



Comptroller of the Currency
Administrator of National Banks

Public Disclosure

December 2, 1997

Community Reinvestment Act Performance Evaluation

**AmFirst Bank, National Association
Charter Number 8031**

**602 West B Street
McCook, Nebraska 69001**

**Office of the Comptroller of the Currency
Omaha Field Office
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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.

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 **AmFirst Bank, National Association** prepared by the Office of the Comptroller of the Currency, as of December 2, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

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

AmFirst Bank, National Association (AmFirst) is actively meeting the credit needs of its community. The bank's lending efforts reasonably penetrate all segments of the assessment area, with a good penetration to low- and moderate-income individuals and small farms and businesses. The bank's loan-to-deposit ratio is reasonable, with the majority of loans being made to customers within its assessment area.

DESCRIPTION OF INSTITUTION

AmFirst Bank, National Association is a \$44 million bank headquartered in McCook, Nebraska. It is the third largest of eight banks located in the three counties which it defines as its assessment area. Refer to the Assessment Area section for a detailed description of the bank's assessment area. The bank has three locations, including its main office in McCook, and full service branches in Hayes Center and Palisade, Nebraska. The bank has made no changes in its branch network since the previous CRA examination. AmFirst offers loan and deposit products and services including an overdraft credit product at all locations. The bank maintains automated teller machines (ATMs) at its McCook headquarters office and two additional ATM's at commercial locations within the town of McCook. AmFirst Financial Services, Inc., a \$74 million multibank holding company headquartered in McCook, Nebraska, is controlling owner of the bank. Through common ownership, AmFirst is affiliated with one other bank in Nebraska.

The OCC assigned a CRA rating of "Satisfactory" during the last CRA evaluation ending October 25, 1994.

AmFirst has the financial capacity to assist in meeting the community's credit needs. There are no legal or financial barriers which impede its efforts. The bank offers a full-range of credit products including agricultural, real estate, commercial, and consumer loans. As of September 30, 1997, loans comprised 68 percent of the bank's assets. The bank's loan portfolio consisted of 54 percent agricultural and agricultural real estate; 22 percent commercial and commercial real estate; 17 percent consumer; and 7 percent 1-4 family residential loans.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

AmFirst's assessment area includes all of Red Willow, Hitchcock and Hayes counties in Nebraska. Hitchcock and Hayes counties each contain one Block Numbering Area (BNA) with Red Willow divided into three BNA's. The 1990 U.S. Census survey designated all of these BNA's as middle-income.

According to the 1990 U.S. Census, the bank's assessment area had a population of 16,677. The demographics of the households in the assessment area by income level were 24 percent low-, 18 percent moderate-, 21 percent middle- and 37 percent upper-income. In addition, 18 percent of the population was over age 65 and 13 percent of households were below poverty level. The 1990 HUD nonMSA statewide median family income for Nebraska was \$27,623. In 1997, the updated HUD nonMSA Nebraska statewide median family income was \$37,100. We used this updated figure to assess the bank's lending to borrowers of different income levels. The 1990 U.S. Census determined the median housing value within the assessment area was \$32,649 and 61 percent of the housing units were owner occupied.

The majority of the bank's business originates in McCook where its main office is located. McCook, with a population of approximately 8,100, is the county seat of Red Willow County. It is located in southwestern Nebraska, 14 miles from the Kansas border. Interstate 80 is 70 miles north of the town. McCook serves as a regional trade center for southwestern Nebraska and northwestern Kansas. Ten other small towns in the assessment area include Hayes Center and Palisade, with populations of 231 and 401, respectively.

Agriculture and its related industries dominate the area. However, retail activity is strong and provides some diversification to the local economy. Business leaders are also actively trying to attract new businesses and industry to the area. Two members of the community, contacted by examiners during examinations within the past twelve months, stated the primary credit need for the area includes small business and residential real estate financing. One contact was from an organization which assists with business development in McCook. The second contact was a local business proprietor. Both contacts stated local financial institutions were meeting these credit needs.

Major area employers are: Dayco Corporation (rubber hoses), employing 320; Burlington Northern Santa Fe Railroad employing 300; and Kugler Company (agri-fertilizers) with a workforce of 150. A regional health facility, McCook Community Hospital has a staff of 185 and the McCook Community College employs 185. Overall unemployment remains low.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending to Farms and Businesses of different revenue sizes and Borrowers of Different Income Levels.

A sample of agriculture, business and consumer loans made within the assessment area revealed a good penetration of loans to borrowers of different income levels. Information from the 1990 U.S. Census for the assessment area indicates most businesses and farms are small. Of the 595 businesses and farms reporting census data, 91 percent (540) had revenues totaling less than \$1,000,000. As shown in the following tables, our sample of 46 agricultural and 42 commercial loans made during the previous six months reflects a close correlation with this demographic information. Ninety-five and 93 percent of farm and business loans, respectively, in the sample were to borrowers with revenues of less than \$1,000,000. Notable is a high percentage of loans in each category that AmFirst made to borrowers with less than \$100,000 revenues which signifies good support for very small enterprises.

Distribution of Loans to Farms by Revenue Size

Annual Gross Revenue Levels	Loans to Farms			
	# of Loans	% of # Total	\$(000's) of Loans	% of \$ Volume
Less than \$100,000	27	59%	200	6%
\$100,000 - \$249,999	8	18%	237	8%
\$250,000 - \$499,000	7	15%	647	22%
\$500,000 - \$999,000	2	4%	436	15%
\$1,000,000 and greater	2	4%	1,444	49%

Distribution of Loans to Businesses by Revenue Size

Annual Gross Revenue Levels	Loans to Businesses			
	# of Loans	% of # Total	\$(000's) of Loans	% of \$ Volume
Less than \$100,000	21	50%	217	12%
\$100,000 - \$249,999	5	12%	321	17%
\$250,000 - \$499,000	6	14%	198	10%
\$500,000 - \$999,000	7	17%	288	15%
\$1,000,000 and greater	3	7%	875	46%

We also reviewed income information from 27 locally generated consumer loans originated since January 1, 1996 through October 31, 1997. The bank's distribution of credit to consumer borrowers detailed in the following table reflects good penetration across income lines, especially to individuals or families with low- or moderate-incomes.

Consumer Loans - all purposes (within assessment area only):

Borrower Income Level	% Families in AA	Loans for Consumer Purposes			
		# of Loans	% of Loans by Number	\$(000's) of Loans	% of Loans by Dollar Volume
Low	24%	10	37%	27	15%
Moderate	18%	11	41%	91	51%
Middle	21%	4	15%	40	22%
Upper	37%	2	7%	21	12%

Comparison of Credit Extended Inside and Outside of the Assessment Area

Most of AmFirst’s loans are to borrowers within its assessment area. We reviewed the location of all 248 agricultural and business loans originated in a six month period ending November 12, 1997. The following tables show 94 percent of small business and 88 percent of small farm borrowers are within the assessment area. Our consumer loan sample consisted of 38 loans originated between January 1, 1996 and October 31, 1997. It revealed that AmFirst also originated 71 percent of its personal loans within the assessment area.

Product Type		Total		% of Total	
		#	\$(000's)	#	\$(000's)
Small Business	In	88	3,645	94%	91%
	Out	6	359	6%	9%
Total Small Business		94	4004	100%	100%
Small Farm	In	136	7,418	88%	81%
	Out	18	1,736	12%	19%
Total Small Farm		154	9,154	100%	100%

Product Type		Total		% of Total	
		#	\$(000's)	#	\$(000's)
Personal Loans	In	27	179	71%	71%
	Out	11	72	29%	29%
Total In and Out		38	251	100%	100%

Loan-to-deposit Ratio

The bank’s net loan-to-deposit ratio averaged 76 percent over the last twelve quarters based on data the bank reported in Consolidated Reports of Condition. During this same period AmFirst’s loan-to-deposit ratio consistently ranked second or third among the eight banks headquartered in the three county assessment area. The most recent data shows the eight banks’ loan-to-deposit ratios ranging from 50 percent to 81 percent. Not reflected in AmFirst’s loan-to-deposit ratio is the large number of commercial and agricultural loan participations sold to other banks. If these were maintained by the bank the loan-to-deposit ratio would approach 100%. The seven other

institutions headquartered in the assessment area as well as branches of three banks or savings institutions provide robust competition for loans and deposits.

Geographic Distribution of Loans

An analysis of the geographic distribution of loans would not be meaningful since all of the BNA's within AmFirst's assessment area are middle income. From our review for location of 224 farm and business loans in the assessment area it is readily apparent that a majority of the bank's customers reside throughout the assessment area.

Response to Complaints

No complaints were received since the prior examination.

Compliance with Antidiscrimination Laws and Regulations

AmFirst is in compliance with the substantive provisions of antidiscrimination laws and regulations. We found no evidence of discrimination or disparate treatment in our review of the bank's lending practices.