

Public Disclosure

January 24, 2000

Community Reinvestment Act Performance Evaluation

**Cornerstone Bank, N.A.
Charter Number: 2683
529 Lincoln Avenue
York, Nebraska 68467**

Office of the Comptroller of the Currency

**Omaha South Field Office
11606 Nicholas Street, Suite 201
Omaha, Nebraska 68154-4410**

NOTE: This evaluation is not, and should not 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.

Table of Contents

| | |
|---|----|
| General Information | 3 |
| Definitions and Common Abbreviations | 4 |
| Overall CRA Rating | 6 |
| Description of Institution | 8 |
| Scope of Evaluation | 9 |
| Fair Lending Review | 12 |
| Conclusions with Respect to Performance Tests | |
| Lending Test..... | 13 |
| Investment Test..... | 19 |
| Service Test..... | 20 |
| Appendix A: Scope of Evaluation | 22 |
| Appendix B: Market Profiles for Area Receiving Full-Scope Review | 23 |
| Appendix C: Tables of Performance Data | 25 |

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **Cornerstone Bank, N.A., York, Nebraska** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **January 24, 2000**. 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 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate - Any company that controls, is controlled by, or is under common control by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Community Development (CD) - Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301)) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA) - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Full-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography - A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA) - The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

Home Mortgage Loans - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Limited-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

Low-Income - Income levels that are less than 50% of the median family income.

Median Family Income (MFI) - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income - Income levels that are 120% or more of the MFI.

Charter Number: 2683

Overall CRA Rating

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

The following table indicates the performance level of **Cornerstone Bank, N.A.** with respect to the Lending, Investment, and Service Tests:

| Performance Levels | (Name of Depository Institution) Performance Tests | | |
|---------------------------|---|-----------------|--------------|
| | Lending Test* | Investment Test | Service Test |
| Outstanding | | | |
| High Satisfactory | X | | X |
| Low Satisfactory | | X | |
| Needs to Improve | | | |
| Substantial Noncompliance | | | |

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

The main factors contributing to this rating include:

- ▶ Cornerstone Bank, N.A. (Cornerstone) achieved an excellent distribution of home purchase loans to borrowers of different income levels. The bank extended 11% and 31% of home purchase loans to low-income and moderate-income borrowers, respectively. Demographic information revealed that 13% and 18% of families in the assessment area (AA) were low-income and moderate-income, respectively.

- ▶ The bank also had a good distribution of home improvement loans to borrowers of different income levels. Cornerstone extended 14% of home improvement loans to low-income borrowers and 17% of home improvement loans to moderate-income borrowers. This distribution compares favorably with demographic data, which reveals that 13% and 18% of families in the AA were low-income and moderate-income, respectively.

Main factors contributing to the rating (continued):

- ▶ The bank originated a relatively high level of community development loans given the limited opportunities for this activity within the assessment area. These loans were responsive to the credit needs of the community.
- ▶ Cornerstone had an adequate record of meeting the credit needs of small businesses and small farms in the AA. For example, 88% of the bank's business loan originations were in amounts of \$100 thousand or less. In addition, 75% of the bank's farm loans were for amounts of \$100 thousand or less. Generally smaller businesses and farms borrow in smaller amounts. The bank's relatively large percentage of smaller loans indicates an adequate number of the loans to small businesses and small farms.
- ▶ The level of qualified investments was adequate at \$129 thousand.
- ▶ Cornerstone provided a high level of community development services during the assessment period. Retail delivery systems and community development services were reasonably accessible to geographies and individuals of different income levels in its assessment area.

Description of Institution

Cornerstone Bank, N. A. is a full-service financial institution headquartered in York, Nebraska. Cornerstone is an intrastate bank with all branch locations being within Nebraska. First York Bank Corporation (FYBC), a \$399 million multi-bank holding company, also located in York, Nebraska, owns 100% of outstanding shares of the bank. FYBC also owns majority interests in three other Nebraska banks, two with national charters and one state chartered. The management of Cornerstone did not request our consideration of any activities of these affiliates for its own CRA performance during this evaluation. Cornerstone does not have any subsidiaries. Cornerstone did not conduct any merger or acquisition activity during the evaluation period, but is in the final process of merging with a smaller state chartered bank which is located within the AA.

There were no known legal or financial impediments, which hindered Cornerstone's ability to help meet the credit needs of its AA. Cornerstone offers a wide range of loan and deposit products, as well as other services. Cornerstone primarily emphasizes agricultural credit products, but business and real estate loans are also important segments of its portfolio. As of December 31, 1999, Cornerstone had \$281 million in total assets, \$17 million in Tier 1 Capital and \$3.7 million in net income. The bank's loan-to-deposit ratio on that date was 67% and gross loans represented 61% of total assets. By dollar amount, the loan portfolio consisted of the following types of credit: 44% agricultural and agricultural real estate; 31% commercial and commercial real estate; 14% one- to four-family residential real estate; 5% consumer; and 6% other types. Cornerstone sells the majority of its home purchase and refinancing mortgage loans on the secondary market. The loan-to-deposit ratio and loan portfolio mix do not reflect these loans. From January 1, 1999 through December 31, 1999, the bank originated and sold 163 residential mortgage loans totaling \$11 million.

Cornerstone with \$234 million in deposits was the second largest bank in the AA based on total deposits. The largest bank had deposits totaling \$295 million with the third ranking bank having \$126 million.

Cornerstone's main office is located in York, in east central Nebraska. The bank has an additional ten full service branch offices located in nine Nebraska communities within 50 miles of York. The bank also has three additional limited service facilities in York. None of the offices are located in a Metropolitan Statistical Area (MSA). The bank has 20 automated teller machines (ATMs) disbursed throughout the AA. Twelve of these ATMs are full service machines and are open twenty-four hours.

Cornerstone received an "Outstanding" rating during the April 17, 1997 CRA evaluation. The rating assigned at this examination does not reflect negative CRA performance. Rather, the bank was evaluated under the Large Bank test at this exam as opposed to the Small Bank test of the regulation at the last exam.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated Cornerstone using Federal Financial Institutions Examination Council (FFIEC) Interagency Large Bank CRA Examination Procedures. These procedures covered the Lending, Investment, and Service tests pursuant to the revised CRA regulation. These tests assess the bank's record of helping to meet community credit needs, making community development investments, and providing services throughout the AA. For the Lending Test, we focused primarily on small farm, small business and residential real estate loans, with emphasis in that order. These were the primary loan products extended within the AA during the evaluation period. In addition, community contacts identified small business and farm lending as primary credit needs throughout the AA and home mortgage lending as a primary need in the city of York.

- We reviewed small farm and business loan data the bank collected from January 1, 1999 through December 31, 1999. Cornerstone began collecting CRA small business and small farm loan data in 1999 after total assets increased above the threshold for large banks for the second consecutive year-end on December 31, 1998.
- Because the bank and its branches are outside an MSA, the bank is not required to collect and report home lending activity for Home Mortgage Disclosure Act (HMDA) purposes. In order to evaluate the bank's performance for this type of lending, we used the bank's data base of all purchase, refinance and home improvement loans originated between January 1, 1999 and December 31, 1999. For these loans, we analyzed data on the borrower's income, as well as the geographic location of the loan.
- A direct comparison of Cornerstone to other lenders in the bank's AA could not be made because the 1999 market share loan data for small farm and small business loans is not yet available. We used September 30, 1999 Consolidated Report of Condition outstanding loan data as an indication of comparative lending performance.
- We used demographic data from the 1990 U.S. Census to compare the bank's lending performance to the potential opportunities in its AA. Refer to the Market Profile in Appendix B for details on demographic data.
- We analyzed Cornerstone's community development lending activities from April 18, 1997 through January 24, 2000.
- We reviewed the bank's investment and service activities from April 18, 1997 through January 24, 2000.

Evaluation Period/Products Evaluated (Continued)

- We considered the number and types of qualified investments, branch locations and accessibility, alternative service delivery systems, and community development services.
- We used deposit information, annually reported to the Federal Deposit Insurance Corporation, to determine Cornerstone's deposit market share and market presence relative to other financial institutions in its AA. The most recent deposit information available was as of June 30, 1999.

Data Integrity

Examiners verified the accuracy of data used in this evaluation of the bank's performance by comparing collected data to original credit file information. We applied this review to a sample of 30 small business and farm loans originated by the bank. We also conducted a review of the bank's 1-4 family real estate loan register using similar procedures.

Examiners noted errors in reporting revenue levels for small farm and business credit in the bank's preliminary loan data. This situation occurred due to management's misinterpretation of the minimum documentation needed to support whether a borrower's revenue level was over or under \$1 million. The bank subsequently corrected the revenue data and we were able to use this corrected information in our analysis. We found no significant errors in the 1-4 family real estate loan register.

Selection of Areas for Full-Scope Review

The bank has only one AA. We assigned the bank's CRA rating based on its lending, investment and service performance within this AA. Eighty-seven percent of real estate, farm and business loans and 85% of deposits are with customers who reside in the six counties within the AA.

Please refer to the table in Appendix A for more information regarding the scope of this evaluation.

Ratings

Cornerstone's overall rating is based on the bank's lending, investment, and service activities in its AA.

Community Contacts

Examiners made three community contacts during the evaluation and reviewed another fourteen community contacts completed in the AA since April 1997 by financial regulators. These contacts included eight economic development groups, three private businesses, two city governments, two charitable groups, one affordable housing organization and one realtor.

The three contacts made during this examination, all in the York area, were unanimous in their opinion that the development of housing and housing loans were primary needs. Housing at all price levels was in short supply due primarily to the lack of developers and the high price levels for new homes.

Several community contacts previously interviewed identified small business lending as the primary credit need in the AA followed by farm credit. Moderately priced housing was less frequently mentioned in areas outside of York. The contacts in Aurora, Central City and Columbus stated small business venture capital lending is the most pressing credit need. These same contacts all stated that local banks meet the needs for all types of credit.

Fair Lending Review

We did not identify any substantive violations of anti-discrimination laws. Our fair lending review consisted of comparing denied individual female applicants to approved individual male applicants for direct automobile purchase loans from August 1, 1999 to January 31, 2000. Our review included six female applicants and thirty-two male applicants. We found no evidence of discrimination based on gender in the denials reviewed.

Conclusions with Respect to Performance Tests

Cornerstone's lending levels reflect a good responsiveness to community credit needs, especially in the area of community development. For small farm and small business loans, the bank had an adequate record of lending to borrowers of different revenue sizes. The bank's lending performance for home purchase and home improvement purposes was stronger when we considered borrowers' different income levels. An analysis of the geographic distribution of loans, including any gaps in lending, was not meaningful, as the AA contained predominately middle- and upper-income BNAs. The single low-income BNA was insignificant to the area. We note the bank made the majority of its loans to borrowers within the AA. Cornerstone's record of extending refinancing mortgage loans to borrowers of different income levels was notably weaker; however, this did not detract from the bank's overall adequate performance due to compensating factors described below.

Cornerstone also provided an adequate level of investments, which benefit the AA. Management was generally aware of investment opportunities within the AAs and participated whenever possible.

Cornerstone's performance under the Service Test was good. In several instances bank personnel provided leadership roles which helped to address the assessment area's affordable housing and small business financing needs. There are no significant low- income and no moderate-income geographies available to target for special services or banking facilities. Cornerstone's branches are located throughout in the AA's, providing reasonable access to its products and services.

LENDING TEST

Cornerstone 's performance under the Lending Test is rated "High Satisfactory."

Lending Activity

Please refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity. Cornerstone's lending levels reflected a good responsiveness to the assessment area's residential real estate, small business and small farm credit needs. Table 1 details the number and dollar volume of loans reported by Cornerstone during 1999.

Direct comparisons with other local lenders who report loan origination data for CRA purposes could not be performed for 1999 because peer data will not be made available by the FFIEC until later in 2000. A proxy, but less precise indicator, is to compare total outstanding loans disclosed in quarterly Reports of Condition. This data reveals outstanding loans by type for similar dates. Cornerstone had the largest farm and business outstanding totals despite being only 70% of the size of the area's largest lending institution. Another indicator of lending activity is to compare 1999 loan origination data to peer lending origination data for 1998. In doing so, we note that Cornerstone's business loan origination volume was 150% greater and its farm loan origination volume approximated the largest bank's. We place less weight on this comparison as this only provides a broad correlation of lending performance due to the differing time periods. Cornerstone came under the large-bank test for CRA and began collecting loan origination data in 1999.

It is not possible to compare residential real estate lending performance, as market share data is not available in non-metropolitan statistical areas.

Distribution of Loans by Income Level of the Geography

It is not meaningful to evaluate the distribution of loans by income level of the geography since all significant BNAs in the AA are middle- or upper-income. **Appendix B: Market Profile for Area Receiving Full-Scope Review** explains why the single low-income BNA is not significant and bears no weight in our analysis.

Assessment Area Concentration

One aspect of geographic distribution is the percentage of loans made or purchased within the bank's AA as opposed to outside of its AA. Cornerstone originated a significant percentage of reported loans within its AA. For all loans evaluated under CRA for 1999, the bank originated or purchased 87% by number within its AA. By loan product, the bank made or purchased 89% of residential real estate loans, 84% of small loans to businesses and 90% of small loans to farms within its AA.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Cornerstone had a strong distribution of home purchase loans to borrowers of different income levels, including low- and moderate-income (LMI) borrowers. Performance was especially good for lending to moderate-income families. Table 7 in Appendix C portrays the distribution of all of the bank's residential real estate purchase loans in 1999 to borrowers of different income levels. Table 7 also depicts the distribution of families within the AA by income level. This provides some perspective on potential lending opportunities to borrowers of different income levels. The table focuses on the number of residential real estate purchase loans rather than the dollar volume as this directly ties to the number of borrowers benefiting from these loans.

As shown in Table 7, Cornerstone had an exceptionally strong penetration of home purchase loans to moderate-income borrowers. The bank's percentage of home purchase loans to moderate-income borrowers was 1.7 times the percentage of moderate-income families in the AA. While the bank's percentage of home purchase loans to low-income borrowers was reasonable at 85% of low-income families in the AA. Low-income families would have a more difficult time qualifying for residential mortgage loans due to their more limited income. Homes available in the \$50 thousand range are located outside of York and Columbus, which a low-income individual or family could purchase if they had no other personal debts to service with their disposable income. However, additional vehicle or credit card debt servicing requirements, when added to the payments required to service home loans in this range frequently disqualifies applicants under standard loan programs. Cornerstone frequently assists LMI home purchase applicants by encouraging their use of government sponsored low down payment programs.

Table 8 in Appendix C reveals good lending penetration among LMI borrowers who are financing improvements to their homes. We note 14% of home improvement loans were made to low-income borrowers and another 17% were made to moderate-income borrowers. This distribution exceeded demographic data for low-income and closely matched demographic data for moderate-income borrowers. Thirteen percent and 18% of families in the AA were low-income and moderate-income, respectively.

Table 9 in Appendix C reveals the bank's performance of making residential real estate refinance loans was reasonable when lending to moderate-income borrowers, but considerably weaker for low-income borrowers. However, this is not a significant concern as bank data indicated low-income borrowers typically have not requested refinancing loans because it was not to their benefit. Most low-income borrowers receiving home purchase loans from Cornerstone qualified for one of several first-time home buyer loan programs through the Nebraska Investment Finance Authority or the USDA Guaranteed Rural Housing Program. These programs include a variety of attractive features, such as no or low down payment requirements, fewer fees, and lower interest rates. These loan programs are not available to borrowers wishing to refinance their home loans. Therefore, low-income borrowers wanting to refinance their loans would generally be subject to higher down payment requirements, higher fees, and higher interest rates than they currently pay on their existing home loan.

Small Business Loans

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's small business loan originations. The table shows the distribution of Cornerstone's small loans to businesses both by loan size and by gross revenues of \$1 million or less.

Cornerstone had an adequate record of lending to businesses of different revenue sizes. We based this conclusion on the volume of smaller sized business loans. Table 10 reveals that 88% of business loans were in amounts of \$100 thousand or less. In this analysis, we used loan size as an indicator or proxy for business revenue size. Generally smaller businesses borrow in smaller amounts. We could not meaningfully compare the bank's small business lending data with area demographics for businesses since Cornerstone did not document revenues for 49% of businesses that borrowed from the bank during the evaluation period. Because of this situation, the percentage of loans to businesses with revenues under \$1 million is artificially small at 41%. We note, as a less precise comparison, that 91% of AA reporting banks' business loan originations were for amounts of \$100 thousand or less with an average note size of \$49 thousand in 1998, a differing time period. Cornerstone's average note size was \$56 thousand, which also points to a somewhat larger average business size.

Small Farm Loans

Refer to Table 11 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's small farm loan originations. This table shows the distribution of Cornerstone's small loans to farms both by loan size and by gross revenues of \$1 million or less.

Cornerstone had an adequate record of lending to farms of different revenue sizes. We based this conclusion on the volume of smaller sized loans. Table 11 reveals that 75% of the bank's farm loan originations were in amounts of \$100 thousand or less. In this analysis, we used loan size as an indicator or proxy for farm revenue size. Generally smaller farms borrow in smaller amounts. We placed the most weight on this measure because Cornerstone did not collect gross annual revenue information for 43% of farm borrowers during the evaluation period. This leaves the number of farms with known revenues under \$1 million artificially small in relation to all farm loans. Therefore, we cannot meaningfully compare this lending performance with farm revenue demographics for the area. We note, as a less precise comparison, that 86% of AA reporting banks' farm loan originations were for amounts of \$100 thousand or less with an average note size of \$54 thousand in 1998. Again, this measure is less precise due to the differing time periods. Cornerstone's average note size was \$76 thousand, which points to a somewhat larger average farm size, which reasonably correlates with the bank's capacity to fund larger operations due to its larger size and resources.

Community Development Lending

Table 1 in Appendix C provides the facts and data used to evaluate the bank's level of community development lending.

Cornerstone originated an excellent level of community development loans in its AA considering the limited opportunities in the rural communities it serves. Although the bank did not originate a large number of these loans, the dollar volume in relation to the overall size of the bank was very good. Three of the loans benefited the assessment area by financing LMI housing in York and McCool Junction, a town of 370 people approximately nine miles south of York. In addition, the bank provided funding resources to a nonprofit community development corporation, which in turn provided financing to a start-up manufacturing business in Central City. The loans included:

- One loan totaling \$1,000,000 to fund the acquisition of a 50 unit HUD-subsidized apartment complex in York. This loan continued the original project as affordable housing (multifamily) for LMI individuals.
- A loan totaling \$410,000 to the City of Central City which in turn lent the proceeds to a County Development Corporation to construct a factory building. The building houses a new manufacturing business in Central City. Under the terms of an associated Community Development Block Grant, the business hired at least 51% LMI workers. The loan also enabled the improvement of a city designated blighted area as location of the factory building was within this area.
- Two loans totaling \$91,250 to finance a non-profit community development corporation housing

project in McCool Junction. The loan proceeds of one loan acquired three lots for future development into single family LMI housing. The second loan financed the construction of the first house in this project. The corporation will ultimately construct seven homes. Purchasers must comply with income limits of 80% of median family income for the area and are eligible to receive up to 35% of the purchase price in the form of a block grant.

During the assessment period the bank also made six loans totaling \$752,000 to finance the construction or improvements to business buildings located in a designated blighted area in the downtown York area. These loans were made under a city plan that allowed partial tax incremental financing by the city. The bank reported four of these loans in its aggregate small business lending data for 1999.

Product Innovation and Flexibility

Cornerstone used loan products with flexible lending terms to assist in meeting various credit needs in its AA. The bank originated loans under programs targeted to first-time homebuyers and LMI individuals. This activity showed the bank's commitment to helping meet a primary credit need for affordable housing identified by community contacts in the York area. Following are examples of flexible lending programs used by the bank. Loans originated under these programs were included in the tables and analyses of residential real estate lending.

Cornerstone tied for the top ranking among 66 other Nebraska financial institutions that made loans under the United States Department of Agriculture (USDA) Guaranteed Rural Housing (GRH) Loan program in fiscal 1999. Cornerstone originated 55 loans totaling \$2.8 million through the program's fiscal year ending September 30, 1999. The USDA reports that approximately 77% of the borrowers under this program were LMI. This program enables LMI borrowers to purchase homes without down payments by paying a 1% fee.

We note that during 1999 Cornerstone originated 31 GRH loans totaling \$1.5 million to LMI borrowers under the Nebraska Investment Finance Authority (NIFA) loan program for first-time homebuyers. This program assists borrowers by offering reduced interest rates and lower down payment requirements (generally 3% to 5%). Qualified applicants must have annual incomes of \$46,600 or less. The majority of applicants receiving NIFA loans are LMI. Of these 31 borrowers, nine also qualified for NIFA's homebuyer assistance program, which provides grant monies to cover closing costs and partial down payments.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "Low Satisfactory."

Cornerstone extended an adequate level of qualified community development investments in the AA. Qualifying community development investments can be in either the form of grants or investment securities. During this evaluation period, the bank made eleven community development investments and grants totaling \$100,450. In addition, the bank had three prior period investments still outstanding, totaling \$29,000. Investments and grants were provided to organizations located in the AA whose primary purposes are to provide affordable housing and community services to LMI individuals.

Cornerstone demonstrated good responsiveness to the community development needs of the AA and the bank occasionally used innovative and complex investments. A substantial portion of the dollar volume of the bank's qualified investments and donations helped address affordable housing needs. Affordable housing was one of the primary needs identified during community interviews conducted by federal financial institution regulators. Some of the bank's community development activities were considered innovative and complex since they were equity investments that required additional work by investors to establish legal entities.

The following is a list of the most significant community development investments and donations provided by the bank. Affordable housing investments and donations discussed below had the greatest impact on the community development needs of the AA.

- \$76 thousand investment in low-income housing tax credits for a 50-unit apartment complex that provides affordable housing to LMI individuals.
- \$13 thousand current period and \$14 thousand prior period investment in an entity that developed an 8-unit apartment complex for LMI elderly individuals in the AA.
- \$4 thousand donation to an organization that is helping to refurbish a city designated blighted area in the downtown section of a community in the AA. Please refer to Appendix B for more information regarding blighted areas in the AA.
- \$4 thousand donation to an entity that provides community development services to LMI individuals in the AA.
- \$2 thousand in donations to two entities that provide shelter and counseling to children who primarily come from LMI families.

- \$1 thousand donation to a housing development corporation that built an 18-unit affordable housing complex during 1999.
- \$15 thousand in prior period investments in two affordable housing development corporations. No information was available on specific projects completed during the evaluation period.

Community development investment opportunities in the AA were somewhat limited during the evaluation period. However, opportunities existed to provide qualified donations to affordable housing organizations and to organizations providing community services to LMI individuals. In addition, although qualified investment securities were limited, some opportunities existed in the form of Low-Income Housing Tax Credits (LIHTCs) and municipal bond issuances. For example, according to the Nebraska Investment Finance Authority, during 1997, 1998, and 1999, LIHTCs available in Cornerstone's AA totaled \$188,240. In addition, the Nebraska Investment Finance Authority offered statewide affordable housing bonds. For example, a \$70 million statewide affordable housing revenue bond issuance was offered during 1999.

Please refer to Table 12 in Appendix C for a summary of data used to evaluate the bank's level of qualified investments.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory."

Retail Banking Services

Cornerstone's branches and ATMs are reasonably accessible to individuals throughout the assessment area. An analysis of the distribution of the bank's branches and ATMs by geographic income is not meaningful since the assessment area includes only one low-income tract with very limited population and no moderate-income tracts. The bank opened one full-service branch, one limited-service branch and five ATMs since the last CRA examination. Cornerstone has not closed any branches or ATMs since the last CRA evaluation.

The bank offers reasonable services and overall convenient business hours throughout the AA. Eleven of the bank's 14 offices provide full banking services, while the other three locations offer all services except loans. All offices except the main bank offer Saturday morning hours. Thus, loan services are available to most sections of the AA on Saturdays. However, none of the offices in the city of York

offer loan services on Saturday since only the main bank provides loans in York. This may somewhat inconvenience the York portion of the AA.

Cornerstone also offers other delivery systems, which should help the bank reach individuals throughout the AA. The bank offers TeleBanc, a telephone banking service; banking services by mail; and 20 ATMs throughout the AA. The bank also offers a direct deposit service. Most of these delivery systems are available 24-hours a day, 7 days a week without customer usage fees. However, we did not place significant weight on alternative delivery systems since no data was available on the impact these services have had on the bank's record of reaching LMI individuals in the AA.

Please refer to Table 13 in Appendix C for facts and data used to evaluate the distribution of the bank's branches and ATM delivery systems.

Community Development Services

Cornerstone provided a high level of community development services during the evaluation period. Bank personnel acted in leadership capacities for several affordable housing entities and many other organizations that provide community development services to LMI individuals in the AA.

The following is a list of the most significant community development services provided by the bank.

- Bank employees served in leadership capacities for three affordable housing organizations. In these capacities, employees provided financial assistance by reviewing and preparing budgets and providing other financial advice to help develop affordable housing for LMI individuals. As a result of these efforts, these organizations were able to build an 18-unit LMI apartment complex and they have a single-family LMI house under construction.
- Bank employees also served in leadership capacities for two entities that promote economic development by providing or facilitating financing of small businesses. Bank employees sat on loan review committees and helped obtain grants for revolving loan funds. As a result of these efforts, one new small business was financed and a grant for a revolving loan fund was approved.
- A bank employee participates on a committee that recommends projects for tax incremental financing (TIF) in blighted areas in the city of York. The committee has received approval for 18 TIF projects since inception in 1996.

Appendix A: Scope of Evaluation

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered.

| | | |
|---|---|--|
| Time Period Reviewed | Lending Test: January 1, 1999 to December 31, 1999 Investment Test: April 18, 1997 to January 24, 2000 Service Test: April 18, 1997 to January 24, 2000 | |
| Financial Institution | | Products Reviewed |
| Cornerstone Bank, N.A. (Cornerstone) York, Nebraska | | Small Farm, Small Business, 1-4 Family Real Estate Loans, Community Development Loans |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| None. | | |
| List of Assessment Areas and Type of Examination | | |
| Assessment Area | Type of Exam | Other Information |
| The contiguous Nebraska Counties of Fillmore, Hamilton, Merrick, Platte*, Polk, and York. *excludes BNA # 9851 in northern Platte County (middle-income) | Full Scope | |

Appendix B: Market Profile for Area Receiving Full-Scope Review

Nebraska Counties of Fillmore, Hamilton, Merrick, Platte*, Polk, and York

| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # |
|---|------------|---|--------------------|----------------------|-----------------|
| Geographies (Census Tracts/BNAs) | 21 | 5% | NA | 86% | 9% |
| Population by Geography | 69,486 | 0% | NA | 86% | 14% |
| Owner-Occupied Housing by Geography | 18,917 | 0% | NA | 86% | 14% |
| Businesses by Geography | 3,679 | 0% | NA | 88% | 12% |
| Farms by Geography | 1,367 | 0% | NA | 95% | 5% |
| Family Distribution by Income Level | 18,952 | 13% | 18% | 27% | 42% |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 5,800 | 0% | NA | 90% | 10% |
| Median Family Income | = \$27,623 | Median Housing Value Unemployment Rate | | = \$42,297 = 2.7% | |
| HUD Adjusted Median Family Income for 1999 | = \$39,800 | | | | |
| Households Below the Poverty Level | = 9.16% | | | | |

Source: 1990 U.S. Census and 1999 HUD updated MFI.
* BNA 9851 excluded.

Cornerstone defines the AA for its operations as all of Fillmore, Hamilton, Merrick, Polk, and York Counties and six of seven BNAs in Platte County. The bank determined BNA 9851, in northern Platte County, to be outside its AA due a lack of both deposit and lending activity. The AA consists of 21 block-numbering areas (BNAs), with one low-income, 19 middle-income, and two upper-income. We consider this low-income BNA to be insignificant to our analysis as only 31 individuals resided within its boundaries in the 1990 U.S. Census. The census counted 97 housing units, but 84 were unoccupied. Because it was an isolated island located in the Platte River near Columbus, it did not report any farms or businesses.

While there are no significant LMI BNAs in the AA, the cities of York and Central City have designated several areas within their jurisdictions as blighted. They adopted redevelopment plans for these areas, which allow the use of tax incremental financing to spur development. More specifically, York designated four separate areas compassing approximately 80 blocks plus an industrial zone on the north side as blighted. Central City designated the bordering areas of two highways entering the city plus approximately a 40 square block area in the southeastern section as needing redevelopment assistance. As part of the redevelopment plans, Cornerstone made loans to construct or renovate business buildings in York's blighted areas. Cornerstone also provided financing in Central City which ultimately constructed a factory building in one of the blighted areas.

All of Cornerstone's offices and ATMs are located in the AA. In addition, 85% of the bank's deposits are from this area. Banking and financial service competition within the AA market is strong. The AA is served by 33 other financial institutions operating 51 banking offices as of June 30, 1999. Based on deposits, Cornerstone is the second largest financial institution in the AA. As of June 30, 1999, Cornerstone held deposits totaling \$234 million or 16% of the total market. The 33 other financial institutions (local and nonlocal) had deposits in the AA ranging from \$4 million to \$295 million. Primary competitors include the First National Bank of Columbus, the Geneva State Bank and York State Bank. Additional competition comes from banks, brokerage houses and lenders headquartered outside the AA.

According to 1990 census data, the AA population was 69,486. There are 36 towns within the AA. Columbus, with a population of 19,480 is the largest, followed by York, 7,940, and Aurora, 3,810. All remaining towns are smaller with thirty being under 1,000.

The AA enjoys a good level of economic diversity with Columbus having the strongest industrial concentration. Columbus is home to the Behlan Manufacturing Company (steel buildings) and the Becton Dickinson & Company (medical syringes) employing 912 and 910, respectively. Four other industries each employing over 500 are also located in Columbus. York has Champion Home Builders (manufactured homes) employing 393 and Hamilton-Sunstrand (aerospace components) with 316. There are also 35 diversified firms in the area's other towns that employ over 50. This employment diversification produced economic stability during the evaluation period. Even so, prospects for the agricultural sector are currently not favorable due to large swings in commodity prices. Despite the current downturn for agricultural markets, the area's unemployment rate for the State of Nebraska in February 1999 was only 2.7%. This figure compares favorably to the national average, which approximates 4.1%.

Examiners completed three community contacts during the examination and reviewed fourteen previous contacts conducted recently by financial institution regulators in Cornerstone's AA. Contacts made at this examination unanimously stated that affordable housing was needed within the York area. A scarcity of developed residential land and general contractors available to build both single and multifamily dwellings creates a housing shortage, which in turn restricts industrial development. Contacts in other areas of the AA revealed a need for small or start-up business credit with a secondary need for housing credit.

Appendix C: Tables of Performance Data

Content of Standardized Tables

The tables cover the entire CRA evaluation period. References to the bank include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations; market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated by the bank as a percentage of the aggregate number of reportable loans originated by all lenders in the MSA/assessment area. The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of HMDA Home Improvement Loan Originations** - See Table 2.
- Table 4. Geographic Distribution of HMDA Refinance Loan Originations** - See Table 2.
- Table 5. Geographic Distribution of Small Business Loan Originations** - The percentage distribution of the number of small loans (<\$1 million) to businesses originated by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Farm Loan Originations** - The percentage distribution of the number of small loans (<\$500,000) to farms originated by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of HMDA Home Improvement Loan Originations** - See Table 7.
- Table 9. Borrower Distribution of HMDA Refinance Loan Originations** - See Table 7.
- Table 10. Borrower Distribution of Small Business Loan Originations** - Compares the percentage distribution of the number of small loans (<\$1 million) originated by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Farm Loan Originations** - Compares the percentage distribution of the number of small loans (<\$500 thousand) originated by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area.
- Table 13. Distribution of Branch and ATM Delivery System** - Compares the percentage distribution of the number of the bank's retail branches and ATMs in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography.

Table 1. Lending Volume

| LENDING VOLUME State: NEBRASKA Evaluation Period: January 1, 1999 to December 31, 1999 | | | | | | | | | | | | |
|---|---|---------------|------------|----------------|------------|-------------|------------|-----------------------|------------|----------------------|------------|---|
| MSA /Assessment Area | % of Total Cornerstone Deposits in Rated Area | Home Mortgage | | Small Business | | Small Farms | | Community Development | | Total Reported Loans | | % of Total reported Cornerstone Loans in Rated Area |
| | | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | |
| Full Scope: | | | | | | | | | | | | |
| The contiguous Nebraska Counties of Fillmore, Hamilton, Merrick, Platte ^① , Polk, and York | 100% | 280 | \$14,076 | 480 | \$27,021 | 792 | \$60,364 | 4 | \$1,501 | 1,556 | \$102,962 | 100% |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

Sources: Bank records for loans of all types originated in 1999.

^① Does not include BNA 9851.

Table 2. Geographic Distribution of Home Purchase Loan Originations

| Geographic Distribution: HOME PURCHASE State: NEBRASKA Evaluation Period: January 1, 1999 to December 31, 1999 | | | | | | | | | | | | | | | | |
|--|------------------------|----------------------|-----------------------------|----------------------|---------------------------|----------------------|--------------------------|----------------------|---|---------------------------|-----|-----|-----|-------|---------------------------|------------|
| MSA /Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank | Market Share by Geography | | | | | Total Home Purchase Loans | |
| | % Owner Occ Units | % Corner-stone Loans | % Owner Occ Units | % Corner-stone Loans | % Owner Occ Units | % Corner-stone Loans | % Owner Occ Units | % Loans Corner-stone | | Overall | Low | Mod | Mid | Upper | # | % of Total |
| Full Scope: | | | | | | | | | | | | | | | | |
| The contiguous Nebraska Counties of Fillmore, Hamilton, Merrick, Platte ^① , Polk, and York | 0% | 0% | NA | NA | 86% | 98% | 14% | 2% | MARKET SHARE INFORMATION IS NOT AVAILABLE | | | | | 120 | 100% | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |

Source: Bank records for loans originated in 1999.

^① Does not include BNA 9851.

Table 3. Geographic Distribution of Home Improvement Loan Originations

| Geographic Distribution: HOME IMPROVEMENT State: NEBRASKA Evaluation Period: January 1, 1999 to December 31, 1999 | | | | | | | | | | | | | | | | |
|---|------------------------|----------------------|-----------------------------|----------------------|---------------------------|----------------------|--------------------------|----------------------|---|---------------------------|-----|-----|-----|-------|------------------------------|------------|
| MSA /Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank | Market Share by Geography | | | | | Total Home Improvement Loans | |
| | % Owner Occ Units | % Corner-stone Loans | % Owner Occ Units | % Corner-stone Loans | % Owner Occ Units | % Corner-stone Loans | % Owner Occ Units | % Corner-stone Loans | | Overall | Low | Mod | Mid | Upper | # | % of Total |
| Full Scope: | | | | | | | | | | | | | | | | |
| The contiguous Nebraska Counties of Fillmore, Hamilton, Merrick, Platte ^① , Polk, and York | 0% | 0% | NA | NA | 86% | 100% | 14% | 0 | MARKET SHARE INFORMATION IS NOT AVAILABLE | | | | | 48 | 100% | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |

Source: Bank records for loans originated in 1999.

^① Does not include BNA 9851.

Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations

| Geographic Distribution: HOME MORTGAGE REFINANCE State: NEBRASKA Evaluation Period: January 1, 1999 to December 31, 1999 | | | | | | | | | | | | | | | | |
|--|------------------------|----------------------|-----------------------------|----------------------|---------------------------|----------------------|--------------------------|----------------------|---|---------------------------|-----|-----|-----|-------|-------------------------------------|------------|
| MSA /Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank | Market Share by Geography | | | | | Total Home Mortgage Refinance Loans | |
| | % Owner Occ Units | % Corner-stone Loans | % Owner Occ Units | % Corner-stone Loans | % Owner Occ Units | % Corner-stone Loans | % Owner Occ Units | % Corner-stone Loans | | Overall | Low | Mod | Mid | Upper | # | % of Total |
| Full Scope: | | | | | | | | | | | | | | | | |
| The contiguous Nebraska Counties of Fillmore, Hamilton, Merrick, Platte①, Polk, and York | 0% | 0% | NA | NA | 86% | 98% | 14% | 2% | MARKET SHARE INFORMATION IS NOT AVAILABLE | | | | | 112 | 100% | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |

Source: Bank records for loans originated in 1999.

① Does not include BNA 9851.

Table 5. Geographic Distribution of Small Business Loan Originations

| Geographic Distribution: SMALL BUSINESS State: NEBRASKA Evaluation Period: January 1, 1999 to December 31, 1999 | | | | | | | | | | | | | | | | |
|---|------------------------|----------------------|-----------------------------|----------------------|---------------------------|----------------------|--------------------------|----------------------|---|---------------------------|-----|-----|-----|-------|----------------------------|------------|
| MSA /Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank | Market Share by Geography | | | | | Total Small Business Loans | |
| | % of Businesses | % Corner-stone Loans | % of Businesses | % Corner-stone Loans | % of Businesses | % Loans Corner-stone | % of Businesses | % Loans Corner-stone | | Overall | Low | Mod | Mid | Upper | # | % of Total |
| Full Scope: | | | | | | | | | | | | | | | | |
| The contiguous Nebraska Counties of Fillmore, Hamilton, Merrick, Platte ^① , Polk, and York | 0% | 0% | NA | NA | 88% | 81% | 12% | 19% | MARKET SHARE INFORMATION IS NOT AVAILABLE | | | | | 480 | 100% | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |

Sources: Bank records for business loans originated in 1999.

^① Does not include BNA 9851.

Table 6. Geographic Distribution of Small Farm Loan Originations

| Geographic Distribution: SMALL FARM State: NEBRASKA Evaluation Period: January 1, 1999 to December 31, 1999 | | | | | | | | | | | | | | | | |
|---|------------------------|----------------------|-----------------------------|----------------------|---------------------------|----------------------|--------------------------|----------------------|---|---------------------------|-----|-----|-----|-------|------------------------|------------|
| MSA /Assessment Area | Low Income Geographies | | Moderate Income Geographies | | Middle Income Geographies | | Upper Income Geographies | | Overall Market Rank | Market Share by Geography | | | | | Total Small Farm Loans | |
| | % of Farms | % Corner-stone Loans | % of Farms | % Corner-stone Loans | % of Farms | % Corner-stone Loans | % of Farms | % Corner-stone Loans | | Overall | Low | Mod | Mid | Upper | # | % of Total |
| Full Scope: | | | | | | | | | | | | | | | | |
| The contiguous Nebraska Counties of Fillmore, Hamilton, Merrick, Platte ^① , Polk, and York | 0% | 0% | NA | NA | 95% | 96% | 5% | 4% | MARKET SHARE INFORMATION IS NOT AVAILABLE | | | | | 792 | 100% | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |

Sources: Bank records for farm loans originated in 1999.

^① Does not include BNA 9851.

Table 7. Borrower Distribution of Home Purchase Loan Originations

| Borrower Distribution: HOME PURCHASE State: NEBRASKA Evaluation Period: January 1, 1999 to December 31, 1999 | | | | | | | | | | | | | | | | |
|--|----------------------|-----------------------|---------------------------|-----------------------|-------------------------|-----------------------|------------------------|-----------------------|---------------------|---|-----|-----|-----|-------|---------------------------|------------|
| MSA /Assessment Area | Low Income Borrowers | | Moderate Income Borrowers | | Middle Income Borrowers | | Upper Income Borrowers | | Overall Market Rank | Market Share by Borrower Income | | | | | Total Home Purchase Loans | |
| | % of Families | % Corner-stone Loans* | % of Families | % Corner-stone Loans* | % of Families | % Corner-stone Loans* | % of Families | % Corner-stone Loans* | | Overall | Low | Mod | Mid | Upper | # | % of Total |
| Full Scope: | | | | | | | | | | | | | | | | |
| The contiguous Nebraska Counties of Fillmore, Hamilton, Merrick, Platte ^① , Polk, and York | 13% | 11% | 18% | 31% | 27% | 36% | 42% | 21% | NA | MARKET SHARE INFORMATION IS NOT AVAILABLE | | | | | 120 | 100% |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |

Sources: Bank records for 1999 real estate loans.

(*) As a percentage of all home purchase loans. Information was unavailable for 1% of all loans originated by Cornerstone.

① Does not include BNA 9851.

Table 8. Borrower Distribution of Home Improvement Loan Originations

| Borrower Distribution: HOME IMPROVEMENT State: NEBRASKA Evaluation Period: January 1, 1999 to December 31, 1999 | | | | | | | | | | | | | | | | |
|---|----------------------|----------------------|---------------------------|----------------------|-------------------------|----------------------|------------------------|----------------------|---------------------|---|-----|-----|-----|-------|------------------------------|------------|
| MSA /Assessment Area | Low Income Borrowers | | Moderate Income Borrowers | | Middle Income Borrowers | | Upper Income Borrowers | | Overall Market Rank | Market Share by Borrower Income | | | | | Total Home Improvement Loans | |
| | % of Families | % Cornerstone Loans* | % of Families | % Cornerstone Loans* | % of Families | % Cornerstone Loans* | % of Families | % Cornerstone Loans* | | Overall | Low | Mod | Mid | Upper | # | % of Total |
| Full Scope: | | | | | | | | | | | | | | | | |
| The contiguous Nebraska Counties of Fillmore, Hamilton, Merrick, Platte ^① , Polk, and York | 13% | 14% | 18% | 17% | 27% | 27% | 42% | 17% | NA | MARKET SHARE INFORMATION IS NOT AVAILABLE | | | | | 48 | 100% |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |

Sources: Bank records for 1999 real estate loans.

(*) As a percentage of all home improvement loans. No information was available for 25% of loans originated by Cornerstone.

① Does not include BNA 9851.

Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations

| Borrower Distribution: HOME MORTGAGE REFINANCE State: NEBRASKA Evaluation Period: January 1, 1999 to December 31, 1999 | | | | | | | | | | | | | | | | |
|--|----------------------|-----------------------|---------------------------|-----------------------|-------------------------|-----------------------|------------------------|-----------------------|---------------------|---|-----|-----|-----|-------|-------------------------------------|------------|
| MSA /Assessment Area | Low Income Borrowers | | Moderate Income Borrowers | | Middle Income Borrowers | | Upper Income Borrowers | | Overall Market Rank | Market Share by Borrower Income | | | | | Total Home Mortgage Refinance Loans | |
| | % of Families | % Corner-stone Loans* | % of Families | % Corner-stone Loans* | % of Families | % Corner-stone Loans* | % of Families | % Corner-stone Loans* | | Overall | Low | Mod | Mid | Upper | # | % of Total |
| Full Scope: | | | | | | | | | | | | | | | | |
| The contiguous Nebraska Counties of Fillmore, Hamilton, Merrick, Platte①, Polk, and York | 13% | 3% | 18% | 16% | 27% | 38% | 42% | 42% | NA | MARKET SHARE INFORMATION IS NOT AVAILABLE | | | | | 112 | 100% |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |

Sources: Bank records for 1999 real estate loans.
 (*) As a percentage of all residential real estate refinance loans. Information was unavailable for 1% of loans originated by Cornerstone.
 ① Does not include BNA 9851.

Table 10. Borrower Distribution of Small Business Loan Originations

| Borrower Distribution: SMALL BUSINESS State: NEBRASKA Evaluation Period: January 1, 1999 to December 31, 1999 | | | | | | | | | | | |
|---|---|-----------------------|-------------------|--|------------------------|---------------------------|---|-------------------------|----------------------------|------------|----------------|
| MSA /Assessment Area | Business with Revenues of \$1 million or less | | | Loans by Original Amount regardless of Business Size | | | Market Share**** | | Total Small Business Loans | | |
| | % of Businesses* | % Cornerstone Loans** | % Market Loans*** | \$100,000 or Less | >\$100,00 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev \$1 million or less | # | % of Total | Avg. Loan Size |
| Full Scope: | | | | | | | | | | | |
| The contiguous Nebraska Counties of Fillmore, Hamilton, Merrick, Platte①, Polk, and York | 75% | 41% | NA | 88% | 6% | 6% | MARKET SHARE INFORMATION IS NOT AVAILABLE | | 480 | 100% | \$59,000 |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

Sources: Bank records for business loans originated in 1999. Dun and Bradstreet business demographic information.
 (*) As a percentage of all businesses in the AA. 17% of businesses in the AA did not report revenue information.
 (**) As a percentage of all loans, regardless of the revenue size of the business. No information was available for 49% of loans originated by Cornerstone.
 (***) The market consists of all other Small Business reporters in the assessment area. 1999 Aggregate Small Business Data will not be available until the third quarter of 1999.
 (****) 1999 Aggregate Small Business Data is unavailable.
 ① Does not include BNA 9851.

Table 11. Borrower Distribution of Small Farm Loan Originations

| Borrower Distribution: SMALL FARM State: NEBRASKA Evaluation Period: January 1, 1999 to December 31, 1999 | | | | | | | | | | | |
|---|---|-----------------------|-------------------|--|------------------------|---------------------------|---|-------------------------|------------------------|------------|----------------|
| MSA /Assessment Area | Farm with Revenues of \$1 million or less | | | Loans by Original Amount regardless of Farm Size | | | Market Share**** | | Total Small Farm Loans | | |
| | % of Farms* | % Cornerstone Loans** | % Market Loans*** | \$100,000 or Less | >\$100,00 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev \$1 million or less | # | % of Total | Avg. Loan Size |
| Full Scope: | | | | | | | | | | | |
| The contiguous Nebraska Counties of Fillmore, Hamilton, Merrick, Platte①, Polk, and York | 97% | 56% | NA | 75% | 19% | 6% | MARKET SHARE INFORMATION IS NOT AVAILABLE | | 792 | 100% | \$76,000 |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

Sources: Bank records for farm loans originated in 1999.

(*) As a percentage of all farms in the AA with known revenues.
 (**) As a percentage of all loans regardless of the revenue size of the farm. No information was available for 43% of loans originated by Cornerstone.
 (***) The market consists of all other Small Farm reporters in the assessment area. 1999 Aggregate Small Farm Data will not be available until the third quarter of 1999.
 (****) Based on 1999 Aggregate Small Farm Data.
 ① Does not include BNA 9851.

Table 12. Qualified Investments

| QUALIFIED INVESTMENTS State: NEBRASKA Evaluation Period: April 18, 1997 to January 24, 2000 | | | | | | | | | |
|---|---------------------------|------------|-----|----------------------------|------------|-----|-------------------|------------|-----------------|
| MSA /Assessment Area | Prior Period Investments* | | | Current Period Investments | | | Total Investments | | |
| | # | \$ (000's) | %** | # | \$ (000's) | %** | # | \$ (000's) | % of Total \$'s |
| Full Scope: | | | | | | | | | |
| The contiguous Nebraska Counties of Fillmore, Hamilton, Merrick, Platte ^① , Polk, and York | 3 | 29 | 22% | 11 | \$100 | 78% | 14 | \$129 | 100% |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| Limited Scope: | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

Source: Bank records.
 (*) "Prior Period Investments" means investments made in a previous evaluation period that remain outstanding.
 (**) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.
 ① Does not include BNA 9851.

Table 13. Distribution of Branch and ATM Delivery System

| DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM State: NEBRASKA Evaluation Period: April 18, 1997 to January 24, 2000 | | | | | | | | | | | | | | | | | |
|--|--------------------------|--------------------|--------------------------|---|-----|------|-----|----------------|----------------------|---|-----|-----|-----|---|-----|-----|-----|
| MSA /Assessment Area | Deposits | Branches | | | | | | ATMs | | | | | | Population | | | |
| | % of Total BANK Deposits | # of BANK Branches | % of Total BANK Branches | Location of Branches by Income of Geographies | | | | # of BANK ATMs | % of Total BANK ATMs | Location of ATMs by Income of Geographies | | | | % of the Population within Each Geography | | | |
| | | | | Low | Mod | Mid | Upp | | | Low | Mod | Mid | Upp | Low | Mod | Mid | Upp |
| Full Scope: | | | | | | | | | | | | | | | | | |
| The contiguous Nebraska Counties of Fillmore, Hamilton, Merrick, Platte ^① , Polk, and York | 100% | 14 | 100% | 0% | NA | 100% | 0% | 20 | 100% | 0% | NA | 95% | 5% | 0% | NA | 86% | 14% |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| Limited Scope: | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |

Source: Bank records.
^① Does not include BNA 9851.

