



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

January 3, 2011

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank of Omaha  
Charter Number: 209**

**1620 Dodge Street, Stop 3198  
Omaha, NE 68102**

**Office of the Comptroller of the Currency**

**Midsized Bank Supervision  
1 South Wacker Drive, Suite 2000  
Chicago, IL 60606**

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

| Performance Levels        | First National Bank of Omaha<br>Performance Tests |                 |              |
|---------------------------|---|-----------------|--------------|
|                           | Lending Test*                                     | Investment Test | Service Test |
| Outstanding               |   |                 | X            |
| High Satisfactory         | X   | X               |              |
| Low Satisfactory          |   |                 |              |
| 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:

- First National Bank of Omaha’s (FNBO’s) lending activity reflects excellent responsiveness to overall credit needs, primarily led by its efforts in its principal market area, the Omaha – Council Bluffs NE-IA Multistate Metropolitan Area (MSMA).
- The bank’s geographic distribution of home mortgage loans reflects adequate penetration while the geographic distribution of small business loans reflects good penetration throughout the bank’s assessment areas.
- The bank’s distribution of home mortgage loans by income level of the borrower reflects good penetration while the distribution of small business loans by income level of the borrower reflects adequate penetration.
- FNBO originated an overall high volume of community development loans. The bank’s community development lending addressed identified community development needs and has a positive impact on the bank’s CRA performance.
- FNBO has an adequate percentage of loans inside its assessment areas by number and dollar amount after eliminating loans from the bank’s national bankcard programs. By number, approximately 70 percent of all home mortgage loans and over 87 percent of all small business loans originated by the bank were originated within the bank’s assessment areas.
- The bank’s use of flexible loan products has a positive impact on the bank’s performance under the lending test.
- The bank has a good level of qualified community development investments that are responsive to community needs.
- Service delivery systems are readily accessible to all portions of the geographies and

individuals of different income levels in its assessment areas commensurate with the size and scope of the bank's operations. FNBO provides an overall good level of community development services that are responsive to a variety of community development needs.

## 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/assessment area.

**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 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:** 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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**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 householder 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 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). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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/assessment area.

**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 metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division (MD):** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**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.

**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 at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.



## Description of Institution

First National Bank of Omaha (FNBO) is an interstate financial institution headquartered in Omaha, Nebraska. The bank offers a full range of credit products within its assessment areas (AAs) including consumer, commercial, agricultural, and real estate loan products. Credit card lending is one of FNBO's primary business activities and includes a nationwide customer base. FNBO is the 11th largest credit card issuer in the country. From January 1, 2006 through September 29, 2010, credit card loans comprised 50 percent by number of the bank's total reported small business loans in its AA's. The bank was also one of the largest merchant processor's of credit cards in the country during most of the evaluation period. FNBO sold a majority interest in the business during March 2010.

FNBO has a community development corporation (CDC) subsidiary, and several community development equity investments. We considered these subsidiaries when evaluating community development loans, investments, and services. Therefore, our review included an assessment of the CDC's assets and its ability to lend or invest in the bank's assessment areas. For purposes of CRA evaluation, FNBO is an interstate bank with offices located in four rated areas: Omaha-Council Bluffs NE-IA Multistate Metropolitan Area (MSMA), the State of Nebraska, the State of Texas, and the State of Iowa. Refer to the MSMA or State rating sections of this evaluation for details on the bank's performance by area.

First National of Nebraska, Inc. (FNNI) owned 99.7 percent of the bank during the evaluation period. FNNI is a multi-bank holding company headquartered in Omaha, Nebraska. The holding company reported consolidated assets of \$15.2 billion as of June 30, 2010. At the time, FNNI owned 8 national banks and 1 state-chartered bank located primarily in Nebraska and adjacent states in the Midwest. On September 30, 2010, three affiliate banks were merged into FNBO but are not included in this CRA evaluation.

As of June 30, 2010, FNBO had \$10.05 billion in total assets and Tier 1 capital of \$795 million. We use financial information from June 30, 2010 as this represents the last quarter of publically reported data for FNBO prior to the affiliate banks being merged into FNBO. The bank's loan-to-deposit ratio on that date was 106.71 percent and net loans represented 74.19 percent of total assets. By dollar amount, the loan portfolio consisted of the following types of credit: 40 percent commercial (including commercial real estate); 8 percent agricultural (including agricultural real estate); 37 percent consumer; 13 percent residential real estate; and 2 percent other loans. The loan-to-deposit ratio and loan portfolio mix do not reflect the significant volume of home purchase and refinance mortgage loans originated by FNBO and sold on the secondary market. During the evaluation period, there were 12,826 such loans totaling over \$1.9 billion.

FNBO also acquired a community bank in Glenwood, Iowa in January 2008 (fka "Mills County Bank"). FNBO previously received a "Satisfactory" rating at the last CRA examination dated October 16, 2006.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment, and Service Tests. In evaluating the bank's lending performance, we reviewed their residential mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA), small loans to businesses and farms, and community development (CD) loans. With the exception of CD loans, the evaluation period for the Lending Test is January 1, 2006 through September 29, 2010. For CD loans and the Investment and Service Tests, the evaluation period is October 1, 2006 through September 29, 2010. The Investment Test includes a review of investments, grants, and donations made in the bank's AAs that meet the definition of community development investments. The Service Test evaluation is based on branch distribution, hours of operation, branch openings and closings, alternative delivery systems, retail and commercial loan and deposit products and services, and community development services provided in the bank's AAs.

In late 2007, the national economy fell into a recession and housing prices fell, while unemployment, mortgage delinquencies, and foreclosures increased across the country. These events made it more difficult for banks to attract qualified loan applicants, although the impact of the recession varied by assessment area and often varied within each assessment area as well. Appendix D contains tables with data used to evaluate the bank's performance.

### Data Integrity

We performed on-site verification of the accuracy of data available to the public as of June 30, 2009 in accordance with the CRA regulations. This public data included bankcard loans to small businesses and farms and non-bankcard loans to small businesses and farms. We did not review home mortgage loan data as the bank historically has low error rates in this area and existing processes to report and monitor mortgage loan data are satisfactory.

At the conclusion of this review, we identified that management was accurately obtaining and reporting CRA data on bankcard loans to small farms and businesses. However, we also identified that management was not accurately obtaining and reporting CRA data on non-bankcard loans to small farms and businesses. Management performed a scrub of the non-bankcard loans and corrected the errors.

### Selection of Areas for Full-Scope Review

In each State and the MSMA where the bank has an office, a sample of AAs within that State/MSMA was selected for full-scope reviews. Refer to the "Scope" section under each State and MSMA rating section (as applicable) for details regarding how the areas were selected.

## Ratings

The bank's overall rating is a blend of the MSMA rating and State ratings. The Omaha-Council Bluffs NE-IA MSMA receives the greatest weight in our determination of the overall rating. This AA accounts for 73 percent of the branch network, 91 percent of total deposits, and 79 percent of the CRA reportable loans during the evaluation period.

The MSMA rating(s) and State ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each State and MSMA rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## **Multistate Metropolitan Area Rating**

### **Omaha – Council Bluffs NE-IA Multistate Metropolitan Area (MSMA)**

|   |                          |
|---|--------------------------|
| <b>CRA Rating for Omaha – Council Bluffs, NE-IA MSMA<sup>1</sup>:</b> | <b>Satisfactory</b>      |
| <b>The Lending Test is rated:</b>                                     | <b>High Satisfactory</b> |
| <b>The Investment Test is rated:</b>                                  | <b>High Satisfactory</b> |
| <b>The Service Test is rated:</b>                                     | <b>Outstanding</b>       |

The major factors that support this rating include:

- FNBO originated an excellent level of community development loans in the Omaha – Council Bluffs, NE-IA MSMA, which has a positive impact on the bank’s Lending Test performance.
- FNBO’s lending activity in the Omaha – Council Bluffs, NE-IA MSMA reflects excellent responsiveness to AA credit needs.
- FNBO’s borrower distribution of home mortgage loans reflects good penetration and the borrower distribution of small business loans reflects adequate penetration throughout the Omaha – Council Bluffs, NE-IA MSMA.
- FNBO’s geographic distribution of small business loans reflects good penetration and the geographic distribution of home mortgage loans reflects adequate penetration throughout the Omaha – Council Bluffs, NE-IA MSMA.
- FNBO makes use of flexible lending programs which has a positive impact on the bank’s Lending Test performance.
- FNBO has a good level of qualified community development investments and grants.
- FNBO’s delivery systems are readily accessible to geographies and individuals of different income levels. The institution provides a good level of community development services.

### **Description of Institution’s Operations in Omaha – Council Bluffs, NE-IA Multistate Metropolitan Area (MSMA)**

FNBO has designated Douglas and Sarpy Counties in Nebraska and Pottawattamie and Mills Counties in Iowa as its assessment area (AA) within the Omaha – Council Bluffs, NE-IA MSMA. This AA is referred to as “MSMA” in the remainder of this evaluation. As of the date of this evaluation, FNBO had 30 office locations and 142 automated teller machines (ATMs) in the MSMA. Of FNBO’s 4 rated areas, this MSMA is by far the most significant reporting 91 percent of total deposits as of June 30, 2010 and 79 percent of all CRA reportable loans during the evaluation period. FNBO reported \$6.2 billion in deposits in the Omaha – Council

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<sup>1</sup> This rating reflects performance within the Omaha – Council Bluffs, NE-IA Multistate metropolitan area (MSMA). The statewide evaluations for Nebraska and Iowa do not reflect performance in the parts of those states contained within the MSMA.

Bluffs, NE-IA MSMA as of June 30, 2010. According to FDIC deposit market share information; this ranks FNBO as first in the MSMA with a deposit market share of 36 percent.

FNBO offers a full range of credit products, including consumer, credit card, commercial, and real estate loans.

Refer to the market profile for the Omaha – Council Bluffs, NE-IA MSMA in Appendix C for details on demographics and other performance context information.

## **Scope of Evaluation in Omaha – Council Bluffs, NE-IA Multistate Metropolitan Area (MSMA)**

We performed a full-scope review of CRA performance in the Omaha – Council Bluffs, NE-IA MSMA. As noted previously, this is FNBO’s primary market area.

When determining conclusions for the Lending Test, we weighted loan products by number of loans over the evaluation period. In the Omaha – Council Bluffs, NE-IA MSMA, we weighted home mortgage products more heavily than small loans to businesses. During the evaluation period, home mortgage loans represented 65 percent of total reported loans in the AA, while small loans to businesses represented 34 percent of the total. Among HMDA loan categories, home refinance, home purchase, and home improvement loans represented 29 percent, 29 percent, and 7 percent of total reported loans, respectively. We did not evaluate small loans to farms as it represented 0.4 percent of total reported loans in the Omaha – Council Bluffs, NE-IA MSMA and analysis would not be meaningful given the minimal impact of such a small volume.

The data in the tables in Appendix D includes all reportable loans within the bank’s AAs. This includes originations from national business (bankcard) or farm loan products, as well as originations from loan products targeted to local businesses and farms. When evaluating the geographic and borrower distribution of small loans to businesses within the MSMA, we emphasized the distribution of loan originations from products targeted to the local AA. The bank primarily used these products to help meet community credit needs.

## **LENDING TEST**

### **Conclusions for Area Receiving Full-Scope Review**

The bank’s performance under the Lending Test in the Omaha – Council Bluffs, NE-IA MSMA is rated “High Satisfactory.” Based on full-scope reviews, the bank’s performance in the Omaha – Council Bluffs, NE-IA MSMA is good.

### **Lending Activity**

*(Refer to Table 1 in Appendix D for the facts and data used to evaluate the bank’s lending activity.)*

FNBO’s lending activity in the Omaha – Council Bluffs, NE-IA MSMA reflects excellent responsiveness to AA credit needs. FNBO is the dominant financial institution in this MSMA. Over the evaluation period, FNBO originated 16,204 reportable home mortgage loans totaling

\$2.1 billion, 8,400 reportable small business loans totaling \$657 million, 113 reportable farm loans totaling \$12 million, and 77 reportable community development loans totaling \$188 million.

Home mortgage loans represent the majority of the bank's CRA lending activity at 65 percent of the CRA reportable loans by number and 71 percent by dollar volume. As a percent of mortgage loans, home purchase and home refinance loans each represent 29 percent. Home improvement loans represent 7 percent and multifamily loans represent less than 1 percent. Based on FDIC Deposit Market Share data as of June 30, 2010, FNBO held a 35.84 percent market share of the dollar amount of deposits; ranking 1<sup>st</sup> among 45 FDIC insured financial institutions in the MSMA. During 2009, the bank achieved a 9.20 percent market share by dollar volume of home purchase loans, ranking 2<sup>nd</sup> among 215 reporting lenders. By number of loans, the bank also ranked 2<sup>nd</sup> with a 9.44 percent market share. The bank achieved a 9.52 percent market share by dollar volume of home refinance loans, ranking 2<sup>nd</sup> among 281 reporting lenders. By number of loans, the bank also ranked 2<sup>nd</sup> with a 9.35 percent market share. The bank achieved a 15.02 percent market share by dollar volume of home improvement loans, ranking 2<sup>nd</sup> among 96 reporting lenders. By number of loans, the bank also ranked 2<sup>nd</sup> with a 10.74 percent market share. Multifamily loans represent less than 1 percent of home mortgage loans and have little impact on the rating, although they are included in the analysis below. FNBO ranked 1<sup>st</sup> in number of multifamily loans and 6<sup>th</sup> in dollar volume among 39 lenders in the MSMA. Considering the large volume of mortgage loans originated in the MSMA by large regional banks and mortgage companies, these market ranks/shares are considered excellent when compared to the deposit market rank/share. Many of the larger mortgage lenders do not take deposits in the MSMA, distorting the comparisons to deposit market share.

Small business loans represent 34 percent of the CRA reportable loans by number and 23 percent by dollar volume. FNBO achieved a 19.93 percent market share by dollar volume of small loans to businesses, ranking 1<sup>st</sup> among 59 reporting lenders indicating strong performance. By number of loans the bank ranked 4<sup>th</sup> with a 6.92 percent market share. Market share of small business loans by dollar volume was given more weight than market share by number of loans due to the large volume of small credit card loans originated in the MSMA by large credit card lending institutions. This is evidenced by the fact that 8 of the top 10 lenders by number of loans had average loan amounts of \$10 thousand or less. FNBO's average loan size was \$101 thousand. Many of these credit card lenders also do not take deposits in the MSMA, thus distorting the comparison to deposit market share. FNBO originated an excellent volume of community development loans in the MSMA totaling \$188 million.

Additionally, unemployment rates in the MSMA are considered in evaluating lending activity, as they are generally reflective of the overall economic stability of the area. Unemployment rates remain relatively low in the counties that makeup the MSMA. From September 2010 data, rates are 4.8 percent in Douglas County NE, 4.4 percent in Sarpy County NE, 4.6 percent in Mills County IA, and 4.9 percent in Pottawattamie County.

### **Distribution of Loans by Income Level of the Geography**

The bank's distribution of all reportable loans by geography income level in the Omaha – Council Bluffs, NE-IA MSMA reflects adequate penetration.

### ***Home Mortgage Loans***

*(Refer to Tables 2, 3, and 4 in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.)*

The bank's geographic distribution of home mortgage loans reflects adequate penetration throughout the Omaha – Council Bluffs, NE-IA MSMA.

In evaluating the geographic distribution of home loans in the MSMA, it is important to note the number of low- and moderate-income tracts and the population/housing distribution in these tracts. Based on 2000 census data, the MSMA contains 7 low-income tracts, and 59 moderate-income tracts. There are 4,696 households (2 percent of total households) living in low-income tracts, and 70,941 households (27 percent of total households) living in moderate-income tracts. Thirty-five percent of households living in low-income tracts are below the poverty level. Sixteen percent of households living in moderate-income tracts are below the poverty level. Such a high number of households living below the poverty level (approximately 13 thousand) impact the ability to lend in these areas, particularly in the low-income tracts. Also, low-income census tracts contain 1,910 owner-occupied housing units and moderate-income tracts contain 35,982 owner-occupied housing units. This represents 1 percent and 21 percent of total owner-occupied housing units in the AA, respectively. Given the demographics in this AA, more weight is placed on the bank's performance in moderate-income tracts as opportunities to lend are greater.

### **Home Purchase**

The geographic distribution of home purchase loans is adequate in the Omaha – Council Bluffs, NE-IA MSMA. The percentage of home purchase loans in low-income geographies and moderate-income geographies is somewhat lower than the percentage of owner-occupied housing units. The bank's market share in low-income tracts significantly exceeds its overall market share for home purchase loans. The bank's market share in moderate-income tracts exceeds its overall market share for home purchase loans.

### **Home Improvement**

The geographic distribution of home improvement loans is adequate in the Omaha – Council Bluffs, NE-IA MSMA. The percentage of home improvement loans in low-income geographies is lower than the percentage of owner-occupied housing units. The percentage of home improvement loans in moderate-income geographies is somewhat lower than the percentage of owner-occupied housing units. The bank's market share in low-income tracts exceeds its overall market share for home improvement loans. The bank's market share in moderate-income tracts is somewhat lower than its overall market share for home improvement loans.

### **Home Refinancing**

The geographic distribution of home refinance loans is poor in the Omaha – Council Bluffs, NE-IA MSMA. The percentage of home refinance loans in low-income geographies and moderate-income geographies is lower than the percentage of owner-occupied housing units. The bank's market share in low-income tracts and moderate-income tracts is somewhat lower than its overall market share for home refinance loans.



## Multifamily

The geographic distribution of multifamily loans is excellent in the Omaha – Council Bluffs, NE-IA MSMA. Multifamily loans represent less than 1 percent of HMDA reportable loans; therefore, very little weight was given to this product. FNBO originated 50 multifamily loans during the evaluation period. Two of these loans were located in low-income geographies and 31 were located in moderate-income geographies. The bank's percentage of multifamily loans significantly exceeds the number of multifamily units in both low-income tracts and moderate-income tracts. The bank's market share significantly exceeds its overall market share in low-income geographies. The bank's market share exceeds its overall market share in moderate-income geographies.

### **Small Loans to Businesses**

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

Based on 2009 data, there are 1,032 small businesses located in low-income census tracts and 10,723 located in moderate-income tracts in the AA. This represents 1.9 percent and 20.2 percent of all small businesses in the AA, respectively.

FNBO's geographic distribution of small loans to businesses reflects good penetration throughout the Omaha – Council Bluffs, NE-IA MSMA. The percentage of small loans to businesses in low-income tracts exceeds the percentage of businesses located in these tracts. The percentage of small loans to businesses in moderate-income tracts is near to the percentage of businesses in these tracts. The bank's market share for low-income tracts significantly exceeds its overall market share for small loans to businesses. The bank's market share for moderate-income tracts exceeds its overall market share for small loans to businesses.

The bank's performance remains good after eliminating loans originated under the bank's national bankcard lending programs. For loans originated under local business lending programs only, the percentage of small loans to businesses in low-income tracts exceeds the percentage of businesses located in these tracts and the percentage of small loans to businesses in moderate-income tracts is near to the percentage of businesses in these tracts.

### **Lending Gap Analysis**

Data detailing FNBO's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of those loans. No unexplained conspicuous gaps were identified.

### **Inside/Outside Ratio**

An adequate percentage of FNBO's HMDA and CRA reportable loans were originated or purchased within its combined AAs. HMDA reportable loans originated within the bank's AAs was reported at 69.8 percent. For all CRA reportable small business loans during the evaluation period, FNBO originated only 8 percent by number within its AAs. However, a large volume of these reported loans were originated under national lending programs (i.e. business bankcards) and these loans significantly impact the percentage. When excluding the bankcard

loans, the percentage of CRA reportable small business loans originated within the bank's AAs increase significantly to 87.7 percent.

## **Distribution of Loans by Income Level of the Borrower**

The distribution of all reportable loans by income level of the borrower in the Omaha – Council Bluffs, NE-IA MSMA reflects good penetration.

### ***Home Mortgage Loans***

*(Refer to Tables 8, 9 and 10 in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.)*

The distribution of home mortgage loans by income level of the borrower reflects good penetration throughout the Omaha – Council Bluffs, NE-IA MSMA.

In evaluating the borrower distribution of home mortgage loans, we considered the number of low- and moderate-income families in the MSMA. We also considered the number of households living below the poverty level and the barriers this may impose on home ownership. There are 177 thousand families in the MSMA, based on the 2000 census data, with 18 percent considered low-income and 19 percent considered moderate-income. The percentage of total households living below the poverty level is 8 percent. It is likely this number is slightly higher at the present time based on published poverty rates from the individual counties within the MSMA. More weight was given to the bank's performance related to moderate-income borrowers due to the difficulties many low-income borrowers have in qualifying for mortgage loans, especially those below the poverty level. This is especially true with the tightening of credit standards as a result of the economic downturn that occurred during the evaluation period. In addition, the median housing sales price for the city of Omaha based on the 2010 National Association of Realtors is approximately \$137.3 thousand. We noted that it would be difficult for many low-income families and those households living below the poverty level to afford a house in this price range.

### Home Purchase

The borrower income distribution of home purchase loans is excellent for the Omaha – Council Bluffs, NE-IA MSMA. The percentage of home purchase loans to low-income borrowers is near to the percentage of low-income families in the MSMA. The percentage of home purchase loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the MSMA. The bank's market share for both low-income borrowers and moderate-income borrowers exceeds its overall market share for home purchase loans.

### Home Improvement

The borrower income distribution of home improvement loans is good for the Omaha – Council Bluffs, NE-IA MSMA. The percentage of home improvement loans to low-income borrowers is somewhat lower than the percentage of low-income families in the MSMA. The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the MSMA. The bank's market share for both low-income

borrowers and moderate-income borrowers is near to its overall market share for home improvement loans.

### Home Refinance

The borrower income distribution of home refinance loans is good for the Omaha – Council Bluffs, NE-IA MSMA. The percentage of home refinance loans to low-income borrowers is lower than the percentage of low-income families in the MSMA. The percentage of home refinance loans to moderate-income borrowers is equal to the percentage of moderate-income families in the MSMA. The market share of home refinance loans to low-income borrowers is near to the bank's overall market share for home refinance loans. The market share of home refinance loans to moderate-income borrowers exceeds the bank's overall market share for home refinance loans.

### ***Small Loans to Businesses***

*(Refer to Table 11 in 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 bank's borrower distribution of small loans to businesses reflects adequate penetration throughout the Omaha – Council Bluffs, NE-IA MSMA.

In evaluating the bank's performance, we considered the competitive market in which the bank operates regarding small business lending and the impact of the large number of national bankcard products. This includes recognition that revenues were reported on only a small percentage of the bankcard loans during the evaluation period. This is because FNBO relied heavily on other analytical tools in the credit evaluation process of small business borrowers for most of the evaluation period as is permissible under the rules. However, it hinders our ability to analyze business lending by revenue size. Overall, FNBO did not gather or report revenue data on 54 percent of all small loans to businesses in the Omaha – Council Bluffs, NE-IA MSMA. Additionally, we considered the effect of the deteriorating economic conditions in much of the evaluation period, which adversely affected both demand for credit and availability of credit on a national scale, especially for smaller businesses.

FNBO's distribution of small loans to businesses with revenues of \$1 million or less is adequate given mitigating factors. The percentage of small loans to businesses is lower than the percentage of businesses with revenues of \$1 million or less in the MSMA, largely because revenues are unknown on such a large portion of loans and serve to reduce the percentage. However, the bank's market share of businesses with revenues of \$1 million or less exceeds the bank's overall market share for small loans to businesses, regardless of revenue size. For loans with known revenues originated under local business lending programs only, the bank originated 59 percent to businesses with revenues of \$1 million or less.

## Community Development Lending

*(Refer to Table 1 in Appendix D for the facts and data used to evaluate the bank's level of community development (CD) lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.)*

CD lending has a positive impact on Lending Test conclusions. FNBO provided a high level of CD loans in the Omaha – Council Bluffs, NE-IA MSMA. During the evaluation period, FNBO originated 77 CD loans totaling \$188 million in the MSMA. For comparison, this dollar volume represents approximately 26 percent of allocated Tier 1 capital\* on June 30, 2010. The bank's CD loans primarily help borrowers that provide services targeted to low- and moderate-income (LMI) individuals (28 percent) and loans to revitalize and stabilize LMI areas (70 percent). The opportunities for CD lending in the bank's full-scope AA's are high (refer to Market Profile in Appendix C), and the dollar amount of CD loans originated by FNBO is considered significant.

As an example of CD lending, the bank renewed a \$27 million operating line of credit to a large employer in the South Omaha Revitalization Strategy Area (RSA). The business is located in a moderate-income census tract and the City's Consolidated Plan for the area includes job creation and retention, and presumes that activities in the RSA benefit LMI persons. The bank estimates that the business employees about 1,000 workers, mostly LMI persons.

Additionally, we gave positive consideration to 4 loans totaling \$15.5 million to the First National Nebraska Community Development Corporation (FNNCDC). The loans represent an annually renewing commercial line of credit used by the CDC to fund lending operations related to community development initiatives. The CDC is primarily engaged in affordable housing and community service projects benefitting LMI.

## Product Innovation and Flexibility

FNBO makes use of flexible lending practices in a safe and sound manner to address the credit needs of LMI individuals and geographies, which has a positive impact on the lending test performance.

FNBO participated in several loan programs sponsored by federal and state governments that primarily served LMI home mortgage applicants during the evaluation period. The loan programs generally included reduced down payment requirements, lower interest rates, and more liberal underwriting criteria than conventional loans. FNBO originated the following loans in the Omaha – Council Bluffs, NE-IA MSMA during the evaluation period:

- 2,227 Federal Housing Authority (FHA) loans totaling \$292 million
- 961 Nebraska Investment Finance Authority (NIFA) loans totaling \$107 million
- 468 Veterans Administration (VA) loans totaling \$79 million
- 18 Iowa Finance Authority (IFA) loans totaling \$2 million

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\* Allocated Tier 1 capital refers to FNBO's Tier 1 capital on June 30, 2010 allocated among each Rated Area by the percentage of total deposits contributed from each area. This figure is for comparative purposes only."

- 6 United States Department of Agriculture (USDA) Rural Development loans totaling \$813 thousand

## **INVESTMENT TEST**

### **Conclusions for Area Receiving Full-Scope Review**

*(Refer to Table 14 in Appendix D for the facts and data used to evaluate the bank's level of qualified investments.)*

The bank's performance under the investment test in the Omaha – Council Bluffs, NE-IA MSMA is "High Satisfactory." Based on full-scope reviews, the bank's performance in the Omaha – Council Bluffs, NE-IA MSMA is good.

The bank's dollar volume of qualifying investments, grants, and donations demonstrates a good level of qualified investments. This conclusion considers the numerous investment opportunities within the MSMA and the bank's ability to address these needs. Qualified investments, grants, and donations total \$24.8 million during the evaluation period. Of this total, \$13.7 million is current period versus \$11.1 million prior period.

FNBO invested \$4.1 million during the evaluation period in the First National Nebraska Community Development Corporation (FNNCDC). FNNCDC lends to a number of community development related entities and is responsive to the qualified investment needs in the AA. This includes participation in a loan pool designed to provide low interest loans to non-traditional borrowers. The loan pool is managed by "Omaha 100" under the organizational umbrella of Family Housing Advisory Services in Omaha. Home buyer counseling, debt management assistance, and historically low interest rates have provided low- and moderate-income families in Omaha opportunities to become first time home-buyers.

In addition, the bank's dollar volume of qualified contributions reflects the bank's willingness to work with a variety of organizations in the MSMA to help meet various qualified community development needs. During the evaluation period, the bank contributed over \$9.6 million to 84 organizations in the MSMA for qualified CD purposes. FNBO supported numerous projects located in the City's North and South Omaha Revitalization Areas. The bank also provided support to organizations that offered various community services to LMI individuals.

FNBO also continued 10 prior period investments in the Omaha – Council Bluffs, NE-IA MSMA for a total of \$11.1 million. Five of the investments totaling \$3.7 million were for City of Omaha Tax Increment Revenue Bonds. The bonds were used to fund the acquisition and construction costs for office buildings located in the City's Downtown Northeast Redevelopment Plan. Three of the investments totaling \$4.3 million were used to provide capital for mortgages to LMI borrowers in the MSMA. These investments had a continuing impact in the AA.

## **SERVICE TEST**

### **Conclusions for Area Receiving Full-Scope Review**

The bank's performance under the Service Test in the Omaha – Council Bluffs, NE-IA MSMA is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Omaha – Council Bluffs, NE-IA MSMA is excellent.

### **Retail Banking Services**

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

The bank's service delivery systems are readily accessible to geographies and individuals of different income levels throughout the MSMA. FNBO operated 30 offices in the MSMA as of September 29, 2010. The bank's main office and 1 branch are located in low-income census tracts. Eight branches are located in moderate-income tracts. The percentage of bank branches in low-income tracts exceeds the percentage of the MSMA population that resides in low-income tracts. The percentage of bank branches in moderate-income tracts exceeds the percentage of the population located in moderate-income tracts.

FNBO's record of opening branches in the Omaha – Council Bluffs, NE-IA MSMA improved the accessibility of its delivery systems, including in LMI geographies. The bank also utilized Spanish speaking employees and Spanish literature in 1 branch to attract and assist the unbanked. FNBO opened 8 branches in the MSMA during the evaluation period, including 3 in moderate-income tracts, 2 in middle-income tracts and 3 in upper-income tracts. There was also 1 branch relocation within a moderate-income tract. FNBO did not close any branches in the MSMA during the evaluation period.

The bank's hours and services offered throughout the MSMA are good. Hours and services do not vary in a way that inconvenienced the MSMA, including LMI areas. FNBO supplemented its banking hours and services offered Monday through Friday with offices open on Saturday at all locations except the downtown branch and the FNBO business park branch. A few grocery store locations were also open on Sunday. Office hours and services vary slightly among locations based on customers' needs. The bank's complete line of products and services are generally available at all branch locations; however, several branches do not maintain mortgage or small business lenders in-house. Lenders are available upon appointment to meet with potential applicants at these branches.

The bank's ATM network offers a reasonably effective alternative system for delivering retail banking services to LMI individuals and geographies. FNBO operated 142 ATMs throughout the Omaha – Council Bluffs, NE-IA MSMA. By geography income level, 6 percent are in low-income tracts, 27 percent are in moderate-income tracts, 39 percent are in middle-income tracts, and 28 percent are in upper-income tracts. The percentage of bank ATMs in low-income geographies exceeds the percentage of the MSMA population that resides in low-income tracts. The percentage of bank ATMs in moderate-income tracts is equal to the percentage of the population located in moderate-income geographies.

FNBO offered other alternative delivery systems during the evaluation period, including banking by telephone and Internet. No information was available regarding the effectiveness of these services in reaching LMI individuals or geographies. We did not place significant weight on these systems when drawing conclusions under the Service Test.

### **Community Development Services**

FNBO provided a good level of qualified CD services that benefitted 39 organizations. These organizations provide affordable housing, community services, or economic development opportunities primarily benefiting LMI individuals. It merits highlighting FNBO's leadership role in the revitalization efforts underway in the North and South Omaha areas, respectively.

FNBO employees serve in a variety of capacities, including serving as board members, finance committee members, and/or fundraising committee members of these qualified CD organizations.

The following are examples of CD services FNBO representatives provided during the evaluation period:

- A bank representative serves on the product committee for the "Bank On Heartland" effort. The organization's goal is to provide affordable products and services to the unbanked, educate people about opportunities through public education campaigns and grassroots communications strategies, and prepare community-based organizations to provide on-the-ground financial counseling and asset-building strategies to low-income individuals and families;
- A bank representative provides credit repair training for the local Consumer Credit Counseling Services organization; and
- A senior bank executive serves as co-chair of the North Omaha project. This effort is focused on the revitalization of the North Omaha area. Through the bank's leadership, new investment is beginning to occur in the form of new retail services, affordable housing construction, small business loans, and small business technical assistance for start-ups and new entrepreneurs.

## State Rating

### State of Nebraska

**CRA Rating for State of Nebraska:**

**The Lending Test is rated:**

**The Investment Test is rated:**

**The Service Test is rated:**

**Satisfactory**

**High Satisfactory**

**Low Satisfactory**

**High Satisfactory**

The major factors that support this rating include:

- FNBO originated a good level of community development loans in the Lancaster County NE AA. This has a positive impact on the bank's Lending Test performance.
- FNBO's lending activity in the Lancaster County NE AA reflects good responsiveness to AA credit needs.
- FNBO's borrower distribution of home mortgage loans reflects good penetration and the borrower distribution of small business loans reflects adequate penetration throughout the Lancaster County NE AA.
- FNBO's geographic distribution of small business loans reflects excellent penetration and the geographic distribution of home mortgage loans reflects adequate penetration throughout the Lancaster County NE AA.
- FNBO makes use of flexible lending programs, which has a positive impact on the bank's Lending Test performance.
- FNBO has an adequate level of qualified community development investments and grants.
- FNBO's delivery systems are accessible to geographies and individuals of different income levels. The institution provides an adequate level of community development services.

### **Description of Institution's Operations in Lancaster County NE Assessment Area (AA)**

During the evaluation period, FNBO had 1 full-scope AA in the State of Nebraska, consisting of Lancaster County NE (Lincoln, Nebraska). There are also 2 limited scope AA's in the state, David City AA and Beatrice AA. The Beatrice and David City AAs were not selected for full-scope reviews due to the overall low level of loan and deposit market share related to the institution as a whole. These 2 AAs accounted for 3 percent and 4 percent of CRA reportable loans, respectively; and 1 percent each of total deposits for FNBO. In the Lancaster County NE AA as of the date of this evaluation, FNBO had 3 branch locations, a drive-thru, and 7 automated teller machines (ATMs). This AA contained 3 percent of total deposits as of June 30, 2010 and 9 percent of all CRA reportable loans during the evaluation period. FNBO reported \$225 million in deposits in the Lancaster County NE AA as of June 30, 2010.



According to FDIC deposit market share information; this ranks FNBO as 7th in the AA with a deposit market share of 4.3 percent.

FNBO offers a full range of credit products, including consumer, credit card, commercial, and real estate loans in the AA.

Refer to the market profile for the Lancaster County NE AA in Appendix C for details on demographics and other performance context information.

## **Scope of Evaluation in Lancaster County NE Assessment Area (AA)**

We performed a full-scope review of CRA performance in the Lancaster County NE AA.

When determining conclusions for the Lending Test, we weighted loan products by number of loans over the evaluation period. In the Lancaster County NE AA, we weighted home mortgage products more heavily than small loans to businesses. During the evaluation period, home mortgage loans represented 68 percent of total reported loans in the AA, while small loans to businesses represented 31 percent of the total. Among HMDA loan categories, home purchase, home refinance, and home improvement loans represented 38 percent, 27 percent, and 3 percent of total reported loans, respectively. We did not evaluate small loans to farms as it represented 1 percent of total reported loans in the Lancaster County NE AA and analysis would not be meaningful given such a small volume.

The data in the tables in Appendix D includes all reportable loans within the bank's AAs. This includes originations from national business (bankcard) or farm loan products, as well as originations from loan products targeted to local businesses and farms. When evaluating the geographic and borrower distribution of small loans to businesses within the AA, we emphasized the distribution of loan originations from products targeted to the local AA. The bank primarily used these products to help meet community credit needs.

## **LENDING TEST**

### **Conclusions for Area Receiving Full-Scope Review**

The bank's performance under the Lending Test in Nebraska is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Lancaster County NE AA is good.

### **Lending Activity**

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

FNBO's lending activity in the Lancaster County NE AA reflects good responsiveness to AA credit needs. FNBO is the dominant financial institution in this AA. Over the evaluation period, FNBO originated 1,893 reportable home mortgage loans totaling \$264 million, 866 reportable business loans totaling \$80 million, 28 reportable farm loans totaling \$979 thousand, and 4 reportable community development loans totaling \$400 thousand.

Home mortgage loans represented the majority of the bank's CRA lending activity at 68 percent of the CRA reportable loans by number and 76 percent by dollar volume. As a

percentage of the number of mortgage loans, home purchase loans represent 55 percent, refinance loans represent 40 percent, home improvement loans represent 4 percent, and multifamily loans represent less than 1 percent. Based on FDIC Deposit Market Share data as of June 30, 2010, FNBO held a 4.31 percent market share of the dollar amount of deposits; ranking 7<sup>th</sup> among 25 FDIC insured depository financial institutions in the AA. During 2009, the bank achieved a 3.08 percent market share by dollar volume of home purchase loans, ranking 9<sup>th</sup> among 106 reporting lenders. By number of loans, the bank ranked 10<sup>th</sup> with a 3.13 percent market share. The bank achieved a 2.17 percent market share by dollar volume of home refinance loans, ranking 12<sup>th</sup> among 170 reporting lenders. By number of loans, the bank ranked 14<sup>th</sup> with a 1.89 percent market share. The bank achieved a 0.10 percent market share by dollar volume of home improvement loans, ranking 45<sup>th</sup> among 53 reporting lenders. By number of loans, the bank ranked 40<sup>th</sup> with a 0.15 percent market share. Multifamily loans represent less than 1 percent of home mortgage loans and have little impact on the rating, although they are included in the analysis below.

FNBO ranked 10<sup>th</sup> in number of multifamily loans and 13<sup>th</sup> in dollar volume among 15 lenders in the AA. Considering the large volume of mortgage loans originated in the AA by large regional banks and mortgage companies, these market ranks/shares are considered adequate when compared to the deposit market rank/share. Also, many of the larger mortgage lenders do not take deposits in the AA, thus distorting the comparisons to deposit market share.

Small business loans represent 31 percent of the CRA reportable loans by number and 23 percent by dollar volume. FNBO achieved a 3.01 percent market share by dollar volume of small loans to businesses, ranking 7<sup>th</sup> among 39 reporting lenders. By number of loans the bank ranked 13<sup>th</sup> with a 1.53 percent market share. Market share of small business loans by dollar volume was given more weight than market share by number of loans due to the large volume of small credit card loans originated in the MSMA by large credit card lending institutions. This is evidenced by the fact that 7 of the top 12 lenders by number of loans had average loan amounts of \$15 thousand or less. FNBO's average loan size was \$81 thousand. Many of these credit card lenders do not take deposits in the AA, thus distorting the comparison to deposit market share.

Additionally, unemployment rates in the AA are considered in evaluating lending activity, as they are generally reflective of the overall economic stability of the area. Unemployment rates remain relatively low in the Lincoln metropolitan area. According to September 2010 data, the unemployment rate is 3.9 percent in Lincoln (Lancaster County).

### **Distribution of Loans by Income Level of the Geography**

The bank's distribution of all reportable loans by geography income level in the Lancaster County NE AA reflects adequate penetration.

#### ***Home Mortgage Loans***

*(Refer to Tables 2, 3, and 4 in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.)*

The bank's geographic distribution of home mortgage loans reflects adequate penetration throughout the Lancaster County NE AA.

In evaluating the geographic distribution of home loans in the AA, it is important to note the number of low- and moderate-income tracts and the population/housing distribution in these tracts. Based on 2000 census data, the AA contains 2 low-income tracts, and 15 moderate-income tracts. There are 4,465 households (5 percent of total households) living in low-income tracts, and 22,260 households (22 percent of total households) living in moderate-income tracts. Twenty-nine percent of households living in low-income tracts are below the poverty level. Eighteen percent of households living in moderate-income tracts are below the poverty level. Such a high number of households living below the poverty level (over 5 thousand in LMI areas) impact the ability to lend in these areas, particularly in the low-income tracts. Also, low-income census tracts contain only 379 owner-occupied housing units while moderate-income tracts contain 7,977 owner-occupied housing units. This represents 1 percent and 13 percent of total owner-occupied housing units in the AA, respectively. Given the demographics in this AA, more weight is placed on the bank's performance in moderate-income tracts, as opportunities to lend are greater.

### Home Purchase

The geographic distribution of home purchase loans is adequate in the Lancaster County NE AA. The percentage of home purchase loans in low-income geographies is significantly lower than the percentage of owner-occupied housing units. The percentage of home purchase loans in moderate-income geographies is somewhat lower than the percentage of owner-occupied housing units. The bank did not make any home purchase loans in 2009 and reflects no market share. The bank's market share in moderate-income tracts is somewhat lower than its overall market share for home purchase loans.

### Home Improvement

The geographic distribution of home improvement loans is poor in the Lancaster County NE AA. The bank did not originate any home improvement loans in low-income geographies. The percentage of home improvement loans in moderate-income geographies is lower than the percentage of owner-occupied housing units. The bank did not make any home improvement loans in 2009 and reflects no market share. This is not a significant product for the bank in this AA.

### Home Refinancing

The geographic distribution of home refinance loans is poor in the Lancaster County NE AA. The percentage of home refinance loans in both low-income geographies and moderate-income geographies is lower than the percentage of owner-occupied housing units. The bank's market share in low-income tracts is significantly lower than its overall market share for home refinance loans. The bank's market share in moderate-income tracts is lower than its overall market share for home refinance loans.

### Multifamily

The geographic distribution of multifamily loans is excellent in the Lancaster County NE AA. Multifamily loans represent less than 1 percent of HMDA reportable loans; therefore, very little weight was given to this product. FNBO originated 10 multifamily loans during the evaluation period. None of these loans were located in low-income geographies and 7 were located in

moderate-income geographies. The bank's percentage of multifamily loans in moderate-income tracts significantly exceeds the number of multifamily units in moderate-income tracts. The bank's market share significantly exceeds its overall market share in moderate -income geographies.

### ***Small Loans to Businesses***

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

Based on 2010 data, there are 462 small businesses located in low-income census tracts and 5,280 located in moderate-income tracts in the AA. This represents 2.3 percent and 26.4 percent of all small businesses in the AA, respectively. Given the demographics in this AA, more weight is placed on the bank's performance in moderate-income tracts as opportunities to lend are greater.

FNBO's geographic distribution of small loans to businesses reflects excellent penetration throughout the Lancaster County NE AA. The percentage of small loans to businesses in low-income tracts exceeds the percentage of businesses located in these tracts. The percentage of small loans to businesses in moderate-income tracts exceeds the percentage of businesses in these tracts. The bank's market share for low-income tracts significantly exceeds its overall market share for small loans to businesses. The bank's market share for moderate-income tracts exceeds its overall market share for small loans to businesses.

The bank's performance remains excellent after eliminating loans originated under the bank's national bankcard lending programs. For loans originated under local business lending programs only, the percentage of small loans to businesses in both low-income and moderate-income tracts exceeds the percentage of businesses located in these tracts.

### ***Lending Gap Analysis***

We reviewed maps and reports of FNBO's lending in the Lancaster County NE AA to identify gaps in the geographic distribution of loans. We did not identify any conspicuous gaps in lending.

### ***Inside/Outside Ratio***

An adequate percentage of FNBO's HMDA and CRA reportable loans were originated or purchased within its combined AAs. HMDA reportable loans originated within the bank's AAs was reported at 69.8 percent. For all CRA reportable small business loans during the evaluation period, FNBO originated only 8 percent by number within its AAs. However, a large volume of these reported loans were originated under national lending programs (i.e. business bankcards) and these loans significantly impact the percentage. When excluding the bankcard loans, the percentage of CRA reportable small business loans originated within the bank's AAs increase significantly to 87.7 percent.

## Distribution of Loans by Income Level of the Borrower

The distribution of all reportable loans by income level of the borrower in the Lancaster County NE AA reflects good penetration.

### **Home Mortgage Loans**

*(Refer to Tables 8, 9 and 10 in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.)*

The distribution of home mortgage loans by income level of the borrower reflects good penetration throughout the Lancaster County NE AA.

In evaluating the borrower distribution of home mortgage loans, we considered the number of LMI families in the AA. We also considered the number of households living below the poverty level and the barriers this may impose on home ownership. There are 61 thousand families in the AA, based on the 2000 census data, with 17 percent considered low-income and 19 percent considered moderate-income. The percentage of total households living below the poverty level is 10 percent. It is likely this number is slightly higher at the present time based on published poverty rates from the individual counties within the AA. More weight was given to the bank's performance related to moderate-income borrowers due to the difficulties many low-income borrowers have in qualifying for mortgage loans, especially those below the poverty level. This is especially true with the tightening of credit standards as a result of the economic downturn that occurred during this evaluation period. In addition, the median home sales price for the Lincoln metropolitan area based on the 2010 National Association of Realtors is approximately \$133.6 thousand. We noted that it would also be difficult for many low-income families and those households living below the poverty level to afford a house in this price range.

### Home Purchase

The borrower income distribution of home purchase loans is excellent for the Lancaster County NE AA. The percentage of home purchase loans to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. The percentage of home purchase loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the AA. The bank's market share for low-income borrowers is somewhat lower than its overall market share for home purchase loans. The bank's market share for moderate-income borrowers exceeds its overall market share for home purchase loans.

### Home Improvement

The borrower income distribution of home improvement loans is adequate for the Lancaster County NE AA. The percentage of home improvement loans to low-income borrowers is lower than the percentage of low-income families in the AA. The percentage of home improvement loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA. The bank did not make any home improvement loans in 2009 for either low-income borrowers or moderate-income borrowers and therefore reflects no market share. However, the bank's market share is minimal and does not contribute significantly to the overall evaluation.

## Home Refinance

The borrower income distribution of home refinance loans is adequate for the Lancaster County NE AA. The percentage of home refinance loans to low-income borrowers is lower than the percentage of low-income families in the AA. The percentage of home refinance loans to moderate-income borrowers is somewhat lower than the percentage of moderate-income families in the AA. The market share of home refinance loans to both low-income and moderate-income borrowers is near to the bank's overall market share for home refinance loans.

### **Small Loans to Businesses**

*(Refer to Table 11 in 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 bank's borrower distribution of small business loans reflects adequate penetration throughout the Lancaster County NE AA.

In evaluating the bank's performance, we considered the competitive market in which the bank operates regarding small business lending and the impact of the large number national bankcard products. We also noted that revenues were only collected on roughly half of the reportable loans. This is because FNBO relied heavily on other analytical tools in the credit evaluation process of small business borrowers for most of the evaluation period as is permissible under the rules. However, it hinders our ability to analyze business lending by revenue size. Overall, FNBO did not gather or report revenue data on 48 percent of all small loans to businesses in the Lancaster County NE AA. Additionally, we considered the effect of the deteriorating economic conditions in much of the evaluation period, which adversely affected both demand for credit and availability of credit on a national scale, especially for smaller businesses.

FNBO's distribution of small loans to businesses with revenues of \$1 million or less is adequate given mitigating factors. The percentage of small loans to businesses is lower than the percentage of businesses with revenues of \$1 million or less in the AA, largely because revenues are unknown on such a large portion of loans and serve to deflate the percentage. The bank's market share of loans to businesses with revenues of \$1 million or less is somewhat lower than the bank's overall market share for small loans to businesses, regardless of revenue size. For loans with known revenues originated under local business lending programs only, the bank originated 59 percent to businesses with revenues of \$1 million or less.

### **Community Development Lending**

*(Refer to Table 1 in Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.)*

CD lending has a positive impact on Lending Test conclusions. FNBO provided a good level of CD loans in the Lancaster County NE AA considering the limited opportunities for CD loans

in the AA. During the evaluation period, FNBO originated 4 CD loans totaling \$400 thousand. The bank's CD loans were all related to affordable housing. The market profile says that opportunities for CD loans are limited. The dollar amount of CD loans originated by FNBO is considered reasonable to meet credit needs in this AA.

In addition to the above loans that directly benefited the Lancaster County NE AA, we gave consideration to a CD loan totaling \$17.8 million that benefited an underserved non-metropolitan middle-income census tract in Northwest Nebraska, that includes the bank's assessment area but does not have the potential to benefit it. The funds were used to construct a new hospital in a rural district where upgraded medical facilities were needed. Since the bank has reasonably met the needs of its AA, we gave consideration to this qualified CD loan.

### **Product Innovation and Flexibility**

FNBO makes use of flexible lending practices in a safe and sound manner to address the credit needs of LMI individuals and geographies, which has a positive impact on the lending test performance.

FNBO participated in several loan programs sponsored by federal and state governments that primarily served LMI home mortgage applicants during the evaluation period. The loan programs generally included reduced down payment requirements, lower interest rates, and more liberal underwriting criteria than conventional loans. FNBO originated the following loans in the Lancaster County AA during the evaluation period:

- 249 Veterans Administration (VA) loans totaling \$34 million
- 216 Federal Housing Authority (FHA) loans totaling \$29 million
- 85 Nebraska Investment Finance Authority (NIFA) loans totaling \$10 million
- 2 United States Department of Agriculture (USDA) Rural Development loans totaling \$251 thousand

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Lending Test in the David City, NE AA and Beatrice, NE AA is not inconsistent with the bank's overall "High Satisfactory" performance under the Lending Test in the State of Nebraska. Refer to the Tables 1 through 13 in the State of Nebraska section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Area Receiving Full-Scope Review**

*(Refer to Table 14 in Appendix D for the facts and data used to evaluate the bank's level of qualified investments.)*

The bank's performance under the Investment Test in Nebraska is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Lancaster County NE AA is good.

## **Lancaster County NE AA**

The bank's dollar volume of qualifying investments, grants, and donations demonstrates an adequate level of qualified investments. This conclusion considers the limited opportunities for CD investments within the AA and credits the bank with adequately addressing these needs. Qualified investments, grants, and donations total \$1.3 million during the evaluation period. Of this total, \$232 thousand is in the current period versus \$1.1 million in the prior period. The bank's dollar volume of qualified contributions reflects the bank's willingness to work with a variety of organizations in the AA to help meet various community development needs. During the evaluation period, the bank made contributions totaling \$232 thousand to 21 organizations providing affordable housing, economic development, revitalization of LMI geographies and community services to LMI individuals. Contributions to organizations which promote economic development were primarily focused on job creation and retention within the Lancaster County NE AA.

One prior period investment totaling \$1.1 million remains outstanding. The investment is a share in a mutual fund with mortgages to LMI borrowers in the AA and has a continuing impact in the AA.

### **Broader Regional Investments**

We also identified 11 investments totaling \$3 million that benefited a broader regional area, including the bank's AAs. Approximately \$2.6 million of this total was investments in Small Business Investment Corporations (SBIC) targeting economic development in the Midwestern states, including Nebraska.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in the Beatrice, NE AA and David City, NE AA is weaker than the bank's overall performance in Nebraska based on limited investment volumes. We recognize that there are limited investment opportunities in these markets; however, the weaker performance in these AAs has a somewhat negative impact on the bank's overall rating. The negative impact is not enough to impair the overall good rating.

## **SERVICE TEST**

### **Conclusions for Area Receiving Full-Scope Review**

The bank's performance under the Service Test in Nebraska is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Lancaster County NE AA is good.

### **Retail Banking Services**

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



The bank's service delivery systems are accessible to geographies and individuals of different income levels throughout the AA. The bank maintains 3 branches and a drive-thru in this AA. There are no branches in the 2 low-income census tracts that contain only 3 percent of the population. There is 1 branch and drive-thru located in the moderate-income tracts. There were no offices opened or closed in the AA during the evaluation period. The percentage of bank offices in moderate-income tracts exceeds the percentage of the population located in moderate-income tracts.

The bank's hours and services offered throughout the AA are good. Hours and services do not vary in a way that inconvenienced the AA, including LMI areas. FNBO supplemented its banking hours and services offered Monday through Friday with offices open on Saturday at all locations except the downtown Lincoln branch, although the drive-thru is open. Office hours and services do not vary in the AA. The bank's complete line of products and services are generally available at all branch locations.

The bank's ATM network offers a reasonably effective alternative system for delivering retail banking services to LMI individuals and geographies. FNBO operated 7 ATMs throughout the Lancaster County NE AA. By geography income level, 43 percent are in moderate-income tracts, 29 percent are in upper-income tracts and 29 percent are in unclassified tracts. The percentage of bank ATMs in moderate-income tracts exceeds the percentage of the population located in moderate-income geographies.

FNBO offered other alternative delivery systems during the evaluation period, including banking by telephone and Internet. No information was available regarding the effectiveness of these services in reaching LMI individuals or geographies. We did not place significant weight on these systems when drawing conclusions under the Service Test.

### **Community Development Services**

FNBO provided an adequate level of qualified CD services benefitting 5 organizations in the AA during the evaluation period. These organizations provide community services, or economic development opportunities primarily benefiting LMI individuals. FNBO employees serve in a variety of capacities, including serving as board members, finance committee members, and/or fundraising committee members of these qualified CD organizations.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in the David City, NE AA and Beatrice, NE AA has no impact on performance under the service test in the State of Nebraska. There are no LMI tracts in the David City, NE AA and only 1 moderate-income tract in the Beatrice, NE AA. Refer to Table 15 in the State of Nebraska section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Texas

|                                       |                         |
|---------------------------------------|-------------------------|
| <b>CRA Rating for State of Texas:</b> | <b>Satisfactory</b>     |
| <b>The Lending Test is rated:</b>     | <b>Low Satisfactory</b> |
| <b>The Investment Test is rated:</b>  | <b>Low Satisfactory</b> |
| <b>The Service Test is rated:</b>     | <b>Low Satisfactory</b> |

- FNBO’s lending activity in the Dallas, TX AA reflects adequate responsiveness to AA credit needs.
- FNBO’s borrower distribution of home mortgage loans reflects poor penetration and the borrower distribution of small business loans reflects adequate penetration throughout the Dallas, TX AA.
- FNBO’s geographic distribution of small business loans reflects excellent penetration and the geographic distribution of home mortgage loans reflects adequate penetration throughout the Dallas, TX AA.
- FNBO makes use of flexible lending programs which has a positive impact on the bank’s Lending Test performance.
- FNBO has an adequate level of qualified community development investments and grants.
- FNBO’s delivery systems are reasonably accessible to geographies and individuals of different income levels. The institution provides a poor level of community development services.

### Description of Institution’s Operations in Dallas, TX Assessment Area (AA)

During the evaluation period, FNBO had 1 AA in the State of Texas, consisting of Collin County and part of adjacent Denton County within the Dallas-Plano-Irving, TX MD. The bank has 4 branches in the AA and 9 ATMs. FNBO offers a full range of business and consumer credit products at these office locations, 2 in Plano and 2 in Frisco (Dallas suburbs).

FNBO’s operations in the Dallas, TX AA are relatively insignificant when compared to the bank’s total operations. This AA comprised 3.3 percent of FNBO’s total deposits as of June 30, 2010, and 1.8 percent of all CRA reportable loans during the evaluation period. FNBO reported \$225 million in deposits in the AA as of June 30, 2010. According to FDIC, deposit market share information as of that date, this ranked FNBO 19<sup>th</sup> out of 79 depository financial institutions with a deposit market share of 1.21 percent.

FNBO does not have a significant market share of home mortgage or small business lending in the AA. For both home mortgage and small business lending, FNBO had less than 1 percent of market share in the Dallas, TX AA.

Refer to the market profile for the State of Texas in Appendix C for detailed demographics and other performance context information for the Dallas, TX AA.

## **Scope of Evaluation in Dallas, TX Assessment Area (AA)**

We performed a full-scope review of CRA performance in the Dallas, TX AA.

When determining conclusions for the Lending Test, we weighted loan products by number of loans over the evaluation period. In the Dallas TX AA, we weighted small loans to businesses more heavily than home mortgage products. During the evaluation period, small loans to businesses represented 78 percent of total CRA reportable loans in the AA, while home mortgage loans represented 22 percent of the total. Among HMDA loan categories, home refinance, home purchase, and home improvement loans represented 12 percent, 8 percent, and 2 percent of total reported loans, respectively. We did not evaluate small loans to farms as analysis would not be meaningful as there was only 1 loan in the evaluation period. There were no multifamily loans.

The data in the tables in Appendix D includes all reportable loans within the bank's AAs. This includes originations from national business (bankcard) or farm loan products, as well as originations from loan products targeted to local businesses and farms. When evaluating the geographic and borrower distribution of small loans to businesses within the AA, we emphasized the distribution of loan originations from products targeted to the local AA. The bank primarily used these products to help meet community credit needs.

## **LENDING TEST**

### **Conclusions for Area Receiving Full-Scope Review**

The bank's performance under the Lending Test in Texas is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in the Dallas, TX AA is adequate.

#### **Lending Activity**

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

FNBO's lending activity in the Dallas, TX AA reflects adequate responsiveness to AA credit needs. Over the evaluation period, FNBO originated 450 small business loans totaling \$26 million and 126 home mortgage loans totaling \$27 million.

To analyze FNBO's lending activity, we compared the bank's deposit market share with its market share for home purchase, home mortgage refinance, and small business loans. Based on FDIC deposit market share data as of June 30, 2010, FNBO ranked 19<sup>th</sup> among the 79 depository financial institutions in the AA, with a market share of 1.21 percent. Only the top 3 deposit-taking institutions had market shares greater than 10 percent and combined they accounted for 43 percent of the market.

Home mortgage loans represented 22 percent of the CRA reportable loans by number and 49 percent by dollar volume. During the evaluation period, home refinance loans represented 53 percent of total home mortgage loans originated by the bank in this AA while home purchase and home improvement loans made up 37 percent and 10 percent, respectively. There were

458 lenders reporting home refinance loans and 417 lenders reporting home purchase loans in 2009. FNBO ranked 75<sup>th</sup> and 102<sup>nd</sup> among these lenders and had market shares of 0.13 percent and 0.07 percent, respectively. FNBO did not report any home improvement loans during 2009. These market ranks/shares are considered adequate when compared to the deposit market rank/share, due to the large volume of mortgage loans originated in the AA by large regional banks and mortgage companies, many of which do not take deposits in the AA, thus distorting the comparison. Additionally, home mortgage loans are not a major product for the bank in this AA and small business loans are given more weight. The bank made only 126 home mortgage loans in the AA during the evaluation period.

Small business loans represented the majority of the bank's CRA lending activity at 78 percent of the CRA reportable loans by number and 50 percent by dollar volume. There were 122 lenders reporting small loans to businesses in 2009 and FNBO ranked 22<sup>nd</sup> among these lenders with a market share of 0.30 percent. The top 5 lenders combined accounted for 76 percent of the market share of loans to small businesses in this AA. Almost all of the top 20 lenders in this market are large national credit card lenders.

Additionally, unemployment rates in the AA are considered in evaluating lending activity as they are generally reflective of the overall economic stability of the area. Unemployment rates are relatively high in the Dallas, TX AA. From September 2010 data, Collin and Denton Counties both reported unemployment rates of 7.2 percent.

### **Distribution of Loans by Income Level of the Geography**

The bank's distribution of all reportable loans by geography income level in the Dallas, TX AA reflects good penetration.

#### ***Home Mortgage Loans***

*(Refer to Tables 2, 3, and 4 in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.)*

The bank's geographic distribution of home mortgage loans reflects adequate penetration throughout the Dallas, TX AA. The bank did not make any home mortgage loans in LMI geographies during the evaluation period. However, there are several important mitigating factors noted below.

In evaluating the geographic distribution of home loans in the AA, it is important to note the number of LMI tracts and the population/housing distribution in these tracts. Based on 2000 census data, the AA contains no low-income tracts, and 3 moderate-income tracts. There are 4,825 households (2 percent of total households) living in the moderate-income tracts with 18 percent of the households living below the poverty level. These moderate-income tracts contain only 1.5 percent of the owner occupied housing units in the AA (roughly 2,140 units). This combines with the bank's very limited approach to mortgage lending in this market (1 originator) to result in relatively small demographic measure. To illustrate, if the bank had originated 1 loan in any of the home mortgage categories in the moderate-income geography, they would have equaled or exceeded the demographic figure used for rating analysis. Thus, the combination of relatively high numbers of households below poverty and low numbers of owner-occupied properties in moderate-income tracts decreases opportunities for all banks to

lend in this highly competitive AA. This results in the assessment that the bank's activities are adequate.

### **Small Loans to Businesses**

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

Based on 2010 data, there are 2,211 small businesses located in moderate-income tracts in the AA. This represents 3.8 percent of all small businesses in the AA.

FNBO's geographic distribution of small loans to businesses reflects excellent penetration throughout the Dallas, TX AA. The percentage of small loans to businesses in moderate-income tracts exceeds the percentage of businesses in these tracts. The bank's market share for moderate-income tracts is near to its overall market share for small loans to businesses. Approximately one-half of the loans to small businesses were originated under the bank's national loan programs.

### **Lending Gap Analysis**

Data detailing FNBO's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of those loans. No unexplained conspicuous gaps were identified.

### **Inside/Outside Ratio**

An adequate percentage of FNBO's HMDA and CRA reportable loans were originated or purchased within its combined AAs. HMDA reportable loans originated within the bank's AAs was reported at 69.8 percent. For all CRA reportable small business loans during the evaluation period, FNBO originated only 8 percent by number within its AAs. However, a large volume of these reported loans were originated under national lending programs (i.e. business bankcards) and these loans significantly impact the percentage. When excluding the bankcard loans, the percentage of CRA reportable small business loans originated within the bank's AAs increase significantly to 87.7 percent.

### **Distribution of Loans by Income Level of the Borrower**

The distribution of all reportable loans by income level of the borrower in the Dallas, TX AA reflects adequate penetration.

#### **Home Mortgage Loans**

*(Refer to Tables 8, 9 and 10 in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.)*

The distribution of home mortgage loans by income level of the borrower reflects poor penetration throughout the Dallas, TX AA.

In evaluating the borrower distribution of home mortgage loans, we considered the number of low- and moderate-income families, and households living below the poverty level and the

barriers this may impose on home ownership. There are 151 thousand families in the AA, based on the 2000 census data, with 10 percent considered low-income and 11 percent considered moderate-income. The percentage of total households living below the poverty level is low at 4 percent. It is likely this number is slightly higher at the present time based on published poverty rates from the individual counties within the AA. More weight was given to the bank's performance related to moderate-income borrowers due to the difficulties many low-income borrowers have in qualifying for mortgage loans, especially those below the poverty level. This is especially true with the tightening of credit standards as a result of the economic downturn that occurred during the evaluation period. In addition, the median home sales price for the Dallas metropolitan area based on the 2010 National Association of Realtors is approximately \$143.8 thousand. We noted that it would also be difficult for many low-income families and those households living below the poverty level to afford a house in this price range.

### Home Purchase

The borrower income distribution of home purchase loans is good for the Dallas, TX AA. The percentage of home purchase loans to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. The percentage of home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. The market share of home purchase loans to low-income borrowers exceeds the bank's overall market share for home purchase loans. The market share of home purchase loans to moderate-income borrowers is somewhat lower than the bank's overall market share for home purchase loans.

### Home Improvement

The borrower income distribution of home improvement loans is not meaningful for the Dallas, TX AA. This is not a major product for the bank and the bank made only 13 home improvement loans in the AA during the evaluation period. None were to LMI borrowers.

### Home Refinance

The borrower income distribution of home refinance loans is very poor for the Dallas, TX AA. The bank originated no home refinance loans to low-income borrowers. The percentage of home refinances to moderate-income families in the AA is lower than the percentage of moderate-income families in the AA. The market share of home refinance loans to moderate-income borrowers is lower than the bank's overall market share for home refinance loans.

### **Small Loans to Businesses**

*(Refer to Table 11 in 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 bank's borrower distribution of small business loans reflects adequate penetration throughout the Dallas, TX AA.

In evaluating the bank's performance, we considered the competitive market in which the bank operates regarding small business lending and the impact of the large number national bankcard products. This includes recognition that revenues were reported on a relatively small

percentage of bankcard loans during the evaluation period. This is because FNBO relied heavily on other analytical tools in the credit evaluation process of small business borrowers for most of the evaluation period as is permissible under the rules. However, it hinders our ability to analyze business lending by revenue size. Overall, FNBO did not gather or report revenue data on 61 percent of all small loans to businesses in the Dallas, TX AA. Additionally, we considered the effect of the deteriorating economic conditions in much of the evaluation period, which adversely affected both demand for credit and availability of credit on a national scale, especially for smaller businesses.

FNBO's distribution of small loans to businesses with revenues of \$1 million or less is adequate given mitigating factors. The percentage of small loans to businesses is significantly lower than the percentage of businesses with revenues of \$1 million or less in the AA, largely because revenues are unknown on such a large portion of loans and serve to deflate the percentage. However, the bank's market share to businesses with revenues of \$1 million or less is near to the bank's overall market share for small loans to businesses, regardless of revenue size. For loans with known revenues, under local business lending programs only, the bank originated 62 percent to businesses with revenues of \$1 million or less.

### **Community Development Lending**

*(Refer to Table 1 in Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.)*

CD lending has neutral impact on Lending Test conclusions. FNBO did not provide any CD loans in the Dallas, TX AA during the evaluation period.

### **Product Innovation and Flexibility**

FNBO makes use of flexible lending practices in a safe and sound manner to address the credit needs of LMI individuals and geographies, which has a positive impact on the lending test performance.

FNBO participated in 2 loan programs sponsored by the federal government that primarily served LMI home mortgage applicants during the evaluation period. The loan programs generally included reduced down payment requirements, lower interest rates, and more liberal underwriting criteria than conventional loans. FNBO originated the following loans in the Dallas, Texas AA during the evaluation period:

- 11 Federal Housing Authority (FHA) loans totaling \$1.9 million
- 3 Veterans Administration (VA) loans totaling \$523 thousand

### **INVESTMENT TEST**

*Refer to Table 14 in the state of Texas section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.*

The bank's performance under the Investment Test in Texas is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in the Dallas, TX AA is adequate.

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's dollar volume of qualifying investments, grants and donations demonstrates an adequate level of qualified investments given the bank's limited market penetration and limited opportunities for investments. Qualified investments, grants and donations total \$1.8 million during the evaluation period. Of this total, \$110 thousand is current period versus \$1.7 million prior period. During the evaluation period, the bank made contributions totaling \$110 thousand to 5 organizations providing economic development, and community services to LMI. One prior period investment totaling \$1.7 million remains outstanding. The investment is a share in a mutual fund with mortgages to LMI borrowers in the AA and has a continuing impact in the AA.

### **SERVICE TEST**

#### **Conclusions for Area Receiving Full-Scope Review**

The bank's performance under the Service Test in Texas is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in the Dallas, TX AA is adequate.

#### **Retail Banking Services**

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

The bank's service delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the AA. The bank has 4 branches in the AA, all in upper-income census tracts. There are no low-income tracts in the AA and there are no bank branches in any of the 3 moderate-income tracts. However, there are mitigating factors, including the fact that the moderate-income tracts contain only 2.8 percent of the entire AA population. The vast majority of the AAs population and 80 of the AAs 98 census tracts are located in the Southwest quadrant of Collin County. All 3 moderate-income tracts are also located in this quadrant, as are 3 of the bank's 4 branches. The boundaries of this Southwest quadrant are roughly 12 miles by 12 miles with 2 highways running diagonally through it. This helps provide reasonable accessibility to the bank's branches from the moderate-income tracts and for persons of all income levels.

FNBO opened 1 office in this AA during the evaluation period in Plano, TX on November 13, 2006. FNBO did not close any branches in this AA during the evaluation period.

The bank's hours and services offered through this branch are good. Hours and services do not vary in a way that inconveniences the AA, including LMI areas. The bank's complete line of products and services are generally available at these locations.

The bank's ATM network offers a reasonably effective alternative system for delivering retail banking services to LMI individuals and geographies. FNBO operated 9 ATMs throughout the



Dallas, TX AA. All ATMs are located in upper-income census tracts. There are no ATMs in moderate-income geographies. However, see the mitigating factors above.

FNBO offered other alternative delivery systems during the evaluation period, including banking by telephone and Internet. No information was available regarding the effectiveness of these services in reaching LMI individuals or geographies. We did not place significant weight on these systems when drawing conclusions under the Service Test.

### **Community Development Services**

FNBO representatives provided a poor level of CD services in the Dallas, TX AA. During the evaluation period, bank personnel served on Boards or loan committees of 3 organizations providing community services targeted to LMI individuals. This volume of activity was poor although the bank has a very limited market presence in the AA.

## State Rating

### State of Iowa

|   |   |
|---|---|
| <p><b>CRA Rating for State of Iowa:</b><br/> <b>The Lending Test is rated:</b><br/> <b>The Investment Test is rated:</b><br/> <b>The Service Test is rated:</b></p> | <p><b>Satisfactory</b><br/> <b>Not Rated</b><br/> <b>Low Satisfactory</b><br/> <b>High Satisfactory</b></p> |
|---|---|

- FNBO’s lending activity in the Des Moines, IA AA reflects adequate responsiveness to AA credit needs.
- FNBO’s borrower distribution of home mortgage loans reflects adequate penetration and the borrower distribution of small business loans is not rated as there is not sufficient data to provide a reliable indication of the bank’s performance Des Moines, IA AA. As this is a critical rating component, it prevents us from assigning an overall lending test rating in this AA.
- FNBO’s geographic distribution of small business loans reflects good penetration and the geographic distribution of home mortgage loans reflects very poor penetration throughout the Des Moines, IA AA.
- FNBO makes use of flexible lending programs which has a positive impact on the bank’s Lending Test performance.
- FNBO has an adequate level of qualifying investments, grants and donations.
- FNBO’s delivery systems are accessible to geographies and individuals of different income levels. The institution provides an adequate level of community development services.
- The institution provides an adequate level of community development services.

### **Description of Institution’s Operations in Des Moines, IA Assessment Area (AA)**

During the evaluation period, FNBO had 1 AA in the State of Iowa consisting of 3 counties within the Des Moines-West Des Moines, IA MSA. The bank entered this market midway into the evaluation period (June 2008) and operates 1 branch and 2 ATMs in this AA. The AA was expanded during 2009 to include all of Polk, Dallas and Madison counties. However, following the expansion of the AA, the mortgage origination group dissolved due to originator attrition and low market penetration. It is no longer operational and applicants are currently directed to the mortgage group in Omaha.

FNBO’s operations in the Des Moines, IA AA are minor when compared to the bank’s total operations. The AA generated only 0.06 percent of FNBO’s total deposits as of June 30, 2010, and 3.03 percent of all CRA reportable loans during the evaluation period. FNBO reported \$4

million in deposits in the Des Moines AA as of June 30, 2010. According to FDIC deposit market share information as of that date, this ranked FNBO 42<sup>nd</sup> out of 44 depository financial institutions with a deposit market share of 0.03 percent. Only the top 4 deposit taking institutions have greater than 10 percent market share, indicating numerous competitors for financial services.

FNBO does not have a significant market share of home mortgage or small business lending in the Des Moines, IA AA. For both home mortgage and small business lending, FNBO had less than 1 percent of market share.

Refer to the market profile for the State of Iowa in Appendix C for detailed demographics and other performance context information for the AA that received a full-scope review.

### **Scope of Evaluation in Des Moines, IA Assessment Area (AA)**

We performed a full-scope review of CRA performance in the Des Moines, IA AA.

When determining conclusions for the Lending Test, we weighted loan products by number of loans over the evaluation period. In the Des Moines, IA AA, we weighted small loans to businesses more heavily than home mortgage products. During the evaluation period, small loans to businesses represented 66 percent of total reported loans in the AA, while home mortgage loans represented 33 percent of the total. Among HMDA loan categories, home refinance, home purchase, and home improvement loans represented 12 percent, 17 percent, and 4 percent of total reported loans, respectively. We did not evaluate small loans to farms as they were minimal and a reasonable analysis is not meaningful in the Des Moines, IA AA.

The data in the tables in Appendix D includes all reportable loans within the bank's AAs. This includes originations from national business (bankcard) or farm loan products, as well as originations from loan products targeted to local businesses and farms.

## **LENDING TEST**

### **Conclusions for Area Receiving Full-Scope Review**

The bank's performance under the Lending Test in Iowa is not rated as there is not sufficient data to provide a reliable indication of the bank's performance in the Des Moines, IA AA.

#### **Lending Activity**

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

FNBO's lending activity in the Des Moines, IA AA reflects adequate responsiveness to AA credit needs. Over the evaluation period, FNBO originated 623 small business loans totaling \$11 million and 313 home mortgage loans totaling \$40.5 million.

To analyze FNBO's lending activity, we compared the bank's deposit market share with its market share for home purchase, home mortgage refinance, and small business loans. Based on FDIC deposit market share data as of June 30, 2010, there were 44 depository financial

institutions with 1 or more banking offices in the bank's Des Moines, IA AA. FNBO ranks 42<sup>nd</sup> among these institutions with a market share of 0.03 percent.

Small business loans represent 66 percent of the CRA reportable loans by number and 21 percent by dollar volume. The vast majority of these loans are business bankcard loans as reflected by the low dollar volume. FNBO achieved a 0.36 percent market share by dollar volume of small loans to businesses and 0.56 percent by number of loans, ranking them 19<sup>th</sup> among 51 reporting lenders in both areas. The top 4 reporting lenders dominate the market with 61 percent of the market share in number and 49 percent in dollar amount of loans. These 4 lenders include two credit card banks, a large national bank and a local financial institution. Small loans to farms and multifamily loans did not represent a significant portion of the bank's lending activity.

The bank's volume of home purchase and home mortgage refinance loans was adequate, considering the bank's small market penetration and significant competition in the market. Home purchase loans represent 50 percent of mortgage loans by number while home refinance loans made up 37 percent and home improvement loans 12 percent. During 2009, the bank achieved a 0.16 percent market share by number of home refinance loans, ranking them 62<sup>nd</sup> among 272 reporting lenders. The bank did not report any home purchase or home improvement loans during 2009. Mortgage lending is no longer a focus in this market. Due to originator attrition and low volumes, the bank no longer maintains a mortgage originator in this AA. Borrowers are now referred to the mortgage group in Omaha.

Additionally, unemployment rates in the AA are considered in evaluating lending activity as they are generally reflective of the overall economic stability of the area. Unemployment rates are moderate in the Des Moines, IA AA. From September 2010 data, the unemployment rate is 5.9 percent in the Des Moines metropolitan area.

## **Distribution of Loans by Income Level of the Geography**

The bank's distribution of all reportable loans by geography income level in the Des Moines, IA AA reflects adequate penetration.

### ***Home Mortgage Loans***

*(Refer to Tables 2, 3, and 4 in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.)*

The bank's geographic distribution of home mortgage loans reflects very poor penetration throughout the Des Moines, IA AA.

In evaluating the geographic distribution of home loans in the AA, it is important to note the number of low- and moderate-income tracts and the population/housing distribution in these tracts. Based on 2000 census data, the AA contains 6 low-income tracts, and 23 moderate-income tracts. There are 8,295 households (5 percent of total households) living in low-income tracts, and 34,687 households (20 percent of total households) living in moderate-income tracts. The low-income tracts contain 16 percent of the households living below the poverty level in the AA. The moderate-income tracts contain 32 percent of households living below the poverty level. Such a high number of households living below the poverty level (approximately 6M) impact the ability to lend in these areas, particularly in the low-income

tracts given the lower number of households. Also, low-income census tracts contain 2,254 owner-occupied housing units while moderate-income tracts contain 23,591 owner-occupied housing units. This represents 2 percent and 20 percent of total owner-occupied housing units in the AA, respectively. Given the demographics in this AA, more weight is placed on the bank's performance in moderate-income tracts as opportunities to lend are greater.

### Home Purchase

The geographic distribution of home purchase loans is very poor in the Des Moines, IA AA. There were no loans in low-income geographies. The percentage of home purchase loans in moderate-income geographies is significantly lower than the percentage of owner-occupied housing units. Market share data is from 2009 and the bank did not make any home purchase loans in low- or moderate-income tracts in 2009.

### Home Improvement

The geographic distribution of home improvement loans is poor in the Des Moines, IA AA. The percentage of home improvement loans in low-income geographies exceeds the percentage of owner-occupied housing units. The percentage of home improvement loans in moderate-income geographies is significantly lower than the percentage of owner-occupied housing units. Market share data is from 2009 and the bank did not make any home improvement loans in low- or moderate-income tracts in 2009.

### Home Refinancing

The geographic distribution of home refinance loans is very poor in the Des Moines, IA AA. The percentage of home refinance loans in low-income geographies is lower than the percentage of owner-occupied housing units. The percentage of home refinance loans in moderate-income geographies is significantly lower than the percentage of owner-occupied housing units. Market share data is from 2009 and the bank did not make any home refinance loans in low- or moderate-income tracts in 2009.

### Multifamily

The bank did not make any multifamily loans in the AA during the evaluation period.

### ***Small Loans to Businesses***

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

FNBO's geographic distribution of small loans to businesses reflects good penetration throughout the Des Moines, IA AA. The percentage of small loans to businesses in low-income tracts is somewhat lower than the percentage of businesses located in these tracts. The percentage of small loans to businesses in moderate-income tracts is near to the percentage of businesses in these tracts. The bank's market share for both LMI tracts exceeds its overall market share for small loans to businesses.

The bank's performance in the AA consists almost entirely of loans originated under the bank's national bankcard lending programs. Approximately 97 percent of loans to small businesses were originated under these programs.

### ***Lending Gap Analysis***

Data detailing FNBO's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of those loans. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

An adequate percentage of FNBO's HMDA and CRA reportable loans were originated or purchased within its combined AAs. HMDA reportable loans originated within the bank's AAs was reported at 69.8 percent. For all CRA reportable small business loans during the evaluation period, FNBO originated only 8 percent by number within its AAs. However, a large volume of these reported loans were originated under national lending programs (i.e. business bankcards) and these loans significantly impact the percentage. When excluding the bankcard loans, the percentage of CRA reportable small business loans originated within the bank's AAs increase significantly to 87.7 percent.

### **Distribution of Loans by Income Level of the Borrower**

The distribution of all reportable loans by income level of the borrower in the Des Moines, IA AA reflects poor penetration.

#### ***Home Mortgage Loans***

*(Refer to Tables 8, 9 and 10 in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.)*

The distribution of home mortgage loans by income level of the borrower reflects adequate penetration throughout the Des Moines, IA AA.

In evaluating the borrower distribution of home mortgage loans, we considered the number of LMI families and households living below the poverty level and the barriers this may impose on home ownership. The percentage of total low-income families in the Des Moines, IA AA based on the 2000 census data is 18 percent. Approximately 7 percent of all households live below the poverty level. It is likely this number is slightly higher at the present time based on published poverty rates from the individual counties within the AA. More weight was given to the bank's performance related to moderate-income borrowers due to the difficulties many low-income borrowers have in qualifying for mortgage loans, especially those below the poverty level. This is especially true with the tightening of credit standards as a result of the economic downturn that occurred during the evaluation period. In addition, the median home sales price for the Des Moines metropolitan area based on the 2010 National Association of Realtors is approximately \$150.9 thousand. We noted that it would also be difficult for many low-income families and those households living below the poverty level to afford a house in this price range.

Home Purchase

The borrower income distribution of home purchase loans is adequate for the Des Moines, IA AA. The percentage of home purchase loans to low-income borrowers is lower than the percentage of low-income families in the AA. The percentage of home purchase loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA. Market share data is from 2009 and the bank did not make any home purchase loans to low- or moderate-income borrowers in 2009.

Home Improvement

The borrower income distribution of home improvement loans is adequate for the Des Moines, IA AA. The percentage of home improvement loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. Market share data is from 2009 and the bank did not make any home improvement loans to low- or moderate-income borrowers in 2009.

Home Refinance

The borrower income distribution of home refinance loans is poor for the Des Moines, IA AA. The percentage of home refinance loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The percentage of home refinance loans to moderate-income borrowers is somewhat lower than the percentage of moderate-income families in the AA. Market share data is from 2009 and the bank did not make any home refinance loans to low-income borrowers in 2009. The market share of home refinance loans to moderate-income borrowers is lower than the bank's overall market share for home refinance loans.

***Small Loans to Businesses***

*(Refer to Table 11 in 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 bank's borrower distribution of small business loans is not rated as there is not sufficient data to provide a reliable indication of the bank's performance the Des Moines, IA AA. This impacts the ability to rate the overall lending test performance.

In evaluating the bank's performance, we considered the competitive market in which the bank operates regarding small business lending and the impact of the large number national bankcard products. This includes recognition that revenues were reported only on a relatively small percentage of bankcard loans during the evaluation period. This is because FNBO relied heavily on other analytical tools in the credit evaluation process of small business borrowers for most of the evaluation period as is permissible under the rules. However, it hinders our ability to analyze business lending by revenue size. Overall, FNBO did not gather or report revenue data on 79 percent of all small loans to businesses in the Des Moines, IA AA. Additionally, we considered the effect of the deteriorating economic conditions in much of the evaluation period, which adversely affected both demand for credit and availability of credit on a national scale, especially for smaller businesses.

FNBO's distribution of small loans to businesses with revenues of \$1 million or less is not rated as the number of applicable loans is small in comparison to total loans and impairs any meaningful analysis. The percentage of small loans to businesses is significantly lower than the percentage of businesses with revenues of \$1 million or less in the AA, largely because revenues are unknown on such a large portion of loans and serve to deflate the percentage. The bank's market share to businesses with revenues of \$1 million or less is also significantly lower than the bank's overall market share for small loans to businesses, regardless of revenue size. Therefore, we concluded that there is not sufficient data to provide a reliable indication of the bank's performance.

### **Community Development Lending**

*(Refer to Table 1 in Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.)*

CD lending has a neutral impact on Lending Test conclusions. FNBO did not provide any CD loans in the Des Moines, IA AA during the evaluation period.

### **Product Innovation and Flexibility**

FNBO makes use of flexible lending practices in a safe and sound manner to address the credit needs of LMI individuals and geographies, which has a positive impact on the lending test performance. While positive based on limited presence, it has a positive impact on lending performance vs. rating.

FNBO participated in a few loan programs sponsored by federal and state governments that primarily served LMI home mortgage applicants during the evaluation period. The loan programs generally included reduced down payment requirements, lower interest rates, and more liberal underwriting criteria than conventional loans. FNBO originated the following loans in the Des Moines, IA AA during the evaluation period:

- 17 Veterans Administration (VA) loans totaling \$2.9 million
- 15 Federal Housing Authority (FHA) loans totaling \$2.5 million
- 1 Iowa Finance Authority (IFA) loan totaling \$111 thousand

## **INVESTMENT TEST**

The bank's performance under the Investment Test in Iowa is "Low Satisfactory." Based on full-scope reviews, the bank's performance in the Des Moines, IA AA is adequate.

### **Conclusions for Area Receiving Full-Scope Review**

*(Refer to Table 14 in Appendix D for the facts and data used to evaluate the bank's level of qualified investments.)*



The bank's dollar volume of qualifying investments, grants and donations demonstrates an adequate level of qualified investments in responsive to area needs given the bank's limited market penetration and moderate level of area investment opportunities. Qualified investments, grants and donations totaled \$315 thousand during the evaluation period. Of this total, \$2.5 thousand is current period versus \$312 thousand prior period.

The bank's dollar volume of qualified contributions reflects the bank's limited presence in this market. During the evaluation period, the bank contributed \$2,500 to 2 organizations in the AA. These contributions were targeted for economic development and community services for LMI individuals. One prior period investment totaling \$312 thousand remains outstanding. This investment was to provide capital for mortgages to LMI borrowers in the AA and has a continuing impact in the AA.

## **SERVICE TEST**

### **Conclusions for Area Receiving Full-Scope Review**

The bank's performance under the Service Test in Iowa is "High Satisfactory." Based on full-scope reviews, the bank's performance in the Des Moines, IA AA is excellent.

#### **Retail Banking Services**

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

The bank's service delivery systems are readily accessible to geographies and individuals of different income levels throughout the AA. The bank has 1 branch in the AA and it is located in a low-income census tract. Thus, the percentage of bank branches in low-income tracts significantly exceeds the percentage of the AA population that resides in low-income tracts.

FNBO opened the office in the Des Moines, IA AA on June 30, 2008. It is the bank's only physical presence in this market area. FNBO did not close any branches in this AA during the evaluation period.

The bank's hours and services offered through this branch are good. Hours and services do not vary in a way that inconveniences the AA, including LMI areas. The bank's complete line of products and services are generally available at this location; however, this branch discontinued originating mortgage loans in 2009. The bank no longer staffs an originator due to lack of business and customers are referred to apply directly through the mortgage office in Omaha.

The bank's ATM network offers a reasonably effective alternative system for delivering retail banking services to LMI individuals and geographies. FNBO operated 2 ATMs throughout the Des Moines, IA AA. Both ATMs are located in low-income census tracts. The percentage of bank ATMs in low-income geographies exceeds the percentage of the AA population that resides in low-income tracts.

FNBO offered other alternative delivery systems during the evaluation period, including banking by telephone and Internet. No information was available regarding the effectiveness of these services in reaching LMI individuals or geographies. We did not place significant weight on these systems when drawing conclusions under the Service Test.

### **Community Development Services**

FNBO representatives provide an adequate level of CD services benefitting the Des Moines, IA AA. During the evaluation period, bank personnel served on Boards or loan committees of 6 organizations providing community services targeted to LMI individuals or providing assistance to small businesses. This volume of activity was adequate given the bank's small market presence in the AA. Another factor is that the bank is new in this market and the sole office in this AA was opened midway through the evaluation period.

## 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”).

|   |   |  |
|---|---|--|
| <b>Time Period Reviewed</b>   | Lending Test (excludes CD loans): (01/01/2006 to 9/29/2010)<br>Investment and Service Tests and CD Loans:<br>(10/1/06 to 9/29/10) |  |
| <b>Financial Institution</b>  | <b>Products Reviewed</b>  |  |
| First National Bank of Omaha (FNBO)<br>1620 Dodge Street<br>Omaha, NE 68102                 | Home Mortgage, Small Business, Small Farm, Community Development  |  |
| <b>Affiliate(s)</b>   | <b>Affiliate Relationship</b>   | <b>Products Reviewed</b>   |
| FNN Community Development Corporation   | Operating Subsidiary  | Loans and Investments  |
| <b>List of Assessment Areas and Type of Examination</b>                                     |   |  |
| <b>Assessment Area</b>  | <b>Type of Exam</b>   | <b>Other Information</b>   |
| <b>Multistate Metropolitan Area:</b><br>Omaha-Council Bluffs, NE-IA MSMA                    | Full-Scope  | NE: Douglas and Sarpy Counties<br>IA: Pottawattamie and Mills Counties |
| <b>State of Nebraska:</b><br>Lancaster County NE AA<br>Beatrice, NE AA<br>David City, NE AA | Full-Scope<br>Limited-Scope<br>Limited-Scope  | Includes city of Lincoln   |
| <b>State of Texas:</b><br>Dallas, TX AA   | Full-Scope  | TX: Collin County (all), Denton County (partial)                       |
| <b>State of Iowa:</b><br>Des Moines, IA AA  | Full-Scope  | IA: Polk, Dallas, and Madison Counties                                 |

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

| RATINGS                                |                      | First National Bank of Omaha |                     |                                      |
|--|----------------------|------------------------------|---------------------|--------------------------------------|
| Overall Bank:                          | Lending Test Rating* | Investment Test Rating       | Service Test Rating | Overall Bank/State/Multistate Rating |
| First National Bank of Omaha           | High Satisfactory    | High Satisfactory            | Outstanding         | Satisfactory                         |
| Multistate Metropolitan Area or State: |                      |                              |                     |                                      |
| Omaha-Council Bluffs, NE-IA MSMA       | High Satisfactory    | High Satisfactory            | Outstanding         | Satisfactory                         |
| State of Nebraska                      | High Satisfactory    | Low Satisfactory             | High Satisfactory   | Satisfactory                         |
| State of Texas                         | Low Satisfactory     | Low Satisfactory             | Low Satisfactory    | Satisfactory                         |
| State of Iowa                          | Not Rated            | Low Satisfactory             | 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

### Omaha-Council Bluffs NE-IA MSMA

| Demographic Information for Full Scope Area: Omaha-Council Bluffs NE-IA MSMA                         |         |                        |  |               |                 |            |
|--|---------|------------------------|--|---------------|-----------------|------------|
| Demographic Characteristics  | #       | Low % of #             | Moderate % of #  | Middle % of # | Upper % of #    | NA* % of # |
| Geographies (Census Tracts/BNAs)   | 216     | 3.24                   | 27.31  | 44.91         | 24.54           | 0.00       |
| Population by Geography  | 688,431 | 2.19                   | 26.61  | 45.90         | 25.30           | 0.00       |
| Owner-Occupied Housing by Geography  | 173,540 | 1.10                   | 20.73  | 48.79         | 29.38           | 0.00       |
| Business by Geography  | 53,218  | 1.94                   | 20.15  | 46.95         | 30.95           | 0.00       |
| Farms by Geography   | 2,303   | 0.35                   | 6.90   | 66.87         | 25.88           | 0.00       |
| Family Distribution by Income Level  | 177,203 | 17.68                  | 19.16  | 24.26         | 38.90           | 0.00       |
| Distribution of Low and Moderate Income Families throughout MSMA Geographies                         | 65,270  | 3.48                   | 40.38  | 44.98         | 11.15           | 0.00       |
| Median Family Income<br>HUD Adjusted Median Family Income for 2010<br>Households Below Poverty Level |         | 53,955<br>70,300<br>8% | Median Housing Value<br>Unemployment Rate (blended MSMA<br>for September 2010) |               | 104,427<br>4.7% |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2010 HUD updated MFI

FNBO has designated Douglas and Sarpy Counties in Nebraska and Pottawattamie and Mills Counties in Iowa as its AA within the Omaha – Council Bluffs, NE-IA MSMA. The bank’s MSMA does not arbitrarily exclude any areas, particularly low- or moderate-income areas. The larger multistate Omaha-Council Bluffs NE-IA MSA consists of 5 counties in Nebraska and 3 counties in Iowa; however, FNBO limited their AA to the 4 counties that contain the metropolitan Omaha and Council Bluffs areas. The designated MSMA consists of 216 census tracts. Based on the 2000 Census median family income of \$53,955, 7 census tracts are classified low-income, 59 moderate-income, 97 middle-income, and 53 upper-income.

FNBO provides a full range of loan and deposit products to the MSMA. The MSMA includes FNBO’s main office, 27 full service branches and 2 limited service branches. FNBO also operates a cyber office within the MSMA and supplements its branch network with 114 ATMs. FNBO has 28 branches located in Douglas and Sarpy Counties, Nebraska and 1 branch each located in Pottawattamie and Mills Counties, Iowa. A substantial portion of the bank’s deposit and lending activity occurs within the Omaha-Council Bluffs NE-IA MSMA. Of FNBO’s 4 rated areas, this MSMA is the most significant reporting 91 percent of total deposits as of June 30, 2010 and 79 percent of all CRA reportable loans during the evaluation period.

Competition for financial services within the MSMA is strong. Forty-five depository financial institutions operated 287 banking offices in this MSMA as of June 30, 2010. Primary competitors included Wells Fargo Bank, N.A.; U.S. Bank, N.A.; Great Western Bank; American National Bank; and Bank of the West. Credit unions, finance companies, and mortgage

companies also competed for loan production throughout the assessment area. Aggregate home mortgage data (HMDA) noted 334 lenders reporting mortgage loans in this AA in 2010.

The bank's deposits in the MSMA as of June 30, 2010 totaled approximately \$6.2 billion. FNBO ranks first out of the 45 institutions in the MSMA with 36 percent of the market share, based on FDIC market share data. FNBO leads the market in deposits, as the next largest deposit-taking institution had a 12 percent market share. FNBO ranks 2nd in market share for HMDA loans with 9.45 percent of the market within the MSMA.

According to the 2000 Census, the population living in the MSMA is slightly over 688 thousand and the number of families is 177 thousand. The percentage of families by income level is 1.57 percent for low-income, 24.09 percent moderate-income, 46.99 percent middle-income and 27.36 percent upper-income. In aggregate, 8.29 percent of the households had income below the poverty level as reported in the 2000 Census.

Based on the 2000 Census, the median housing value in the Omaha-Council Bluffs MSMA is \$104,427. In 2000, housing stock in the MSMA was 279,085 units; with 1.86 percent located in low-income census tracts, 27.41 percent in moderate-income census tracts, 47.88 percent in middle-income census tracts, and 22.85 percent in upper-income census tracts. As of the 2000 Census, 62.18 percent of the available units being owner-occupied, 32.70 percent of the units are occupied-rental units, and 5.12 percent of the units are vacant. Sales prices within the Omaha-Council Bluffs, NE MSMA have not had much fluctuation. The National Association of Realtors reports 2010 median sales of existing homes within the area of \$137,300 compared to \$133,700 in 2009 and \$135,200 in 2008.

The local economy has remained relatively stable. While Omaha serves as a regional service and trade center, diversification exists through various industries such as communication, telemarketing, medical, data processing, transportation, education, insurance, military installations, and agriculture processing. The well-diversified economy has kept the area's unemployment rate under the national rate throughout the past decade. Unemployment rates remain relatively low in the counties that makeup the MSMA. From September 2010 data, rates are 4.8 percent in Douglas County NE, 4.4 percent in Sarpy County NE, 4.6 percent in Mills County IA, and 4.9 percent in Pottawattamie County.

Major employers in the area during the evaluation period include Offutt Air Force Base, Alegent Health, Methodist Health Systems, First Data, Union Pacific, FNBO, and Paypal. Omaha is also home to five Fortune 500 companies including: ConAgra Foods, Inc, Berkshire Hathaway, Mutual of Omaha Insurance Company, Peter Kiewit Sons', Inc and Union Pacific Corporation.

There are a number of non-profits that primarily service LMI individuals and neighborhoods or a combination of both the Omaha - Council Bluffs NE-IA MSMA. These create a number of opportunities for community development lending. There have also been public / private partnerships that have created opportunities. We conducted 1 community contact during this examination in the MSMA with an organization that is active in providing affordable housing and rehabilitation. They cited affordable housing and financial literacy as primary needs in the area. They also mentioned the "Omaha 100" project as something that was valuable to the community. Other community contacts performed in the AA during other examinations indicate similar findings.

**Lancaster County NE AA**

| Demographic Information for Full Scope Area: Lancaster County NE AA                                  |         |                         |   |               |                 |            |
|--|---------|-------------------------|---|---------------|-----------------|------------|
| Demographic Characteristics  | #       | Low % of #              | Moderate % of #   | Middle % of # | Upper % of #    | NA* % of # |
| Geographies (Census Tracts/BNAs)   | 59      | 3.39                    | 25.42   | 38.98         | 25.42           | 6.78       |
| Population by Geography  | 250,291 | 3.32                    | 21.12   | 49.31         | 24.05           | 2.20       |
| Owner-Occupied Housing by Geography  | 59,967  | 0.63                    | 13.30   | 55.94         | 30.13           | 0.00       |
| Business by Geography  | 20,000  | 2.31                    | 26.40   | 41.63         | 28.43           | 1.24       |
| Farms by Geography   | 888     | 0.45                    | 8.45  | 69.14         | 21.85           | 0.11       |
| Family Distribution by Income Level  | 61,372  | 17.18                   | 19.02   | 26.09         | 37.71           | 0.00       |
| Distribution of Low and Moderate Income Families throughout AA Geographies                           | 22,213  | 4.16                    | 30.54   | 53.01         | 12.29           | 0.00       |
| Median Family Income<br>HUD Adjusted Median Family Income for 2010<br>Households Below Poverty Level |         | 53,463<br>68,500<br>10% | Median Housing Value<br>Unemployment Rate (September 2010-Lincoln metro area) |               | 106,015<br>3.9% |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2010 HUD updated MFI

Lancaster County includes the city of Lincoln which is the state capital and most densely populated portion of the AA. The AA consists of 59 census tracts. Based on the 2000 Census median family income of \$53,463; 2 census tracts are classified as low-income, 15 moderate-income, 23 middle-income, and 15 upper-income. Four census tracts were not assigned an income classification.

The AA contains 3 full-service branches and 1 limited service branch. FNBO’s branch network is supplemented by 7 ATMs within the AA. As of June 30, 2010, only 3.3 percent of the bank’s total deposits were attributed to this area. Over the evaluation period, the bank originated 9 percent of its total CRA reportable loans in the Lancaster County AA.

Competition for financial services within the AA is moderate and includes several branches of multi-national and regional banks, local community banks, credit unions and other nonbank financial service providers. There are 25 depository financial institutions operating 134 banking offices in the AA as of June 30, 2010. Primary competitors include Union Bank & Trust Company, Wells Fargo Bank, N.A., US Bank, N.A., Pinnacle Bank, and Great Western Bank. Aggregate home mortgage data (HMDA) noted 199 lenders reporting mortgage loans in this AA in 2010.

The bank’s deposits in the Lancaster County AA as of June 30, 2010 totaled approximately \$225 million and ranked FNBO 7th among the 25 depository financial institutions in the AA with a 4.31 percent market share. FNBO ranked in the 12th percentile in market share for HMDA loans with a 2.21 percent share of the market.

According to the 2000 Census, the population living in the Lancaster County AA is 250 thousand and the number of families is 61 thousand. The percentage of families by income level is 2 percent for low-income, 18.08 percent moderate-income, 52.51 percent middle-

income and 27.41 percent upper-income. In aggregate, 9.72 percent of the households had income below the poverty level as reported in the 2000 Census.

Based on the 2000 Census, the median housing value in the Lancaster County AA is \$106,015. In 2000, housing stock in the AA was 104,217 units; with 4.66 percent located in low-income census tracts, 22.99 percent in moderate-income census tracts, 49.57 percent in middle-income census tracts, 22.73 percent in upper-income census tracts, and 0.04 percent in unassigned tracts. As of the 2000 Census, 57.54 percent of the available units being owner-occupied, 37.63 percent of the units are occupied-rental units, and 4.83 percent of the units are vacant. Sales prices for existing homes within the Lancaster County AA have remained relatively steady during the evaluation period. The National Association of Realtors reports 2010 median sales price of existing homes at \$133,600 compared with \$133,300 in 2009 and \$135,200 in 2008.

Major industries in the Lancaster County AA include government, education & health services, retail & wholesale trade, and professional & business services. Major employers in the area are: Lincoln Public Schools, State of Nebraska, University of Nebraska, Bryan LGH Medical Center, Saint Elizabeth Health Systems, Ameritas Life Insurance, and BNSF Railroad. Unemployment within the Lincoln metropolitan area (Lancaster County) is far below the national average at 3.9 percent as of September 2010.

There are some opportunities for community development lending in Lancaster County, but they are limited. There are currently no non-profits producing significant units of housing. There are several social service agencies providing services to primarily LMI individuals. We conducted 1 community contact during this examination in the AA with an organization that is active in providing alternative small business loans. They cited small business loans and technical assistance as primary needs in the area. Other community contacts performed in the AA during other examinations indicate similar findings. An existing community contact in the AA stated that opportunities were limited and did not mention any unmet needs.



## Dallas TX AA

| Demographic Information for Full Scope Area: Dallas TX AA  |         |                        |   |               |                 |            |
|--|---------|------------------------|---|---------------|-----------------|------------|
| Demographic Characteristics  | #       | Low % of #             | Moderate % of #   | Middle % of # | Upper % of #    | NA* % of # |
| Geographies (Census Tracts/BNAs)   | 94      | 0.00                   | 3.19  | 26.60         | 70.21           | 0.00       |
| Population by Geography  | 561,926 | 0.00                   | 2.82  | 29.65         | 67.53           | 0.00       |
| Owner-Occupied Housing by Geography  | 142,107 | 0.00                   | 1.51  | 25.36         | 73.14           | 0.00       |
| Business by Geography  | 83,447  | 0.00                   | 5.28  | 23.57         | 71.15           | 0.00       |
| Farms by Geography   | 1,907   | 0.00                   | 4.72  | 36.86         | 58.42           | 0.00       |
| Family Distribution by Income Level  | 151,651 | 9.68                   | 11.44   | 18.46         | 60.43           | 0.00       |
| Distribution of Low and Moderate Income Families throughout AA Geographies                           | 32,020  | 0.00                   | 6.74  | 48.17         | 45.09           | 0.00       |
| Median Family Income<br>HUD Adjusted Median Family Income for 2010<br>Households Below Poverty Level |         | 56,313<br>68,900<br>4% | Median Housing Value<br>Unemployment Rate (Dallas-<br>September 2010) |               | 164,583<br>7.9% |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2010 HUD updated MFI

FNBO designated all of Collin County and a portion of Denton County as an AA (aka Dallas TX AA). The Dallas-Plano-Irving TX MD consists of 8 counties; however, FNBO limited their AA to the region it could reasonably serve in the north-central portion of the MD. Since the previous examination, the bank expanded the AA to include all of Collin County due to the opening of a new branch in the area. The bank also removed Dallas County from the AA due to geographical boundaries making it unlikely for them to reasonably serve this area. The current AA consists of 94 census tracts compared to 59 at the previous examination. Based on the 2000 Census median family income of \$56,313, there are zero census tracts classified as low-income, 3 as moderate-income, 25 as middle-income, and 66 as upper-income.

The AA contains FNBO's 4 full-service branches and 9 ATMs. FNBO has 3 branches located in Collin County and 1 branch in Denton County. As of June 30, 2010, only 3 percent of the bank's total deposits were attributed to this area. Over the evaluation period, the bank originated only 1.6 percent of its total reported loans in the Dallas TX AA.

Competition for financial services within the Dallas-Plano-Irving TX MD is intense and includes several branches of multi-national and regional banks, local community banks, credit unions and other nonbank financial service providers. There are 79 depository financial institutions operated 430 banking offices in FNBO's Dallas TX AA as of June 30, 2010. Primary competitors include Bank of America, N.A., JP Morgan Chase Bank, N.A., Wells Fargo Bank, N.A., Viewpoint Bank and Legacy Texas Bank. Aggregate home mortgage data (HMDA) noted 591 lenders reporting mortgage loans in FNBO's AA in 2010.

The bank's deposits in the Dallas, TX AA as of June 30, 2010 totaled approximately \$225 million and ranked FNBO 19th among the 79 depository financial institutions in the AA with a 1.21 percent market share. FNBO ranked in the 94th percentile in market share for HMDA loans with a less than 1 percent share of the market.

According to the 2000 Census, the population living in the Dallas TX AA is 562 thousand and the number of families is 152 thousand. The percentage of families by income level is zero percent for low-income, 2.23 percent moderate-income, 28.30 percent middle-income and 69.46 percent upper-income. In aggregate, 4.26 percent of the households had income below the poverty level as reported in the 2000 Census.

Based on the 2000 Census, the median housing value in the Dallas TX AA is \$164,583. In 2000, housing stock in the AA was 223,739 units; with zero percent located in low-income census tracts, 2.26 percent in moderate-income census tracts, 31 percent in middle-income census tracts, and 66.75 percent in upper-income census tracts. As of the 2000 Census, 63.51 percent of the available units being owner-occupied, 29.93 percent of the units are occupied-rental units, and 6.55 percent of the units are vacant. The National Association of Realtors reports 2010 median sales price of an existing home within the Dallas metropolitan area at \$143,800. This compares to \$140,500 in 2009 and \$145,800 in 2008.

Major employers in the Dallas-Plano-Irving TX MD include: Wal-Mart Stores, Inc.; Texas Health Resources Inc.; AT&T; Baylor Health Care System; Verizon and HCA North Texas. The economic downturn greatly affected the entire MD which had an unemployment rate of 7.9 percent during September 2010. The 2 counties representing the bank's AA had slightly lower unemployment rates with Collin and Denton Counties both at 7.2 percent.

Based on prior interviews with local community organizations in the area, Dallas has a need for affordable housing, especially in the southern part of the city which is outside of FNBO's AA. Specifically, there is a need for down payment and closing cost assistance, and financial literacy for low-income first-time homebuyers. There is also a need for equity for small business owners and loans in amounts less than \$25,000. There are several CDFIs and effective non-profits operating in the Dallas area. These organizations provide affordable housing and small business financing, as well as technical assistance. However, the AAs location within the larger metropolitan area limits potential CD opportunities.

**Des Moines IA AA**

| Demographic Information for Full Scope Area: Des Moines IA AA  |         |                        |  |               |                 |            |
|--|---------|------------------------|--|---------------|-----------------|------------|
| Demographic Characteristics  | #       | Low % of #             | Moderate % of #  | Middle % of # | Upper % of #    | NA* % of # |
| Geographies (Census Tracts/BNAs)   | 92      | 6.52                   | 25.00  | 50.00         | 18.48           | 0.00       |
| Population by Geography  | 429,370 | 4.75                   | 21.35  | 49.26         | 24.65           | 0.00       |
| Owner-Occupied Housing by Geography  | 118,679 | 1.90                   | 19.88  | 51.88         | 26.35           | 0.00       |
| Business by Geography  | 43,277  | 11.41                  | 11.47  | 45.95         | 31.17           | 0.00       |
| Farms by Geography   | 1,897   | 1.63                   | 7.91   | 68.27         | 22.19           | 0.00       |
| Family Distribution by Income Level  | 112,355 | 17.59                  | 18.89  | 25.11         | 38.42           | 0.00       |
| Distribution of Low and Moderate Income Families throughout AA Geographies                           | 40,982  | 6.92                   | 31.77  | 48.09         | 13.21           | 0.00       |
| Median Family Income<br>HUD Adjusted Median Family Income for 2010<br>Households Below Poverty Level |         | 55,620<br>73,200<br>7% | Median Housing Value<br>Unemployment Rate (September 2010-Des Moines metro area) |               | 105,160<br>5.9% |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2010 HUD updated MFI

The bank’s Des Moines IA AA consists of Polk, Dallas and Madison Counties in Iowa. The Des Moines-West Des Moines, IA MSA consists of 5 counties; however, FNBO limited their AA to the 3 counties they are reasonably able to serve. The AA consists of 92 census tracts. Based on the 2000 Census median family income of \$55,620, 6 census tracts are classified low-income, 23 moderate-income, 46 middle-income, and 17 upper-income.

FNBO’s presence in this market is extremely small. The AA contains 1 full service branch and 2 ATMs. As of June 30, 2010, less than 1 percent of the bank’s total deposits were attributed to this area. Over the evaluation period, the bank originated only 1.6 percent of its total reported loans in the Des Moines IA AA. One branch services the entire AA and is located in the core downtown business district within the city of Des Moines. The staffing consist a branch manager, a couple of tellers and a personal banker. The commercial lending group consists of 2 lenders and administrative assistant. If a customer requests to visit with a small business banker, the customer is referred to a banker in the Omaha-Council Bluffs region.

Competition for financial services within the AA is strong. There are 44 depository financial institutions operated 201 banking offices in FNBO’s AA as of June 30, 2010. Primary competitors included Wells Fargo Bank, N.A., Bank of America, N.A., Principal Bank, Bankers Trust Company, West Bank, and U.S. Bank, N.A. Credit unions, finance companies, and mortgage companies also competed for loan production throughout the assessment area. Aggregate home mortgage data (HMDA) noted 320 lenders reporting mortgage loans in FNBO’s assessment area in 2010.

The bank’s deposits in the Des Moines IA AA as of June 30, 2010 totaled approximately \$4 million, which ranked FNBO 42nd with a market share of less than 1 percent. FNBO ranked in the 80th percentile in market share for HMDA loans, with 0.11 percent of the market within the Des Moines IA AA.

According to the 2000 Census, the population living in the Des Moines IA AA is slightly over 429 thousand and the number of families is 112 thousand. The percentage of families by income level is 3.29 percent for low-income, 20.35 percent moderate-income, 50.30 percent middle-income and 26.06 percent upper-income. In aggregate, 7.41 percent of the households had income below the poverty level as reported in the 2000 Census.

Based on the 2000 Census, the median housing value in the AA is \$105,160. In 2000, housing stock in the AA was 178,637 units; with 5.19 percent located in low-income census tracts, 20.62 percent in moderate-income census tracts, 50.37 percent in middle-income census tracts, and 23.82 percent in upper-income census tracts. As of the 2000 Census, 66.44 percent of the available units being owner-occupied, 28.74 percent of the units are occupied-rental units, and 4.82 percent of the units are vacant. The National Association of Realtors reports 2010 median sales price of an existing home in the Des Moines metropolitan area at \$150,900. This compares to \$149,300 in 2009 and \$153,200 in 2008.

Employment within the Des Moines, IA AA is heavily concentrated in the services sector, with employment in financial services, insurance and healthcare. Employment within these sectors has been impacted with the downturn in the economy. Major employers in the area during the evaluation period included Wells Fargo & Company, Principal Financial Group, Iowa Health Systems, Mercy Medical Center, and Nationwide/Allied Insurance. While the unemployment rate is below the national average in the Des Moines metropolitan area, it has increased up to 5.9 percent during September 2010.

Existing community contacts indicate that affordable housing is a community development need in the AA and opportunities are worsening given the deterioration in economic conditions. The biggest obstacle is the decline in creditworthiness of likely borrowers. FNBO has limited resources and low market penetration in this AA making it difficult to meet the area needs.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of 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: (1) 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; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

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 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. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, 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** - 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 owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- 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** - 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 distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- 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 \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**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

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**Omaha-Council Bluff NE-IA Multistate Metropolitan Area (MSMA)**

**State of Nebraska**

**State of Texas**

**State of Iowa**



**Table 1. Lending Volume**

| LENDING VOLUME   |                                       |               |            |                           |            |                      |            |                               |            |                      |            |  |
|--|---------------------------------------|---------------|------------|---------------------------|------------|----------------------|------------|-------------------------------|------------|----------------------|------------|--|
| Geography: OMAHA-COUNCIL BLUFFS                          |                                       |               |            |                           |            |                      |            |                               |            |                      |            |  |
| Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 30, 2010 |                                       |               |            |                           |            |                      |            |                               |            |                      |            |  |
| Assessment Area (2010):                                  | % of Rated Area Loans (#) in MA/MSMA* | Home Mortgage |            | Small Loans to Businesses |            | Small Loans to Farms |            | Community Development Loans** |            | Total Reported Loans |            | % of Rated Area Deposits in MA/MSMA*** |
|  |                                       | #             | \$ (000's) | #                         | \$ (000's) | #                    | \$ (000's) | #                             | \$ (000's) | #                    | \$ (000's) |  |
| <b>Full Review:</b>                                      |                                       |               |            |                           |            |                      |            |                               |            |                      |            |  |
| Omaha-Council Bluffs NE-IA MSMA                          | 100.00                                | 16,204        | 2,055,114  | 8,400                     | 656,615    | 113                  | 12,106     | 0                             | 187,962    | 24,776               | 2,911,797  | 100.00                                 |

\* Loan Data as of September 30, 2010. Rated area refers to either state or Multistate MA rating area.

\*\* The evaluation period for Community Development Loans is from October 01, 2006 to September 30, 2010.

\*\*\* Deposit Data as of June 30, 2010. Rated Area refers to either the state, Multistate MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

| Geographic Distribution: HOME PURCHASE |                           |              |                        |                  |                             |              |                           |              |                          |              |                                |       |      |      | Geography: OMAHA-COUNCIL BLUFFS |  |  |  |  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |  |  |  |  |
|--|---------------------------|--------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|-------|------|------|---------------------------------|--|--|--|--|--|--|--|--|--|
| Assessment Area:                       | Total Home Purchase 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 | Overa ll                       | Low   | Mod  | Mid  | Upp                             |  |  |  |  |  |  |  |  |  |
| <b>Full Review:</b>                    |                           |              |                        |                  |                             |              |                           |              |                          |              |                                |       |      |      |                                 |  |  |  |  |  |  |  |  |  |
| Omaha-Council Bluffs NE-IA MSMA        | 7,155                     | 100.00       | 1.10                   | 0.68             | 20.73                       | 12.89        | 48.79                     | 45.39        | 29.38                    | 41.04        | 9.44                           | 23.91 | 9.86 | 9.53 | 9.11                            |  |  |  |  |  |  |  |  |  |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 3. Geographic Distribution of Home Improvement Loans**

| Geographic Distribution: HOME IMPROVEMENT |                              |              |                        |                  |                             |              |                           |              |                          |              |                                |       |      |      | Geography: OMAHA-COUNCIL BLUFFS |  |  |  |  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |  |  |  |  |
|---|------------------------------|--------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|-------|------|------|---------------------------------|--|--|--|--|--|--|--|--|--|
| Assessment Area:                          | Total Home Improvement 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                             |  |  |  |  |  |  |  |  |  |
| <b>Full Review:</b>                       |                              |              |                        |                  |                             |              |                           |              |                          |              |                                |       |      |      |                                 |  |  |  |  |  |  |  |  |  |
| Omaha-Council Bluffs NE-IA MSMA           | 1,750                        | 100.00       | 1.10                   | 0.46             | 20.73                       | 16.17        | 48.79                     | 43.49        | 29.38                    | 39.89        | 10.74                          | 14.29 | 6.93 | 9.67 | 13.90                           |  |  |  |  |  |  |  |  |  |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

| Geographic Distribution: HOME MORTGAGE REFINANCE      Geography: OMAHA-COUNCIL BLUFFS      Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                                     |              |                        |                  |                             |              |                           |              |                          |              |                                |      |      |      |       |
|---|-------------------------------------|--------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|------|------|------|-------|
| 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   |
| <b>Full Review:</b>   |                                     |              |                        |                  |                             |              |                           |              |                          |              |                                |      |      |      |       |
| Omaha-Council Bluffs NE-IA MSMA   | 7,230                               | 100.00       | 1.10                   | 0.30             | 20.73                       | 8.80         | 48.79                     | 41.11        | 29.38                    | 49.79        | 9.35                           | 6.76 | 6.22 | 8.87 | 10.31 |

\* Based on 2009 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multifamily Loans**

| Geographic Distribution: MULTIFAMILY                     |                         |              |                        |                  |                             |              |                           |              |                          |              |                                |              |         |      |      |     |
|--|-------------------------|--------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|--------------|---------|------|------|-----|
| Geography: OMAHA-COUNCIL BLUFFS                          |                         |              |                        |                  |                             |              |                           |              |                          |              |                                |              |         |      |      |     |
| Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                         |              |                        |                  |                             |              |                           |              |                          |              |                                |              |         |      |      |     |
| 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 | % MF Units***                  | % BANK Loans | Overall | Low  | Mod  | Mid |
| <b>Full Review:</b>                                      |                         |              |                        |                  |                             |              |                           |              |                          |              |                                |              |         |      |      |     |
| Omaha-Council Bluffs NE-IA MSMA                          | 50                      | 100.00       | 1.88                   | 4.00             | 30.94                       | 62.00        | 52.44                     | 30.00        | 14.75                    | 4.00         | 13.51                          | 50.00        | 16.98   | 9.09 | 0.00 |     |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

**Table 6. Geographic Distribution of Small Loans to Businesses**

| Geographic Distribution: SMALL LOANS TO BUSINESSES      Geography: OMAHA-COUNCIL BLUFFS      Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                            |              |                        |              |                             |              |                           |              |                          |              |                                |       |      |      |      |
|---|----------------------------|--------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|-------|------|------|------|
| 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 Businesses***     | % BANK Loans | % of Businesses***          | % BANK Loans | % of Businesses***        | % BANK Loans | % of Businesses***       | % BANK Loans | Overall                        | Low   | Mod  | Mid  | Upp  |
| <b>Full Review:</b>   |                            |              |                        |              |                             |              |                           |              |                          |              |                                |       |      |      |      |
| Omaha-Council Bluffs<br>NE-IA MSMA  | 8,400                      | 100.00       | 1.94                   | 2.12         | 20.15                       | 17.90        | 46.95                     | 45.27        | 30.95                    | 34.70        | 6.92                           | 14.93 | 7.49 | 6.32 | 7.41 |

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2009).

**Table 7. Geographic Distribution of Small Loans to Farms**

| Geographic Distribution: SMALL LOANS TO FARMS |                        |              |                        |              |                             |              |                           |              |                          |              |                                |      |       |      | Geography: OMAHA-COUNCIL BLUFFS |  |  |  |  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |  |  |  |  |
|---|------------------------|--------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|------|-------|------|---------------------------------|--|--|--|--|--|--|--|--|--|
| 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 | Overall                        | Low  | Mod   | Mid  | Upp                             |  |  |  |  |  |  |  |  |  |
| <b>Full Review:</b>                           |                        |              |                        |              |                             |              |                           |              |                          |              |                                |      |       |      |                                 |  |  |  |  |  |  |  |  |  |
| Omaha-Council Bluffs NE-IA MSMA               | 113                    | 100.00       | 0.35                   | 0.00         | 6.90                        | 5.31         | 66.87                     | 66.37        | 25.88                    | 28.32        | 2.86                           | 0.00 | 15.38 | 1.13 | 8.24                            |  |  |  |  |  |  |  |  |  |

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2009).

**Table 8. Borrower Distribution of Home Purchase Loans**

| Borrower Distribution: HOME PURCHASE |                           | Geography: OMAHA-COUNCIL BLUFFS |                      |                  |                           |                  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                  |                        |                  |               |       |       |      |      |  |
|--------------------------------------|---------------------------|---------------------------------|----------------------|------------------|---------------------------|------------------|--|------------------|------------------------|------------------|---------------|-------|-------|------|------|--|
| Assessment Area:                     | Total Home Purchase Loans |                                 | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers                                  |                  | Upper-Income Borrowers |                  | Market Share* |       |       |      |      |  |
|                                      | #                         | % of Total**                    | % Families***        | % BANK Loans**** | % Families 2              | % BANK Loans**** | % Families***  | % BANK Loans**** | % Families***          | % BANK Loans**** | Overall       | Low   | Mod   | Mid  | Upp  |  |
| <b>Full Review:</b>                  |                           |                                 |                      |                  |                           |                  |  |                  |                        |                  |               |       |       |      |      |  |
| Omaha-Council Bluffs NE-IA<br>MSMA   | 7,155                     | 100.00                          | 17.68                | 14.73            | 19.16                     | 28.79            | 24.26  | 26.39            | 38.90                  | 30.09            | 9.56          | 10.71 | 10.38 | 9.25 | 8.15 |  |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 6.4% of loans originated and purchased by bank.

2 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)



**Table 9. Borrower Distribution of Home Improvement Loans**

| Borrower Distribution: HOME IMPROVEMENT |                              | Geography: OMAHA-COUNCIL BLUFFS |                      |                  |                           |                  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                  |                        |                  |         | Market Share* |      |      |       |  |
|---|------------------------------|---------------------------------|----------------------|------------------|---------------------------|------------------|--|------------------|------------------------|------------------|---------|---------------|------|------|-------|--|
| Assessment Area:                        | Total Home Improvement Loans |                                 | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers                                  |                  | Upper-Income Borrowers |                  | Overall | Low           | Mod  | Mid  | Upp   |  |
|   | #                            | % of Total**                    | % Families*          | % BANK Loans**** | % Families <sup>3</sup>   | % BANK Loans**** | % Families***  | % BANK Loans**** | % Families***          | % BANK Loans**** |         |               |      |      |       |  |
| <b>Full Review:</b>                     |                              |                                 |                      |                  |                           |                  |  |                  |                        |                  |         |               |      |      |       |  |
| Omaha-Council Bluffs<br>NE-IA MSMA      | 1,750                        | 100.00                          | 17.68                | 10.85            | 19.16                     | 19.29            | 24.26  | 24.17            | 38.90                  | 45.69            | 10.73   | 8.70          | 9.43 | 8.04 | 13.81 |  |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 5.2% of loans originated and purchased by bank.

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

| Borrower Distribution: HOME MORTGAGE REFINANCE |                                     |              |                      |                  |                           |                  |                         |                  |                        |                  |               |      |       |      | Geography: OMAHA-COUNCIL BLUFFS |  |  |  |  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |  |  |  |  |
|--|-------------------------------------|--------------|----------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|------------------|---------------|------|-------|------|---------------------------------|--|--|--|--|--|--|--|--|--|
| 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 <sup>4</sup>   | % BANK Loans**** | % Families***           | % BANK Loans**** | % Families***          | % BANK Loans**** | Overall       | Low  | Mod   | Mid  | Upp                             |  |  |  |  |  |  |  |  |  |
| <b>Full Review:</b>                            |                                     |              |                      |                  |                           |                  |                         |                  |                        |                  |               |      |       |      |                                 |  |  |  |  |  |  |  |  |  |
| Omaha-Council Bluffs<br>NE-IA MSMA             | 7,230                               | 100.00       | 17.68                | 8.62             | 19.16                     | 19.13            | 24.26                   | 26.21            | 38.90                  | 46.04            | 9.51          | 8.41 | 10.07 | 9.72 | 9.38                            |  |  |  |  |  |  |  |  |  |

\* Based on 2009 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 12.3% of loans originated and purchased by bank.

<sup>4</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 11. Borrower Distribution of Small Loans to Businesses**

| Borrower Distribution: SMALL LOANS TO BUSINESSES |                                 |              |   |                  |  |                         |                           |               |                         |
|--|---------------------------------|--------------|---|------------------|--|-------------------------|---------------------------|---------------|-------------------------|
| Geography: OMAHA-COUNCIL BLUFFS                  |                                 |              |   |                  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                         |                           |               |                         |
| 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 |
| Omaha-Council Bluffs NE-IA<br>MSMA               | 8,400                           | 100.00       | 73.58   | 26.01            | 83.35  | 7.55                    | 9.11                      | 6.92          | 8.38                    |

\* Based on 2009 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/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 - 2009).

\*\*\*\* 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 53.69% of small loans to businesses originated and purchased by the bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

| Borrower Distribution: SMALL LOANS TO FARMS |                            | Geography: OMAHA-COUNCIL BLUFFS |  |                  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                         |                         |               |                         |
|---|----------------------------|---------------------------------|--|------------------|--|-------------------------|-------------------------|---------------|-------------------------|
| 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 \$500,000 | All           | Rev\$ 1 Million or Less |
| <b>Full Review:</b>                         |                            |                                 |  |                  |  |                         |                         |               |                         |
| Omaha-Council Bluffs NE-IA<br>MSMA          | 113                        | 100.00                          | 98.00                                      | 47.79            | 65.49  | 20.35                   | 14.16                   | 2.86          | 1.53                    |

\* Based on 2009 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/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 - 2009).

\*\*\*\* 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 38.94% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS           |                           |           |                                 |           |  |           |            |                        |           |
|---------------------------------|---------------------------|-----------|---------------------------------|-----------|--|-----------|------------|------------------------|-----------|
|                                 |                           |           | Geography: OMAHA-COUNCIL BLUFFS |           | Evaluation Period: OCTOBER 1, 2006 TO SEPTEMBER 29, 2010 |           |            |                        |           |
| Assessment Area:                | Prior Period Investments* |           | Current Period Investments      |           | Total Investments  |           |            | Unfunded Commitments** |           |
|                                 | #                         | \$(000's) | #                               | \$(000's) | #  | \$(000's) | % of Total | #                      | \$(000's) |
| <b>Full Review:</b>             |                           |           |                                 |           |  |           |            |                        |           |
| Omaha-Council Bluffs NE-IA MSMA | 0                         | 11,123    | 229                             | 13,693    | 239  | 24,816    | 100.00     | 0                      | 0         |

\* 'Prior Period Investments' means investments made in a previous 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 |                                |                          |   | Geography: OMAHA-COUNCIL BLUFFS |       |                          |                      | Evaluation Period: OCTOBER 1, 2006 TO SEPTEMBER 29, 2010 |   |            |     |     |                                       |      |       |       |       |
|---|--------------------------------|--------------------------|---|---------------------------------|-------|--------------------------|----------------------|--|---|------------|-----|-----|---------------------------------------|------|-------|-------|-------|
| MA/Assessment Area:   | Deposits                       | Branches                 |   |                                 |       | Branch Openings/Closings |                      |  |   | Population |     |     |                                       |      |       |       |       |
|   | % of Rated Area Deposits in AA | # of BANK 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   |       |
| <b>Full Review:</b>   |                                |                          |   |                                 |       |                          |                      |  |   |            |     |     |                                       |      |       |       |       |
| Omaha-Council Bluffs NE-IA<br>MSMA                                  | 100.00                         | 0                        | 100.00  | 6.67                            | 26.67 | 33.33                    | 33.33                | 8  | 0   | 0          | +3  | +2  | +3                                    | 2.19 | 26.61 | 45.90 | 25.30 |

**Table 1. Lending Volume**

| LENDING VOLUME   |                                     |               |            |                           |            |                      |            |                               |            |                      |            |                                      |        |     |
|--|-------------------------------------|---------------|------------|---------------------------|------------|----------------------|------------|-------------------------------|------------|----------------------|------------|--------------------------------------|--------|-----|
| Geography: NEBRASKA                                      |                                     |               |            |                           |            |                      |            |                               |            |                      |            |                                      |        |     |
| Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                                     |               |            |                           |            |                      |            |                               |            |                      |            |                                      |        |     |
| Assessment Area (2010):                                  | % of Rated Area Loans (#) in MA/AA* | Home Mortgage |            | Small Loans to Businesses |            | Small Loans to Farms |            | Community Development Loans** |            | Total Reported Loans |            | % of Rated Area Deposits in MA/AA*** |        |     |
|  |                                     | #             | \$ (000's) | #                         | \$ (000's) | #                    | \$ (000's) | #                             | \$ (000's) | #                    | \$ (000's) |                                      |        |     |
| <b>Full Review:</b>                                      |                                     |               |            |                           |            |                      |            |                               |            |                      |            |                                      |        |     |
| Lancaster County NE AA                                   | 55.40                               | 1,891         | 263,839    | 866                       | 79,803     | 28                   | 979        | 4                             | 400        | 2,789                | 345,021    | 58.81                                |        |     |
| <b>Limited Review:</b>                                   |                                     |               |            |                           |            |                      |            |                               |            |                      |            |                                      |        |     |
| Beatrice NE AA   | 19.83                               | 432           | 34,341     | 396                       | 24,155     | 171                  | 13,248     | 0                             | 0          | 999                  | 71,744     | 25.75                                |        |     |
| David City NE AA   | 24.77                               | 268           | 18,860     | 337                       | 19,911     | 643                  | 51,090     | 0                             | 0          | 1,248                | 89,861     | 15.44                                |        |     |
| <b>Broader Statewide or Regional Area:</b>               |                                     |               |            |                           |            |                      |            |                               |            |                      |            |                                      |        |     |
| No Benefit to AA   | N/A                                 | N/A           | N/A        | N/A                       | N/A        | N/A                  | N/A        | N/A                           | N/A        | 1                    | 17,800     | 1                                    | 17,800 | N/A |

\* Loan Data as of September 30, 2010. Rated area refers to either state or Multistate MA rating area.

\*\* The evaluation period for Community Development Loans is from October 01, 2006 to September 30, 2010.

\*\*\* Deposit Data as of June 30, 2010. Rated Area refers to either the state, Multistate MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

| Geographic Distribution: HOME PURCHASE |                           |              |                        |                  |                             |              |                           |              |                          |              |                                |      |      |       | Geography: NEBRASKA |  |  |  |  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |  |  |  |  |
|--|---------------------------|--------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|------|------|-------|---------------------|--|--|--|--|--|--|--|--|--|
| Assessment Area:                       | Total Home Purchase 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                 |  |  |  |  |  |  |  |  |  |
| <b>Full Review:</b>                    |                           |              |                        |                  |                             |              |                           |              |                          |              |                                |      |      |       |                     |  |  |  |  |  |  |  |  |  |
| Lancaster County NE AA                 | 1,048                     | 82.03        | 0.63                   | 0.10             | 13.30                       | 8.38         | 55.94                     | 48.19        | 30.13                    | 43.33        | 3.14                           | 0.00 | 2.34 | 2.57  | 4.32                |  |  |  |  |  |  |  |  |  |
| <b>Limited Review:</b>                 |                           |              |                        |                  |                             |              |                           |              |                          |              |                                |      |      |       |                     |  |  |  |  |  |  |  |  |  |
| Beatrice NE AA                         | 174                       | 13.59        | 0.00                   | 0.00             | 4.64                        | 3.45         | 95.36                     | 96.55        | 0.00                     | 0.00         | 7.84                           | 0.00 | 5.88 | 7.98  | 0.00                |  |  |  |  |  |  |  |  |  |
| David City NE AA                       | 56                        | 4.38         | 0.00                   | 0.00             | 0.00                        | 0.00         | 100.00                    | 100.00       | 0.00                     | 0.00         | 11.86                          | 0.00 | 0.00 | 11.86 | 0.00                |  |  |  |  |  |  |  |  |  |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)



**Table 3. Geographic Distribution of Home Improvement Loans**

| Geographic Distribution: HOME IMPROVEMENT |                              |              |                        |                  |                             |              |                           |              |                          |              |                                |      |       |       | Geography: NEBRASKA |  |  |  |  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |  |  |  |  |
|---|------------------------------|--------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|------|-------|-------|---------------------|--|--|--|--|--|--|--|--|--|
| Assessment Area:                          | Total Home Improvement 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                 |  |  |  |  |  |  |  |  |  |
| <b>Full Review:</b>                       |                              |              |                        |                  |                             |              |                           |              |                          |              |                                |      |       |       |                     |  |  |  |  |  |  |  |  |  |
| Lancaster County NE AA                    | 70                           | 39.77        | 0.63                   | 0.00             | 13.30                       | 2.86         | 55.94                     | 57.14        | 30.13                    | 40.00        | 0.15                           | 0.00 | 0.00  | 0.27  | 0.00                |  |  |  |  |  |  |  |  |  |
| <b>Limited Review:</b>                    |                              |              |                        |                  |                             |              |                           |              |                          |              |                                |      |       |       |                     |  |  |  |  |  |  |  |  |  |
| Beatrice NE AA                            | 70                           | 39.77        | 0.00                   | 0.00             | 4.64                        | 5.71         | 95.36                     | 94.29        | 0.00                     | 0.00         | 9.20                           | 0.00 | 20.00 | 8.54  | 0.00                |  |  |  |  |  |  |  |  |  |
| David City NE AA                          | 36                           | 20.45        | 0.00                   | 0.00             | 0.00                        | 0.00         | 100.00                    | 100.00       | 0.00                     | 0.00         | 13.33                          | 0.00 | 0.00  | 13.33 | 0.00                |  |  |  |  |  |  |  |  |  |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

| Geographic Distribution: HOME MORTGAGE REFINANCE |                                     |              |                        |                  |                             |              |                           |              |                          |              |                                |      |      |       | Geography: NEBRASKA |  |  |  |  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |  |  |  |  |
|--|-------------------------------------|--------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|------|------|-------|---------------------|--|--|--|--|--|--|--|--|--|
| 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                 |  |  |  |  |  |  |  |  |  |
| <b>Full Review:</b>                              |                                     |              |                        |                  |                             |              |                           |              |                          |              |                                |      |      |       |                     |  |  |  |  |  |  |  |  |  |
| Lancaster County NE AA                           | 763                                 | 67.70        | 0.63                   | 0.26             | 13.30                       | 4.72         | 55.94                     | 45.87        | 30.13                    | 49.15        | 1.89                           | 0.00 | 0.95 | 1.72  | 2.18                |  |  |  |  |  |  |  |  |  |
| <b>Limited Review:</b>                           |                                     |              |                        |                  |                             |              |                           |              |                          |              |                                |      |      |       |                     |  |  |  |  |  |  |  |  |  |
| Beatrice NE AA                                   | 188                                 | 16.68        | 0.00                   | 0.00             | 4.64                        | 6.38         | 95.36                     | 93.62        | 0.00                     | 0.00         | 7.83                           | 0.00 | 5.26 | 7.91  | 0.00                |  |  |  |  |  |  |  |  |  |
| David City NE AA                                 | 176                                 | 15.62        | 0.00                   | 0.00             | 0.00                        | 0.00         | 100.00                    | 100.00       | 0.00                     | 0.00         | 25.82                          | 0.00 | 0.00 | 25.82 | 0.00                |  |  |  |  |  |  |  |  |  |

\* Based on 2009 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multifamily Loans**

| Geographic Distribution: MULTIFAMILY                     |                         |              |                        |                  |                             |              |                           |              |                          |              |                                |              |         |      |      |     |
|--|-------------------------|--------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|--------------|---------|------|------|-----|
| Geography: NEBRASKA                                      |                         |              |                        |                  |                             |              |                           |              |                          |              |                                |              |         |      |      |     |
| Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                         |              |                        |                  |                             |              |                           |              |                          |              |                                |              |         |      |      |     |
| 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 | % MF Units***                  | % BANK Loans | Overall | Low  | Mod  | Mid |
| <b>Full Review:</b>                                      |                         |              |                        |                  |                             |              |                           |              |                          |              |                                |              |         |      |      |     |
| Lancaster County NE AA                                   | 10                      | 100.00       | 14.43                  | 0.00             | 32.89                       | 70.00        | 35.27                     | 20.00        | 17.41                    | 10.00        | 3.33                           | 0.00         | 6.25    | 0.00 | 0.00 |     |
| <b>Limited Review:</b>                                   |                         |              |                        |                  |                             |              |                           |              |                          |              |                                |              |         |      |      |     |
| Beatrice NE AA   | 0                       | 0.00         | 0.00                   | 0.00             | 27.96                       | 0.00         | 72.04                     | 0.00         | 0.00                     | 0.00         | 0.00                           | 0.00         | 0.00    | 0.00 | 0.00 |     |
| David City NE AA   | 0                       | 0.00         | 0.00                   | 0.00             | 0.00                        | 0.00         | 100.00                    | 0.00         | 0.00                     | 0.00         | 0.00                           | 0.00         | 0.00    | 0.00 | 0.00 |     |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

**Table 6. Geographic Distribution of Small Loans to Businesses**

| Geographic Distribution: SMALL LOANS TO BUSINESSES |                            | Geography: NEBRASKA |                        |              |                             |              | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |              |                          |              |         | Market Share (%) by Geography* |      |       |      |  |
|--|----------------------------|---------------------|------------------------|--------------|-----------------------------|--------------|--|--------------|--------------------------|--------------|---------|--------------------------------|------|-------|------|--|
| Assessment Area:                                   | Total Small Business Loans |                     | Low-Income Geographies |              | Moderate-Income Geographies |              | Middle-Income Geographies                                |              | Upper-Income Geographies |              | Overall | Low                            | Mod  | Mid   | Upp  |  |
|  | #                          | % of Total**        | % of Business S***     | % BANK Loans | % of Business S***          | % BANK Loans | % of Business S***                                       | % BANK Loans | % of Business S***       | % BANK Loans |         |                                |      |       |      |  |
| <b>Full Review:</b>                                |                            |                     |                        |              |                             |              |  |              |                          |              |         |                                |      |       |      |  |
| Lancaster County NE AA                             | 852                        | 53.75               | 2.31                   | 2.70         | 26.40                       | 27.23        | 41.63  | 30.16        | 28.43                    | 39.91        | 1.53    | 4.65                           | 2.00 | 1.06  | 1.60 |  |
| <b>Limited Review:</b>                             |                            |                     |                        |              |                             |              |  |              |                          |              |         |                                |      |       |      |  |
| Beatrice NE AA                                     | 396                        | 24.98               | 0.00                   | 0.00         | 11.69                       | 16.16        | 88.31  | 83.84        | 0.00                     | 0.00         | 4.24    | 0.00                           | 3.80 | 4.49  | 0.00 |  |
| David City NE AA                                   | 337                        | 21.26               | 0.00                   | 0.00         | 0.00                        | 0.00         | 100.00   | 100.00       | 0.00                     | 0.00         | 26.43   | 0.00                           | 0.00 | 26.79 | 0.00 |  |

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2009).

**Table 7. Geographic Distribution of Small Loans to Farms**

| Geographic Distribution: SMALL LOANS TO FARMS |                        | Geography: NEBRASKA |                        |              |                             |              | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |              |                          |              |         | Market Share (%) by Geography* |      |       |      |  |
|---|------------------------|---------------------|------------------------|--------------|-----------------------------|--------------|--|--------------|--------------------------|--------------|---------|--------------------------------|------|-------|------|--|
| Assessment Area:                              | Total Small Farm Loans |                     | Low-Income Geographies |              | Moderate-Income Geographies |              | Middle-Income Geographies                                |              | Upper-Income Geographies |              | Overall | Low                            | Mod  | Mid   | Upp  |  |
|   | #                      | % of Total**        | % of Farms***          | % BANK Loans | % of Farms***               | % BANK Loans | % of Farms***  | % BANK Loans | % of Farms***            | % BANK Loans |         |                                |      |       |      |  |
| <b>Full Review:</b>                           |                        |                     |                        |              |                             |              |  |              |                          |              |         |                                |      |       |      |  |
| Lancaster County NE AA                        | 28                     | 3.33                | 0.45                   | 0.00         | 8.45                        | 21.43        | 69.14  | 67.86        | 21.85                    | 10.71        | 2.31    | 0.00                           | 0.00 | 3.16  | 0.00 |  |
| <b>Limited Review:</b>                        |                        |                     |                        |              |                             |              |  |              |                          |              |         |                                |      |       |      |  |
| Beatrice NE AA                                | 171                    | 20.31               | 0.00                   | 0.00         | 0.72                        | 0.00         | 99.28  | 100.00       | 0.00                     | 0.00         | 9.57    | 0.00                           | 0.00 | 9.81  | 0.00 |  |
| David City NE AA                              | 643                    | 76.37               | 0.00                   | 0.00         | 0.00                        | 0.00         | 100.00   | 100.00       | 0.00                     | 0.00         | 46.20   | 0.00                           | 0.00 | 46.61 | 0.00 |  |

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2009).

**Table 8. Borrower Distribution of Home Purchase Loans**

| Borrower Distribution: HOME PURCHASE |                           | Geography: NEBRASKA |                      |                  |                           |                  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                  |                        |                  |               |       |       |       |       |  |
|--------------------------------------|---------------------------|---------------------|----------------------|------------------|---------------------------|------------------|--|------------------|------------------------|------------------|---------------|-------|-------|-------|-------|--|
| Assessment Area:                     | Total Home Purchase 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**** | Overall       | Low   | Mod   | Mid   | Upp   |  |
| <b>Full Review:</b>                  |                           |                     |                      |                  |                           |                  |  |                  |                        |                  |               |       |       |       |       |  |
| Lancaster County NE AA               | 1,048                     | 82.03               | 17.18                | 9.78             | 19.02                     | 30.14            | 26.09  | 27.69            | 37.71                  | 32.39            | 3.30          | 2.57  | 4.62  | 2.74  | 2.72  |  |
| <b>Limited Review:</b>               |                           |                     |                      |                  |                           |                  |  |                  |                        |                  |               |       |       |       |       |  |
| Beatrice NE AA                       | 174                       | 13.59               | 15.97                | 14.37            | 18.52                     | 24.55            | 26.70  | 25.15            | 38.81                  | 35.93            | 7.83          | 13.04 | 9.86  | 6.56  | 5.33  |  |
| David City NE AA                     | 56                        | 4.38                | 12.17                | 11.54            | 18.07                     | 25.00            | 29.06  | 23.08            | 40.69                  | 40.38            | 12.50         | 50.00 | 10.00 | 10.00 | 12.50 |  |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 3.0% of loans originated and purchased by bank.

5 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 9. Borrower Distribution of Home Improvement Loans**

| Borrower Distribution: HOME IMPROVEMENT |                              | Geography: NEBRASKA |                      |                  |                           |                  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                  |                        |                  |         | Market Share* |       |      |       |  |
|---|------------------------------|---------------------|----------------------|------------------|---------------------------|------------------|--|------------------|------------------------|------------------|---------|---------------|-------|------|-------|--|
| Assessment Area:                        | Total Home Improvement Loans |                     | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers                                  |                  | Upper-Income Borrowers |                  | Overall | Low           | Mod   | Mid  | Upp   |  |
|   | #                            | % of Total**        | % Families*<br>**    | % BANK Loans**** | % Families <sup>6</sup>   | % BANK Loans**** | % Families***  | % BANK Loans**** | % Families***          | % BANK Loans**** |         |               |       |      |       |  |
| <b>Full Review:</b>                     |                              |                     |                      |                  |                           |                  |  |                  |                        |                  |         |               |       |      |       |  |
| Lancaster County NE AA                  | 70                           | 39.77               | 17.18                | 5.97             | 19.02                     | 16.42            | 26.09  | 35.82            | 37.71                  | 41.79            | 0.15    | 0.00          | 0.00  | 0.00 | 0.40  |  |
| <b>Limited Review:</b>                  |                              |                     |                      |                  |                           |                  |  |                  |                        |                  |         |               |       |      |       |  |
| Beatrice NE AA                          | 70                           | 39.77               | 15.97                | 7.25             | 18.52                     | 26.09            | 26.70  | 33.33            | 38.81                  | 33.33            | 9.20    | 0.00          | 11.76 | 5.88 | 10.64 |  |
| David City NE AA                        | 36                           | 20.45               | 12.17                | 11.43            | 18.07                     | 20.00            | 29.06  | 31.43            | 40.69                  | 37.14            | 13.33   | 50.00         | 0.00  | 0.00 | 20.00 |  |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 2.8% of loans originated and purchased by bank.

<sup>6</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

| Borrower Distribution: HOME MORTGAGE REFINANCE |                                     | Geography: NEBRASKA |                      |                  |                           |                  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                  |                        |                  |         | Market Share* |       |       |       |  |
|--|-------------------------------------|---------------------|----------------------|------------------|---------------------------|------------------|--|------------------|------------------------|------------------|---------|---------------|-------|-------|-------|--|
| Assessment Area:                               | Total Home Mortgage Refinance Loans |                     | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers                                  |                  | Upper-Income Borrowers |                  | Overall | Low           | Mod   | Mid   | Upp   |  |
|  | #                                   | % of Total**        | % Families**         | % BANK Loans**** | % Families <sup>7</sup>   | % BANK Loans**** | % Families***  | % BANK Loans**** | % Families***          | % BANK Loans**** |         |               |       |       |       |  |
| <b>Full Review:</b>                            |                                     |                     |                      |                  |                           |                  |  |                  |                        |                  |         |               |       |       |       |  |
| Lancaster County NE AA                         | 763                                 | 67.70               | 17.18                | 6.15             | 19.02                     | 14.45            | 26.09  | 25.46            | 37.71                  | 53.93            | 1.78    | 1.49          | 1.47  | 1.56  | 2.11  |  |
| <b>Limited Review:</b>                         |                                     |                     |                      |                  |                           |                  |  |                  |                        |                  |         |               |       |       |       |  |
| Beatrice NE AA                                 | 188                                 | 16.68               | 15.97                | 12.00            | 18.52                     | 17.14            | 26.70  | 32.00            | 38.81                  | 38.86            | 7.62    | 9.30          | 5.62  | 9.21  | 7.12  |  |
| David City NE AA                               | 176                                 | 15.62               | 12.17                | 12.65            | 18.07                     | 21.69            | 29.06  | 24.70            | 40.69                  | 40.96            | 25.30   | 25.00         | 32.26 | 18.75 | 26.67 |  |

\* Based on 2009 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 7.7% of loans originated and purchased by bank.

<sup>7</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)



**Table 11. Borrower Distribution of Small Loans to Businesses**

| Borrower Distribution: SMALL LOANS TO BUSINESSES |                                 |              |   |                     |  |  |                           |               |                         |
|--|---------------------------------|--------------|---|---------------------|--|--|---------------------------|---------------|-------------------------|
|  |                                 |              |   | Geography: NEBRASKA |  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                           |               |                         |
| 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 |
| <b>Full Review:</b>                              |                                 |              |   |                     |  |  |                           |               |                         |
| Lancaster County NE AA                           | 866                             | 54.16        | 74.86   | 29.10               | 76.79  | 11.09  | 12.12                     | 1.53          | 1.38                    |
| <b>Limited Review:</b>                           |                                 |              |   |                     |  |  |                           |               |                         |
| Beatrice NE AA                                   | 396                             | 24.77        | 74.13   | 60.10               | 87.12  | 8.84   | 4.04                      | 4.24          | 10.45                   |
| David City NE AA                                 | 337                             | 21.08        | 73.60   | 63.80               | 86.65  | 8.61   | 4.75                      | 26.43         | 25.53                   |

\* Based on 2009 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/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 - 2009).

\*\*\*\* 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 38.55% of small loans to businesses originated and purchased by the bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

| Borrower Distribution: SMALL LOANS TO FARMS |                            | Geography: NEBRASKA |  |                  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                         |                         |               |                         |
|---|----------------------------|---------------------|--|------------------|--|-------------------------|-------------------------|---------------|-------------------------|
| 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 \$500,000 | All           | Rev\$ 1 Million or Less |
| <b>Full Review:</b>                         |                            |                     |  |                  |  |                         |                         |               |                         |
| Lancaster County NE AA                      | 28                         | 3.33                | 98.65                                      | 53.57            | 78.57  | 21.43                   | 0.00                    | 2.31          | 2.86                    |
| <b>Limited Review:</b>                      |                            |                     |  |                  |  |                         |                         |               |                         |
| Beatrice NE AA                              | 171                        | 20.31               | 99.42                                      | 76.61            | 77.78  | 18.71                   | 3.51                    | 9.57          | 8.84                    |
| David City NE AA                            | 643                        | 76.37               | 99.26                                      | 88.34            | 72.94  | 21.77                   | 5.29                    | 46.20         | 46.15                   |

\* Based on 2009 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/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 - 2009).

\*\*\*\* 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 13.66% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS        |                           |           |                            |           |  |           |            |                        |           |
|------------------------------|---------------------------|-----------|----------------------------|-----------|--|-----------|------------|------------------------|-----------|
|                              |                           |           | Geography: NEBRASKA        |           | Evaluation Period: OCTOBER 1, 2006 TO SEPTEMBER 29, 2010 |           |            |                        |           |
| Assessment Area:             | Prior Period Investments* |           | Current Period Investments |           | Total Investments  |           |            | Unfunded Commitments** |           |
|                              | #                         | \$(000's) | #                          | \$(000's) | #  | \$(000's) | % of Total | #                      | \$(000's) |
| <b>Full Review:</b>          |                           |           |                            |           |  |           |            |                        |           |
| Lancaster County NE AA       | 1                         | 1,046     | 41                         | 232       | 42   | 1,278     | 98.61      | 0                      | 0         |
| <b>Limited Review:</b>       |                           |           |                            |           |  |           |            |                        |           |
| Beatrice NE AA               | 0                         | 0         | 14                         | 12        | 14   | 12        | 0.93       | 0                      | 0         |
| David City NE AA             | 0                         | 0         | 7                          | 6         | 7  | 6         | 0.46       | 0                      | 0         |
| <b>Broader Regional Area</b> |                           |           |                            |           |  |           |            |                        |           |
| Benefits AA                  | 0                         | 0         | 11                         | 3,054     | 11   | 3,054     | 100.00     | 0                      | 0         |

\* 'Prior Period Investments' means investments made in a previous 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 |                                |                    |                                | Geography: NEBRASKA                               |       |                          |       | Evaluation Period: OCTOBER 1, 2006 TO SEPTEMBER 29, 2010 |                      |   |     |     |     |                                       |       |        |       |
|---|--------------------------------|--------------------|--------------------------------|---|-------|--------------------------|-------|--|----------------------|---|-----|-----|-----|---------------------------------------|-------|--------|-------|
| MA/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   |
| <b>Full Review:</b>   |                                |                    |                                |   |       |                          |       |  |                      |   |     |     |     |                                       |       |        |       |
| Lancaster County NE AA  | 58.81                          | 3                  | 50.00                          | 0.00  | 33.33 | 0.00                     | 66.67 | 0  | 0                    | 0   | 0   | 0   | 0   | 3.32                                  | 21.12 | 49.31  | 24.05 |
| <b>Limited Review:</b>  |                                |                    |                                |   |       |                          |       |  |                      |   |     |     |     |                                       |       |        |       |
| Beatrice NE AA  | 25.75                          | 2                  | 33.33                          | 0.00  | 0.00  | 100.0                    | 0.00  | 0  | 0                    | 0   | 0   | 0   | 0   | 0.00                                  | 7.22  | 92.78  | 0.00  |
| David City NE AA  | 15.44                          | 1                  | 16.67                          | 0.00  | 0.00  | 100.0                    | 0.00  | 0  | 0                    | 0   | 0   | 0   | 0   | 0.00                                  | 0.00  | 100.00 | 0.00  |

**Table 1. Lending Volume**

| LENDING VOLUME   |                                     |               |            |                           |            |                      |            |                               |            |                      |            |                                      |
|--|-------------------------------------|---------------|------------|---------------------------|------------|----------------------|------------|-------------------------------|------------|----------------------|------------|--------------------------------------|
| Geography: TEXAS   |                                     |               |            |                           |            |                      |            |                               |            |                      |            |                                      |
| Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                                     |               |            |                           |            |                      |            |                               |            |                      |            |                                      |
| Assessment Area (2010):                                  | % of Rated Area Loans (#) in MA/AA* | Home Mortgage |            | Small Loans to Businesses |            | Small Loans to Farms |            | Community Development Loans** |            | Total Reported Loans |            | % of Rated Area Deposits in MA/AA*** |
|  |                                     | #             | \$ (000's) | #                         | \$ (000's) | #                    | \$ (000's) | #                             | \$ (000's) | #                    | \$ (000's) |                                      |
| <b>Full Review:</b>                                      |                                     |               |            |                           |            |                      |            |                               |            |                      |            |                                      |
| Dallas TX AA   | 100.00                              | 126           | 26,821     | 450                       | 26,467     | 1                    | 12         | 0                             | 0          | 577                  | 53,300     | 100.00                               |

\* Loan Data as of September 30, 2010. Rated area refers to either state or Multistate MA rating area.

\*\* The evaluation period for Community Development Loans is from October 01, 2006 to September 30, 2010.

\*\*\* Deposit Data as of June 30, 2010. Rated Area refers to either the state, Multistate MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

| Geographic Distribution: HOME PURCHASE |                           |              |                        |                  |                             |              |                           |              |                          |              |                                |      |      |      | Geography: TEXAS |  |  |  |  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |  |  |  |  |
|--|---------------------------|--------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|------|------|------|------------------|--|--|--|--|--|--|--|--|--|
| Assessment Area:                       | Total Home Purchase 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 | Over all                       | Low  | Mod  | Mid  | Upp              |  |  |  |  |  |  |  |  |  |
| <b>Full Review:</b>                    |                           |              |                        |                  |                             |              |                           |              |                          |              |                                |      |      |      |                  |  |  |  |  |  |  |  |  |  |
| Dallas TX AA                           | 46                        | 100.00       | 0.00                   | 0.00             | 1.51                        | 0.00         | 25.36                     | 23.91        | 73.14                    | 76.09        | 0.07                           | 0.00 | 0.00 | 0.03 | 0.08             |  |  |  |  |  |  |  |  |  |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 3. Geographic Distribution of Home Improvement Loans**

| Geographic Distribution: HOME IMPROVEMENT |                              | Geography: TEXAS |                        |                  |                             | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                           |              |                          |              | Market Share (%) by Geography* |      |      |      |      |
|---|------------------------------|------------------|------------------------|------------------|-----------------------------|--|---------------------------|--------------|--------------------------|--------------|--------------------------------|------|------|------|------|
| Assessment Area:                          | Total Home Improvement Loans |                  | Low-Income Geographies |                  | Moderate-Income Geographies |  | Middle-Income Geographies |              | Upper-Income Geographies |              | Overall                        | Low  | Mod  | Mid  | Upp  |
|   | #                            | % of Total**     | % Owner Occ Units***   | % BANK Loans**** | % Owner Occ Units***        | % BANK Loans   | % Owner Occ Units***      | % BANK Loans | % Owner Occ Units***     | % BANK Loans |                                |      |      |      |      |
| <b>Full Review:</b>                       |                              |                  |                        |                  |                             |  |                           |              |                          |              |                                |      |      |      |      |
| Dallas TX AA                              | 13                           | 100.00           | 0.00                   | 0.00             | 1.51                        | 0.00   | 25.36                     | 23.08        | 73.14                    | 76.92        | 0.41                           | 0.00 | 0.00 | 0.44 | 0.41 |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

| Geographic Distribution: HOME MORTGAGE REFINANCE |                                     |              | Geography: TEXAS       |                  |                             |              | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |              |                          |              |                                |      |      |      |      |  |
|--|-------------------------------------|--------------|------------------------|------------------|-----------------------------|--------------|--|--------------|--------------------------|--------------|--------------------------------|------|------|------|------|--|
| 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  |  |
| <b>Full Review:</b>                              |                                     |              |                        |                  |                             |              |  |              |                          |              |                                |      |      |      |      |  |
| Dallas TX AA                                     | 67                                  | 100.00       | 0.00                   | 0.00             | 1.51                        | 0.00         | 25.36  | 25.37        | 73.14                    | 74.63        | 0.13                           | 0.00 | 0.00 | 0.17 | 0.12 |  |

\* Based on 2009 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)



**Table 5. Geographic Distribution of Multifamily Loans**

| Geographic Distribution: MULTIFAMILY |                         |              |                        |                  |                             |              |                           |              |                          |              |                                |      |      |      | Geography: TEXAS |  |  |  |  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |  |  |  |  |
|--------------------------------------|-------------------------|--------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|------|------|------|------------------|--|--|--|--|--|--|--|--|--|
| 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 | Overall                        | Low  | Mod  | Mid  | Upp              |  |  |  |  |  |  |  |  |  |
| <b>Full Review:</b>                  |                         |              |                        |                  |                             |              |                           |              |                          |              |                                |      |      |      |                  |  |  |  |  |  |  |  |  |  |
| Dallas TX AA                         | 0                       | 0.00         | 0.00                   | 0.00             | 2.33                        | 0.00         | 38.57                     | 0.00         | 59.10                    | 0.00         | 0.00                           | 0.00 | 0.00 | 0.00 | 0.00             |  |  |  |  |  |  |  |  |  |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

**Table 6. Geographic Distribution of Small Loans to Businesses**

| Geographic Distribution: SMALL LOANS TO BUSINESSES       |                            |              |                        |              |                             |              |                           |              |                          |              |                                |      |      |      |      |
|--|----------------------------|--------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|------|------|------|------|
| Geography: TEXAS   |                            |              |                        |              |                             |              |                           |              |                          |              |                                |      |      |      |      |
| Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                            |              |                        |              |                             |              |                           |              |                          |              |                                |      |      |      |      |
| 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 Businesses***     | % BANK Loans | % of Businesses***          | % BANK Loans | % of Businesses***        | % BANK Loans | % of Businesses***       | % BANK Loans | Overall                        | Low  | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                                      |                            |              |                        |              |                             |              |                           |              |                          |              |                                |      |      |      |      |
| Dallas TX AA   | 450                        | 100.00       | 0.00                   | 0.00         | 5.28                        | 6.89         | 23.57                     | 19.33        | 71.15                    | 73.78        | 0.30                           | 0.00 | 0.27 | 0.26 | 0.33 |

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2009).

**Table 7. Geographic Distribution of Small Loans to Farms**

| Geographic Distribution: SMALL LOANS TO FARMS |                        |              |                        |              |                             |              |                           |              |                          |              |                                |      |      |      | Geography: TEXAS |  |  |  |  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |  |  |  |  |
|---|------------------------|--------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|------|------|------|------------------|--|--|--|--|--|--|--|--|--|
| 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 | Overall                        | Low  | Mod  | Mid  | Upp              |  |  |  |  |  |  |  |  |  |
| <b>Full Review:</b>                           |                        |              |                        |              |                             |              |                           |              |                          |              |                                |      |      |      |                  |  |  |  |  |  |  |  |  |  |
| Dallas TX AA                                  | 1                      | 100.00       | 0.00                   | 0.00         | 4.72                        | 0.00         | 36.86                     | 0.00         | 58.42                    | 100.00       | 0.00                           | 0.00 | 0.00 | 0.00 | 0.00             |  |  |  |  |  |  |  |  |  |

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2009).

**Table 8. Borrower Distribution of Home Purchase Loans**

| Borrower Distribution: HOME PURCHASE                     |                           |              |                      |                  |                           |                  |                         |                  |                        |                  |               |      |      |      |      |
|--|---------------------------|--------------|----------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|------------------|---------------|------|------|------|------|
| Geography: TEXAS   |                           |              |                      |                  |                           |                  |                         |                  |                        |                  |               |      |      |      |      |
| Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                           |              |                      |                  |                           |                  |                         |                  |                        |                  |               |      |      |      |      |
| Assessment Area:   | Total Home Purchase Loans |              | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |                  | Upper-Income Borrowers |                  | Market Share* |      |      |      |      |
|  | #                         | % of Total** | % Families***        | % BANK Loans**** | % Families 8              | % BANK Loans**** | % Families***           | % BANK Loans**** | % Families***          | % BANK Loans**** | Overall       | Low  | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                                      |                           |              |                      |                  |                           |                  |                         |                  |                        |                  |               |      |      |      |      |
| Dallas TX AA   | 46                        | 100.00       | 9.68                 | 5.71             | 11.44                     | 11.43            | 18.46                   | 17.14            | 60.43                  | 65.71            | 0.07          | 0.10 | 0.04 | 0.03 | 0.09 |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 23.9% of loans originated and purchased by bank.

8 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 9. Borrower Distribution of Home Improvement Loans**

| Borrower Distribution: HOME IMPROVEMENT |                              |              |                      |                  |                           |                  |                         |                  |                        |                  |               |      |      |      | Geography: TEXAS |  |  |  |  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |  |  |  |  |
|---|------------------------------|--------------|----------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|------------------|---------------|------|------|------|------------------|--|--|--|--|--|--|--|--|--|
| Assessment Area:                        | Total Home Improvement Loans |              | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |                  | Upper-Income Borrowers |                  | Market Share* |      |      |      |                  |  |  |  |  |  |  |  |  |  |
|   | #                            | % of Total** | % Families*<br>**    | % BANK Loans**** | % Families <sup>9</sup>   | % BANK Loans**** | % Families***           | % BANK Loans**** | % Families***          | % BANK Loans**** | Overall       | Low  | Mod  | Mid  | Upp              |  |  |  |  |  |  |  |  |  |
| <b>Full Review:</b>                     |                              |              |                      |                  |                           |                  |                         |                  |                        |                  |               |      |      |      |                  |  |  |  |  |  |  |  |  |  |
| Dallas TX AA                            | 13                           | 100.00       | 9.68                 | 0.00             | 11.44                     | 0.00             | 18.46                   | 7.69             | 60.43                  | 92.31            | 0.43          | 0.00 | 0.00 | 0.76 | 0.44             |  |  |  |  |  |  |  |  |  |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

<sup>9</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

| Borrower Distribution: HOME MORTGAGE REFINANCE |                                     | Geography: TEXAS |                      |                  |                           |                  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                  |                        |                  |         | Market Share* |      |      |      |  |
|--|-------------------------------------|------------------|----------------------|------------------|---------------------------|------------------|--|------------------|------------------------|------------------|---------|---------------|------|------|------|--|
| Assessment Area:                               | Total Home Mortgage Refinance Loans |                  | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers                                  |                  | Upper-Income Borrowers |                  | Overall | Low           | Mod  | Mid  | Upp  |  |
|  | #                                   | % of Total**     | % Families**         | % BANK Loans**** | % Families <sup>10</sup>  | % BANK Loans**** | % Families***  | % BANK Loans**** | % Families***          | % BANK Loans**** |         |               |      |      |      |  |
| <b>Full Review:</b>                            |                                     |                  |                      |                  |                           |                  |  |                  |                        |                  |         |               |      |      |      |  |
| Dallas TX AA                                   | 67                                  | 100.00           | 9.68                 | 0.00             | 11.44                     | 3.51             | 18.46  | 22.81            | 60.43                  | 73.68            | 0.13    | 0.00          | 0.05 | 0.15 | 0.13 |  |

\* Based on 2009 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 14.9% of loans originated and purchased by bank.

<sup>10</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 11. Borrower Distribution of Small Loans to Businesses**

| Borrower Distribution: SMALL LOANS TO BUSINESSES |                                 | Geography: TEXAS |   |                  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                         |                           |               |                         |
|--|---------------------------------|------------------|---|------------------|--|-------------------------|---------------------------|---------------|-------------------------|
| 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 |
| <b>Full Review:</b>                              |                                 |                  |   |                  |  |                         |                           |               |                         |
| Dallas TX AA                                     | 450                             | 100.00           | 75.99   | 24.22            | 85.78  | 8.00                    | 6.22                      | 0.30          | 0.26                    |

\* Based on 2009 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/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 - 2009).

\*\*\*\* 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 60.67% of small loans to businesses originated and purchased by the bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

| Borrower Distribution: SMALL LOANS TO FARMS |                            | Geography: TEXAS |  |                  | Evaluation Period: JANUARY 1, 2006 TO SEPTEMBER 29, 2010 |                         |                         |               |                         |
|---|----------------------------|------------------|--|------------------|--|-------------------------|-------------------------|---------------|-------------------------|
| 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 \$500,000 | All           | Rev\$ 1 Million or Less |
| <b>Full Review:</b>                         |                            |                  |  |                  |  |                         |                         |               |                         |
| Dallas TX AA                                | 1                          | 100.00           | 97.27                                      | 0.00             | 100.00   | 0.00                    | 0.00                    | 0.00          | 0.00                    |

\* Based on 2009 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/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 - 2009).

\*\*\*\* 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 100.0% of small loans to farms originated and purchased by the bank.



**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS |                           |           |                            |           |  |           |            |                        |           |
|-----------------------|---------------------------|-----------|----------------------------|-----------|--|-----------|------------|------------------------|-----------|
|                       |                           |           | Geography: TEXAS           |           | Evaluation Period: OCTOBER 1, 2006 TO SEPTEMBER 29, 2010 |           |            |                        |           |
| Assessment Area:      | Prior Period Investments* |           | Current Period Investments |           | Total Investments  |           |            | Unfunded Commitments** |           |
|                       | #                         | \$(000's) | #                          | \$(000's) | #  | \$(000's) | % of Total | #                      | \$(000's) |
| <b>Full Review:</b>   |                           |           |                            |           |  |           |            |                        |           |
| Dallas TX AA          | 1                         | 1,654     | 15                         | 110       | 16   | 1,764     | 100.00     | 0                      | 0         |

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\* 'Prior Period Investments' means investments made in a previous 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<br>SEPTEMBER 29, 2010 |                                |                    |                                | Geography: TEXAS                                  |      |      |        | Evaluation Period: OCTOBER 1, 2006 TO |                      |   |     |            |     |                                       |      |       |       |
|---|--------------------------------|--------------------|--------------------------------|---|------|------|--------|---------------------------------------|----------------------|---|-----|------------|-----|---------------------------------------|------|-------|-------|
| MA/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   |
| <b>Full Review:</b>   |                                |                    |                                |   |      |      |        |                                       |                      |   |     |            |     |                                       |      |       |       |
| Dallas TX AA  | 100.00                         | 4                  | 100.00                         | 0.00  | 0.00 | 0.00 | 100.00 | 1                                     | 0                    | 0   | 0   | 0          | +1  | 0.00                                  | 2.82 | 29.65 | 67.53 |

**Table 1. Lending Volume**

| LENDING VOLUME   |                                     |               |            |                           |            |                      |            |                               |            |                      |            |                                      |
|--|-------------------------------------|---------------|------------|---------------------------|------------|----------------------|------------|-------------------------------|------------|----------------------|------------|--------------------------------------|
| Geography: IOWA  |                                     |               |            |                           |            |                      |            |                               |            |                      |            |                                      |
| Evaluation Period: JUNE 30, 2008 TO SEPTEMBER 29, 2010 |                                     |               |            |                           |            |                      |            |                               |            |                      |            |                                      |
| Assessment Area (2010):                                | % of Rated Area Loans (#) in MA/AA* | Home Mortgage |            | Small Loans to Businesses |            | Small Loans to Farms |            | Community Development Loans** |            | Total Reported Loans |            | % of Rated Area Deposits in MA/AA*** |
|  |                                     | #             | \$ (000's) | #                         | \$ (000's) | #                    | \$ (000's) | #                             | \$ (000's) | #                    | \$ (000's) |                                      |
| <b>Full Review:</b>                                    |                                     |               |            |                           |            |                      |            |                               |            |                      |            |                                      |
| Des Moines IA AA                                       | 100.00                              | 313           | 40,542     | 623                       | 11,256     | 13                   | 1,003      | 0                             | 0          | 949                  | 52,801     | 100.00                               |

\* Loan Data as of September 30, 2010. Rated area refers to either state or Multistate MA rating area.

\*\* The evaluation period for Community Development Loans is from October 01, 2006 to September 30, 2010.

\*\*\* Deposit Data as of June 30, 2010. Rated Area refers to either the state, Multistate MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

| Geographic Distribution: HOME PURCHASE |                           |              |                        |                  |                             |              |                           |              |                          |              |                                |      |      |      | Geography: IOWA |  |  |  |  | Evaluation Period: JUNE 30, 2008 TO SEPTEMBER 29, 2010 |  |  |  |  |
|--|---------------------------|--------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|------|------|------|-----------------|--|--|--|--|--|--|--|--|--|
| Assessment Area:                       | Total Home Purchase 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 | Over all                       | Low  | Mod  | Mid  | Upp             |  |  |  |  |  |  |  |  |  |
| <b>Full Review:</b>                    |                           |              |                        |                  |                             |              |                           |              |                          |              |                                |      |      |      |                 |  |  |  |  |  |  |  |  |  |
| Des Moines IA AA                       | 157                       | 100.00       | 1.90                   | 0.00             | 19.88                       | 0.64         | 51.88                     | 47.13        | 26.35                    | 52.23        | 0.01                           | 0.00 | 0.00 | 0.02 | 0.00            |  |  |  |  |  |  |  |  |  |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 3. Geographic Distribution of Home Improvement Loans**

| Geographic Distribution: HOME IMPROVEMENT |                              |              |                        |                  |                             |              |                           |              |                          |              |                                |      |      |      | Geography: IOWA |  |  |  |  | Evaluation Period: JUNE 30, 2008 TO SEPTEMBER 29, 2010 |  |  |  |  |
|---|------------------------------|--------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|------|------|------|-----------------|--|--|--|--|--|--|--|--|--|
| Assessment Area:                          | Total Home Improvement 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             |  |  |  |  |  |  |  |  |  |
| <b>Full Review:</b>                       |                              |              |                        |                  |                             |              |                           |              |                          |              |                                |      |      |      |                 |  |  |  |  |  |  |  |  |  |
| Des Moines IA AA                          | 39                           | 100.00       | 1.90                   | 2.56             | 19.88                       | 2.56         | 51.88                     | 61.54        | 26.35                    | 33.33        | 0.00                           | 0.00 | 0.00 | 0.00 | 0.00            |  |  |  |  |  |  |  |  |  |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

| Geographic Distribution: HOME MORTGAGE REFINANCE |                                     | Geography: IOWA |                        |                  |                             | Evaluation Period: JUNE 30, 2008 TO SEPTEMBER 29, 2010 |                           |              |                          |              |                                |      |      |      |      |
|--|-------------------------------------|-----------------|------------------------|------------------|-----------------------------|--|---------------------------|--------------|--------------------------|--------------|--------------------------------|------|------|------|------|
| 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  |
| <b>Full Review:</b>                              |                                     |                 |                        |                  |                             |  |                           |              |                          |              |                                |      |      |      |      |
| Des Moines IA AA                                 | 117                                 | 100.00          | 1.90                   | 0.85             | 19.88                       | 3.42   | 51.88                     | 44.44        | 26.35                    | 51.28        | 0.16                           | 0.00 | 0.00 | 0.17 | 0.19 |

\* Based on 2009 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multifamily Loans**

| Geographic Distribution: MULTIFAMILY                   |                         |              |                        |                  |                             |              |                           |              |                          |              |                                |              |         |      |      |      |      |
|--|-------------------------|--------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|--------------|---------|------|------|------|------|
| Geography: IOWA  |                         |              |                        |                  |                             |              |                           |              |                          |              |                                |              |         |      |      |      |      |
| Evaluation Period: JUNE 30, 2008 TO SEPTEMBER 29, 2010 |                         |              |                        |                  |                             |              |                           |              |                          |              |                                |              |         |      |      |      |      |
| 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 | % MF Units***                  | % BANK Loans | Overall | Low  | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                                    |                         |              |                        |                  |                             |              |                           |              |                          |              |                                |              |         |      |      |      |      |
| Des Moines IA AA                                       | 0                       | 0.00         | 13.92                  | 0.00             | 16.46                       | 0.00         | 45.31                     | 0.00         | 24.31                    | 0.00         | 0.00                           | 0.00         | 0.00    | 0.00 | 0.00 | 0.00 | 0.00 |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

**Table 6. Geographic Distribution of Small Loans to Businesses**

| Geographic Distribution: SMALL LOANS TO BUSINESSES |                            |              |                        |              |                             |              |                           |              |                          |              |                                |      |      |      | Geography: IOWA |  |  |  |  | Evaluation Period: JUNE 30, 2008 TO SEPTEMBER 29, 2010 |  |  |  |  |
|--|----------------------------|--------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|------|------|------|-----------------|--|--|--|--|--|--|--|--|--|
| 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 S***     | % BANK Loans | % of Business S***          | % BANK Loans | % of Business S***        | % BANK Loans | % of Business S***       | % BANK Loans | Overall                        | Low  | Mod  | Mid  | Upp             |  |  |  |  |  |  |  |  |  |
| <b>Full Review:</b>                                |                            |              |                        |              |                             |              |                           |              |                          |              |                                |      |      |      |                 |  |  |  |  |  |  |  |  |  |
| Des Moines IA AA                                   | 623                        | 100.00       | 11.41                  | 8.99         | 11.47                       | 10.27        | 45.95                     | 47.51        | 31.17                    | 33.23        | 0.56                           | 0.64 | 0.69 | 0.43 | 0.72            |  |  |  |  |  |  |  |  |  |

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2009).



**Table 7. Geographic Distribution of Small Loans to Farms**

| Geographic Distribution: SMALL LOANS TO FARMS |                        |              |                        |              |                             |              |                           |              |                          |              |                                |      |      |      | Geography: IOWA |  |  |  |  | Evaluation Period: JUNE 30, 2008 TO SEPTEMBER 29, 2010 |  |  |  |  |
|---|------------------------|--------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|------|------|------|-----------------|--|--|--|--|--|--|--|--|--|
| 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 | Overall                        | Low  | Mod  | Mid  | Upp             |  |  |  |  |  |  |  |  |  |
| <b>Full Review:</b>                           |                        |              |                        |              |                             |              |                           |              |                          |              |                                |      |      |      |                 |  |  |  |  |  |  |  |  |  |
| Des Moines IA AA                              | 13                     | 100.00       | 1.63                   | 0.00         | 7.91                        | 0.00         | 68.27                     | 30.77        | 22.19                    | 69.23        | 1.00                           | 0.00 | 0.00 | 0.00 | 4.00            |  |  |  |  |  |  |  |  |  |

\* Based on 2009 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2009).

**Table 8. Borrower Distribution of Home Purchase Loans**

| Borrower Distribution: HOME PURCHASE                   |                           |              |                      |                  |                           |                  |                         |                  |                        |                  |               |      |      |      |      |
|--|---------------------------|--------------|----------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|------------------|---------------|------|------|------|------|
| Geography: IOWA  |                           |              |                      |                  |                           |                  |                         |                  |                        |                  |               |      |      |      |      |
| Evaluation Period: JUNE 30, 2008 TO SEPTEMBER 29, 2010 |                           |              |                      |                  |                           |                  |                         |                  |                        |                  |               |      |      |      |      |
| Assessment Area:                                       | Total Home Purchase Loans |              | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |                  | Upper-Income Borrowers |                  | Market Share* |      |      |      |      |
|  | #                         | % of Total** | % Families***        | % BANK Loans**** | % Families 11             | % BANK Loans**** | % Families***           | % BANK Loans**** | % Families***          | % BANK Loans**** | Overall       | Low  | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                                    |                           |              |                      |                  |                           |                  |                         |                  |                        |                  |               |      |      |      |      |
| Des Moines IA AA                                       | 157                       | 100.00       | 17.59                | 3.90             | 18.89                     | 17.53            | 25.11                   | 32.47            | 38.42                  | 46.10            | 0.01          | 0.00 | 0.00 | 0.04 | 0.00 |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.9% of loans originated and purchased by bank.

11 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 9. Borrower Distribution of Home Improvement Loans**

| Borrower Distribution: HOME IMPROVEMENT |                              |              |                      |                  |                           |                  |                         |                  |                        |                  |               |      |      |      | Geography: IOWA |  |  |  |  | Evaluation Period: JUNE 30, 2008 TO SEPTEMBER 29, 2010 |  |  |  |  |
|---|------------------------------|--------------|----------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|------------------|---------------|------|------|------|-----------------|--|--|--|--|--|--|--|--|--|
| Assessment Area:                        | Total Home Improvement Loans |              | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |                  | Upper-Income Borrowers |                  | Market Share* |      |      |      |                 |  |  |  |  |  |  |  |  |  |
|   | #                            | % of Total** | % Families*<br>**    | % BANK Loans**** | % Families <sup>12</sup>  | % BANK Loans**** | % Families***           | % BANK Loans**** | % Families***          | % BANK Loans**** | Overall       | Low  | Mod  | Mid  | Upp             |  |  |  |  |  |  |  |  |  |
| <b>Full Review:</b>                     |                              |              |                      |                  |                           |                  |                         |                  |                        |                  |               |      |      |      |                 |  |  |  |  |  |  |  |  |  |
| Des Moines IA AA                        | 39                           | 100.00       | 17.59                | 2.56             | 18.89                     | 25.64            | 25.11                   | 17.95            | 38.42                  | 53.85            | 0.00          | 0.00 | 0.00 | 0.00 | 0.00            |  |  |  |  |  |  |  |  |  |

\* Based on 2009 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

<sup>12</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

| Borrower Distribution: HOME MORTGAGE REFINANCE |                                     | Geography: IOWA |                      |                  |                           |                  | Evaluation Period: JUNE 30, 2008 TO SEPTEMBER 29, 2010 |                  |                        |                  |               |      |      |      |      |  |
|--|-------------------------------------|-----------------|----------------------|------------------|---------------------------|------------------|--|------------------|------------------------|------------------|---------------|------|------|------|------|--|
| 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**** | % Families13              | % BANK Loans**** | % Families***  | % BANK Loans**** | % Families***          | % BANK Loans**** | Overall       | Low  | Mod  | Mid  | Upp  |  |
| <b>Full Review:</b>                            |                                     |                 |                      |                  |                           |                  |  |                  |                        |                  |               |      |      |      |      |  |
| Des Moines IA AA                               | 117                                 | 100.00          | 17.59                | 2.75             | 18.89                     | 13.76            | 25.11  | 32.11            | 38.42                  | 51.38            | 0.16          | 0.00 | 0.08 | 0.20 | 0.19 |  |

\* Based on 2009 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 6.8% of loans originated and purchased by bank.

13 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 11. Borrower Distribution of Small Loans to Businesses**

| Borrower Distribution: SMALL LOANS TO BUSINESSES |                                 |              |   |  |  |                         |                           |               |                         |
|--|---------------------------------|--------------|---|--|--|-------------------------|---------------------------|---------------|-------------------------|
| Geography: IOWA                                  |                                 |              |   | Evaluation Period: JUNE 30, 2008 TO SEPTEMBER 29, 2010 |  |                         |                           |               |                         |
| 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 |
| <b>Full Review:</b>                              |                                 |              |   |  |  |                         |                           |               |                         |
| Des Moines IA AA                                 | 623                             | 100.00       | 72.90   | 6.26   | 97.59  | 1.12                    | 1.28                      | 0.56          | 0.11                    |

\* Based on 2009 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/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 - 2009).

\*\*\*\* 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 79.13% of small loans to businesses originated and purchased by the bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

| Borrower Distribution: SMALL LOANS TO FARMS |                            | Geography: IOWA |  |                  | Evaluation Period: JUNE 30, 2008 TO SEPTEMBER 29, 2010 |                         |                         |               |                         |
|---|----------------------------|-----------------|--|------------------|--|-------------------------|-------------------------|---------------|-------------------------|
| 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 \$500,000 | All           | Rev\$ 1 Million or Less |
| <b>Full Review:</b>                         |                            |                 |  |                  |  |                         |                         |               |                         |
| Des Moines IA AA                            | 13                         | 100.00          | 97.68                                      | 7.69             | 76.92  | 7.69                    | 15.38                   | 1.00          | 0.71                    |

\* Based on 2009 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/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 - 2009).

\*\*\*\* 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 61.54% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS |                           |           |                            |           |  |           |            |                        |           |
|-----------------------|---------------------------|-----------|----------------------------|-----------|--|-----------|------------|------------------------|-----------|
|                       |                           |           | Geography: IOWA            |           | Evaluation Period: JUNE 30, 2008 TO SEPTEMBER 29, 2010 |           |            |                        |           |
| Assessment Area:      | Prior Period Investments* |           | Current Period Investments |           | Total Investments                                      |           |            | Unfunded Commitments** |           |
|                       | #                         | \$(000's) | #                          | \$(000's) | #  | \$(000's) | % of Total | #                      | \$(000's) |
| <b>Full Review:</b>   |                           |           |                            |           |  |           |            |                        |           |
| Des Moines IA AA      | 1                         | 312       | 4                          | 3         | 5  | 315       | 100.00     | 0                      | 0         |

\* 'Prior Period Investments' means investments made in a previous 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<br>SEPTEMBER 29, 2010 |                                |                    |                                | Geography: IOWA                                   |      |                          |      | Evaluation Period: JUNE 30, 2008 TO |                      |   |     |     |     |                                       |       |       |       |
|---|--------------------------------|--------------------|--------------------------------|---|------|--------------------------|------|-------------------------------------|----------------------|---|-----|-----|-----|---------------------------------------|-------|-------|-------|
| MA/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   |
| <b>Full Review:</b>   |                                |                    |                                |   |      |                          |      |                                     |                      |   |     |     |     |                                       |       |       |       |
| Des Moines IA AA  | 100.00                         | 1                  | 100.00                         | 100.00  | 0.00 | 0.00                     | 0.00 | 1                                   | 0                    | +1  | 0   | 0   | 0   | 4.75                                  | 21.35 | 49.26 | 24.65 |