

PUBLIC DISCLOSURE

February 24, 1997

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**FIRST UNITED BANK
10-31-2550**

**P.O. BOX 129
NELIGH, NEBRASKA 68864**

FEDERAL RESERVE BANK OF KANSAS CITY

**925 GRAND BLVD.
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.

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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 First United Bank prepared by the Federal Reserve Bank of Kansas City, the institution's supervisory agency, as of February 24, 1997. 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 the 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 CFR Part 228.

INSTITUTION

INSTITUTION'S RATING: This institution is rated Satisfactory.

First United Bank's overall performance with respect to the Community Reinvestment Act (CRA) is satisfactory based upon a review of the bank's provision of credit, qualified investments, and services to its assessment area. First United Bank primarily serves its assessment area through direct lending. In addition, the bank is involved in qualified investments and services. A high percentage of the bank's loans are within the assessment area, and the geographic distribution of loans reflects a reasonable penetration throughout the assessment area. Furthermore, the distribution of borrowers reflects, given the product lines offered, a satisfactory penetration among customers of all different income levels, including low- and moderate-income individuals, and to businesses and farms of varying sizes. Although the bank has participated in a minimal level of community development lending and exhibits a limited use of innovative lending and deposit practices, the bank adequately provides investments and services to its assessment area in relation to its resources and capabilities.

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

PERFORMANCE LEVELS	FIRST UNITED BANK		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs Improvement			
Substantial Noncompliance			
*Note: The lending test is weighted more heavily than the investment and service test when arriving at an overall rating.			

DESCRIPTION OF INSTITUTION

First United Bank has five locations within its assessment area. The main office is located in Neligh, Nebraska, and its branches are located in Oakdale, Page, O’Neill, and Verdigre, Nebraska. The Neligh and Oakdale offices primarily serve Antelope County, with all the lending activity processed through Neligh. The O’Neill and Page locations serve Holt County, with the O’Neill location handling the lending function. Verdigre is a full-service branch primarily serving the assessment area in Knox County. The bank is a wholly-owned subsidiary of Pinnacle Bancorp, Inc., a bank holding company with assets of \$1.6 billion as of September 30, 1996. As of the same date, First United Bank’s assets totaled \$119,129M, of which 52 percent were loans. The bank competes with 14 other banks in the assessment area, and its primary lending focus is agricultural loans.

The bank’s performance under the Community Reinvestment Act was last evaluated during the November 27, 1995 examination, at which time it was considered satisfactory.

DESCRIPTION OF ASSESSMENT AREA

First United Bank has defined three separate assessment areas. However, this evaluation views the bank’s performance as under one combined assessment area, since the assessment areas are contiguous and each branch lends in all three assessment areas.

In addition, the CRA loan data for small businesses and small farms is similarly combined into one report. The assessment area consists of eight Block Numbering Areas (BNAs) and incorporates all of Antelope and Holt Counties, as well as the western portion of Knox County. The assessment area is not in a metropolitan statistical area and consists of three moderate- and five middle-income BNAs. The moderate-income areas are BNA 9762 in Knox County and BNAs 9796 and 9798 in Antelope County. Neligh is located approximately 45 miles west of Norfolk. O'Neill is 46 miles west of Neligh, while Verdigre is approximately 33 miles north of Neligh.

The city of Neligh is located in Antelope County and generally serves as a bedroom community for Norfolk, Nebraska. In 1990, the city of Neligh and Antelope County had populations of 1,742 and 7,965, respectively. The major employers include Blackburn Manufacturing with 50 employees; Morrison Farms with 40 employees; Baker Street, Inc., with 18 employees; and Antelope Memorial Hospital with 100 employees. It was noted that moderately-priced homes and new businesses appear necessary to stimulate economic growth for the community. The bank has a branch office in Oakdale, which is located approximately six miles southeast of Neligh. Oakdale reported a population of 362 in 1990. The bank's Oakdale facility is not a full-service branch, as lending requests are referred to the Neligh branch.

The city of O'Neill is located in Holt County. According to 1990 Census data, O'Neill had a population of 3,852, and the county's population was 12,599. The city's economy has experienced some growth and has become a major trade area for the county. Recently, there have been 16 new businesses opened in O'Neill and future plans include a new optical/dental clinic and chiropractic clinic. In addition to small business growth, the community is trying to develop tourist business by opening the "Cowboy Trail", a bike trail approximately 76 miles long from Norfolk to Valentine which features various historic attractions on the route. Several apparent needs were identified, including small business loans and affordable housing, that must be met if the community is to further expand. The major employers in O'Neill include National Farms with 175 employees; the hospital with 100 employees; a nursing home with 125 employees; and the school system with 100 employees. The bank has a branch office in Page, which is located approximately 20 miles southeast of O'Neill and had a population of 191 in 1990. This is not a full-service branch and lending requests are referred to the O'Neill branch.

The city of Verdigre, Nebraska, is located in Knox County. The 1990 populations of Verdigre and Knox County were 606 and 9,534, respectively. While the Native American population in Verdigre is minimal, the Santee and Ponca Indian Reservations are located northeast of Verdigre. The economy is exhibiting slow growth and continues to be primarily dependent upon agriculture. The major employers are Alpine Nursing Home, the Verdigre School, and Herbert Feed and Grain. There appears to be a shortage of affordable housing in the area and it was noted that many existing homes require renovations. The Niobrara Bridge will be completed in approximately one year and is

expected to stimulate growth in the area through tourism. The bridge will make access to the area easier and connect the small towns, including Verdigre, to new market areas. In the last year there have been several rehabilitation projects for local businesses and residential properties.

The assessment area is not as economically viable as other areas of the state. Its total population decreased in 1990, but seems to have stabilized in recent years. Based on 1990 U.S. Census data, the assessment area's population is 24,107. Median family income for the area is \$23,438, which represents only 84.8 percent of the median family income for other rural areas within the state of Nebraska. The annual income for individuals living within the assessment area is less than in other areas in the state, although the unemployment rate is significantly lower than the state's overall rate. According to community contacts, the number of vacant homes has decreased since 1990, as these homes are either being destroyed or renovated to remove blight and improve the area's housing. The following table depicts various assessment area characteristics based upon 1990 U.S. Census data.

BANK ASSESSMENT AREA CHARACTERISTICS	
Tract Summary	
Total Number of Tracts	8
Number of Low-Income Tracts	0
Number of Moderate-Income Tracts	3
Number of Middle-Income Tracts	5
Number of Upper-Income Tracts	0
Income Summary	
Median Family Income	\$23,438
Percent Low-Income Families	22.3
Percent Moderate-Income Families	24.4
Percent Middle-Income Families	25.3
Percent Upper-Income Families	28.0
Unemployment Summary	
Labor Force Population (Assessment Area)	10,752
Percent Unemployment (Assessment Area)	1.9
Percent Unemployment (State)	3.6
Miscellaneous Information	

Total Population	24,107
Percentage of Households Below Poverty	18.2
Percentage of Housing Units Vacant	14.8

The following table depicts the assessment area distribution of household and family income levels based on the 1990 U.S. Census data.

DISTRIBUTION OF HOUSEHOLD AND FAMILIES BY INCOME				
	Household Income Summary		Family Income Summary	
Income Category	Number of Households	Percent of Households	Number of Families	Percent of Families
Low-Income	2,647	28.4	1,478	22.3
Moderate-Income	1,829	19.6	1,618	24.4
Middle-Income	1,846	19.8	1,672	25.3
Upper-Income	2,986	32.2	1,850	28.0
Total	9,308	100.00	6,618	100.00

The median household income in the assessment area is \$18,885 and the median family income is \$23,438. The assessment area has a higher percentage of low- and moderate-income households, at a combined 48 percent, compared to 39.1 percent for rural Nebraska. In addition, low- and moderate-income families combine to represent 46.7 percent of assessment area families, compared to 36.5 percent for rural Nebraska.

Community contacts indicated that the assessment area has a shortage of affordable housing. Renovation and residential construction funding available through the Community Development Block Grant (CDBG) Program has helped to increase the number of affordable housing units since the 1990 Census. Of the owner-occupied housing units in the assessment area, 65.6 percent are valued at \$40M or less, compared to 52.6 percent for rural Nebraska. The affordability ratio of 63 percent for the assessment area, compared to 58.9 percent for rural Nebraska, indicates that there is a slightly greater percentage of affordable homes in the assessment area than in the rural areas statewide. In addition, only 16.4 percent of persons pay greater than 30 percent of their incomes for rent, compared to 23.2 percent of persons in rural areas statewide, which is another indication that housing is relatively affordable in the assessment area.

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 includes performance characteristics that are described in Appendix A of the regulation. In addition, the bank was compared to the other financial institutions in the assessment area, although there were no other banks in the same peer group as First United Bank. The competitive lenders have a wide range of asset sizes, structures, and service areas; however, the comparison serves as a contextual reference by which to evaluate the bank's performance in the lending, investment, and service tests under the CRA.

LENDING TEST

First United Bank has the ability to meet the credit needs of its assessment area based on its size, financial condition, and resources. The bank offers an adequate number of credit products and a review of loan originations reveals that a high percentage of the bank's lending occurs within its assessment area. In addition, the distribution of borrowers reflects, given the products offered, reasonable penetration among retail customers of different income levels and agricultural and business customers of different sizes. Furthermore, the bank exhibits a satisfactory record of serving the credit needs of low- and moderate-income individuals, small businesses, and small farms in a manner consistent with safe and sound banking practices. The bank has participated in a low level of community development lending and has used a limited number of innovative lending practices.

Lending Activity

The bank has become an aggressive lender in a primarily agricultural-based community. The bank's average loan-to-deposit ratio for the four previous quarters was 54.4 percent, compared to the state peer at 67.32 percent and the national peer at 70.65 percent. The state and national peers consist of banks having assets between \$100 million and \$300 million with three or more banking offices and located in a nonmetropolitan area. There were no competitor banks within the assessment area in the same peer group. The bank's average loan-to-deposit ratio is lower than a majority of the competitor banks in the assessment area, which have loan-to-deposit ratios ranging from 27.51 to 78.27 percent. However, the bank's ratio has steadily increased over the last three quarters and loans have increased by 10 percent over the most recent year. The ratio is reasonable given management's conservative lending philosophy, the institution's size and resources, the credit products the bank offers, and its effort to meet assessment area credit needs.

The following table depicts the bank's loan portfolio, according to the September 30, 1996 Consolidated Reports of Condition and Income (Call Report).

THE BANK'S LOAN PORTFOLIO

Loan Type	Amount (\$000)	Percent of Total
Multiple and 1- to 4-family real estate	5,787	9
Farmland or agricultural	37,322	59
Commercial	7,343	12
Nonfarm nonresidential	6,013	10
Consumer	5,146	8
Other	1,615	3
Less: Unearned income	75	1
TOTAL	63,151	100

As shown in the above table, the bank's loan portfolio is concentrated in loans secured by farmland and for agricultural production. Although the commercial loan portfolio of 22 percent, which consists of "Commercial" and "Nonfarm Nonresidential" loans in the above table, is a relatively small percentage of the total outstanding dollar amount of loans, the bank provides a large number of commercial loans for its assessment area.

The assessment area is apparently experiencing a significant housing shortage which lessens the demand for existing residential real estate loans. In addition, funds are available to lower income borrowers through the CDBG Program which offers better rates and more flexible terms than the financial institutions. Even though the bank does not participate directly in the Nebraska Investment Finance Authority (NIFA) program for low- and moderate-income home buyers, it has assisted one applicant in obtaining a \$34,000 loan through the program. The bank has also assisted three applicants in obtaining Veteran Administration (VA) real estate loans in the amount of \$150,000. In response to credit needs of low-income persons and small businesses, the bank participates in the Federal Housing Authority (FHA), Farm and Home Administration (FmHA), Nebraska Energy program, and Small Business Administration (SBA) lending programs. Furthermore, the bank has originated 14 secondary market real estate loans totaling \$752,000. Nebraska Energy loans are used to fund any number of home, building, and system improvements with low cost financing and up to 10-year repayment plans. The following table depicts the loan volume in these programs.

BANK'S INVOLVEMENT IN LOAN PROGRAMS FOR LOWER-INCOME PERSONS AND SMALL BUSINESSES		
LOAN TYPE	# OF LOANS	AMOUNT OF LOANS
FHA	2	\$100,000
FmHA	1	85,000
Nebraska Energy	9	60,000
SBA	1	78,000

Assessment Area Concentration

A substantial majority of the bank's lending occurs inside its assessment area. The analysis included a sample of 48 consumer and 30 real estate loans originated since the last examination. In addition, 100 percent of business and agriculture loans originated from January 1 through December 31, 1996, were included in the analysis. The sample of business and agriculture loans totaled 452 and 1,779, respectively. The table below demonstrates, by general product type, the percentage of loans reviewed that were located within the bank's assessment area.

LOANS WITHIN THE BANK'S ASSESSMENT AREA		
LOAN TYPE	PERCENTAGE OF ORIGINATIONS	PERCENTAGE OF LOAN AMOUNT
Consumer	83	68
Residential	93	91
Small Business	96	90
Small Farm	90	87

As noted, a substantial majority of the dollar amount of loans occurs within the bank's assessment area. Even though the loan amount percentage of consumer loans within the assessment area is smaller than for other loan types, it only represents a small portion of

the portfolio and, consequently, is weighted only lightly in the analysis. Also of note, a substantial number of consumer loans are within the bank's assessment area, thus indicating the bank's commitment to make small-dollar consumer loans in the bank's assessment area.

Geographic Distribution of Loans

The bank's assessment area contains three moderate-income and five middle-income BNAs, thus representing 37 percent and 63 percent of assessment area BNAs, respectively. The geographic distribution of loans reflects reasonable penetration throughout the assessment area. The table below demonstrates the penetration of moderate-income and middle-income BNAs, by product type, in the assessment area.

GEOGRAPHIC DISTRIBUTION OF LOANS BY INCOME LEVEL OF BNAs				
TYPE	MODERATE-INCOME BNAs		MIDDLE-INCOME BNAs	
	PERCENTAGE OF LOANS REVIEWED BY TYPE	PERCENTAGE OF LOAN AMOUNT BY TYPE	PERCENTAGE OF LOANS REVIEWED BY TYPE	PERCENTAGE OF LOAN AMOUNT BY TYPE
Consumer	33	54	67	46
Residential	29	18	71	82
Small Business	14	12	86	88
Small Farm	42	43	58	57

A majority of the residential and commercial areas in the assessment area are in middle-income BNAs. This contributes to the lower percentages of residential and small business loans in moderate-income BNAs, since a majority of the housing and small business needs appear to be in middle-income areas. The moderate-income level BNAs are mainly agricultural areas and communities.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of borrowers reflects, given the demographics and economic status of the assessment area, a reasonable penetration among borrowers of different income levels (including low- and moderate-income) and businesses of different sizes. Of the 28 real estate loans in the sample, no borrowers were in the low-income category and six borrowers were in the moderate-income category. These levels are somewhat low as a result of the lack of homes for sale and the extensive use of CDBG and other local

program funds for residential purchases by low- and moderate-income level borrowers. The favorable rates and payment structures of such loans eliminate a majority of the competition from local financial institutions. In addition, the tight availability of affordable homes and the borrowers' limited financial resources are other primary reasons contributing to the lack of lending in the low-income borrower category.

Real estate lending in the moderate-income category is not affected by these factors as much as for low-income borrowers. Borrowers in the moderate-income level comprise 25 percent of the families in the assessment area and receive 21 percent of the number of real estate loans. The dollar amount of the loans to moderate-income borrowers is proportionately lower, apparently as a result of the higher-priced homes that the middle- and upper-income borrowers can afford. Similarly, new construction loans are mainly with middle- and upper-income borrowers. Of the 40 consumer loans, 78 percent were to low- and moderate-income borrowers. This significantly exceeds the percentage of low- and moderate-income families in the assessment area and indicates the bank's effort to meet the credit needs of these borrowers. The following table illustrates the bank's lending to borrowers of different income levels for consumer real estate and non-real estate loans.

PERCENTAGE OF LOANS REVIEWED IN DIFFERENT INCOME LEVELS IN THE ASSESSMENT AREA					
Area Median Family Income					\$23,438
Income Level of Borrower	Percentage of Consumer Real Estate Loans Reviewed		Percentage of Consumer Non-Real Estate Loans Reviewed		Percentage of Families in the Bank's Assessment Area
	By Number of Loans	By \$ Amount of Loans	By Number of Loans	By \$ Amount of Loans	
Low (<50 percent of median)	0	0	43	22	22
Moderate (50 to 80 percent of median)	21	14	35	44	25
Middle (80 to 120 percent of median)	43	36	17	28	25
Upper (>120 percent of median)	36	50	5	6	28
Total	100	100	100	100	100

Also reviewed was a sample that included 419 business loans totaling \$10,567M and 1,585 agricultural loans totaling \$40,671M in the bank's assessment area. Based on the amount of revenue, a majority of the commercial and agriculture loans in the sample were

made to small businesses and small farms, which are defined as those having gross revenues of \$1MM or less. Small businesses received 405 loans in the amount \$7,525M, which is 96 percent of the number of loans and 82 percent of the total loan amount. Similarly, small farms received 1,498 agricultural loans totaling \$19,803M, which represents 95 percent of the number of loans and 49 percent of the total loan amount. Furthermore, as shown in the table below, the distribution of loans reflects a substantial dispersion of loans under \$100M to small businesses and small farms.

DISTRIBUTION OF LOANS REVIEWED MADE TO INDIVIDUALS OF DIFFERENT INCOME LEVELS IN THE BANK'S ASSESSMENT AREA				
	Small Business		Small Farm	
Loan Value Category	Number of Loans	Amount of Loans	Number of Loans	Amount of Loans
< = \$100,000	405	7,525	1,498	19,803
> \$100,000 to \$250,000	11	1,908	67	10,360
> \$250,000	3	1,224	20	10,508
TOTAL	419	10,657	1,585	40,671

The bank exhibits an adequate record of serving the credit needs of low-income individuals and small businesses and small farms. A reasonable percentage of loans are to low-income borrowers and to small businesses and small farms. In addition, the bank made two FHA loans in the amount of \$100,000, one FmHA loan in the amount of \$85,000, nine Nebraska Energy loans in the amount of \$60,000, and one SBA loan in the amount of \$78,000. Furthermore, the bank makes many small-dollar consumer loans for amounts less than \$1,000. The bank also made 129 overdraft lines of credit in amounts as low as \$500 since the last examination. In addition, First United Bank received a two-month approval as an FmHA lender in the area under a program which provides 100 percent financing to low- and moderate-income borrowers.

Community Development Loans

Community development lending opportunities are limited within the bank's assessment area. First United Bank originated one community development loan in the amount of \$30,000 for the purchase of a 1996 fire truck with a water tank and pump assembly for the city of Verdigre, which is located in a moderate-income BNA. Since Verdigre is serviced by a volunteer fire department, the new equipment makes the moderate-income level area

more attractive and secure for businesses and residents. The existing equipment was not adequate to service the area. Verdigre is experiencing little growth and the city and county services have to be effective to attract additional growth and stabilize the community.

Product Innovation

The bank uses flexible lending practices in order to serve the assessment area credit needs. Since the last examination, the bank initiated a reduced rate program on machinery purchase loans for farmers. The program was effective during the last half of 1996 and featured rates reduced by 250 basis points. The bank originated five loans in the amount of \$98,700 under the program.

INVESTMENT TEST

The First United Bank exhibits an adequate level of participation in qualified community development investments and grants. However, the bank is rarely in a leadership position in this regard, or routinely provides investments not provided by private investors. The bank has demonstrated an adequate response to credit and community development needs.

There are few opportunities for the bank to make qualified investments. The bank participates in community development through involvement in the CDBG Program, local bond issues, and donations to organizations that assist in community development activities in the assessment area. Since the last examination, the bank has participated in two qualified CDBG projects. First United Bank has an outstanding loan commitment to the city of Verdigre in the amount of \$30,000 through a CDBG project for water system improvements. Verdigre is within a moderate-income level BNA and the improvements will enhance the infrastructure necessary to support economic growth and viability in the city. The bank also has a commitment to the city of Neligh in the amount of \$50,000 through a CDBG project totaling \$200,000 for home improvement and rehabilitation loans for low- and moderate-income individuals. Even though the city of Neligh is considered a middle-income BNA, the funds will assist in stabilizing and improving housing conditions for low- and moderate-income individuals within the BNA.

Furthermore, the bank has participated in bond issues that are considered qualified investments under CRA. The bank has purchased bonds for the improvement of the water system in lower Niobrara. Niobrara is just outside the assessment area and is in a moderate-income level BNA. The improved water system will enhance the economic stability of the area. In addition, the bank has participated in four bond issues for Antelope County road improvements. Antelope County is a moderate-income area and improved

accessability will help to stabilize the economic conditions. Individuals residing in this moderate-income BNA will have improved access to markets and communities within the BNA which will stimulate economic growth.

First United Bank has also made donations to the Nebraska Cattlemen Association for educational meetings. The meetings help to increase the area farmers' knowledge of market trends and provide analysis of the cattle industry to make the farmers more efficient and productive. The educational meetings are intended to assist the small farmers in being able to compete with larger operations.

The bank has not had opportunities to use innovative and/or complex investments to support community development initiatives.

SERVICE TEST

Based upon its size and resources, the bank adequately delivers retail banking services that are reasonably accessible to the community. Services do not vary in a way that inconveniences certain portions of the community, particularly low- and moderate-income individuals. Also, the bank is providing innovative retail products that adequately serve the bank's assessment area.

Retail Banking Services

First United Bank has five locations that are accessible to all portions of the bank's assessment area. An automated teller machine (ATM) is located at both the Neligh and O'Neill branches. There is also a night depository at each location. The bank's locations and hours of operation are listed below.

Main Office and 4 Branches:

- 1) Box 129, Neligh, NE 68756: 1-402-887-4143
Monday - Friday 9:00 AM - 3:00 PM
Saturday 8:30 AM - 11:00 AM
- 2) Box 37, Oakdale, NE 68761: 1-402-776-2446
Monday - Friday 9:00 AM - 12:00 PM & 1:00 PM - 3:00 PM
Saturday 8:00 AM - 11:00 AM
- 3) Box 470, O'Neill, NE 68763: 1-402-336-1370
Monday Friday 8:00 AM - 3:00 PM; Thursday 8:00 AM -7:00 PM
Saturday 8:00 AM - 12:00 PM
- 4) Box 60, Page, NE 68766 : 1-402-338-5522
Monday - Friday 8:30 AM - 12:00 PM & 1:00 PM - 4:00 PM

Saturday 8:00 AM - 12:00 PM

- 5) Box 250, Verdigre, NE 68783: 1-402-668-2205
Monday - Friday 9:00 AM - 12:00 PM & 1:00 PM - 3:00 PM
Saturday 8:00 AM - 11:00 AM

The bank has not closed any offices and there are no plans to add any additional facilities in the future.

First United Bank offers an adequate number of innovative products to serve its community. In addition to telephone and bank-by-mail, the bank has originated 97 free student, 36 Pinnacle Free, and 129 overdraft checking accounts since the last examination. Furthermore, the bank has originated 192 Telebanking accounts. Telebanking is an electronic automated banking program that allows for 24-hour access to accounts. The bank has issued 491 Visa debit cards which allow for 24-hour cash availability. First United Bank also offers low balance certificates of deposit (CDs). The bank has opened 152 CDs with balances of \$500 or less which allow for investment opportunities and a greater investment return for low- and moderate-income individuals. First United Bank has just introduced Maxxus and originated one account under this PC-based banking and payroll program for businesses.

Community Development Services

First United Bank provides an adequate level of community development services. The bank assisted the mayor of Verdigre in applying for CDBG funding to construct additional multi-family housing that will benefit low- and moderate-income families. There is presently a six- and eight-plex unit in Verdigre, but more housing is needed for low- and moderate-income individuals. The bank assisted in the approval and completion of a second CDBG application through Central Nebraska Community Services for the construction of four rental properties specifically for low- and moderate-income individuals. In addition, the bank received a two-month approval as an FmHA lender in the area under a program which provides 100 percent financing to low- and moderate-income borrowers. Furthermore, loan officers coordinated the application, documentation, and closing of loans originated by the Aurora affiliate bank, which resulted in one NIFA loan in the amount of \$34,000 and three VA loans in the amount of \$150,000. In addition, the bank assisted a small businessman with needed financial insight for negotiating the purchase of a small business in O'Neill. The efforts were not intended to result in a loan; however, the business was acquired on a contract for deed. As a result, the economy benefited from the employment opportunities remaining in the community. The Verdigre branch is a guaranteed lender for the Bureau of Indian Affairs (BIA); however, no loans have been originated under the program.

No substantive violations of the antidiscrimination laws and regulations were identified.

Furthermore, review of bank policies, credit applications, loans, and interview procedures revealed no prohibited practices designed to discourage loan applicants.

APPENDIX A

SCOPE OF EXAMINATION First United Bank	
TIME PERIOD REVIEWED	11/27/95 - 2/24/97
FINANCIAL INSTITUTION	
NAME	PRODUCTS REVIEWED
First United Bank Neligh, Nebraska	Residential Real Estate Loans Small Business Loans Small Farm Loans Consumer Loans

AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
Pinnacle Bancorp, Inc., Central City, NE	Bank Holding Company	None
Bank of Colorado - Front Range, Windsor, CO	Bank Holding Company	None
Bank of Colorado - Western Slope, Grand Junction, CO	Bank Holding Company	None
Pinnacle Bank, Papillion, NE	Bank Holding Company	None
Citizens Bank and Trust Company, Torrington, Wy	Bank Holding Company	None
Havelock Bank, Lincoln, NE	Bank Holding Company	None
Crete State Bank, Crete, NE	Bank Holding Company	None
The Farmers State bank and Trust Company, Aurora, NE	Bank Holding Company	None
Farmers State Bank and Trust Company, Lexington, NE	Bank Holding Company	None
First National Bank, Abilene, KS	Bank Holding Company	None
First National Bank, Worland, WY	Bank Holding Company	None
The First National Bank, Shelby, NE	Bank Holding Company	None
First Security Bank, Newcastle, WY	Bank Holding Company	None
The First Security Bank of Craig, Craig, CO	Bank Holding Company	None
The First Security Bank, Fort Lupton, CO	Bank Holding Company	None
The State Bank, Palmer, NE	Bank Holding Company	None
Schuyler State Bank and Trust Company, Schuyler, NE	Bank Holding Company	None
Western Bank of Cody, Cody, WY	Bank Holding Company	None
Archer, Inc., Central City, NE	Bank Holding Company	None
Osceola Insurance, Inc., Central City, NE	Bank Holding Company	None
Gretna State Bank, Gretna, NE	Bank Holding Company	None
First National Bank of Osceola, Osceola, NE	Bank Holding Company	None
Central Grain, Inc., Central City, NE	Bank Holding Company	None
Farmers National Bank of Central City, Central City, NE	Bank Holding Company	None
Dinsdale Brothers, Inc., Central City, NE	Bank Holding Company	None
The First National Bank of Wisner, Wisner, NE	Bank Holding Company	None
First Security Bank, Mitchell, NE	Bank Holding Company	None
Guaranty Corporation, Denver, CO	Bank Holding Company	None
Guaranty Bank and Trust Company, Denver, CO	Bank Holding Company	None
Pinnacle Bancorp, Iowa, Sioux City, IA	Bank Holding Company	None
Morningside Bank and Trust, Sioux City, IA	Bank Holding Company	None

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION

ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Nebraska Eight BNAs, including 9796, 9797, and 9798 in Antelope County, 9740, 9741, 9742, 9743 in Holt County, and 9762 in Knox County	On-Site	Not Applicable	