



Comptroller of the Currency
Administrator of National Banks

Midwestern District
2345 Grand Avenue, Suite 700
Kansas City, Missouri 64108

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

February 21, 1997

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

<p>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, conclusions, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **First National Bank, North Platte, Nebraska** prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of February 21, 1997. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under five performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

Based on the findings presented below, First National Bank (FNB) is rated:

Outstanding Record of Meeting Community Credit Needs.

The purpose of CRA is to ensure that financial institutions help meet the credit needs of their local communities. We rate this institution's CRA record as outstanding because:

- FNB actively participates in government-related lending programs for small businesses, small farms, and residential real estate housing.
- FNB's origination of small business loans is exceptional. In addition, its origination of residential mortgage loans and small farm loans within its community demonstrates its commitment to meeting credit needs.
- FNB actively participates in community development and redevelopment programs, providing leadership, technical expertise and financial support throughout its community.

Bank Profile

First National Bank is a 99.6% owned subsidiary of First National of Nebraska, Inc., a multi-bank holding company headquartered in Omaha, Nebraska. The bank is a full-service financial institution with agricultural, small business, and residential real estate lending as its primary business focus. As of November 30, 1996, FNB reported approximately \$440 million in total assets. The \$325 million loan portfolio is comprised of 15% loans secured by real estate, 9% commercial loans, 8% agricultural loans, 6% consumer loans, and 5% other. Fifty-seven percent or \$183.4 million of the bank's loan portfolio is comprised of a credit card participation purchased from an affiliate.

FNB's main office and two branches are located in North Platte. The bank has additional branch offices located in the communities of Alliance, Chadron, Gering, and Scottsbluff. No offices are located in a Metropolitan Statistical Area (MSA).

Dedicated mortgage loan originators are available in most markets. North Platte and Alliance have mortgage loan originators on-site. FNB has tried to staff Scottsbluff with a loan originator in the past, but employee turnover has made it difficult. FNB is committed to hiring a mortgage loan originator for this market.

Community Profile

FNB currently has one delineated community. The delineated community includes the counties of Arthur, Box Butte, Dawes, Garden, Grant, Hooker, Lincoln, Logan, McPherson, Morrill, Scotts Bluff, and Thomas. Prior to January 1, 1996, FNB's delineated community included the counties of Box Butte, Dawes, Lincoln, and Scotts Bluff, which correspond to the counties in which the bank's offices are located.

FNB's delineated community includes 37 block numbering areas (BNAs). Six BNAs or 16% are identified as moderate-income, 25 BNAs or 68% are middle-income, and the remaining six BNAs or 16% are upper-income. The 1996 nonmetropolitan median family income is \$26,069. Fourteen percent of the households in this area report annual income below the poverty level. The distribution of families by income-level is 18.6% low-, 19.2% moderate-, 22.9% middle-, and 39.3% upper-income. Unemployment rates are low at 2% based on the 1990 U.S. Census. The largest employers within the delineated community are service and manufacturing industries with 97% of the businesses employing less than 50 people. Union Pacific Railroad is a significant employer in North Platte. The community is dependent upon agriculturally-related industries and agricultural commodities including cattle, corn, edible beans, sugar beets, sorghum, and wheat.

The delineated community includes 15 banks with total assets ranging from \$9 million to \$441 million as of September 30, 1996. The loan-to-deposit ratios of these banks ranged from 62% to 88% during this time. FNB ranked first in total assets and fifth highest in loan-to-deposit ratio with 82%. FNB's competition also includes branches of national and state banks chartered outside of this area, credit unions, savings banks, government agencies, and mortgage companies.

FNB has identified credit needs which include affordable housing, small farm, and small business loans. Community contacts indicated a need for affordable and middle-income housing development and purchase money financing.

Reasonableness of Delineated Community

FNB's delineated community is reasonable and does not arbitrarily exclude any LMI areas. The delineation includes the counties where FNB has banking offices or those counties adjacent to its offices. This area represents the majority of the bank's deposit and loan volume.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

- **Management maintains ongoing, meaningful contact with a wide range of individuals and groups representing various community interests.**

FNB conducts a variety of activities to ascertain the credit needs to the community. They conduct surveys, support focus group meetings, and directly contacts individuals representing LMI neighborhoods, housing services, small farms and businesses, and community development and government agencies. The bank has an active call program to accomplish direct contact with the community. Several bank employees are members of or serve on governing boards and committees of these organizations. This allows the bank to receive ongoing information on community credit needs as well as promote the bank's available product and services. These community development activities and how they relate to the bank's performance under the Act are discussed in detail under Assessment Factor H.

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

- **The Board of Directors, senior management, and bank personnel actively participate and support the bank's program to meet the credit needs of its community.**

The Board and management develop a strategic plan annually. The strategic plan focuses upon being a customer driven organization and developing new products and services needed by customers. The Board commissioned a Gallup Poll in 1995 to identify overall customer satisfaction and the bank's market share.

The Board supports the CRA process through the designation of a CRA officer. The CRA officer prepares an annual analysis of the bank's geographic distribution of loans. The Board also supports bank employees' involvement in various organizations within the community.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

- **FNB has implemented a sound marketing program designed to reach all segments of the community.**

Management's marketing strategies promote the bank's various products and services throughout its community. FNB advertises specific products and services through newspaper, radio, and television. Direct mail and billboard advertising is also used occasionally. The bank also makes the community aware of its specific products during its home mortgage workshops and discussions with focus groups.

FNB effectively reaches the Hispanic population within its community. The bank advertises general services to the Hispanic population in the Scottsbluff/Gering market via a billboard. Several locations have employees who speak Spanish to provide assistance in completing loan applications and processing deposit and loan transactions.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans and small business or small farm loans within its community, or the purchase of such loans originated in its community.

- **FNB's origination of small business loans is exceptional. In addition, its origination of residential mortgage loans and small farm loans within its community demonstrates its commitment to meeting credit needs.**

FNB offers and originates a comprehensive array of loan products to meet community credit needs. Loan types are detailed in the bank's 1996 CRA Statement and include loans for housing, consumer, small business, and small farm needs.

In 1993, FNB developed an in-house residential real estate home loan product called the First Housing Partnership program. This flexible program was designed to provide financing for low- or moderate-income individuals. Under this program, FNB originated 38 loans totaling \$1,012,402 in 1995 and 1996 within its delineated community.

FNB originates a substantial volume of residential real estate loans within its delineated community. In 1995 and 1996, FNB's residential real estate department originated 639 loans totaling \$39.4 million. Approximately 92% of these loans by number and dollar were originated within the bank's delineated community.

FNB's market share of deed of trust filings is reasonable given its market share of real estate loans within its delineated community. FNB files a significant number of deeds of trust and has the highest market share of filings in Lincoln and Dawes Counties. FNB's market share of filings ranks it second in Box Butte County and third in Scotts Bluff County. FNB's residential mortgage department tracks the volume of deed filings by these counties monthly.

The bank originates a sizable volume of loans to small businesses and small farms. Examiners considered small business and small farm loan originations using the Consolidated Report of Condition definitions. By number, 86% of the loans to small businesses and small farms were originated in amounts less than \$100 thousand in 1996.

The majority of the bank's small business and small farm loans are within its delineated community. Of the 239 small business loans totaling \$14.5 million originated in 1996, 93% by number and 90% by dollar were within the bank's delineated community. Of the 393 small farm loans totaling \$15.4 million originated in 1996, 76% by number and 65% by dollar were within the bank's delineated community.

Assessment Factor J - The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.

- **FNB actively participates in government-related lending programs for small businesses, small farms, and residential real estate housing.**

FNB demonstrates strong support for the Small Business Administration (SBA) loan program and is a certified lender. The bank originated 14 loans totaling \$1.8 million in 1995 and five loans totaling \$900 thousand in 1996. Seventy-two percent of the SBA loans originated were less than \$150 thousand demonstrating FNB's commitment to small business owners' credit needs. FNB originated 30% by number and 35% by dollar of the SBA loans originated within its delineated community in 1996.

FNB originates Farm Services Administration (FSA) loans, formerly Farmers Home Administration. Loan officers originated five FSA loans totaling \$1.3 million in 1995 and two FSA loans totaling \$1.1 million in 1996.

FNB's participation in government home lending programs is also strong. FNB originates Federal Housing Authority (FHA) and Veteran's Administration (VA) home loans for sale on the secondary market. In 1996, FNB originated 14% by number of the total FHA loans originated within its delineated community. In 1995 and 1996, only one financial institution originated more FHA loans than FNB, but this institution's real estate portfolio was also 20% larger than FNB's portfolio as of September 30, 1996. In 1996, FNB originated 18% by number and 15% by dollar of the VA loans originated in its delineated community. FNB is

also an active lender in Nebraska Investment Finance Authority (NIFA) loans and Nebraska Dollar & Energy Savings loans. The following table details the bank's origination of these loans in 1995 and 1996.

Government Home Loan Program Originations				
	1995		1996	
	#	\$	#	\$
Veteran's Administration (VA) ¹	13	879,860	21	1,175,840
Federal Housing Authority (FHA) ²	20	1,087,055	21	1,224,872
FHA Title 1 Home Improvement	24	204,097	17	122,446
Nebraska Investment Finance Authority (NIFA)	20	863,270	14	570,643
Nebraska Dollar & Energy Savings	26	149,806	24	221,254

¹ This table does not include VA loans included in the NIFA loan total. In 1995, 3 VA/NIFA loans totaling \$121,300 and in 1996, 2 VA/NIFA loans totaling \$96,351 were originated.

² This table does not include FHA loans included in the NIFA loan total. In 1995, 17 FHA/NIFA loans totaling \$741,970 and in 1996, 12 FHA/NIFA loans totaling \$474,292 were originated.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

- **FNB shows a reasonable distribution of loans within and throughout its delineated community, including low- and moderate-income areas.**

In 1995 and 1996, FNB's residential real estate department originated 639 loans totaling \$39.4 million. In a sample of 347 residential real estate loans, 56 loans in the amount of \$1.9 million were originated to low- or moderate-income individuals. This represents 16% by number and 9% by dollar of loans originated. Although 38% of all families with the bank's delineated community are classified as low- or moderate-income, 14% of these households report income below the poverty level.

Based on internal bank records of loans secured by residential mortgages originated in 1996 as of December 15, 1996, FNB originated 5% by number and 4% by dollar of loans to

borrowers located within the moderate-income BNAs. Although 16% of the BNAs are categorized as moderate-income, these BNAs only represent 9% of the total population of the bank's delineated community. Also, the moderate-income BNAs contain a higher percentage of rental and non-owner occupied housing units or involve rural areas, resulting in fewer opportunities for residential mortgage loans.

FNB extends credit to small businesses and small farms located in moderate-income geographies. By number, 13% of small business loans and 8% of small farm loans were originated within moderate-income geographies in 1996.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

- **FNB's offices and available services are readily accessible to all segments of the community.**

FNB operates seven 7 service banking offices in western Nebraska and 14 automated teller (ATM) or cash dispensing (CDM) machines. Two, or 29% of the banking offices are located in moderate-income geographies.

The bank's hours and services permit convenient accessibility to the community. FNB North Platte's hours enable the bank to be more accessible than its competitors with its all-day Saturday and Sunday afternoon hours. FNB offers the same comprehensive banking services at all locations. The bank offers CallFirst, a 24 hour telephone banking system, to assist consumers in account transfers, deposit account balances inquiries, and provide information on deposit and loan products and rates.

FNB has not opened or closed any branches since the last CRA evaluation. However, FNB has relocated or added five ATMs/CDMs since the last CRA evaluation. The changes in the location of the machines did not adversely impact the availability of services, as other ATMs were located nearby. The ATMs were relocated due to low usage at the former location. FNB added new ATMs or CDMs at the North Platte Mall, a convenience store in North Platte, and the Gering branch in the last two years. The bank's branch closing policy establishes criteria when opening and closing branches, as well as reducing services provided or bank hours.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

- **FNB's policies and practices are effective and ensure that applicants are not discouraged from applying for the credit products which it describes in its CRA Statement.**

The bank actively solicits applications from all segments of its community including LMI areas. The bank's practices and procedures specifically address making credit available to all applicants. All lending personnel receive regular, comprehensive training on fair lending regulations and diversity issues. Holding company auditors annually evaluate underwriting decisions to ensure that applicants are treated fairly and equitably. The bank also performs an annual fair lending review. The bank has an independent second review program for all consumer and residential mortgage loan application denials. In July 1996, FNB expanded this second review to include denied small farm and business loan applications. FNB is currently in the process of revising its agreements with indirect lenders to prohibit discriminatory practices by the third party.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

- **FNB's comprehensive fair lending program promotes substantial compliance with all provisions of antidiscrimination laws and regulations.**

National Bank Examiners did not identify any instances in which the bank denied credit to similarly situated applicants based on the applicants' race or national origin. Examiners verified the findings of management's internal fair lending review to draw this conclusion. Management reviewed indirect dealer loans originated between April 1, 1995 and March 31, 1996. The review compared denied loan applications received from Native American applicants with originated loan applications received from white applicants to ensure consistent underwriting standards were applied.

V. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development¹ and redevelopment projects or programs.

- **FNB actively participates in community development and redevelopment programs, providing leadership, technical expertise and financial support throughout its community.**

Examples of such community development activities within its delineated community include:

- Financed approximately \$940 thousand used to construct a low-income, elderly housing project in Scottsbluff.
- Financed small operating loans for a day care that serves LMI children in North Platte.
- Commitment to fund the take-out financing of an 18 unit LMI housing project in Scottsbluff.
- Donated used equipment including a furnace, lights, and security equipment to the Lincoln Connection Homeless Shelter which provides temporary housing and meals to transient individuals and families.
- Donated \$10,000 to the Salvation Army capital campaign for the expansion and remodeling of its headquarters. The headquarters is located in a moderate-income BNA in North Platte and will provide social services to the community including LMI families. FNB has pledged an additional \$15,000 over the next three years.
- Provides office space monthly to Consumer Credit Counseling Services (CCCS) at the Scottsbluff and Alliance locations.
- Co-sponsored a Home Mortgage Workshop with CCCS in North Platte and Alliance in June 1996 that included discussing available home loan products and providing credit counseling and budgeting guidance.
- Bank officers serve in various capacities in several organizations targeted to providing services to LMI individuals. Those positions which highlight the officers' involvement by providing technical assistance include:
 - Board member of the Community Development Advisory Committee in Scottsbluff;
 - President of the Lincoln County Community Development Company;
 - Former chair of the Affordable Housing Task Force of North Platte which commissioned a housing study for Lincoln County (FNB made a donation for this study);

¹Community development is defined as affordable housing for LMI individuals, community services targeted to LMI individuals, activities that promote economic development by financing small businesses and farms, and activities that revitalize or stabilize LMI geographies.

- President of the North Platte Community Day Care since February 1996 and Board member since 1991; and,
- Treasurer of the Lincoln County Community Services, Inc. This nonprofit organization operates The Lincoln Connection Homeless Shelter.

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

- **FNB's efforts to meet community credit needs are consistent with its size and resources.**

FNB has sufficient resources to meet the credit needs of its community. The bank also has access to additional resources through its holding company and affiliated banks. FNB has demonstrated its willingness to support the development and implementation of programs and products to meet community needs. No legal impediments or other factors limit its efforts.

Assessment Factor L - Any other factors that, in the regulatory authority's judgement, reasonably bears upon the extent to which an institution is helping to meet the credit needs of its entire community.

- **FNB has engaged in other meaningful activities that contribute to its efforts to help meet the community's credit needs.**

FNB offered one month consumer loan extensions to employees of Western Sugar Company, Scottsbluff, Nebraska to ease their financial hardship after the plant explosion in July 1996. Scottsbluff personnel and FNB are actively involved in fund raising events for scholarships, the United Way campaign, and the annual sustaining YMCA drive to provide financial support for needy individuals and families.

FNB offers deposit accounts with no monthly maintenance charges or minimum balance requirements to assist LMI individuals in establishing deposit relationships. The bank does not charge a fee to noncustomers for cashing government checks.

ADDITIONAL INFORMATION

Examination Profile

The scope of the CRA examination included an analysis of the bank's performance since January 1995, the date of the prior CRA examination. National Bank Examiners reviewed information prepared by bank management. Examiners also obtained information regarding the community's credit needs through contacts with government housing agencies, community development corporations, and local government offices. The bank is not subject to the Home Mortgage Disclosure Act.

The Office of the Comptroller of the Currency (OCC) is the regulatory agency responsible for the supervision of this bank. If you should have comments regarding this bank's performance under the CRA or questions regarding the Act, contact the OCC at: Midwestern District Office, 2345 Grand Avenue, Suite 700, Kansas City, Missouri 64108.