

PUBLIC DISCLOSURE

December 2, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

THE FIRST SECURITY BANK
255659
10-08-0690

P.O. BOX 228
FORT LUPTON, COLORADO 80621

Federal Reserve Bank of Kansas City
925 Grand Boulevard
Kansas City, Missouri 64198

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 Community Reinvestment Act (CRA) performance of The First Security Bank prepared by Federal Reserve Bank of Kansas City, the institution's supervisory agency, as of December 2, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

As demonstrated by the types of products and services offered at the bank's locations, The First Security Bank is responsive to the credit needs of the community, including low- and moderate-income individuals and areas, as well as small businesses and small farms. The lending test and service test resulted in a high satisfactory rating. The investment test resulted in a low satisfactory rating; therefore, the bank's overall rating is considered satisfactory.

The following table indicates the performance level of The First Security Bank with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	THE FIRST SECURITY BANK		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		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.

DESCRIPTION OF INSTITUTION:

The First Security Bank is one of nineteen banks owned by Pinnacle Bancorp, Inc. The First Security Bank is Pinnacle Bancorp’s lead bank with \$317 million in assets as reported in the September 30, 1996 Report of Condition and Income (Call Report).

The First Security Bank’s main office is located in Fort Lupton, Colorado, with eight branch offices located in Colorado. Fort Lupton is located in the southern portion of Weld County and is approximately 30 miles northeast of Denver, Colorado. The branches reviewed during the examination are located in northeastern Colorado. The bank’s primary lending focus is commercial, agricultural and residential loans. There are no financial or legal impediments that impact the bank’s ability to lend. However, given the large number of state member banks, national banks, credit unions, farm credit organizations and mortgage lenders in the northeastern area of Colorado, there is considerable financial competition for commercial, agricultural and residential loans.

The following table reflects the distribution of the bank’s loan portfolio as of the September 30, 1996 Call Report.

DISTRIBUTION OF LOANS IN THE LOAN PORTFOLIO		
Type of Loan	\$ Amount (In Thousands)	Percentage of Total Loans
Agricultural Loans	38,244	25%
Commercial Loans	30,489	20%
Loans Secured by Real Estate:		
Secured by Farmland	22,357	15%
Loans secured by 1- to 4-family residential properties	19,054	12%
Secured by nonresidential properties	17,337	11%
Construction and land development	7,614	5%
Secured by multifamily (5 or more) residential properties	3,246	2%
Revolving, open-end loans secured by 1- to 4-family residential properties	615	.5%
Consumer installment loans	12,709	8%
Consumer open-end loans	124	.5%
Other	1,291	1%
Total	153,080	100%

The bank's performance under the Community Reinvestment Act was last evaluated at the September 25, 1995 examination, at which time it was considered Satisfactory.

DESCRIPTION OF ASSESSMENT AREA

The First Security Bank serves three assessment areas in Colorado. The first assessment area includes the Fort Lupton office located in the Greeley Metropolitan Statistical Area (MSA). The second assessment area includes seven branches located in Fort Morgan, Sterling, Julesburg, Holyoke, Yuma, Brush and Akron. The bank's third assessment area includes a recently opened branch in Fort Collins. Due to the recent opening of the Fort Collins branch (September 3, 1996), the third assessment area was not included in this Community Reinvestment Act evaluation. A map of the assessment area is provided at the end of this evaluation.

DESCRIPTION OF THE GREELEY MSA ASSESSMENT AREA:

The bank's assessment area, which is the geographic area management has designated as its primary service area, consists of four census tracts in the Greeley

MSA. The assessment area does not exclude any low- and moderate-income areas. Fort Lupton, Erie and a portion of Brighton are a few of the towns located in this predominately rural area.

It is important to note that the Greeley MSA does not include any low-, moderate-, or upper-income census tracts. Within the four middle-income census tracts, no specific low- or moderate-income neighborhoods could be identified. However, community contacts indicated that low- and moderate-income individuals are dispersed throughout the area as indicated in the table below. Per 1990 census data, the population of the assessment area is 24,151. According to community contacts, the median housing value in Fort Lupton is \$85,000 which is an increase since the 1990 census data which reported a median housing value of \$67,982. The median family income, per 1990 census data, is \$31,719. Within the bank's Greeley MSA assessment area, there are a total of 8,992 housing units, of which 5,987 are owner occupied. The median family income annualized for 1995 is \$36,800. The following table shows the distribution of the assessment area families by income category.

DISTRIBUTION OF FAMILY INCOME IN THE GREELEY MSA					
	Low ¹	Moderate ²	Middle ³	Upper ⁴	Total
Number of Families	1,076	1,343	1,620	2,522	6,561
Percentage of Total Families	16.5%	20.5%	24.5%	38.5%	100%

- 1 Less than 50 percent of the Greeley MSA median family income
- 2 At least 50 percent and less than 80 percent of the Greeley MSA median family income
- 3 At least 80 percent and less than 120 percent of the Greeley MSA median family income
- 4 120 percent or more of the Greeley MSA median family income

The major employers in the Fort Lupton area include Weld County School District RE-8, Golden Aluminum/Recycle Mill Division, Aims Community College and the City of Fort Lupton. A member of a local community development corporation was contacted during the examination who indicated that the local economy is reasonably good, given the downward trend in the oil and gas industry. The community contact stated that there is a need to attract new businesses to the area and create middle-income housing for the employees of new businesses. This contact further stated that management of The First Security Bank has been instrumental in helping to attract new businesses to the area. The community contact also stated that there is a need for real estate, small business and small farm loans.

DESCRIPTION OF THE NON-METROPOLITAN ASSESSMENT AREA:

The bank’s non-metropolitan assessment area, which is the geographic area

management has designated as its primary service area, includes the counties of Sedgwick, Logan, Phillips, Morgan, Washington, and Yuma in northeastern Colorado. This assessment area includes twenty-six block numbering areas (BNA) surrounding seven branch offices. The seven branches are located in Fort Morgan, Sterling, Julesburg, Holyoke, Yuma, Brush and Akron. The assessment area is a predominately agricultural area. The BNAs are designated as follows: three moderate-income BNAs (11.5 percent) and twenty-three middle-income BNAs (88.5 percent). It is important to note that this assessment area does not include any low-income or upper-income BNAs. The assessment area includes seven branch offices located as follows; one branch in a moderate-income BNA (14 percent) and six branches in middle-income BNAs (86 percent). The branches in the assessment area are distributed evenly throughout the assessment area.

The assessment area does not exclude any low- and moderate-income areas. No specific low- or moderate-income neighborhoods could be identified in the assessment area. However, community contacts indicated that low- and moderate-income individuals are dispersed throughout the area as indicated in the table below. Per 1990 census data, the population of the assessment area is 60,151. According to community contacts, the median housing value in the assessment area averages \$70,000 which is an increase since the 1990 census data which reported a median housing value of \$45,876. The median family income, per 1990 census data, is \$26,470. The median family income annualized for 1995 is \$33,400. The following table shows the distribution of the assessment area by family income and by owner occupied units by BNA.

DISTRIBUTION OF FAMILY INCOME IN THE SIX COUNTY ASSESSMENT AREA & OWNER OCCUPIED UNITS BY BNA					
	Low ¹	Moderate ²	Middle ³	Upper ⁴	Total
Number of Families	3,334	3,412	4,185	5,739	16,670
Percentage of Total Families	20%	20.5%	25%	34.5%	100%
Number of Owner Occupied Units by BNA	n/a	1,166	14,600	n/a	15,766
Percentage of Units	n/a	7%	93%	n/a	100%

- 1 Less than 50 percent of the non-metropolitan statistical area (non-MSA) median family income
- 2 At least 50 percent and less than 80 percent of the non- MSA median family income
- 3 At least 80 percent and less than 120 percent of the non-MSA median family income
- 4 120 percent or more of the non-MSA median family income

The major employers in the non-metropolitan area include agricultural, health care organizations, school districts, a new prison in Sterling, Excel Corporation, and Monfort, Inc. Three state and local government officials and a Director of a Chamber of Commerce were contacted during the examination and all indicated that the local agriculture economy is stable. The community contacts stated that there is an

overwhelming need for affordable housing for low- and moderate-income members of the community. The community contacts stated that area financial institutions are instrumental in providing long term financing for real estate purchases and home improvements. The community contacts stated that there is a need for small business and small farm loans as well.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

The conclusions regarding the lending, investment, and service tests are summarized at the beginning of each section. Supporting information is then divided into performance characteristics that are described in Appendix A of the regulation. The bank's loan data contained combined information for all the bank's branch offices; therefore, the analysis was conducted for the lending, investment, and service test bankwide, excluding the Fort Collins assessment area.

LENDING TEST

The overall rating for the institution under the lending test is High Satisfactory. The institution offers a significant number of credit products. The assessment area concentration revealed a high percentage of loans made in the institution's assessment area. The geographic distribution of loans reflected a good penetration throughout the assessment area. The distribution of borrowers reflects, given the products offered, good penetration among retail customers of different income levels and business customers of different sizes. The bank exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment area, low-income individuals, very small businesses and very small farms, consistent with safe and sound banking practices. The institution has made an adequate level of community development loans. Finally, the institution utilizes flexible lending practices in order to help meet assessment area credit needs.

Lending Activity

As identified in the CRA Public File, a full range of credit products is offered including federally-insured residential mortgages, residential refinances, home improvement, home equity lines of credit, small business, small farm, and consumer loans. The bank also offers long-term, fixed-rate residential mortgages through its secondary market lending department.

The bank's average loan-to-deposit ratio for the previous four quarters was 50.31 percent. The average loan-to-deposit ratio for financial institutions with assets greater than \$250 million located in Colorado is 62.29 percent. The loan-to-deposit ratio for The

First Security Bank does not include the bank's participation in secondary market lending. The bank's secondary market lending from January 1, 1996 through November 30, 1996 is a respectable \$8,836,158. Because The First Security Bank is primarily an agricultural lender, the comparison to all other banks in Colorado with assets over \$250 million is somewhat misleading. Additionally, due to the seasonality of an agricultural bank's business, the loan- to-deposit ratio comparison to other similarly situated financial institutions may not reflect the bank's actual performance. Therefore, the bank's lending levels reflects good responsiveness to assessment area credit needs.

Assessment Area Concentration

A high percentage of the bank's lending activity from January 1, 1996 through December 2, 1996 is in the bank's assessment area. The three major loan types examined consisted of 331 real estate loans, 735 small business loans, and 712 small farm loans. The following table shows the percentage of loans in the assessment area for each loan type examined.

DISTRIBUTION OF LOANS IN AND OUT OF THE ASSESSMENT AREA								
	<i>Inside the Assessment Area</i>				<i>Outside the Assessment Area</i>			
	Number of Loans	%	\$ Amount of Loans	%	Number of Loans	%	\$ Amount of Loans	%
Consumer Real Estate Loans	274	83	13,264,000	75	57	17	4,503,000	25
Small Business Loans	529	72	21,851,526	67	204	28	10,540,141	33
Small Farm Loans	675	95	37,806,888	96	34	5	1,596,834	4
Overall Totals	1,478	83%	\$72,922,414	81%	295	17%	\$16,639,975	19%

Geographic Distribution of Loans

The bank's overall geographic distribution of loans reflects good penetration throughout the bank's assessment area, given the bank's location, branching size, and competition. As mentioned previously, the assessment area includes three moderate-income BNAs, twenty-three middle-income BNAs, and four middle-income census tracts.

As demonstrated in the following table, the distribution of loans showed that 5 percent of the number of consumer real estate loans in the assessment area were made in moderate-income tracts. The penetration is considered good in comparison to the number of owner- occupied households by BNA and census tracts in the assessment area, which equaled 5 percent. The analysis showed that 11 percent of the total small business and small farm loans in the assessment were in moderate-income tracts. The penetration is considered good in comparison to the number of moderate-income BNAs

and census tracts in the bank's assessment areas.

The penetration of the bank's loans in the moderate-income BNAs and census tracts is understandable given the bank's location, branching structure, and competition. One of the moderate-income BNAs located in the lower southeastern corner of the bank's assessment area reflected only one small farm loan. Bank management stated that the area is more than 40 miles from the Yuma branch. Additionally, because there are other financial institutions in this area, there is little loan demand from consumers there.

DISTRIBUTION OF LOANS ACROSS THE ASSESSMENT AREAS BY INCOME LEVEL OF CENSUS TRACTS AND BLOCK NUMBERING AREAS								
Loan Type	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
	#	\$	#	\$	#	\$	#	\$
Consumer-Real Estate	0	0	13	\$548,000	261	\$12,716,000	0	0
<i>Percent of Total</i>	0	0	5%	4%	95%	96%	0	0
Small Business	0	0	20	\$485,886	509	\$21,365,626	0	0
<i>Percent of Total</i>	0	0	4%	2%	96%	98%	0	0
Small Farm	0	0	45	\$1,690,708	629	\$36,116,176	0	0
<i>Percent of Total</i>	0	0	7%	4%	93%	96%	0	0
Number of BNAs and Census Tracts in Assessment Area	0		3		27		0	
Percentage	0%		10%		90%		0%	
Owner Occupied Households by BNA and Census Tracts	n/a		1,166		20,587		n/a	
Percentage	n/a		5%		95%		n/a	

Borrowers' Profile

The distribution of borrowers reflects, given the product lines offered, good penetration among retail customers of different income levels. As demonstrated in the following table, the distribution of loans in low- and moderate-income BNAs and census tracts is comparable to the number of BNAs and census tracts in the bank's assessment area and the number of owner-occupied households in the BNAs and census tracts. However, when compared to the number of low- and moderate-income families in the assessment area, the number of consumer real estate loans is substantially lower. Bank management stated that the disproportionate level reflects the low number of

owner-occupied households in the assessment area coupled with the cost of housing in the bank's assessment areas.

DISTRIBUTION OF LOANS ACROSS THE ASSESSMENT AREAS BY INCOME LEVEL OF BORROWER								
Loan Type	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
	#	\$	#	\$	#	\$	#	\$
Consumer-Real Estate	21	\$227,000	47	\$1,819,000	65	\$2,956,000	113	\$6,825,000
<i>Percent of Total</i>	9%	2%	19%	14%	26%	22%	46%	51%
Number of BNAs and Census Tracts in Assessment Area	0		3		27		0	
Percentage	0%		10%		90%		0%	
Owner Occupied Households by BNA and Census Tracts	n/a		1,166		20,587		n/a	
Percentage	n/a		5%		95%		n/a	
Number of Families by BNA and Census Tracts	4,410		4,755		5,805		8,261	
Percentage	19%		20.5%		25%		35.5%	

The distribution of borrowers reflects, given the product lines offered, excellent penetration among business and farm customers of different sizes. The following table reflects the distribution of the bank's business and farm loans.

DISTRIBUTION OF FARM AND BUSINESS LOANS SAMPLED WITHIN THE ASSESSMENT AREA		
Revenue Category ¹	Business Loans	Farm Loans
Less than \$100,000	93%	85%
Greater than or equal to \$100,000 but less than \$250,000	5%	12%
Greater than or equal to \$250,000 but less than \$1,000,000	2%	3%
Total	100%	100%

1 Based on loan amount, per call report instructions.

Responsiveness to Credit Needs of Highly Economically Disadvantaged Geographies and Low-Income Persons, Small Business and Small Farms

The First Security Bank exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals, very small businesses and very small farms, consistent with safe and sound banking practices. The First Security Bank offers commercial loans, agricultural loans and lines of credit, real estate-secured loans, home improvement loans, home equity lines of credit, consumer loans, and overdraft lines of credit. The First Security Bank is actively involved in governmentally-insured, guaranteed, and subsidized loan programs. The government loan programs that The First Security Bank offers are as follows: Federal Housing Authority (FHA), Federal Housing Authority 203K program, Veterans Administration (VA), Colorado Housing Finance Authority (CHAFA), Community Home Buyers Program (CHBP), Farmers Home Administration (FmHA), Small Business Administration (SBA) and Colorado Agricultural Development Authority (CADA).

As previously discussed, the bank has exhibited an excellent record of serving the credit needs of very small business and very small farms, consistent with safe and sound banking practices. The First Security Bank also offers consumer overdraft protection accounts. Therefore, low dollar amount loans are available to low- and moderate-income individuals. The bank also offers home equity lines of credit which do not appear on the bank's HMDA loan application register.

Community Development Lending Activities

Regulation BB defines a community development loan as a loan that has as its primary purpose community development and has not been reported by the bank for consideration in the bank's assessment area as a home mortgage (unless it is a multifamily dwelling), small business, small farm loan, and benefits the bank's assessment area or a broader statewide area that includes the bank's assessment area. The regulation defines community development as (1) affordable housing (including multifamily rental housing) for low- and moderate-income individuals; (2) community

services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility requirements or have gross annual revenues of \$1 million or less; or (4) activities that revitalize or stabilize low- or moderate-income geographies.

The institution has made an adequate level of community development loans. The bank has originated the following community development loans since the previous evaluation:

A low interest rate loan to Habitat for Humanity, a non-profit organization whose purpose is to build housing for low- and moderate-income individuals. The loan was originated December 1995 for \$10,000.

A loan to purchase a multi-family dwelling which houses twenty low-income individuals and/or families. The loan was originated September 1996 for \$190,000.

A loan to construct a community facility located in a low-income area. The loan was originated in August 1996 for \$50,000.

A line of credit to a non-profit organization, which provides medical services to low- and moderate-income individuals. The loan was originated April 1996 for \$100,000.

A loan to a local development corporation, whose purpose is to promote commercial and industrial development, to begin land development for a residential housing development to create affordable single and multi-family units. The loan was originated June 1996 for \$90,000.

A loan for the acquisition of the above mentioned real estate. The loan originated June 1996 for \$845,000.

An SBA 504 loan for the permanent financing of a new commercial facility in Fort Lupton which created jobs for low- and moderate-income individuals.

Product Innovation

The institution uses flexible lending practices in order to serve the assessment area credit needs. As previously discussed, the bank offers loans to very small businesses and very small farms. The bank also offers loan programs with flexible underwriting criteria. The fair lending examination revealed consumer installment loans in amounts as low as \$250.00 and overdraft lines of protection available as low as \$300.00. Personnel from the bank's secondary market lending department participate in counseling potential home buyers regarding available products, how to resolve credit report disputes and assist in qualifying the individual for the best program available.

Compliance With Antidiscrimination Laws And Regulations

There were no substantive violations of antidiscrimination laws and regulations identified during the fair lending component of the compliance examination. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities. Minor violations of Regulation B (Equal Credit Opportunity Act) were noted during the examination and are easily correctable by management. These findings would not lower the bank's overall CRA rating.

INVESTMENT TEST

Investment and Grant Activity

The institution has an adequate level of qualified community development investments and grants. The bank's investment portfolio contained a \$60,000 Single Family Mortgage Revenue bond aimed specifically at assisting low- and moderate-income individuals to obtain affordable housing. The bank's qualified grant activity consisted of \$2,370 to local housing and revitalization organizations. Additionally, the bank has donated \$10,720 to organizations which assist low- and moderate-income individuals with living necessities including food items, clothing, and medical supplies.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and community economic development needs. Although the bank has only one qualified bond and a minimal amount of qualified grants, it was determined through community contacts that the bank actively participates in any local bond issues that become available. The community contacts also stated that the bank has always been responsive to area concerns with contributions to or involvement in local organizations.

Community Development Initiatives

The institution occasionally uses innovative and/or complex investments to support community development initiatives. As previously mentioned, the bank has a reputation of responding to local investment issues as they arise; however, management and community contacts stated that there are no available innovative and/or complex investments available for the bank's participation.

SERVICE TEST

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution's assessment area. The bank provides full service Automated Teller Machines (ATM) at each of the offices. Telephone banking is also available and provides customers with 24-hour accessibility. Additionally, the bank offers a Bank Cash Manager which provides business customers 24-hour computer banking. One of the branch offices periodically provides mobile banking services to two local senior citizen centers. Finally, The First Security Bank provides free government check cashing services as well as a free consumer checking account.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or individuals. The bank has recently opened a de novo branch in Fort Collins, Colorado. The branch was opened in September 1996, and although it is not in a low- or moderate-income census tract, it is located next to two low-income census tracts and four moderate-income census tracts. The bank has not closed any branches since the previous examination.

The bank's assessment area includes twenty-six block numbering areas and four census tracts surrounding eight branch offices. The BNAs are designated as follows: three moderate-income BNAs (10 percent), twenty-three middle-income BNAs, and four middle-income census tracts (90 percent). The assessment area reviewed for this evaluation, includes eight branch offices located as follows: one branch in a moderate-income BNA (12.5 percent) and seven branches in middle-income BNAs (87.5 percent). The distribution of branches in the assessment area reflects excellent disbursement throughout the assessment area.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and individuals. The bank's lobby hours are generally from 9:00 a.m. to 5:00 p.m., Monday through Friday. The bank's drive-up hours are generally from 8:00 a.m. to 5:00 p.m., Monday through Thursday and open until 6:00 p.m. on Friday. Additionally, the bank's lobby and drive up hours are generally from 8:00 a.m. to 12:00 noon on Saturdays. Three of the bank's branch offices do not offer drive up or Saturday hours, however, the three branches are in predominately rural areas. Management stated that the customers at these offices are actively utilizing the telephone banking service for basic banking operations.

Community Development Services

The institution provides a relatively high level of community development services. Bank management provides financial expertise to the Northeastern Colorado Revolving Loan Fund and the Logan County Revolving Loan Fund. The organizations lend funds to small businesses who have exhausted conventional sources of capital for business start-up purposes. The organizations will only participate in projects that create or retain jobs. Bank management provides financial support by assisting the organization in determining creditworthiness of applicants.

The Executive Vice President of The First Security Bank serves as a director on the Fort Lupton Development Corporation's board. The main objective of the development corporation is to promote commercial and industrial development in Fort Lupton. The bank's vice president provides financial expertise in attracting new businesses to the area to provide new jobs by providing information on local business funding sources and programs that are available.

Through the bank's secondary market lending department, low- and moderate-income individuals are provided with mortgage counseling. Additionally, the bank participates in the Community Homebuyer Assistance Program which allows a minimum 5 percent downpayment on a fixed rate mortgage. Of that 5 percent, 2 percent may be in the form of a gift received by the individual.

The "targeted ownership project" is an entrepreneur educational program offered through the federal government. A member of The First Security Bank provides financial expertise to the project as a member of the organization's steering committee by educating entrepreneurs regarding banking and financial matters. The project was created to promote new businesses and create jobs.

The Allocation Committee of the United Way Foundation determines financial needs of non-profit organizations in the community. Bank management provides financial expertise to the committee by reviewing applications for funding, reviewing financial statements, and allocating grant funds.

Additionally, bank management is actively involved in local agricultural organizations which provide services and education to local farmers and ranchers. Bank management participates on agricultural and business advisory committees at the local junior college. Financial expertise is provided by educating school administrators regarding agricultural credits. Finally, members of bank management are actively involved in business and agricultural committees of their respective local Chamber of Commerce organizations.

SCOPE OF EXAMINATION

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	January 1, 1996 through December 2, 1996		
FINANCIAL INSTITUTION		PRODUCTS REVIEWED	
The First Security Bank		- 1996 Home Mortgage Disclosure Act Loan - Small Business Loans - Small Farm Loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
Pinnacle Bancorp, Inc.	Bank Holding Company	none	
Archer, Inc.	Bank Holding Company	none	
Osceola Insurance, Inc.	Bank Holding Company	none	
Central Grain, Inc.	Bank Holding Company	none	
Dinsdale Brothers, Inc.	Bank Holding Company	none	
Guaranty Corporation	Bank Holding Company	none	
Pinnacle Bancorp, Iowa	Bank Holding Company	none	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Weld County MSA and Six County Region in Northeastern Colorado	Full Scope	Sterling, Colorado Brush, Colorado Yuma, Colorado Fort Morgan, Colorado	