



PUBLIC DISCLOSURE

July 6, 1998

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**The First National Bank of West Point
Charter Number 3370**

**142 South Main Street
West Point, Nebraska 68788**

**Supervisory Agency: Office of the Comptroller of the Currency
Omaha South Field Office
11606 Nicholas Street, Suite 201
Omaha, Nebraska 68154-4410**

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 a MSA. A rural assessment area may contain one or more neighboring counties.

Census Tract (CT) and Block Numbering Area (BNA) - Small, locally defined statistical areas within an MSA, determined by the United States Census Bureau in an attempt to group homogeneous populations. A CT or BNA has defined boundaries per the ten-year census and an average population of 4,000.

Community Development Loan - A loan which has 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 has community development as its *primary* purpose and is related to the provision of financial services.

Community Development Purpose - A community development purpose is 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 of 13 C.F.R. § 121.802(a)(2) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize LMI geographies.

Community Reinvestment Act - A statute that requires federal regulators to evaluate a financial institution's lending performance in light of the credit needs of the institution's local community. (This is a generic description of the bank's requirements and not a legal explanation of the requirements contained in 12 U.S.C. § 2901, as amended, and 12 C.F.R. § 25, as amended.)

Income Levels - These relate to individuals, families, or the BNAs or CTs in a bank's assessment area.

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.

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.

Median Family Income - The median family income for a specific MSA as determined by the United States Census Bureau. The Department of Housing and Urban Development (HUD) updates this figure annually using an estimated inflation factor.

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

Small Business or Small 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 **The First National Bank of West Point (FNB), West Point, Nebraska** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **July 6, 1998**. 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: This institution is rated **"Satisfactory."**

We rate FNB's CRA performance "Satisfactory" because:

- FNB's lending levels reflect good responsiveness to the assessment area's agricultural credit needs.
- The bank exhibited a strong commitment to meeting the credit needs of the smallest businesses and farms in the assessment area.
- FNB originated a substantial majority of its small business, small farm, and 1-4 family residential real estate loans within its assessment area.
- FNB provided a relatively high level of community development services.
- Retail delivery systems are reasonably accessible to all portions of the assessment area.

The table on the following page indicates the performance level of FNB with respect to the Lending, Investment, and Service Tests.

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

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

SCOPE OF EXAMINATION

We examined FNB 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. We analyzed the bank’s small business, agricultural, mortgage, and community development lending on the basis of responsiveness to credit needs in the assessment area, distribution to borrowers of different income levels and businesses of different sizes, geographic distribution, and the extent to which the bank uses flexible and innovative lending products to meet community credit needs. Under the Investment Test, financial institutions are evaluated on the level of qualified investments, particularly those not routinely provided by private investors; the extent to which qualified investments are considered innovative or complex; and the responsiveness of qualified investments to available opportunities. The Service Test considers branch distribution and accessibility; the extent to which opening and closing branches has affected the accessibility of delivery systems, particularly in LMI geographies or to LMI individuals; the extent to which retail banking services are tailored to the needs of the assessment area, including LMI geographies or individuals; and the level of community services provided by the bank.

FNB’s prior performance evaluation was dated June 8, 1995 and the rating was “Satisfactory Record of Meeting Community Credit Needs.” The current evaluation covers lending, investment, and service activities since June 1995.

Under the Lending Test, we gave small farm lending greater consideration than small business or mortgage lending because FNB’s primary lending focus is agricultural credit. For our analysis of small business and small farm lending we used data from January 1996 to April 1998, which the bank collected under the revised CRA regulation. For mortgage loans, we used data collected by the bank from July 1995 to May 1998.

DESCRIPTION OF INSTITUTION

FNB is a \$72 million full-service bank located in West Point, Nebraska. It is the second largest bank chartered in its assessment area. The bank has two locations, including its main office in West Point and a Loan and Deposit Production Office opened in Snyder, Nebraska during 1996. Snyder is located in northwest Dodge County. FNB has installed two automated teller machines (ATMs) within its assessment area. Refer to the "Retail Banking Services" paragraphs in the "Service Test" section of this evaluation for further details regarding FNB's ATMs.

FNB has the financial capacity to assist in meeting the community's credit needs. There are no legal or financial barriers which impede its efforts. For calendar year 1997, the bank had a net income of \$781 thousand and a return on average assets of 1.12%. The bank offers a full range of credit products including commercial, consumer, real estate, and agricultural loans. As of March 31, 1998, the bank's loan portfolio consisted of 44% agricultural and agricultural real estate loans, 19% commercial and commercial real estate loans, 19% one- to four-family residential real estate loans, 16% consumer loans, and 2% multifamily real estate loans. The bank's loan-to-deposit ratio on that date was 77% and gross loans represented 62% of total assets.

First Commerce Bancshares, Inc., a \$2.2 billion multi-bank holding company headquartered in Lincoln, Nebraska, is controlling owner of the bank. Through common ownership, FNB is affiliated with seven other banks and a mortgage company, all located in Nebraska.

DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area consists of four contiguous BNAs and includes all three BNAs in Cuming County, Nebraska and the BNA comprising the northern and eastern part of Dodge County, Nebraska. The 1990 census designated all four BNAs as middle income. The bank is not located in a Metropolitan Statistical Area.

According to the 1990 U.S. Census, the bank's assessment area had a population of 15,495. The assessment area contained 4,175 families with the following income level designations: 15% low-, 23% moderate-, 28% middle-, and 34% upper-income. Six percent of families in the assessment area are below the poverty level. The 1990 HUD nonMSA statewide median family income for Nebraska was \$27,623. In 1998, the updated HUD nonMSA statewide median family income was \$39,300. The updated figure was used to assess the bank's lending to borrowers of different income levels in this CRA performance evaluation.

West Point, where the bank's main office is located, has a population of approximately 3,250. It is the county seat and largest town in Cuming County. West Point is located in a rural area approximately 75 miles northwest of Omaha. The local economy remains highly dependent on agriculture. Two of the largest non-farm employers in the area are IBP and Wimmer's Meat Products, Inc., which are meat packing and meat processing facilities, respectively. Unemployment in the assessment area is low, with May 1998 statistics from the Nebraska Department of Labor estimating an unemployment rate of 2.1% for this area of the state. Nine other financial institutions headquartered in FNB's assessment area, as well as branches of two other financial institutions, provide strong competition for loans and deposits.

Demographic information from Dun & Bradstreet, Inc. reveals that 532 of 661 businesses in the assessment area (80%) reported revenues of \$1 million or less. Fifty-one businesses, or 8%, reported revenues of more than \$1 million, and 78 businesses, or 12%, did not report revenue information. U.S. Bureau of the Census 1992 Agriculture Census data reveals that 1,791 of 1,924 farms in Cuming and Dodge Counties (93%) reported gross annual revenues of \$500 thousand or less. And 141 farms, or 7%, reported revenues of more than \$500 thousand.

The community's credit needs include agricultural credit, small business loans, and residential real estate loans. We determined these needs through a community contact made during this examination with a local government official familiar with the community's needs, as well as two previous contacts conducted by the Comptroller of the Currency. The prior contacts included a credit specialist from the Farm Services Agency and a local Chamber of Commerce official. Both of the contacts stated that community development opportunities are limited, due to the small size of the communities in the bank's assessment area. We also reviewed CRA Performance Evaluations generated for five area banks over the last two years.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

FNB's lending levels reflect good responsiveness to the assessment area's agricultural credit needs. The bank originated a large volume of agricultural loans in its assessment area and showed good penetration to farms of different sizes. Although the volume of 1-4 family real estate loans and small business loans is less, lending across income lines is reasonable and has been generally improving compared to the demographics for these types of loans. FNB also originated a large volume of its mortgage and small business loans within its assessment area.

LENDING RESPONSIVENESS:

The bank's net loan-to-deposit ratio averaged 74% over the last eight quarters based on data the bank reported in its Consolidated Reports of Condition. During this same period, FNB's loan-to-deposit ratio ranked fifth among the ten banks chartered in its assessment area. The ratios for these ten banks ranged from 58% to 87%. The loan-to-deposit ratio does not reflect the volume of residential real estate loans originated by FNB and sold on the secondary market. Since the last CRA examination, the bank originated 29 such loans totaling \$2 million.

Small Farm Lending:

The number and dollar amount of small loans to farms FNB made in the bank's assessment area shows good responsiveness to the credit needs of agricultural borrowers. The distribution of loans reflects a good representation of lending to farming enterprises of different sizes. The revised CRA regulation assumes gross annual revenues correlate with the size of the business. Gross annual revenues of \$1 million or less are

considered representative of small businesses and small farms. A very large percentage of FNB's lending was to small farms. Table 1 shows the number and dollar amount of small loans to farms FNB originated or purchased within its assessment area in 1996, 1997, and 1998. FNB's lending to small farms is consistent with the demographic information for small farms, which indicates that 93% to 100% of farms report revenue levels of \$1 million or less.

Table 1: 1996, 1997, and 1998 Small Farm Lending Activity													
Farm Revenues	① % of Farms	1996				1997				③ 1998			
		#	%	\$000	%	#	%	\$000	%	#	%	\$000	%
≤ \$1 Million	② 100%	484	98%	15,583	91%	407	93%	15,450	85%	202	93%	12,205	87%
> \$1 Million	0%	10	2%	1,614	9%	26	6%	2,285	13%	8	4%	1,122	8%
Not Available	0%	1	0%	8	0%	7	1%	440	2%	7	3%	659	5%
TOTAL	100%	495	100%	17,205	100%	440	100%	18,175	100%	217	100%	13,986	100%

Source: Bank Records; 1992 Agriculture Census, U.S. Bureau of the Census

① This column presents U.S. Bureau of the Census data on all farms in Cuming and Dodge Counties by revenue size.

② 7% of all farms reported revenues of \$500 thousand or more. It is not known how many of these farms had revenues greater than \$1 million.

③ Bank records included information from January 1998 to April 1998.

Distribution of Small Farm Loans by Borrower Profile

FNB showed good penetration among farm borrowers of different revenue sizes. FNB exhibited a strong commitment to meeting the credit need for small dollar loans to the smallest farms in the assessment area. Loan size generally correlates to the size of the farm. In 1996, 93% of FNB's loans to farms with annual revenues of \$1 million or less were in amounts of \$100 thousand or less. This percentage fell slightly to 91% for 1997, and is at 83% through April 1998.

Table 2 on the following page shows the distribution of FNB's small farm loans within its assessment area by loan size for 1996, 1997, and 1998. FNB demonstrates strong penetration in small dollar loans to small farms. In 1996, FNB originated 45% of its small loans to farms in amounts of \$10 thousand or less. This percentage decreased slightly to 43% for 1997 and is at 26% for 1998. Of particular note is the percentage of the bank's loans in amounts of \$25 thousand or less. In 1996, these smallest loans represented 69% of all small loans to farms with revenues of \$1 million or less. In 1997, this percentage decreased slightly to 65%, and is at 51% for 1998.

Table 2: Distribution of Small Loans to Farms with Gross Revenues of \$1 Million or Less									
Loan Size	1996			1997			① 1998		
	#	%	\$000	#	%	\$000	#	%	\$000

Table 2: Distribution of Small Loans to Farms with Gross Revenues of \$1 Million or Less

0 to \$10,000	219	45%	1,155	176	43%	891	52	26%	294
\$10,001 to \$25,000	114	24%	1,997	87	22%	1,525	50	25%	848
\$25,001 to \$50,000	80	17%	2,952	72	18%	2,789	34	17%	1,380
\$50,001 to \$100,000	36	7%	2,609	34	8%	2,641	30	15%	2,366
\$100,001 to \$250,000	28	6%	4,440	29	7%	4,774	29	14%	5,076
\$250,001 to \$500,000	7	1%	2,430	9	2%	2,830	7	3%	2,241
\$500,001 to \$1,000,000	0	0%	0	0	0%	0	0	0%	0
TOTAL	484	100%	15,583	407	100%	15,450	202	100%	12,205

Sources: Bank Records

① Bank records included information from January 1998 to April 1998.

Distribution of Small Farm Loans by Geography

An analysis of the geographic distribution of FNB’s small farm loans is not meaningful as the bank’s assessment area does not have any low- or moderate-income geographies.

FNB originated a substantial majority of its small loans to farms within its assessment area. Since 1996, 86% of the number and 85% of the dollar volume of the bank’s small loans to farms were within its assessment area.

Small Business Lending:

The number and dollar amount of small loans to businesses FNB made in the assessment area shows a reasonable responsiveness to the credit needs of commercial borrowers. The percentage of FNB’s small loans to businesses with revenues less than \$1 million has been steadily increasing since 1996. This percentage exceeds assessment area demographics for 1998. Table 3 on the following page shows the number and dollar amount of small loans to businesses FNB originated or purchased within its assessment area in 1996, 1997, and 1998. It also shows the annual revenue size of the borrowers.

Table 3: 1996, 1997, and 1998 Small Business Lending Activity

Business Revenues	① % of Businesses	1996				1997				② 1998			
		#	%	\$000	%	#	%	\$000	%	#	%	\$000	%
≤ \$1 Million	80%	125	60%	3,479	37%	128	77%	4,119	46%	46	87%	1,546	60%
> \$1 Million	8%	82	39%	5,958	63%	35	21%	4,614	51%	6	11%	969	37%
Not Available	③12%	1	1%	3	0%	3	2%	254	3%	1	2%	85	3%
TOTAL	100%	208	100%	9,440	100%	166	100%	8,987	100%	53	100%	2,600	100%

Source: Bank Records; Dun & Bradstreet, Inc.

① This column presents Dun & Bradstreet, Inc.'s data on all businesses within the assessment area by revenue size.

② Bank records included information from January 1998 to April 1998.

③ 12% of businesses in the assessment area did not report revenue information.

Distribution of Small Business Loans by Borrower Profile

FNB showed good penetration among business customers of different revenue sizes. FNB exhibited a very strong commitment to meeting the credit need for small dollar loans to the smallest businesses in the assessment area. Loan size generally correlates to the size of the business. In 1996 and 1997, 94% of FNB's loans to businesses with annual revenues of \$1 million or less were in amounts of \$100 thousand or less. This percentage declined very slightly to 93% in 1998. Table 4 on the following page shows the distribution of FNB's small business loans within its assessment area by loan size for 1996, 1997, and 1998.

Loan Size	1996			1997			① 1998		
	#	%	\$000	#	%	\$000	#	%	\$000
0 to \$10,000	66	53%	317	66	52%	327	24	52%	122
\$10,001 to \$25,000	25	20%	455	23	18%	392	8	17%	149
\$25,001 to \$50,000	18	14%	685	13	10%	526	7	15%	274
\$50,001 to \$100,000	9	7%	681	18	14%	1,298	4	9%	334
\$100,001 to \$250,000	6	5%	1,066	6	5%	851	2	5%	267
\$250,001 to \$500,000	1	1%	275	2	1%	725	1	2%	400
\$500,001 to \$1,000,000	0	0%	0	0	0%	0	0	0%	0
TOTAL	125	100%	3,479	128	100%	4,119	46	100%	1,546

Source: Bank Records

① Bank records included information from January 1998 to April 1998.

Of particular note in Table 4 is the percentage of the bank's loans in amounts of \$25 thousand or less. In 1996, these smallest loans represented 73% of all small loans to businesses with revenues of \$1 million or less. In 1997 and 1998, this percentage declined only slightly to 70% and 69%, respectively.

Distribution of Small Business Loans by Geography

An analysis of the geographic distribution of FNB's small business loans is not meaningful as the bank's assessment area does not contain any low- or moderate-income geographies.

FNB has originated a significant percentage of its small loans to businesses within its assessment area. Since 1996, 86% of the number and 89% of the dollar volume of the bank's small loans to businesses were within its assessment area.

Home Mortgage Lending:

The number and dollar amount of FNB's mortgage loans within the assessment area since the last CRA examination reflect adequate responsiveness to the credit needs of home buyers and homeowners. During this timeframe, the bank originated 148 mortgage loans in its assessment area totaling over \$6 million. This number includes the \$2 million sold on the secondary market. This level of lending is reasonable based on the assessment area's small population, and the relatively limited opportunities for home mortgage lending. Community contacts did not indicate an inordinate need for home mortgage loans. Table 5 shows the number and dollar amount of mortgage loans FNB originated within its assessment area from July 1995 to May 1998.

Table 5: Home Mortgage Lending Activity Within FNB's Assessment Area		
Mortgage Loan Product	Number	\$000s
Home Purchase	52	2,966
Refinance	58	3,149
Home Improvement	38	305
TOTAL	148	6,420

Source: Bank Records

Distribution of Home Mortgage Loans by Borrower Profile

FNB had a reasonable distribution of home mortgage lending to borrowers of different income levels. We compared FNB's percentage of mortgage loans among borrowers of different income levels to demographic data on the percentage of families at each income level within the bank's assessment area.

In 1995, mortgage lending exceeded assessment area demographics for low-income borrowers and met assessment area demographics for moderate-income borrowers. Lending to moderate-income borrowers declined in 1996, but from 1996 onward the percentage of mortgage loans made to moderate-income borrowers has been steadily increasing. For 1998, lending to moderate-income borrowers slightly exceeds assessment area demographics. Lending to low-income borrowers is below assessment area demographics for 1996 onward, but is at a reasonable level. Six percent of families in the assessment area are below the poverty level, with incomes between 30% and 50% of the area median family income. It is highly unlikely that many of these families could afford to borrow for a mortgage loan. The 1990 census lists the weighted average median housing cost in the assessment area as \$35,374. However, a review of CRA Performance Evaluations for other banks in the assessment area and a discussion with bank management revealed that the current average sales price for housing in the assessment area is approximately \$60,000. Adjusting the percentage of families who are low-income to exclude the families below the poverty level reveals that FNB's lending to low-income borrowers more closely approximates assessment area demographics and is at a reasonable level.

Table 6 on the following page shows the distribution of FNB's home mortgage loans to borrowers of different income levels. For comparison purposes, it also shows the distribution of families within the bank's assessment area by income level. For presentation purposes, we combined all mortgage loan products together.

Table 6: One- to Four-Family Residential Real Estate Lending Activity by Borrower Income Level									
Borrower Income Level	% of Families in AA	① 1995				1996			
		# of Loans	%	\$000s of Loans	%	# of Loans	%	\$000s of Loans	%
Low	15%	3	23%	67	16%	3	6%	108	5%
Moderate	23%	3	23%	89	21%	7	14%	226	11%
Middle	28%	4	31%	128	30%	23	46%	726	34%
Upper	34%	3	23%	143	33%	17	34%	1,082	50%
TOTAL	100%	13	100%	427	100%	50	100%	2,142	100%
Borrower Income Level	% of Families in AA	1997				② 1998			
		# of Loans	%	\$000s of Loans	%	# of Loans	%	\$000s of Loans	%
Low	15%	3	6%	30	1%	3	9%	53	3%
Moderate	23%	10	20%	276	13%	8	24%	192	11%
Middle	28%	22	43%	624	29%	7	20%	396	23%
Upper	34%	16	31%	1,220	57%	16	47%	1,060	63%
TOTAL	100%	51	100%	2,150	100%	34	100%	1,701	100%

Source: Bank Records; 1990 Census Data, U.S. Bureau of the Census

① Includes data from July 1995 to December 1995, after the bank's last CRA examination.

② Includes information from January 1998 to May 1998.

Distribution of Home Mortgage Loans by Geography

An analysis of the geographic distribution of FNB's home mortgage loans is not meaningful because the bank's assessment area does not have any low- or moderate-income geographies.

FNB originated a reasonable percentage of its mortgage loans within its assessment area. Since July 1995, 79% of the number and dollar volume of the bank's home mortgage loans were within its assessment area.

Community Development Lending:

FNB's community development lending is at a reasonable level. FNB recently issued a loan commitment letter for \$277,400 to L&S Housing Corporation to finance two 8-unit housing complexes for low- and moderate-income senior citizens in Leigh and Snyder, Nebraska. Snyder is located in the bank's assessment area and Leigh is located in a county adjacent to the bank's assessment area.

Community contacts and discussions with bank management revealed that opportunities for community development lending in the assessment area are limited. This was confirmed through a review of Performance Evaluations of other financial institutions in the assessment area. Community development loans must meet the definition in the revised CRA regulation which states that such loans must have community development as their **primary** purpose. Community development loans specifically exclude loans which have been reported as HMDA, small farm, or small business loans, except for multi-family rental housing loans which can be reported under both categories.

Flexible Loan Programs:

The bank provides flexible micro-lending products through its Checking Reserve plan and through other small dollar loans to individuals. Loan officers use the bank's Checking Reserve open end credit plan to create small lines of credit for individuals. Since July 1995, the bank has opened 170 Checking Reserve plans, all with credit limits of \$500 or less. The bank also makes small dollar loans to individuals. From January 1996 to June 1998, FNB originated 60 loans to individuals in its assessment area in amounts of \$1 thousand or less. The average size of these loans was \$569. It is reasonable to assume that these loans are beneficial to low- and moderate-income individuals.

FNB uses flexible lending programs when serving its assessment area's credit needs. FNB uses Farm Services Agency (FSA) programs to assist borrowers in obtaining financing with more flexible debt ratios and through guaranteed loan programs. Since the last CRA examination, the bank originated seven FSA guaranteed loans, totaling \$993 thousand. FNB recently began participating in the Nebraska Investment Finance Authority (NIFA) mortgage program, which assists first-time home buyers in obtaining financing with more flexible debt ratios and down payment guidelines. The bank has originated two NIFA loans for \$87 thousand.

FNB has provided financing to several small businesses in partnership with the City of West Point's revolving loan fund. This program allows new or expanding small businesses to obtain financing at a lower interest rate than the bank normally charges.

INVESTMENT TEST

FNB made an adequate level of qualified community development investments or grants that benefit the bank's assessment area, based on the limited opportunities available. During the evaluation period, the bank made \$56 thousand in qualified investments and donations. This represents 1.1% of FNB's Tier 1 Capital as of March 31, 1998. FNB's qualified investments included:

- ▶ \$50 thousand investment in Equity Fund of Nebraska VI, L.P. This limited partnership invests in low-income housing projects throughout Nebraska. The first project this new Fund has chosen for investment is the L&S Housing project, which is constructing housing for low- and moderate-income senior citizens in Leigh and Snyder, Nebraska. Snyder is located in the bank's assessment area and Leigh is located in an adjacent county. The bank's investment in the Equity Fund is in the form of a note payable in instalments over nine years.
- ▶ \$6 thousand in grants and donations to organizations whose primary purpose meets the definition of community development, including groups dedicated to providing community services or affordable housing targeted to low- and moderate-income individuals.

SERVICE TEST

Retail Banking Services:

FNB's delivery systems are accessible to essentially all portions of the bank's assessment area. The bank has two locations, consisting of the main bank and the loan and deposit production office (LPO/DPO), and two ATMs, both of which have 24-hour accessibility. The bank has a location or an ATM in two of the four BNAs in the assessment area. Thus, 56% of the assessment area's low-income people and 59% of the assessment area's moderate-income people live in a BNA served by either a location or an ATM of FNB.

Hours of operation are reasonable, with the main bank open from 9:00 a.m. to 3:00 p.m. on Monday through Wednesday and on Friday. On Thursdays, banking hours are extended from 9:00 a.m. to 5:00 p.m. The main bank is also open Saturday mornings from 8:30 a.m. to 11:30 a.m. The attached drive-up facility is open earlier in the morning and later in the afternoon than the bank lobby. Its hours are 7:45 a.m. to 5:00 p.m. on Monday through Wednesday and on Friday. Its Thursday hours are from 7:45 a.m. to 6:00 p.m. The LPO/DPO is open from 11:00 a.m. to 5:00 p.m. Monday through Friday. Loan officers are also willing to make after hours appointments with customers.

FNB uses several alternative banking systems to reach essentially all of its assessment area. In addition to the ATMs and LPO/DPO described above, FNB has the following alternative banking systems:

- ▶ The Info-Line service is a toll-free number customers can use to obtain information on their deposit and loan accounts. It allows transfers between accounts, and describes current interest rates and the bank's office

hours and locations. This service is available 24 hours a day.

- ▶ FNB's Bank By Mail program allows customers to conduct transactions by mail, using postage paid envelopes supplied by the bank.

FNB has not opened or closed any branches during the evaluation period. However, the bank opened its LPO/DPO during 1996. This facility is located in a rural BNA in FNB's assessment area.

Community Development Services:

FNB provides a relatively high level of community development services. The bank's staff provides financial expertise to a variety of organizations serving the needs of LMI individuals. Examples of the community development services which FNB and its employees provide in the bank's assessment area include:

- ▶ A loan officer is a member of L&S Housing Corporation, and helps provide the group with insight into various financing opportunities. L&S Housing is a group formed to address housing needs in the communities of Leigh and Snyder, Nebraska. Snyder is located within the bank's assessment area and Leigh is located in a county adjacent to the bank's assessment area. To help meet the need for additional housing, L&S Housing has a project underway to build two 8-unit complexes for low- and moderate-income senior citizens in Leigh and Snyder. L&S Housing Corporation was recognized by the Nebraska Rural Development Commission as one of "Nebraska's Top 10 Rural Development Initiatives for 1997."
- ▶ A bank director serves as both the treasurer of the local Salvation Army and as the treasurer of the West Point Food Bank. These organizations help provide food and other "safety net" services to LMI individuals in the bank's assessment area.
- ▶ The bank's Investment Representative is the President of Wisner Community Development, which provides for economic development by working to recruit new businesses to the area.
- ▶ Bank employees are Board members of Central Catholic School and Guardian Angels School. They use their financial expertise to help the Board with fundraisers, which help provide tuition assistance to low- and moderate-income students, enabling them to attend these local parochial schools.
- ▶ The bank offers Simply Free Checking, a free checking account with no minimum balance or activity fees that provides for unlimited check writing privileges. The bank also offers Tot to Teen Savings, a free savings account with no minimum balance requirements for children up to age 19. Additionally, the bank provides free government check cashing to both customers and noncustomers. These free banking services predominantly benefit low- and moderate-income individuals.

FAIR LENDING REVIEW

We did not identify any substantive violations of the anti-discrimination laws and regulations (Equal Credit

Opportunity Act and Fair Housing Act).

ADDITIONAL INFORMATION

The Office of the Comptroller of the Currency (OCC) is the regulatory agency responsible for supervision. If you have questions, concerns, or issues, contact the agency at the following address:

Office of the Comptroller of the Currency
Omaha South Field Office
11606 Nicholas Street, Suite 201
Omaha, Nebraska 68154-4410