



Comptroller of the Currency
Administrator of National Banks

LARGE BANK

PUBLIC DISCLOSURE

February 1, 1999

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**First National Bank
Charter Number 3496
201 North Dewey
North Platte, Nebraska 69103**

**Supervisory Agency: Office of the Comptroller of the Currency
Midwestern District
Midsize-Credit Card/Community Banks
2345 Grand Blvd., Suite 700
Kansas City, Missouri 64108**

Note: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GLOSSARY OF TERMS AND COMMON ABBREVIATIONS

The following terms and abbreviations are used throughout this Performance Evaluation.

Assessment Area (AA) - The geographic area which an institution selects as the community within which its regulator will assess the institution's record of CRA performance. Generally, an urban assessment area will not extend beyond the boundaries of an MSA. A rural assessment area may contain one or more neighboring counties.

Block Numbering Area (BNA) or Census Tract (CT) - Small, locally defined statistical area, determined by the U.S. Census Bureau in an attempt to group homogeneous populations. A BNA or CT has defined boundaries per ten-year census and an average population of four thousand.

Community Development Loan - A loan which must have as its *primary* purpose community development. Community development loans specifically exclude loans which have been reported under the Home Mortgage Disclosure Act or as small loans to businesses and farms, except for multi-family rental housing loans which can be reported under both categories.

Community Development Service - A service that must have community development as its *primary* purpose and must be related to the provision of financial services.

Community Development Purpose - Defined per 12 C.F.R. § 25.12(h) as affordable housing (including multi-family rental housing) for low- and moderate-income (LMI) individuals; community services targeted to LMI individuals; activities that promote economic development by financing businesses or farms that meet size eligibility standards defined by the CRA regulation; or activities that revitalize or stabilize LMI geographies.

FNB-NP - First National Bank, North Platte, Nebraska.

Geography - A Census Tract (CT) or Block Numbering Area (BNA).

Home Mortgage Disclosure Act (HMDA) - A statute requiring certain mortgage lenders that do business or have banking offices in MSAs to file annual summary reports of their lending activity. The reports include such data as the race, gender, and income of the applicant(s), the amount of loan requested, and its disposition (e.g made, turned down, withdrawn). The types of loan applications reported include governmentally-guaranteed home purchase and home improvement loans, conventional home purchase loans, home improvement loans, refinancing of home purchase and home improvement loans, and loans for the purchase of multi-family (5 or more units) dwellings. *(This is a generic description of the bank's requirements and not a legal explanation of the requirements contained in 12 U.S.C. § 2801, as amended, and 12 C.F.R. § 203, as amended.)*

Income Levels - These relate to individuals, families, or the CTs in a Metropolitan Statistical Area (MSA).

Low = An income level that is less than 50% of the median income.

Moderate = An income level that is at least 50% and less than 80% of the median income.

Low- and Moderate-Income (LMI) = An income level that is less than 80% of the median income.

Middle = An income level that is at least 80% and less than 120% of the median income.

Upper = An income level that is 120% or more of the median income.

Large Financial Institution - A financial institution with total banking assets of \$250 million or more or an institution of any size that is an affiliate of a bank holding company with \$1 billion or more in banking and thrift assets.

Market Share - The portion of loans or deposits in a specific geographic area attributed to a financial institution, expressed as a percent of the total loans or deposits reported by all financial institutions subject to loan and deposit reporting requirements in the same area.

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Median Family Income - The median family income for a specific MSA or nonmetropolitan statewide area as determined by the U.S. Census Bureau. The Department of Housing and Urban Development updates this figure annually using an estimated inflation factor.

Metropolitan Statistical Area (MSA) - An area containing a city with a population of at least 50 thousand or an urbanized area with a population of at least 50 thousand and a total metropolitan population of at least 100 thousand. Generally, MSAs consist of one or more whole counties that have a high degree of interaction.

Qualified Investment - A lawful investment that has as its *primary* purpose community development.

Small Business or Farm - A business or farm that has \$1 million or less in gross annual revenues.

Small Loan to a Business or Farm - A loan of \$1 million or less to a business of any size or a loan of \$500 thousand or less to a farm of any size.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **First National Bank, North Platte, Nebraska (FNB-NP)** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **February 1, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. § 25.

Institution's CRA Rating: We rated the bank's CRA performance "**Satisfactory.**" The main factors contributing to this rating include:

- < FNB-NP's lending levels reflected good responsiveness to the area's credit needs.
- < The bank achieved a strong distribution of home purchase loans to borrowers of different income levels. For example, 23% of the bank's home purchase loans were to moderate-income borrowers while demographics showed 19% of families in the assessment area (AA) were moderate-income.
- < FNB-NP had a good record of meeting the credit needs of small farms and small businesses in the AA. For example, 88% of the bank's small loans to businesses were to businesses with revenues of \$1 million or less. In comparison, only 76% of all businesses in the AA had revenues of \$1 million or less.
- < The bank's distribution of home purchase and small loans to farms and businesses to geographies of different income levels was very good. As an example, FNB-NP originated 18% of home purchase loans in moderate-income geographies while only 8% of all owner-occupied housing in the AA was located in these geographies.
- < Retail delivery systems were accessible to all portions of FNB-NP's AA, including moderate-income areas. In addition, FNB-NP provided a reasonable level of community development services throughout the AA.

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The following table displays FNB-NP's performance with respect to the lending, investment and service tests.

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

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

DESCRIPTION OF INSTITUTION

FNB-NP is a full-service financial institution headquartered in North Platte, Nebraska. First National of Nebraska, Inc. (FNNI), a \$7.9 billion multibank holding company, located in Omaha, Nebraska, owns 99.6% of outstanding shares of the bank. Seven affiliated national banks and three state chartered banks are located throughout Nebraska and in other adjacent states.

There are no known legal or financial impediments which hinder FNB-NP's ability to help meet the credit needs of its assessment area. FNB-NP offers a full range of credit products including, real estate, agricultural, commercial, and consumer loans. As of December 31, 1998, FNB-NP had \$457 million in total assets and \$3.7 million net income. The bank's loan-to-deposit ratio on that date was 78% and gross loans represented 72% of total assets. By dollar amount, the loan portfolio consisted of the following types of credit: 15% agricultural; 13% commercial and commercial real estate; 8% consumer; 6% one- to four-family residential real estate; and 2% other. The remaining 56% of the bank's loan portfolio is comprised of credit card participations purchased from an affiliate bank. FNB-NP sells the majority of its home purchase and refinancing mortgage loans on the secondary market. The loan-to-deposit ratio and loan portfolio mix do not reflect these loans. From January 1, 1997 through December 31, 1998, the bank originated and sold 620 residential mortgage loans totaling \$43 million.

FNB-NP's main office and two branches are located in North Platte, in west-central Nebraska. The bank has additional branch offices located in the western Nebraska communities of Alliance, Chadron, Gering, and Scottsbluff. None of the offices are located in a Metropolitan Statistical Area (MSA). The bank has 16 automated teller machine (ATMs) disbursed throughout the AA.

FNB-NP received an "Outstanding" rating during the February 21, 1997 CRA evaluation.

DESCRIPTION OF ASSESSMENT AREA

FNB-NP defines its assessment area as all of Arthur, Box Butte, Dawes, Garden, Grant, Hooker, Lincoln, Logan, McPherson, Morrill, Scottsbluff, and Thomas Counties. The twelve counties are contiguous and all in western Nebraska. The assessment area is very large as it contains over 13 thousand square miles. This is comparable to the States of Massachusetts, Connecticut, and Rhode Island, combined. FNB-NP's AA is also very sparsely populated, with an average of less than 8 persons per square mile.

The AA consists of 33 block numbering areas (BNAs), including 6 (18%) moderate-income, 21 (64%) middle-income, and 6 (18%) upper-income. There are no low-income BNAs. According to 1990 census data, the AA population was 102,866. There were 28,193 families in the AA, with 19% designated low-income, 19% moderate-income, 22% middle-income, and 40% upper-income. Eleven percent of families (3,127) were below the poverty level. The 1990 statewide nonmetropolitan median family income was \$27,623. The estimated statewide nonmetropolitan median family income for 1997 and 1998 were \$37,100 and \$39,300, respectively.

FNB-NP offices are located in the five largest cities and the four most populous counties within the AA. These cities and their populations are North Platte 23,400; Scottsbluff/Gering 25,500; Alliance 10,300; and Chadron 5,700. Outside these counties, the AA population drops significantly. The remaining counties average less than two persons per square mile.

The Union Pacific Railroad in North Platte is the largest employer in the AA with over 2,400 employees. The Burlington Northern Railroad in Alliance follows with 1,800. The next largest employers are regional medical centers in Scottsbluff and North Platte with 900 and 500, respectively. Employment diversification produced economic stability during the evaluation period. Even so, prospects for the agricultural sector are currently not favorable due to large swings in commodity prices. Despite the current downturn for agricultural markets, the unemployment rate in December 1998 ranged from 2.8% for Lincoln and McPherson Counties to 3.3% for Scottsbluff County. These figures compare favorably to the national average which approximates 4.3%.

Banking and financial services competition within the AA market is strong. The AA is served by 17 locally headquartered full-service financial institutions, ranging in total assets from \$10 million to \$457 million. FNB-NP is the largest financial institution in the AA. Additional competition comes from local branches of banks headquartered outside the AA, as well as numerous savings banks and brokerage houses. As of June 30, 1998, FNB-NP had the largest deposit base of all financial institutions in the AA, with \$406 million in deposits or 24% of the market. Twenty-five other financial institutions (local and nonlocal) had deposits in the AA ranging from \$1 million to \$192 million.

Examiners made two community contacts during the examination and reviewed six previous contacts conducted recently by financial institution regulators in FNB-NP's assessment area. These contacts revealed the most pressing housing credit needs include flexible first time home buyer loans for low- and moderate-income (LMI) borrowers and downpayment assistance. Some contacts also cited commercial credit needs such as small dollar working capital loans.

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for small businesses and start-up businesses. However, contacts went on to say these needs were generally being met by area financial institutions.

SCOPE OF EXAMINATION

We evaluated FNB-NP using the Lending, Investment, and Service Tests for large banks pursuant to the revised CRA regulation. These tests assess the bank's record of helping to meet community credit needs, making community development investments, and providing services throughout the AA. For the Lending Test, we focused on residential real estate, agricultural, and commercial loans as these were the primary loan products extended within the AA during the evaluation period. The current evaluation covers residential real estate, small farm, and small business lending activity for 1997 and 1998. It also covers community development lending; qualified investments; and service activities since the last evaluation, February 21, 1997.

Because the bank and its branches are outside an MSA, the bank is not required to collect and report home lending activity for Home Mortgage Disclosure Act (HMDA) purposes. In order to evaluate the bank's performance for this type of lending, we selected a sample of 100 home purchase and refinance loans originated between January 1, 1997 and December 31, 1998. For these loans, we collected and analyzed data on the borrower's income, as well as the geographic location of the loan.

The revised CRA regulation also gives consideration to a bank's home improvement lending. We did not include home improvement lending in our analysis as FNB-NP's loan volume for this product was insignificant. For internal monitoring purposes, bank reports combine home improvement loans with home equity loans (consumer loan secured by a residence, but not for the purpose of home improvement). In 1997 and 1998, FNB-NP reported only 52 home improvement/home equity loans totaling \$1.0 million.

While credit card loan participations comprise the largest portion of the bank's loan portfolio, we did not include the loans in the analysis of borrower and geographic distribution of loans. The participations represent a loan product offered nationwide by an affiliate bank. As a result, the vast majority of credit card borrowers are outside FNB-NP's assessment area. When analyzing lending activity, we took into consideration whether credit card loan participations were purchased to the detriment of borrowers within the AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST:

FNB-NP's lending levels reflected a good responsiveness to the assessment area's residential real estate, small farm, and small business credit needs. For home purchase, small farm, and small business loans, the bank had a good record of lending to borrowers of different income levels and farms and businesses of different sizes. Also, FNB-NP's distribution of these loans among geographies of different income levels was good. There were no conspicuous gaps in the geographic distribution of loans. For both borrower and geographic distribution, the bank's performance consistently met, and in some cases exceeded, comparable demographic information and the performance of aggregate lenders in the AA. FNB-NP's record of extending refinancing mortgage loans to borrowers of different income levels

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and in moderate-income geographies was considerably weaker; however, this did not diminish from the bank's overperformance due to compensating factors described below.

Lending Activity:

FNB-NP's lending levels reflected a good responsiveness to community credit needs. Table 1 details the number and dollar volume of residential mortgage, small farm, and small business loans reported by FNB-NP during 1997 and 1998.

Table 1: FNB-NP's Lending Activity Within Its Assessment Area						
Loan Type	1997		1998		Combined	
	Number	Amount (\$000)	Number	Amount (\$000)	Number	Amount (\$000)
Home Purchase and Refinance *	300	19,840	510	34,876	810	54,716
Small Loans to Farms	426	19,534	445	23,858	871	43,392
Small Loans to Businesses	335	20,644	303	20,850	638	41,494

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

* The bank's format for collecting residential mortgage loan data did not facilitate separating home purchase from refinance loans.

FNB-NP's lending record reflected a good responsiveness to the credit needs of small farms. Aggregate small farm data for 1997 released by the Federal Financial Institutions Examination Council (FFIEC) showed FNB-NP originated 26% of the number of all reported small loans to farms within the bank's AA. The bank ranked second among 20 reporting lenders. FNB-NP was only slightly behind the market leader, who originated 27% of the number of all reported small loans to farms. Excluding FNB-NP's credit card participations, the bank and the market leader are considered similarly situated financial institutions. Both banks had comparable volumes of local lending activity and similar corporate structures with branches in several western Nebraska communities. (The FFIEC data only includes small farm and small business loan data for financial institutions with total assets of \$250 million or more or financial institutions of any size that are affiliates of bank holding companies with \$1 billion or more in total assets.)

FNB-NP also showed a reasonable responsiveness to credit needs of small businesses. FFIEC aggregate loan data for the bank's AA in 1997 showed FNB-NP ranked third out of 25 reporting lenders, with a 16% market share of the total number of reported small business loans. FNB-NP's performance was comparable to the performance of the most similarly situated financial institution in the AA. The competing bank ranked second with a 17% market share of the total number of reported loans. Both of these banks had basically the same loan volume as FNB-NP originated 335 small loans to businesses in 1997, while its closest competitor reported 336 such loans.

Similar comparisons could not be made for residential real estate loans as market share data is not readily available in nonmetropolitan areas.

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FNB-NP addressed local credit needs before purchasing credit card loan participations. It is FNNI policy for all affiliate banks to first help meet credit needs of their local assessment areas. Then, FNNI will make available credit card participations for affiliate banks to purchase with their excess liquidity. During this CRA evaluation period, FNB-NP demonstrated their commitment to AA lending needs as loan volume, other than credit cards, grew by 3.4%. Meanwhile, the bank's volume of credit card participations remained constant at \$183 million.

Distribution of Loans by Borrower Profile - Residential Real Estate Loans

FNB-NP had a good distribution of home purchase loans to borrowers of different income levels, including LMI borrowers. Performance was especially strong in lending to moderate-income families. Table 2 portrays the distribution of a sample of the bank's residential real estate loans from 1997 and 1998 to borrowers of different income levels. While examiners sampled 100 residential mortgage loans, the table only reflects the distribution of 91 loans. This is because 9 of the loans sampled were located outside the bank's assessment area and, therefore, excluded from our analysis of borrower distribution. Table 2 also shows the distribution of families within the AA by income level. This provides some perspective on potential lending opportunities to borrowers of different income levels. The table focuses on the number of residential real estate loans rather than the dollar volume as it more clearly depicts the number of borrowers who benefitted from these loan types.

Table 2: Residential Real Estate Lending Sample by Borrower Income Level					
(January 1, 1997 through December 31, 1998)					
Borrower Income Level	Home Purchase		Refinance		% Families in AA by Income Category*
	# of Loans	% by #	# of Loans	% by #	
Low-Income	2	5%	3	6%	19%
Moderate-Income	9	23%	4	8%	19%
Middle-Income	10	25%	14	27%	22%
Upper-Income	19	47%	30	59%	40%
Total	40	100%	51	100%	100%

Sources: Bank records (1997 & 1998), and 1990 Census Data, U.S. Bureau of the Census.

* 11% of families in the AA are below the poverty level.

As shown in Table 2, FNB-NP had a strong penetration of home purchase loans to moderate-income borrowers within its AA. The bank's percentage of home purchase loans to moderate-income borrowers was 1.2 times the percentage of moderate-income families in the AA.

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The bank's performance was considerably weaker for refinance loans to moderate-income borrowers. However, this is not a significant concern. Bank data indicated LMI borrowers typically have not requested refinancing loans because it was not to their benefit. Most LMI borrowers receiving home purchase loans from FNB-NP qualified for one of several first-time home buyer loan programs. These programs include a variety of attractive features, such as lower downpayment requirements, fewer fees, and lower interest rates. These loan programs are not available to borrowers wishing to refinance their home loans. Therefore, LMI borrowers wanting to refinance their loans would generally be subject to higher downpayment requirements; higher fees; and higher interest rates than they currently pay on their existing home loan.

For both home purchase and refinancing loans, the bank's percentage of loans to low-income borrowers was below demographic comparisons. However, this is not considered unreasonable. Low-income families, and especially families living below the poverty level, would have a more difficult time qualifying for residential mortgage loans due to their more limited income. Also, rising housing costs make it difficult for low-income families to afford a home. U.S. Census data showed the 1990 median housing value for the AA was \$39,203. Bank data showed this number has increased significantly throughout the AA. For example, the average cost of a home in Lincoln County in 1998 was \$79,191 while the average cost of a three bedroom home in Scottsbluff was \$64,637.

Distribution of Loans by Borrower Profile - Small Loans to Farms

FNB-NP had a good record of lending to farms of different revenue sizes, including farms with gross annual revenue of \$1 million or less. Also, the bank extended a high percentage of its reported farm loans in relatively small dollar amounts. Table 2 portrays the distribution of FNB-NP's small loans to farms within the AA. It also depicts the percentage of reported loans that were to farms with gross annual revenues of \$1 million or less.

Table 3: Distribution of Small Loans to Farms by Loan Size				
(January 1, 1997 through December 31, 1998)				
Loan Size	# of Loans	% of Total Loans	Dollar Amount (\$000)	% of Total Dollar
\$0 to \$100,000	762	87%	20,467	47%
\$100,001 to \$250,000	78	9%	12,680	29%
\$250,001 to \$500,000	31	4%	10,245	24%
Total	871	100%	43,392	100%
<i>Loans to Farms with Annual Revenues of \$1 Million or Less (Included in Above Total)</i>	859	99%	41,706	96%

Sources: FFIEC CRA Aggregate and Disclosure Data for 1997 loans; and bank records for 1998 loans.

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Bank data showed 99% of its reported small loans to farms were to farms with revenues of \$1 million or less. When testing bank reports for accuracy, examiners determined FNB-NP accidentally overstated this percentage. Examiners were not able to determine the correct percentage. However, further testing and discussions with bank personnel indicated the percentage of small loans to farms with revenues of \$1 million or less remained high. FNB-NP's performance compares favorably to demographic data where 90% of all farms in the AA reported revenues of \$1 million or less. Similarly, 1997 FFIEC aggregate data for all lenders in the AA showed 88% of the number of all reported small loans to farms were to agricultural operations with revenues of \$1 million or less.

Market share comparisons also indicated the bank's strong lending to smaller farms. FFIEC aggregate data for 1997 showed FNB-NP originated 26% of all reported small loans to farms of any size within its assessment area. For loans to farms with revenues of \$1 million or less, FNB-NP's market share increased to 30% of all such reported loans.

Table 3 shows FNB-NP extended a high percentage of its reported farm loans in relatively small dollar amounts. This is another indication of the bank's efforts to meet the needs of smaller farms as loan size generally correlates to the size of the farm. During the evaluation period, FNB-NP extended 87% of its total reported loans in amounts of \$100 thousand or less to farms of all revenue sizes. This is comparable to 1997 FFIEC aggregate data for all lenders in the AA, which showed 86% of the number of all reported loans to farms were in amounts of \$100 thousand or less.

Distribution of Loans by Borrower Profile - Small Loans to Businesses

FNB-NP had a good record of lending to businesses of different revenue sizes. Performance was especially strong for loans to businesses with revenues of \$1 million or less. Table 4 shows the distribution of FNB-NP's small loans to businesses both by loan size and by gross revenues of \$1 million or less.

Table 4: Distribution of Small Loans to Businesses by Loan Size				
(January 1, 1997 through December 31, 1998)				
Loan Size	# of Loans	% of Total Loans	Dollar Amount (\$000)	% of Total Dollar
\$0 to \$100,000	548	86%	14,645	35%
\$100,001 to \$250,000	53	8%	8,476	21%
\$250,001 to \$1,000,000	37	6%	18,373	44%
Total	638	100%	41,494	100%
<i>Loans to Businesses with Annual Revenues of \$1 Million or Less (Included in Above Total)</i>	560	88%	21,805	53%

Sources: FFIEC CRA Aggregate and Disclosure Data for 1997 loans; and bank records for 1998 loans.

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As seen in Table 4, 88% of the number of FNB-NP's small loans to businesses within the AA were to businesses with gross annual revenues of \$1 million or less. This compares favorably to demographic data which showed only 76% of all businesses in the AA had revenues of \$1 million or less. Similarly, FFIEC aggregate loan data for 1997 revealed only 63% of the number of all reported small loans to businesses were to commercial operations with revenues of \$1 million or less.

Within the AA, FNB-NP's market share of loans to businesses with revenues of \$1 million or less exceeded its overall market share of loans to businesses of any size. In 1997, FNB-NP originated 23% of reported small loans to businesses with revenues of \$1 million or less compared to its overall market share of 16% of all reported loans to businesses.

Table 4 also displays the overall distribution of FNB-NP's small loans to businesses by loan size within the AA. FNB-NP extended a significant proportion of its reported business loans in relatively small dollar amounts. As mentioned previously, loan size generally correlates to the size of the business. During the evaluation period, FNB-NP extended 86% of its total reported loans in amounts of \$100 thousand or less to businesses of all revenue sizes. This is comparable to FFIEC aggregate lender data where 92% of all reported business loans within the AA were in amounts of \$100 thousand or less.

Distribution of Loans by Geography - Residential Real Estate Loans

The geographic distribution of FNB-NP's home purchase loans showed an excellent penetration of moderate-income geographies. Table 5 shows the geographic distribution of a sample of home purchase and refinancing loans, as well as the distribution of owner-occupied housing throughout the AA. While examiners sampled 100 residential mortgage loans, the table only shows the distribution of the 91 loans located within FNB-NP's assessment area.

Table 5: Residential Real Estate Lending Sample by Geography Income Level (January 1, 1997 through December 31, 1998)					
Geography Income Level*	Home Purchase		Refinance		Percent of Owner-Occupied Housing in Geography Income Category
	# of Loans	% by #	# of Loans	% by #	
Moderate-Income	7	18%	1	2%	8%
Middle-Income	18	45%	29	57%	68%
Upper-Income	15	37%	21	41%	24%
Total	40	100%	51	100%	100%

Sources: Bank records (1997 & 1998), and 1990 Census Data, U.S. Bureau of the Census.

* There are no low-income geographies in the assessment area.

As seen in the table, FNB-NP's penetration of home purchase loans in moderate-income BNAs was excellent at 18%. This is especially strong when compared to the percentage of all owner-occupied housing in the AA that is located in these geographies, 8%.

FNB-NP’s performance was considerably weaker for refinancing loans. The sample showed only 2% of refinancing were in moderate-income geographies. This is not unreasonable, however, as 58% of the families residing in these geographies, or 1,527 families, were low- or moderate-income. Of these families, 37%, or 563 families, were below the poverty level. As discussed previously, LMI borrowers, and in particular families living below the poverty level, less likely to refinance their home loans because they would probably be subject to higher interest rates, greater downpayment requirements, and additional fees.

Distribution of Loans by Geography - Small Loans to Farms

FNB-NP’s geographic distribution of small loans to farms was good. The number of farm loans in moderate-income BNAs as a percentage of total loans matched the demographics for these areas. Table 6 displays the overall geographic distribution of the bank’s small loans to farms in the AA. For comparison purposes, it also shows Dun and Bradstreet information on the geographic distribution of all farms in the AA.

Table 6: Small Farm Lending Activity by Geography Income Level					
(January 1, 1997 through December 31, 1998)					
Geography Income Level*	Number of Loans	Percent by Total Number	Dollar Amount (\$000)	Percent by Total Dollar	Percent of Farms in Tract Income Category
Moderate-Income	75	9%	2,616	6%	9%
Middle-Income	619	71%	30,546	70%	69%
Upper-Income	177	20%	10,230	24%	22%
Total	871	100%	43,392	100%	100%

Sources: FFIEC CRA Aggregate and Disclosure Data for 1997 loans; bank records for 1998 loans; Dun and Bradstreet.

* There are no low-income geographies in the assessment area.

The bank’s market share of farm loans in moderate-income BNAs in comparison to its overall market share was adequate. In 1997, FNB-NP originated 26% of all reported small loans to farms within its AA. In moderate-income geographies in the AA, the bank’s market share decreased to 21%. Both overall and within moderate-income BNAs FNB-NP ranked second in reported small loans to farms.

Distribution of Loans by Geography - Small Loans to Businesses

FNB-NP’s geographic distribution of small loans to farms was also good. We compared the percentage of loans in geographies of different income levels to the percentage of total businesses located in these geographies. Table 7 depicts this information.

Table 7: Small Business Lending Activity by Geography Income Level (January 1, 1997 through December 31, 1998)					
Geography Income Level*	Number of Loans	Percent by Total Number	Dollar Amount (\$000)	Percent by Total Dollar	Percent of Businesses in Geography Income Category
Moderate-Income	83	13%	3,811	9%	15%
Middle-Income	395	62%	23,265	56%	68%
Upper-Income	160	25%	14,418	35%	17%
Total	638	100%	41,494	100%	100%

Sources: FFIEC CRA Aggregate and Disclosure Data for 1997 loans; bank records for 1998 loans; Dun and Bradstreet.

* There are no low-income geographies in the assessment area.

The bank's percentage of loans to businesses within moderate-income BNAs at 13% was comparable to demographics at 15%. FNB-NP's performance is even stronger when compared to FFIEC aggregate lender data for the assessment area. For all loans to small businesses reported in 1997, only 8% were located in moderate-income BNAs. Similarly, FNB-NP had a 16% market share of all reported small loans to businesses. Within moderate-income geographies, FNB-NP's market share increased significantly to 28%. This was the highest market share percentage in the assessment area; the next highest market share in moderate-income BNAs was 18%.

Assessment Area Concentration:

FNB-NP originated or purchased a high percentage (84%) of its residential mortgage, small farm, and small business loans within its AA. By loan product, 95% of residential real estate, 71% of small loans to farms, and 93% of small loans to businesses were originated within the AA.

Community Development Lending:

FNB-NP made an adequate level of community development loans in its AA considering the limited opportunities in rural communities it serves. During the evaluation period, FNB-NP originated \$854 thousand in community development loans. All of the loans benefitted North Platte or Lincoln County. The loans included:

- < A \$765 thousand loan to construct a 64-unit apartment complex for LMI individuals. The complex will include 5 units at affordable rates for LMI and 14 units at market rates.
- < \$44 thousand in loans for operating and capital expenditures to a nonprofit organization whose primary purpose is provide child care services for LMI families.
- < A \$30 thousand revolving line of credit line to a nonprofit organization that provides employment and training programs, health services, housing assistance, and other related services to LMI individuals.

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- < A \$15 thousand loan to a nonprofit organization dedicated to serving the needs of homeless people in Lincoln County. Services provided include food, shelter, and clothing, as well as referral services to help the homeless secure permanent housing and employment.

Flexible Lending

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

- < During 1997 and 1998, FNB-NP originated 34 loans totaling \$1.4 million under the Nebraska Investment Finance Authority (NIFA) loan program for first-time home buyers. The loan program includes reduced interest rates and lower downpayment requirements (generally 3% to 5%). Qualified applicants must have annual incomes of \$46,000 or less. The majority of applicants receiving NIFA loans are LMI.
- < The bank originated nine loans totalling \$205 thousand during the evaluation period as part of the East Portal Vill housing project in Scottsbluff, Nebraska. This project is a partnership between FNB-NP, the Community Development Coalition of Scottsbluff, and the USDA Rural Development. The project will provide 18 new homes in a moderate-income area of Scottsbluff. FNB-NP provided permanent financing for the new home buyers. Loan terms included higher debt-to-income ratio limits, lower downpayment requirements, and free home buyer counseling. The program is limited to LMI applicants.

INVESTMENT TEST:

FNB-NP made an inadequate level of qualified investments during the evaluation period. The bank's performance was not commensurate with its capacity and resources. During the evaluation period, the bank made only \$45 thousand in donations to organizations primarily providing services which meet the definition of community development. These organizations are dedicated to providing affordable housing or community services targeted to LMI individuals throughout the bank's AA. During the same period, the bank made a substantially larger dollar volume of donations to organizations not meeting the definition of community development.

SERVICE TEST:

Retail Banking Services

The bank’s retail delivery systems were accessible to all portions of its AA, including moderate-income areas. There are seven bank offices, including a main office and two branches in North Platte and one branch each in Alliance, Chadron, Gering, and Scottsbluff. FNB-NP maintains an office in each county in the AA with a population of 9,000 or more. The main office, one branch office, and a deposit-taking ATM in North Platte are located in moderate-income geographies. In addition, Scottsbluff has one cash-dispensing ATM in an moderate-income BNA. Table 8 depicts the distribution of the bank’s offices and ATMs in the AA. As seen in the table, the percentage of branches located in moderate-income areas significantly exceeds both the percentage of the moderate-income geographies in t AA and the percentage of households located in these areas.

Table 8: Distribution of First National Bank’s Delivery Systems						
Geography Income Level*	Offices		ATMs		Percent of Households in Geography Income Level	Percent of Geographies in Assessment Areas
	Number	Percent	Number	Percent		
Moderate-Income	2	28%	2	13%	10%	18%
Middle-Income	3	43%	6	37%	68%	64%
Upper-Income	2	29%	8	50%	22%	18%
Total	7	100%	16	100%	100%	100%

Sources: Bank records, 1990 Census Data, U.S. Bureau of the Census.

* There are no low-income geographies in the assessment area.

FNB-NP did not open or close any offices during this evaluation period. The bank installed two cash-dispensing ATMs during this period; however, neither were located in moderate-income BNAs.

Office hours provide reasonable access and convenience. The main office and all branches offer Saturday hours. Deposit products were available at all bank offices. Loan products are available at all offices except for the north branch in North Platte. The south office in North Platte offers deposit and consumer loans all day Saturday and Sunday afternoon. Ten ATMs accept deposits; the remaining six only dispense cash.

Community Development Services

FNB-NP provided an adequate level of community development services in its AA. Bank officers and employees provided their expertise to eleven community organizations engaged in providing community services to LMI individuals throughout the AA. Community services provided by these organizations included: housing, clothing, food and health services, and day care for children. Bank personnel provided their financial expertise by serving as directors; assisting with fund raising efforts; and providing advice on financial matters by serving on finance and allocations committees; serving as treasurer.

FAIR LENDING REVIEW

We did not identify any substantive violations of anti-discrimination laws. Our fair lending review consisted of analyzing the rates and terms granted to all individual female and individual male borrowers for direct auto purchase loans from July 1, 1998 to December 31, 1998. The sample included 18 loans to females and 29 loans to males. We found no evidence of discrimination based on gender in the rates and terms given for the sample of loans reviewed.