 0.00 | 29.61 | 0.00 | 83.05 | 19.26 | 0.00 |

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2002).

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

| Borrower Distribution: HOME MORTGAGE REFINANCE**** 1, 2000 TO SEPTEMBER 30, 2002 | | Geography: KANSAS & COLORADO | | | | | | | | | Evaluation Period: JANUARY | | | | |
|---|--|------------------------------|----------------------|---------------|---------------------------|------------------|-------------------------|------------------|------------------------|-----------------|----------------------------|-----|-----|-----|-----|
| MSA/Assessment Area: | Total Home Mortgage Refinance Loans***** | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share* | | | | |
| | # | % of Total** | % Families*** | % BANK Loans* | % Families** | % BANK Loans**** | % Families** | % BANK Loans**** | % Families** | % BANK Loans*** | Overa ll | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| State of Kansas | | | | | | | | | | | | | | | |
| Kansas Non-MSA Area | 21 | 100 | 18.93 | 4.76 | 21.58 | 23.81 | 26.02 | 38.10 | 33.47 | 33.33 | NA | NA | NA | NA | NA |
| State of Colorado | | | | | | | | | | | | | | | |
| Colorado Non-MSA Area | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |

* Based on 2000 Aggregate HMDA Data Only.

** As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by bank.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*****Numbers are based on a random sample of loans in the Kansas Non-MSA Area.

Table 11. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL LOANS TO BUSINESSES SEPTEMBER 30, 2002 | | | | | Geography: KANSAS & COLORADO | | | Evaluation Period: JANUARY 1, 2000 TO | |
|--|---------------------------------|--------------|---|-------------------|--|-------------------------|---------------------------|---------------------------------------|-------------------------|
| MSA/Assessment Area: | Total Small Loans to Businesses | | Businesses With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Business Size | | | Market Share* | |
| | # | % of Total** | % of Businesses *** | % BANK Loans **** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev\$ 1 Million or Less |
| Full Review: | | | | | | | | | |
| State of Kansas | | | | | | | | | |
| Kansas Non-MSA Area | 1,653 | 100.00 | 65.02 | 84.94 | 84.15 | 10.77 | 5.08 | 41.35 | 57.46 |
| State of Colorado | | | | | | | | | |
| Colorado Non-MSA Area | 178 | 100.00 | 66.90 | 77.53 | 84.83 | 10.67 | 4.49 | 8.60 | 13.90 |

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 6.65% of small loans to businesses originated and purchased by the bank.

Table12. Borrower Distribution of Small Loans to Farms

| Borrower Distribution: SMALL LOANS TO FARMS SEPTEMBER 30, 2002 | | | Geography: KANSAS & COLORADO | | | | Evaluation Period: JANUARY 1, 2000 TO | | |
|---|----------------------------|--------------|--|------------------|--|-------------------------|---------------------------------------|---------------|-------------------------|
| MSA/Assessment Area: | Total Small Loans to Farms | | Farms With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Farm Size | | | Market Share* | |
| | # | % of Total** | % of Farms*** | % BANK Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev\$ 1 Million or Less |
| Full Review: | | | | | | | | | |
| State of Kansas | | | | | | | | | |
| Kansas Non-MSA Area | 3,435 | 100.00 | 96.03 | 93.28 | 82.91 | 12.14 | 4.95 | 74.47 | 75.43 |
| State of Colorado | | | | | | | | | |
| Colorado Non-MSA Area | 448 | 100.00 | 92.48 | 98.21 | 82.37 | 14.06 | 3.57 | 29.61 | 31.36 |

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.03% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

| QUALIFIED INVESTMENTS SEPTEMBER 30, 2002 | | Geography: KANSAS & COLORADO | | | | Evaluation Period: JANUARY 1, 2000 TO | | | |
|---|----------------------------|------------------------------|----------------------------|-----------|-------------------|---------------------------------------|------------|-------------------------|-----------|
| MSA/Assessment Area: | Prior Period Investments * | | Current Period Investments | | Total Investments | | | Unfunded Commitments ** | |
| | # | \$(000's) | # | \$(000's) | # | \$(000's) | % of Total | # | \$(000's) |
| Full Review: | | | | | | | | | |
| State of Kansas | | | | | | | | | |
| Kansas Non-MSA Area | 0 | 0 | 19 | 39 | 19 | 39 | 100 | 0 | 0 |
| State of Colorado | | | | | | | | | |
| Colorado Non-MSA Area | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JANUARY 1, 2000 TO SEPTEMBER 30, 2002 | | | | | | | | Geography: KANSAS & COLORADO | | | | Evaluation Period: | | | | | |
|--|--------------------------------|--------------------|--------------------------------|---|--------|--------|------|------------------------------|----------------------|---|-----|--------------------|-----|---------------------------------------|-------|--------|------|
| MSA/Assessment Area: | Deposits | Branches | | | | | | Branch Openings/Closings | | | | Population | | | | | |
| | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) | | | | # of Branch Openings | # of Branch Closings | Net change in Location of Branches (+ or -) | | | | % of Population within Each Geography | | | |
| | | | | Low | Mod | Mid | Upp | | | Low | Mod | Mid | Upp | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | | | |
| State of Kansas | | | | | | | | | | | | | | | | | |
| Kansas Non-MSA Area | 100.00 | 7 | 100 | 0.00 | 0.00 | 100.00 | 0.00 | 2 | 0 | 0 | 0 | 2 | 0 | 0.00 | 0.00 | 100.00 | 0.00 |
| State of Colorado | | | | | | | | | | | | | | | | | |
| Colorado Non-MSA Area | 100.00 | 1 | 100 | 0.00 | 100.00 | 0.00 | 0.00 | 1 | 0 | 0 | 1 | 1 | 0 | 0.00 | 92.68 | 7.32 | 0.00 |