



PUBLIC DISCLOSURE

August 18, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**PINNACLE BANK
RSSD# 913856**

**P.O. BOX 461209
1200 GOLDEN GATE DRIVE
PAPILLION, NEBRASKA, 68046-2838**

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

NOTE: This document is an evaluation of this 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. 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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INSTITUTION RATING

INSTITUTION'S CRA RATING: "SATISFACTORY".

The following table indicates the performance level of Pinnacle Bank with respect to the Lending, Investment, and Service Tests.

PERFORMANCE LEVELS	PINNACLE BANK		
	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 in determining the overall rating.

Major factors supporting the institution's rating include:

Lending:

- Lending levels reflect a good responsiveness to assessment area credit needs, with a high percentage of loans made in the bank's designated assessment areas;
- The geographic distribution of Home Mortgage Disclosure Act (HMDA), small business, and small farm loans reflects a good penetration throughout the assessment area geographies, including low- and moderate-income geographies;
- The distribution of the HMDA loans reflects good penetration to individuals of different income levels;

- The bank exhibits a good record of serving the credit needs of low-income individuals and geographies and very small businesses;
- The distribution of small business and small farm loans reflects a good penetration to businesses and farms of different revenue sizes; and,
- The bank makes an adequate level of community development loans.

Investments:

- The bank makes a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those not routinely provided by private investors;
- The bank exhibits good responsiveness to credit and community development needs; and,
- The bank makes significant use of innovative and/or complex investments to support community development initiatives.

Services:

- Delivery systems are reasonably accessible to essentially all portions of the bank's assessment areas;
- The bank's record of opening and closing branches has improved the accessibility of its delivery systems, particularly to low- and moderate-income geographies and low- and moderate-income individuals;
- The bank offers a wide range of retail services, which do not vary in ways that inconvenience certain portions of its assessment areas; and,
- Bank personnel provide an adequate level of community development services.

INSTITUTION

DESCRIPTION OF PINNACLE BANK

Pinnacle Bank, headquartered in Papillion, Nebraska, is the fourth largest banking organization in the state of Nebraska, with \$1.6 billion in assets as of March 31, 2003. The bank is a wholly-owned subsidiary of Pinnacle Bancorp, Inc., also located in Papillion. Other banking subsidiaries of Pinnacle Bancorp, Inc. are chartered in the states of Colorado, New Mexico, Texas, and Wyoming.

Pinnacle Bank serves eight assessment areas, including three metropolitan and five rural assessment areas. The three metropolitan assessment areas (MSA) served by the bank include Lincoln and Omaha, Nebraska and Kansas City, Missouri. The five rural assessment areas are designated as the Central, Crete, Northern, Southern, and Western assessment areas in Nebraska. According to 2000 census data, the combined Nebraska assessment areas contained approximately 45 percent of the state population. Population of all Nebraska assessment areas combined totaled 1,713,235 in 2000. The Lake Lotawana assessment area in the Kansas City Metropolitan Statistical Area (MSA) contains approximately 11 percent of the population of the state of Missouri (654,880).

In addition to its main facility in Papillion, the bank owns and operates 42 branch locations throughout Nebraska and one branch location in Missouri. Automated teller machines (ATMs) owned and operated by the bank include 35 full service deposit-taking ATMs and 66 cash-dispensing machines. Two percent of the bank's branches are located in low-income geographies, with 13 percent situated in moderate-income geographies. Since the last examination in June 2001, the bank opened seven new branches in Nebraska: two in the town of Beatrice, and one facility each in Lincoln, Omaha, Elwood, Pickrell, and Wymore.

Pinnacle Bank offers a variety of lending and deposit products at its full service locations. Product offerings do not vary by branch or location. As illustrated in Exhibit 1, the primary business focus for the bank is commercial, commercial real estate, agricultural, agricultural real estate, and residential real estate loans. According to the bank's Reports of Condition and Income since the last examination of June 4, 2001, the loan portfolio showed an increase of 24.6 percent since the last performance evaluation. Major increases in product lines include construction and land development loans (65 percent); nonfarm, nonresidential real estate loans (41 percent), and farmland real estate (51 percent). Credit card lending was down 23 percent, and personal lines of credit declined 42 percent during the period. Much of the bank's growth is attributable to recent acquisitions. Exhibit 1 provides the distribution of the bank's loan portfolio by loan type.

EXHIBIT 1 DISTRIBUTION OF LOANS IN THE LOAN PORTFOLIO AS OF MARCH 31, 2003		
Type of Loan	Amount \$(000's)	Percent of Total Loans
Commercial Purpose Loans (38.8 percent):		
Commercial Loans	186,837	14.8
Secured by nonfarm, nonresidential properties	302,593	24.0
Agriculture (24.5 percent)		
Loans to Finance Agriculture Production	183,280	14.5
Secured by Farmland	124,363	10.0
Other Loans Secured by Real Estate: (29.4 percent)		
Loans secured by 1- to 4-family residential properties	219,513	17.4
Multifamily	37,123	2.9
Construction and Land Development	103,412	8.2
Revolving, Open-end Loans	11,118	0.9
Consumer Loans (6.4 percent)	80,789	6.4
Other Loans (0.9 percent)	11,916	0.9
TOTAL	1,260,944	100.0

The assessment of the bank's Community Reinvestment Act (CRA) performance is considered in the context of its financial capacity, legal impediments, local economic conditions, and demographics, including the competitive environment in which it operates. Although Pinnacle Bank is subject to a high level of competition from a number of financial institutions within the bank's assessment areas, there are no financial or legal impediments that impact the bank's ability to lend. Pinnacle Bank's CRA performance was last reviewed as of June 4, 2001, at which time it was rated "Satisfactory."

SCOPE OF EXAMINATION

An evaluation of Pinnacle Bank's CRA performance was conducted as of August 11, 2003, using the Lending, Investment, and Service Tests prescribed by the Federal Financial Institutions Examination Council (FFIEC) Interagency Examination Procedures. The evaluation included all commercial, agricultural, and residential real estate loans reported by the bank pursuant to CRA and HMDA data collection requirements. Loans originated between June 4, 2001 and December 31, 2002 were analyzed to determine the bank's performance under the Lending Test.

In addition, a comparative review with other commercial banks operating within the same assessment areas was conducted. The review compared the bank's lending performance to the lending performance of other large financial institutions ("aggregate lenders")

within the bank's assessment areas. Aggregate lenders include all large financial institutions required to collect and report data about the origination of home mortgage, small business, and small farm loans. Bank-provided information on community development loans, as well as activity related to the Investment and Service Tests, was evaluated for the same time period.

The primary focus for the evaluation of the bank's CRA performance were the three metropolitan assessment areas (Lincoln, Omaha, and Kansas City) plus the Central assessment area. These assessment areas encompass locales where the majority of the bank's loans are originated. Approximately 83 percent of assessment area population resides within these areas of focus. A limited review of loan data from the Crete, Northern, Southern, and Western rural assessment areas also was conducted. Exhibit 2 shows the assessment areas receiving full-scope reviews and those areas receiving limited-scope reviews. The counties that comprise each of the bank's designated assessment areas are also listed.

EXHIBIT 2 PINNACLE BANK ASSESSMENT AREAS	
Assessment Area	Counties
Full Review:	
Papillion (Portion of the Omaha MSA)	Portions of Douglas and Sarpy
Lincoln (Lincoln MSA)	Lancaster
Lake Lotawana (Kansas City MSA)	Portions of Jackson and Cass
Central (nonmetropolitan)	Butler, Colfax, Cuming, Hamilton, Merrick, Nance, Platte, Polk, and portions of Howard and Madison
Limited Review:	
Crete (Nonmetropolitan)	Portions of Saline and Seward
Northern (Nonmetropolitan)	Antelope, Boyd, Holt, Wheeler, and a portion of Knox
Southern (Nonmetropolitan)	Gage
Western (Nonmetropolitan)	Arthur, Blaine, Chase, Dawson, Gosper, Hooker, Keith, Logan, McPherson, Perkins, Thomas, and portions of Custer and Lincoln

Information obtained from community contacts during and within one year preceding the examination was reviewed in conjunction with this evaluation. The contacts represent private businesses, economic development and housing organizations, and trade associations. The contacts stated that their areas are in need of additional affordable housing. Furthermore, the economy is stable, although unemployment levels are increasing, and competition among the area financial institutions is strong. None of the community contacts were aware of any financial institutions discriminating on any prohibited basis considerations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The overall conclusions regarding the Lending, Investment, and Service Tests are summarized at the beginning of each section. Supporting information is then divided into performance characteristics that are described in Appendix A of Regulation BB, which implements the CRA. Pinnacle Bank collected HMDA and CRA data in accordance with the requirements for commercial banks with assets greater than \$250 million and having offices within an MSA. Pinnacle Bank collected loan location and gross annual revenue information for 3,005 HMDA reportable loans, 4,956 small business loans, and 6,071 small farm loans originated from June 4, 2001 through December 31, 2002. This data was analyzed under the Lending Test to determine the bank's performance with respect to assessment area loan concentration, geographic distribution of loans, and originations to borrowers of different income levels and to businesses and farms of different sizes.

LENDING TEST

The overall rating for the institution under the Lending Test is High Satisfactory. The bank offers a significant number of credit products that reflect good responsiveness to the credit needs of the assessment areas. In addition, a high percentage of loans are made in the institution's assessment areas. The geographic distribution of loans reflects a good penetration throughout the combined assessment areas. The bank's loans are also well distributed among borrowers of different income levels and to businesses and farms of different sizes. The bank exhibits a good record of serving the credit needs of low-income individuals and geographies and of small businesses and small farms, consistent with safe and sound banking practices. Pinnacle Bank also originates an adequate level of community development loans and makes use of flexible lending practices to help meet assessment area credit needs.

Lending Activity:

The bank's overall lending levels reflect good responsiveness to the assessment areas' credit needs. Table 1 of Appendix C shows Pinnacle Bank's home mortgage, small business, small farm, and community development lending activity since the previous examination. As identified in its CRA public file, the bank offers a full range of credit products, including traditional and nontraditional residential mortgages, refinancings, interim residential construction loans, land acquisition and development loans for commercial and residential projects, consumer loans, credit cards, business loans, and farm loans. The bank's overall lending activity during this examination period included 3,005 residential loan originations totaling \$222,061,000; 4,956 small business loan originations totaling \$327,273,000; and 6,071 small farm loan originations totaling \$292,558,000.

Pinnacle Bank is involved in making residential mortgage loans for permanent placement on the secondary market and in providing guaranteed lending products targeted to small businesses and small farms. Community contacts confirmed that affordable housing remains a credit need throughout the majority of the assessment areas. As such, the bank's mortgage department offers Veterans Administration (VA) and Federal Housing Administration (FHA) loans for home purchase, refinance, and home improvement purposes. Exhibit 3 illustrates the secondary market and government-insured housing loans generated by the bank during 2001 and 2002.

Pinnacle Bank also actively participates in government-insured loan programs for small businesses and small farms. The bank participates in the Farm Service Agency's (FSA's) Certified Lender Program, a streamlined loan-processing program for farm loans and originated 55 loans totaling \$7,531,126 during the period. Since the previous examination, the bank also originated 54 Small Business Administration (SBA) loans totaling \$8,046,995.

EXHIBIT 3 SECONDARY MARKET AND GOVERNMENT-INSURED HOUSING LOANS		
	Number	Amount
Secondary Market	3,439	\$250,655,135
Government-Insured		
FHA	7	764,038
VA	8	1,106,010
FSA	55	7,531,126
SBA	54	8,046,995
Total Government-Insured	124	17,448,169
GRAND TOTAL	3,563	\$268,103,304

Assessment Area Concentration:

This criterion evaluates the concentration of loans originated by the bank in its combined assessment area. A substantial majority of the bank's lending activity occurs within the boundaries of its assessment area. The analysis was based upon all HMDA-reportable loans, small business loans, and small farm loans that the bank originated between June 4, 2001 and December 31, 2002. Exhibit 4 illustrates, by product type, the number and dollar amount of loans that were originated within the bank's assessment area. As can be seen, 91.6 percent of the number of loans and 89.5 percent of the dollar volume of loans were made within the combined assessment area. This demonstrates an excellent concentration of loans in the combined assessment area.

EXHIBIT 4 LENDING INSIDE AND OUTSIDE THE OVERALL ASSESSMENT AREA								
	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
HMDA Home Purchase	630	86.9	44,881	83.5	95	13.1	8,879	16.5
HMDA Refinancings	1,357	88.4	128,020	86.3	178	11.6	20,406	13.7
HMDA Home Improvement	636	92.5	10,969	89.4	51	7.5	1,300	10.6
HMDA Multifamily	55	94.8	14,690	89.1	3	5.2	1,795	10.9
TOTAL HMDA-RELATED	2,678	89.2	198,560	85.9	327	10.8	32,380	14.1
TOTAL SMALL BUSINESS	4,546	91.7	294,696	90.0	410	8.3	32,577	10.0
TOTAL SMALL FARM	5,632	92.8	267,462	91.4	439	7.2	25,096	8.6
<u>TOTAL LOANS</u>	12,856	91.6	760,718	89.5	1,176	8.4	90,053	10.5

Note: Affiliate loans are not included.

Geographic and Borrower Distribution:

The geographic distribution performance criterion focuses on the bank's lending penetration in the assessment area throughout geographies of all income levels, with specific emphasis placed on the bank's performance in low- and moderate-income geographies. The borrower distribution performance criterion evaluates the bank's loan originations to borrowers of different income levels, particularly to low- and moderate-income individuals, and to small businesses and small farms of varying revenues. It is important to note that none of the bank's five nonmetropolitan assessment areas contain any low-income tracts, and two of those five assessment areas likewise have no moderate-income tracts.

The bank's lending penetration throughout the bank's assessment areas is considered good. For the assessment areas having low- and/or moderate-income geographies, the bank's distribution of home mortgage loans in low- and moderate-income geographies is comparable to the percentage of owner-occupied housing units and generally exceeds that of the aggregate lenders in the moderate-income tracts. By percentage, the bank's distribution of loans among small businesses is lower than the percentage of businesses within the low- and moderate-income geographies, and lower than the percentage of loans generated by aggregate lenders in those same geographies. Competitive factors affect the bank's performance in these geographies. Farm loans generated by the bank were comparable to the aggregate lenders' statistics and to the percentage of farms across income categories. Refer to Tables 2 through 7 in Appendix C for data used to evaluate the bank's geographic distribution performance. Table 5 of Appendix C shows the geographic distribution of multifamily loans and was not used because of the low number of such loans originated during the evaluation period.

Pinnacle Bank's distribution of home mortgage loans among borrowers of different income levels is good. The bank's home mortgage loan distribution is slightly less than demographic and aggregate lender data; however, it is reasonable given the highly competitive nature of the mortgage business, which includes other banks and mortgage companies. The bank's distribution of loans among businesses with gross revenues of \$1 million or less is good. The bank's percentage of loans to small businesses was in line with demographic data, and the bank percentage share of lending to small businesses exceeded the aggregate. The bank's distribution of loans among small farms was comparable to the percentage of small farms within the assessment areas and to the percentage of loans generated by the aggregate lenders. Refer to Tables 8 through 12 in Appendix C for data used to evaluate the bank's borrower distribution performance.

Overall, the bank's performance reflects good penetration throughout the assessment areas, and the distribution of borrowers reflects, given the product lines offered, good penetration among borrowers of different income levels and businesses and farms of different sizes. Details regarding geographic distribution of lending are provided in the *Geographic Distribution* section for each assessment area, while borrower profiles are presented in the *Distribution by Borrower Income and Revenue Size of the Business or Farm* section for each assessment area.

Community Development Lending:

This performance criterion evaluates the bank's responsiveness to community development lending opportunities in its assessment area. Refer to Table 1 in Appendix C for the information used to evaluate Community Development Lending.

Overall, the bank makes an adequate level of community development loans considering its resources, abilities, and opportunities to make such loans. Pinnacle Bank extended six community development loans totaling \$2,865,744. Details of community development lending are provided in the *Community Development Lending* section for each assessment area.

INVESTMENT TEST

This test evaluates the degree to which the institution's qualified investments serve affordable housing needs, assist community services targeted to low- and moderate-income individuals, or enhance economic development issues in the bank's assessment area. In addition, this criterion evaluates the bank's responsiveness to available investment opportunities and the use of innovative or complex investments not routinely provided by other investors.

The overall rating for the institution under the Investment Test is High Satisfactory. The bank exhibits a significant level of participation in qualified community development investments and grants, occasionally in a leadership position. Given consideration of the bank's size, capacity, and resources, as well as the branching structure, market focus, and the limited community development opportunities in the nonmetropolitan assessment areas, most of the bank's investment activities occur in the metropolitan areas. In total, the bank made \$3,743,320 in qualified investments. Of this, \$3,624,987 was invested in the Equity Funds of Nebraska, an equity partnership that promotes the development of affordable housing statewide. This investment effects all of the bank's assessment areas and, therefore, is considered in each of the assessment area reviews. Details of each assessment area's qualified investments and grants are provided in the *Investment and Grant Activity* section for each assessment area. Table 13 in Appendix C illustrates the allocation of donation activity among the bank's assessment areas.

SERVICE TEST

The overall rating for Pinnacle Bank under the Service Test is Low Satisfactory. Pinnacle Bank's delivery systems are reasonably accessible to essentially all portions of its assessment area. To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. Services, including business hours, do not vary in a way that inconveniences portions of the assessment area(s), particularly low- and moderate-income geographies or low- and moderate-income individuals. Given the bank's size, financial capacity, and resources, Pinnacle Bank provides an adequate level of community development services in the bank's overall assessment area. However, in some assessment areas the bank delivered no community development services. Details of the retail services and qualified community development services are provided in the *Retail Services and Community Development Services* sections for each assessment area.

Retail Services:

This criterion evaluates the accessibility of the bank's branches, availability of alternative delivery systems, services and hours, and changes in branch locations. As illustrated in Table 15 in Appendix C, Pinnacle Bank's dispersion of branches and ATMs among low-, moderate-, middle-, and upper-income geographies compares favorably to the income demographics of each geography. Pinnacle Bank also offers alternative 24-hour banking systems such as an on-line banking product and telephone banking. The bank's overall delivery systems are reasonably accessible to essentially all portions of each assessment area.

Since the last examination, Pinnacle Bank has not closed any branch locations. The bank opened seven branch offices, five through acquisition and two de novo branches. These changes do not adversely affect the accessibility of the bank's delivery systems. Overall, Pinnacle Bank's loan and deposit products and services, alternative banking products, and business hours address the convenience and needs of its customers in a way that does not inconvenience any portions of the assessment areas.

Community Development Services:

The bank provides an adequate level of community development services. Bank officers have assisted various community organizations, providing their financial expertise in the operation, fundraising, financial planning, and management of these organizations. These organizations have as their primary purpose community development and serve low- and moderate-income geographies and individuals throughout the bank's assessment areas.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

An evaluation of the bank's fair lending activities was conducted during the examination to determine compliance with the broad, nondiscriminatory provisions of the Equal Credit Opportunity Act. The FFIEC Interagency Fair Lending Examination Procedures were used for the analysis. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified. Overall, satisfactory policies, procedures, and training programs have been developed to support nondiscrimination in lending activities. Further, the bank is not engaged in other illegal practices inconsistent with helping to meet the communities' credit needs.

STATE OF NEBRASKA

SUMMARY

Pinnacle Bank's operations in the State of Nebraska represent 98.6 percent of the bank's overall lending volume and 98.2 percent of the bank's deposits. For this reason, the major factors supporting the institution's rating in the State of Nebraska are the same as for the overall rating assigned for the institution. Refer to the "Summary of Major Factors Supporting Rating" section on page 2 of this evaluation.

STATE CRA RATING FOR NEBRASKA:

The Lending Test is rated:

The Investment Test is rated:

The Services Test is rated:

SATISFACTORY

High Satisfactory

High Satisfactory

Low Satisfactory

DESCRIPTION OF OPERATIONS

Pinnacle Bank's operations in the State of Nebraska represent essentially all of the bank's operations, as described above. Refer to the section entitled, "Description of Pinnacle Bank" on page 4 for a description of the bank's Nebraska operations.

**METROPOLITAN ASSESSMENT AREA CONCLUSIONS
Full Review**

PAPILLION ASSESSMENT AREA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE PAPILLION ASSESSMENT AREA

The Papillion assessment area¹ includes Pinnacle Bank's main office and data processing center. The Papillion assessment area is comprised of portions of the Omaha, Nebraska – Iowa multistate MSA, the largest MSA in the state of Nebraska.

The assessment area includes portions of Sarpy and Douglas Counties. The area consists of 115 geographies, with the following income characteristics: 15 low-income (13 percent); 34 moderate-income (29 percent); 39 middle-income (34 percent) and 27 upper-income (24 percent).² The assessment area contains nine Pinnacle branch locations and fifteen ATMs. Of the Bank's nine area offices, one was in a moderate-income, one was in a middle-income and seven were in upper-income geographies. In addition, the bank has one ATM in moderate-income, and seven ATMs in both the middle- and upper-income geographies.

As of December 31, 2002, 23 percent of the bank's deposits were in the Papillion assessment area. In addition, since the last examination, approximately 13 percent of the bank's total reported HMDA, small business, and small farm loans were originated to borrowers located within this assessment area. Assessment area demographics and characteristics based upon 1990 U.S. Census Data are summarized in Exhibit 5. According to the Federal Deposit Insurance Corporation (FDIC) Market Share report dated June 30, 2002, Pinnacle Bank ranked eighth out of fifty-one financial institutions in deposit market share, holding 2.77 percent of area deposits. Major competitors in this market include national and regional organizations, such as U.S. Bank, Wells Fargo, and Commercial Federal, and state or local banks such as First National Bank of Omaha, Great Western Bank, American National Bank, and Peoples National Bank.

¹ Throughout this section, the terms "Papillion Assessment Area" and "assessment area" are used interchangeably to refer to the assessment area.

² Source: United States Census Bureau (Census)

Assessment area population growth of 21.7 percent between 1990 and 2000 indicated expansion in credit markets. Total MSA population was 309,967 in 2000. The assessment area contained a large volume of families, which typically indicates higher demand for consumer and housing credit. In 2000, families comprised 70.4 percent of area households. The assessment area also had slightly larger concentrations of children (under 18 years old) and working age (25-64 years old) populations than for the MSA as a whole.³

In 1990, the assessment area had median family income (\$45,532)⁴ that was 126.4 percent of the MSA as a whole (\$36,011). It had substantially smaller concentrations of low- and moderate-income families than MSA-wide and its poverty rate was low. In the MSA as a whole, families had the following income distribution: 17.6 percent low-income; 18.8 percent moderate-income; 26.2 percent middle-income; 37.5 percent upper-income.⁵ By 2000, the assessment area's overall income level had decreased somewhat and its concentrations of low- and moderate-income families increased. The median family income (\$65,200) decreased to 119.4 percent of the MSA as a whole (\$54,596). Area families had the following income distribution in 2000: 9.7 percent low-income, 14.7 percent moderate-income, 24.9 percent middle-income, 50.8 percent upper-income.⁶

In keeping with its large volume of traditional families, the area contained a large stock of owner-occupied housing units. In 2000, 65.7 percent of housing units were owner occupied and 25.4 percent were multifamily units, higher than MSA figures of 62.5 percent and 20.8 percent, respectively. MSA median single-family home prices increased by 2.2 percent in 2001 and 4.9 percent in 2002 with the median single-family home price at \$122,175 in 2002.⁷

Housing demand was high and there was evidence of substantial new housing development in the area in 2000. Its housing unit vacancy rate (3.6 percent) was lower than MSA-wide (5.3 percent) and housing stock was younger, with a median age of 23 years compared to 33 years in the MSA as a whole. In 1990, housing credit demand seemed highest in the upper-income tracts, where there was high owner-occupancy and vacancy was low. Housing stock was younger in the upper-income tracts, indicating new housing development and home purchase loan demand. The median age of housing stock was 27 years in the moderate-income tract, 20 years in the middle-income tracts and 15 years in the upper-income tracts. Despite overall younger housing stock, more than

³ Source: Census

⁴ The MSA HUD-adjusted median family incomes that would be used for borrower income analyses is \$62,400 for 2001 data and \$64,400 for 2002 data.

⁵ Source: Census

⁶ Source: Census

⁷ Source: Census

25 percent of the housing stock in the areas was built before 1950.⁸ Older housing stock may be in need of repair or maintenance that would lead to increased demand for home improvement loans.

Housing was more affordable for area residents as compared to the MSA-wide figures. In 2000, the median housing value (\$120,514) was 20.4 percent higher than MSA-wide (\$100,100). The area housing affordability rate was 46.0 percent compared to 44.0 percent housing affordability MSA-wide.⁹ "Housing affordability" is the ratio of area median family income to area median home price. The closer this ratio is to 1 (or 100 percent), the more affordable housing is in the area. Exhibit 5 shows additional demographic information for the assessment area.

The Omaha MSA's concentration of nonfarm businesses with gross revenues under \$1 million was smaller than statewide. Dun & Bradstreet data showed that 84.2 percent of area businesses had gross revenues under \$1 million. MSA-wide, 85.3 percent of nonfarm businesses had gross revenues under \$1 million. Service industries provide a large part of the assessment area job base. In the fourth quarter of 2002, service industries provided 33.5 percent of the employment base. Remaining jobs were in the following industries: 23.9 percent trade, 12.7 percent government, 8.7 percent manufacturing, 8.2 percent financial services, 7.3 percent transportation/public utilities, and 5.7 percent construction/mining industries.¹⁰

Over the past two years, the MSA economy softened substantially and its weakness effected all industries except government and construction/mining. MSA-wide, total payroll employment decreased by 1.0 percent in 2002 after 2.9 percent growth in 2001. From the fourth quarter of 2001 to the fourth quarter of 2002, government jobs increased by 0.9 percent and construction/mining jobs grew by 5.5 percent. Of the remaining industries, financial services lost the greatest number of jobs (3.7 percent). Unemployment in the MSA increased from 3.2 percent in 2001 to 3.8 percent in 2002. In April 2003, the unemployment rate was 3.7 percent compared to 3.4 percent in April 2002.¹¹ Rising unemployment rates may indicate reduced credit demand and lower repayment capacity among the borrowing population.

⁸ Source: Census

⁹ Source: Census

¹⁰ Source: Federal Deposit Insurance Corporation Report of Regional Economic Conditions (RECON)

¹¹ Source: Nebraska Department of Labor

Community contacts were made to obtain a perspective on local economic conditions and possible credit needs in the assessment area. Three contacts were made relative to this assessment area during the year preceding the examination date in conjunction with this or other examinations. All of the contacts stated that the area's diverse economy is not overexposed to any single industry. All contacts also cited a general economic downturn nationally as having affected the local area. All of the community contacts stated that the major credit needs in the assessment area generally were met by the area's financial institutions. According to contacts, additional opportunities for bank participation are present in the areas of leadership and technical assistance for affordable housing projects.

EXHIBIT 5 Papillion Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	15	13.0	6,554	5.5	2,536	28.0	20,672	17.2
Moderate-income	34	29.6	24,841	20.7	3,685	40.6	21,282	17.7
Middle-income	39	33.9	47,877	39.9	2,020	22.3	30,618	25.5
Upper-income	27	23.5	40,760	34.0	831	9.2	47,460	39.6
Total Assessment Area	115	100.0	120,032	100.0	9,072	100.0	120,032	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	14,345	4,176	3.8	29.1	7,917	55.2	2,252	15.7
Moderate-income	45,145	20,291	18.6	44.9	20,915	46.3	3,939	8.7
Middle-income	72,938	47,148	43.2	64.6	22,258	30.5	3,532	4.8
Upper-income	54,729	37,457	34.4	68.4	15,246	27.9	1,936	3.5
Total Assessment Area	187,157	109,162	100.0	58.3	66,336	35.4	11,659	6.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	1,039	5.2	852	5.1	139	6.1	48	5.5
Moderate-income	2,826	14.2	2,351	14.0	355	15.5	120	13.8
Middle-income	7,700	38.6	6,564	39.1	822	35.9	314	36.1
Upper-income	8,380	42.0	7,020	41.8	972	42.5	388	44.6
Total Assessment Area	19,945	100.0	16,787	100.0	2,288	100.0	870	100.0
Percentage of Total Businesses:				84.2				

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE PAPILLION ASSESSMENT AREA

The conclusions regarding the Lending, Investment, and Service Tests are at the beginning of each section. Supporting information is then divided into performance characteristics under each test.

LENDING TEST:

The overall rating for the assessment area under this criterion is High Satisfactory. The geographic distribution of loans reflects adequate penetration throughout the assessment area. The distribution of loans reflects good penetration among borrowers of different income levels and to businesses and farms of different sizes. The bank exhibits a good record of serving the credit needs of low- and moderate-income individuals and of small businesses, and an excellent record of serving the credit needs of small farms, consistent with safe and sound banking practices. The bank also makes an adequate level of community development loans. In addition, Pinnacle Bank makes use of innovative and flexible lending practices in serving assessment area credit needs.

Lending Activity:

The bank's lending activity in the Papillion assessment area reflects a good responsiveness to credit needs in the area. Refer to Table 1 of Appendix C for the information used to evaluate the bank's lending activity. As noted earlier, the bank ranks eighth among Omaha banks in market share for deposits. The bank also makes use of secondary market mortgage loans and government-insured loan programs, including both federal- and state-sponsored programs, which benefit low- and moderate-income individuals.

Geographic Distribution:

This performance criterion focuses on the bank's penetration of loans among geographies of different income levels in the bank's assessment area, primarily in low- and moderate-income geographies. The geographic distribution of home mortgage, small business, and small farm loans is adequate when compared to the distribution of low-, moderate-, middle-, and upper-income geographies and aggregate lending levels within the assessment area. Refer to Tables 2 through 7 in Appendix C for details.

Home Mortgage Loans

Pinnacle Bank's geographic distribution of home purchase loans reflects an adequate penetration in the Papillion assessment area. As shown in Tables 2, 3, and 4 in

Appendix C, the bank's origination of home mortgage loans in low-income geographies is lower than the percent of owner-occupied units within that geography. However, loan origination within the moderate-income geographies was slightly higher. In addition, when compared to other lenders in the area, the bank's loan origination percentages are comparable in the low- and moderate-income geographies.

Small Business Loans

The percentage of small business loans originated was compared to the percentage of businesses located within the geographies at each income level. As shown in Table 6 in Appendix C, the bank's lending to businesses in low- and moderate-income geographies is comparable to the overall concentration of businesses in these geographies, but is less than the performance of the aggregate lenders in the low-, moderate-, and middle-income geographies. In addition, the majority of the bank's lending (61 percent) occurs in upper-income geographies. This reflects only an adequate dispersion of small business loans in the assessment area.

Small Farm Loans

The percentage of small farm loans originated was compared to the percentage of farms located within the geographies at each income level. As noted in Table 7 in Appendix C, the bank originated its highest percentage of small farm loans in middle-income geographies. The bank did not make any small farm loans in low- or moderate-income geographies. The bank performed less favorably than the aggregate lenders in those geographies. However, the bank is not heavily involved in farm lending in the assessment area; only 4.2 percent of the bank's loans made during the period were small farm loans. In addition, only 1.5 percent of area farms are located in low-income geographies, while 9.2 percent of farms are located in moderate-income geographies. As such, this reflects an adequate dispersion of small farm loans in the Papillion assessment area.

Distribution by Borrower Income and Revenue Size of the Business or Farm:

This performance criterion evaluates the bank's loan originations to borrowers of different income levels, particularly to low- and moderate-income individuals, and businesses and farms of different sizes.

Home Mortgage Loans

The bank's percentage of loans made to borrowers in each income level compared to the percentage of families in the assessment area that are designated low-, moderate-, middle-, or upper-income reflects good penetration across income levels and product types. A comparison was made with aggregate lending data for mortgage peer groups. Of particular note, the bank outperforms the aggregate lenders in making home

improvement loans to low-income borrowers. (As noted previously, housing stock in the area is in need of repair or improvement.) Refer to Tables 8, 9, and 10 in Appendix C for the information used to evaluate the borrower distribution of the bank's home mortgage loans.

As shown in the borrower distribution tables, the percentage of bank loans made in low-income areas is lower than the number of families in those areas. In comparison to the aggregate lenders in the area, the bank is only slightly lower. In contrast, the bank's percentage of loans to moderate-income borrowers within the assessment area is slightly higher, compared to the percentage of families in this income level.

Small Business Loans

The bank's lending to businesses with gross annual revenues of \$1 million or less is good. As noted in Table 11 in Appendix C, of the businesses operating within the bank's assessment area, 84 percent had revenues of \$1 million or less and were considered small businesses under CRA. Pinnacle Bank's loan distribution was slightly higher than the proportion of small businesses in the area, and its lending to small businesses was approximately 40 percent greater than aggregate lending to small businesses. In addition, 82 percent of the bank's loans to businesses, regardless of business revenue size, are for amounts less than \$100,000, which are loan amounts typically needed by very small businesses.

Small Farm Loans

The bank's level of lending to farms with gross annual revenues of \$1 million or less is excellent. As noted in Table 12 in Appendix C, 93 percent of the farms in the assessment are considered small farms under CRA. Pinnacle Bank's loan distribution is higher than the proportion of small farms in the area and about 11 percent higher than the aggregate lenders in the area. In addition, more than 85 percent of the bank's loans to farms, regardless of revenue size, are for amounts less than \$100,000, which are loan amounts typically needed by very small farms. As with small businesses, Pinnacle Bank makes good use of guaranteed lending products targeted to small farms.

Community Development Lending:

This performance criterion evaluates a bank's responsiveness to community development lending opportunities in its assessment area. The bank makes a low level of community development loans in the Papillion assessment area. Refer to Table 1 in Appendix C for the information used to evaluate Community Development Lending. One community development loan was originated in the assessment area during the evaluation period. This loan financed the development of apartments, 19 percent of which will be reserved for Section 8 affordable housing. The proportionate amount of this credit extended for a community development purpose totaled \$77,500 for the period.

INVESTMENT TEST

The overall rating for the assessment area under this criterion is High Satisfactory. This test evaluates the degree to which the institution's qualified investments serve affordable housing needs, assist community services targeted to low- and moderate-income individuals, or enhance economic development issues in the bank's assessment area. In addition, this criterion evaluates the bank's responsiveness to available investment opportunities and the use of innovative or complex investments not routinely provided by other investors.

The bank has a significant level of qualified community development investments and grants within the Papillion assessment area. In addition, the bank exhibits a good responsiveness to community economic development needs and occasionally uses innovative and/or complex investments to support community development initiatives in this assessment area. As noted earlier, Pinnacle Bank purchases shares in various Equity Funds of Nebraska, a permissible equity partnership investment. These partnerships are formed to develop affordable housing projects throughout the state of Nebraska. Since the last examination branches in the assessment area have made seven qualified investments in the form of donations or grants, all to social services programs benefiting low- and moderate-income individuals and families. As detailed in Table 13 of Appendix C, investments in the Papillion assessment area total \$11,725.

Community contacts within the Papillion assessment area stated that local banks are responsive to area concerns with contributions to, or involvement in, local organizations. As previously mentioned, branches in the Papillion assessment area respond to investment and/or grant issues as they arise, but community contacts stated that they are aware of few, if any, innovative and/or complex investments available for the bank's participation.

SERVICE TEST

The bank's overall rating in the Papillion assessment area is High Satisfactory under the Service Test. The bank's delivery systems, branch locations, and office hours are accessible to essentially all portions of the assessment area and accommodate the needs of the community. Bank officers and employees contribute their financial expertise to a relatively high number of community development service organizations.

Retail Services:

This criterion evaluates the accessibility of the bank's branches, availability of alternative delivery systems, services and hours, and changes in branch locations. Refer to Table 15 of Appendix C for the information used to evaluate the bank's retail services. Pinnacle Bank has nine branches, eight full-service ATMs and seven cash dispensing ATMs in the assessment area. Delivery systems are accessible to essentially all of the assessment area. In addition, Pinnacle Bank offers on-line and telephone banking. The on-line features allow for location and product information, deposit account balances, inter-account transfers, banking services for businesses, cash management, and wire transfer services.

Since the last evaluation, Pinnacle Bank has opened one office in the assessment area in downtown Omaha. This change improved the accessibility of the delivery systems, especially since the new branch is located near low- and moderate-income areas of downtown Omaha. Overall, Pinnacle Bank's loan and deposit products and services, alternative banking products, and business hours address the convenience and needs of its customers in a way that does not inconvenience certain portions of the assessment area. The bank's hours of operation at each location throughout the assessment area are comparable and provide reasonable accessibility to the bank's services.

Community Development Services:

This criterion evaluates the extent of bank personnel's involvement in community development services, the innovativeness of those services, and the degree to which they serve low- and moderate-income individuals. Qualified community development services include services that have as their primary purpose community development, are related to the provision of financial services, and have not been considered in the evaluation of the bank's other retail banking services.

As bank personnel within the Papillion assessment area provide their time and services in many community associations, the bank is considered a leader in providing community development services. The following list describes the organizations in which bank management, officers, and staff provide particularly noteworthy financial expertise, involvement, and leadership.

- Financial Services - A bank representative visits the Con Agra facility monthly to offer banking services to company employees with low and moderate incomes who would otherwise be unbanked. A bank employee also serves as Treasurer for the American GI Forum Scholarship Fund, which raises money for scholarships for low- and moderate-income Hispanic youth attending state universities.
- Affordable Housing - A bank employee organized participation in fundraising and budgeting of church-sponsored home construction for low-income families.
- Economic Development - A banker is a board member for the Sarpy County Economic Development Corporation, which targets business development, job creation and retention, and assists businesses with obtaining financing through Community Development Block Grants.

**METROPOLITAN ASSESSMENT AREA
Full Review**

LINCOLN ASSESSMENT AREA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE LINCOLN ASSESSMENT AREA

The Lincoln assessment area is comprised of the entire Lincoln MSA, home to the state capital and the second largest metropolitan area in the state.¹² This assessment area includes all of Lancaster County, which includes the Lincoln metropolitan area, located in southeast Nebraska. The assessment area contains 9 branch locations and 35 ATMs. Of the Bank's 9 area offices, 2 are in a moderate-income, 5 are in a middle-income and 2 were in upper-income geographies. In addition, the bank has 2 ATMs in low-income, 5 ATMs in moderate-income, 27 ATMs in middle-income and 1 ATM in upper-income geographies.

As of December 31, 2002, 25.4 percent of the bank's deposits were in the Lincoln assessment area. In addition, since the last examination, 13.4 percent of the bank's total reported HMDA, small business, and small farm loans were originated to borrowers located within this assessment area. Assessment area demographics and characteristics based upon 1990 U.S. Census Data are summarized in Exhibit 6. According to the FDIC Market Share report dated June 30, 2002, Pinnacle Bank's market share of deposits in the Lincoln MSA was 9.3 percent of the total deposits for the assessment area. Pinnacle Bank ranked fourth in deposit market share. Major competitors in this market include Wells Fargo, First National Bank of Omaha, and American National Bank.

The assessment area consists of 48 geographies with the following income characteristics: 3 low-income (6 percent), 12 moderate-income (25 percent), 24 middle-income (50 percent) and 9 upper-income (19 percent).¹³ In 1990, the assessment area had a median family income (\$36,467)¹⁴ that was 115.3 percent that of the state as a whole (\$31,634). Although its concentration of low-income families was comparable to the statewide concentration, the area had smaller concentrations of moderate-income families and families living in poverty than there were statewide. Between 1990 and 2000, the area lost wealth, and the area median family income declined to 111.7 percent of the statewide median. The area's median family income in 2000 had increased to

¹² The terms "Lincoln assessment area" and "Lincoln MSA" in this evaluation refer to the same geographic area.

¹³ Source: Census

¹⁴ The MSA HUD-adjusted median family incomes that would be used for borrower income analyses is \$61,800 for 2001 data and \$62,600 for 2002 data. (Source: United States Department of Housing and Urban Development)

\$53,676, compared to the 2000 statewide median family income of \$48,032. Exhibit 6 shows the demographic characteristics of the area, based upon 1990 data from the United States Census Bureau.

By 2000, the MSA population had grown to 250,291, an increase of 17.2 percent from 1990¹⁵. The area contains a large student population and a small concentration of families. As would be expected given these demographics, the area has less stock of owner-occupied and single-family dwellings than other statewide areas.¹⁶ Exhibit 6 shows the area's general housing composition in 1990. In 2000, 57.5 percent of housing stock was owner occupied and 23.7 percent was multifamily units compared to 62.2 percent owner-occupancy and 14.4 percent multifamily units statewide.

Despite other economic challenges, the MSA's housing market grew in 2002. Total housing permit growth was 8.7 percent in 2002.¹⁷ The MSA's median single-family home price grew only slightly in 2002, indicating slowing home demand compared to prior years. In 2002, the median single-family home price increased by 3.9 percent after 7.8 percent growth in 2001. The median single-family home price was \$122,100 in 2002. Statewide, the median single-family home price increased by 7.8 percent in 2002.¹⁸ During the period between 1990 and 2000, there was substantial new housing growth and high housing demand. Area housing stock grew by 20.2 percent and in 2000, the housing vacancy rate was 4.6 percent, substantially lower than the 7.8 percent statewide vacancy rate.¹⁹

Housing became less affordable for area residents from 1990 to 2000. Housing affordability is calculated by comparing an area's median family income against its median housing value. The closer this ratio is to 1 (or 100 percent), the more affordable area housing is. The area's housing affordability rate decreased from 46.7 percent to 39.0 percent over the decade, as the median housing value increased from \$61,845 to \$105,100, a gain of 69.9 percent.²⁰

The area's economy and employment base rely on services, government industries, and retail trade. The area's largest employers include the University of Nebraska-Lincoln; B & R Stores; Bryan LGH Medical Center; Correctional Services, and Shopko Stores, Inc. Like the national economy, the assessment area economy was soft over the previous two years, with job losses across most industrial sectors. Growing unemployment had a

¹⁵ Source: United States Census Bureau (Census)

¹⁶ Source: Census

¹⁷ Source: RECON

¹⁸ Source: RECON

¹⁹ Source: Census

²⁰ Source: Census

negative effect on consumer credit demand.²¹ Despite a lagging economy and decreased housing affordability, the housing market continued to grow in light of the stimulative effect of low interest rates on buying patterns.

Three community contacts stated that affordable housing remains a pressing concern. Contacts identified a shortage of affordable housing, with rents high but stable. Housing stock in low- and moderate-income areas is dilapidated, indicating a need for home improvement loans. Most new construction in low- and moderate-income areas is government-assisted. The contacts believe that most low- and moderate-income families would like to be homeowners, but are unaware of the existence of first-time homebuyer programs. This may indicate a need for additional marketing of special-purpose credit programs geared toward first-time homebuyers. Contacts also shared that the credit needs of businesses of all sizes are well addressed through existing channels and helped by a strong competitive banking sector. Community representatives revealed no unmet business credit needs.

²¹ Source: Federal Deposit Insurance Corporation Report of Regional Economic Conditions (RECON)

EXHIBIT 6 Lincoln Assessment Area Demographics								
Income Categories	Tract Distribution <small>(Four census tracts contained no families and were excluded from these calculations.)</small>		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	3	6.3	1,437	2.7	433	30.1	9,046	17.0
Moderate-income	12	25.0	10,356	19.4	1,489	14.4	9,856	18.5
Middle-income	24	50.0	31,037	58.2	1,189	3.8	14,916	28.0
Upper-income	9	18.7	10,530	19.7	111	1.1	19,542	36.6
Total Assessment Area	48	100.0	53,360	100.0	3,222	6.0	53,360	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	6,054	580	1.2	9.6	4,972	82.1	502	8.3
Moderate-income	20,294	7,690	15.3	37.9	11,425	56.3	1,179	5.8
Middle-income	46,470	30,560	61.0	65.8	14,239	30.6	1,671	3.6
Upper-income	13,903	11,274	22.5	81.1	2,006	14.4	623	4.5
Total Assessment Area	86,734	50,104	100.0	57.8	32,655	37.6	3,975	4.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	463	4.9	388	4.7	54	6.1	21	5.7
Moderate-income	1,696	18.0	1,463	17.9	163	18.4	70	19.1
Middle-income	5,547	58.8	4,792	58.5	535	60.5	220	60.1
Upper-income	1,732	18.3	1,545	18.9	132	15.0	55	15.1
Total Assessment Area	9,604	100.0	8,320	100.0	905	100.0	379	100.0
Percentage of Total Businesses:				88.5				

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE LINCOLN ASSESSMENT AREA

The conclusions regarding the Lending, Investment, and Service Tests are at the beginning of each section. Supporting information is then divided into performance characteristics under each test.

LENDING TEST

The overall rating for the bank's performance under the Lending Test in the Lincoln assessment area is Low Satisfactory. The geographic distribution of loans reflects good penetration throughout the assessment area. The distribution of loans reflects adequate penetration among borrowers of different income levels and to businesses and farms of different sizes. The bank exhibits a good record of serving the credit needs of low- and moderate-income individuals and geographies and of very small businesses consistent with safe and sound banking practices. The bank also makes an adequate level of community development loans. In addition, Pinnacle Bank makes use of innovative and flexible lending practices in serving assessment area credit needs.

Lending Activity:

The bank's lending activity in the Lincoln assessment area reflects a good responsiveness to credit needs in the area. Refer to Table 1 of Appendix C for the information used to evaluate the bank's lending activity. The bank ranks eighth among Lincoln banks in market share for deposits. The bank also makes use of secondary market mortgage loans and government-insured loan programs, including both federal- and state-sponsored programs, which benefit low- and moderate-income individuals.

Geographic Distribution:

This performance criterion focuses on the bank's penetration of loans among geographies of different income levels in the bank's assessment area, primarily in low- and moderate-income geographies. The geographic distribution of home mortgage, small business, and small farm loans is adequate when compared to the distribution of low-, moderate-, middle-, and upper-income geographies and aggregate lending levels within the assessment area. Refer to Tables 2 through 7 in Appendix C for details.

Home Mortgage Loans

Pinnacle Bank's geographic distribution of home purchase loans reflects a good penetration in the Lincoln assessment area. As shown in Tables 2, 3, and 4 in Appendix C, the bank's origination of home mortgage loans in low- and moderate-income

geographies is higher than the percent of owner-occupied units within that geography. In addition, when compared to other lenders in the area, the bank's loan origination percentages are comparable in the low- and moderate-income geographies.

Small Business Loans

The percentage of small business loans originated was compared to the percentage of businesses located within the geographies at each income level. As shown in Table 6 in Appendix C, the bank's lending to businesses in low- and moderate-income geographies is comparable to the overall concentration of businesses in these geographies and is on par with the performance of the aggregate lenders across all geographies. This reflects a good dispersion of small business loans in the Lincoln assessment area.

Small Farm Loans

The percentage of small farm loans originated was compared to the percentage of businesses located within the geographies at each income level. As noted in Table 7 in Appendix C, the bank originated a higher percentage of small farm loans in moderate-income geographies, which exceeded the aggregate lenders and small farms in those geographies. The bank made no farm loans in the low-income geographies, but less than 1 percent of farms are located in low-income areas. The bank compares favorably to the aggregate lenders in the area for all census tract income levels. This reflects a good dispersion of small farm loans in the Lincoln assessment area.

Distribution by Borrower Income and Revenue Size of the Business or Farm:

This performance criterion evaluates the bank's loan originations to borrowers of different income levels, particularly to low- and moderate-income individuals, and businesses and farms of different sizes.

Home Mortgage Loans

The bank's percentage of loans made to borrowers in each income level compared to the percentage of families in the assessment area that are designated low-, moderate-, middle-, or upper-income is reasonable. In addition, a comparison was made with aggregate lending data for mortgage peer groups. Refer to Tables 8, 9, and 10 in Appendix C for the information used to evaluate the borrower distribution of the bank's home mortgage loans.

As shown, the percentage of bank loans made in low- income areas is lower than the number of families in those areas. Bank percentages are also lower than those of aggregate lenders in all except the upper-income categories. The lack of affordable housing in the area impedes home purchases among low-income borrowers. In addition,

the intense competition in the market for mortgage lending business comes from local and national lenders, and affects the bank's ability to originate mortgage loans.

Small Business Loans

The bank's lending to businesses with gross annual revenues of \$1 million or less is adequate. As noted in Table 11 in Appendix C, of the businesses operating within the bank's assessment area, approximately 87 percent had revenues of \$1 million or less and were considered small businesses under CRA. Pinnacle Bank's loan distribution was lower than the proportion of small businesses in the area, but its lending to small businesses was 20.7 percent greater than aggregate lending to small businesses. In addition, 72 percent of the bank's loans to businesses, regardless of business revenue size, are for amounts less than \$100,000, which are loan amounts typically needed by very small businesses.

Small Farm Loans

The bank's level of lending to farms with gross annual revenues of \$1 million or less is adequate. As noted in Table 12 in Appendix C, 94.4 percent of area farms are considered small farms under CRA. Pinnacle Bank's loan distribution is higher than the proportion of small farms in the area and is 8.8 percent higher than the aggregate lenders in the area. In addition, more than 88 percent of the bank's loans to farms, regardless of revenue size, are for amounts less than \$100,000, which are loan amounts typically needed by very small farms. As with small businesses, Pinnacle Bank makes good use of guaranteed lending products targeted to small farms.

Community Development Lending:

This performance criterion evaluates a bank's responsiveness to community development lending opportunities in its assessment area. The bank makes a relatively high level of community development loans in the Lincoln assessment area. Refer to Table 1 in Appendix C for the information used to evaluate community development lending. Four community development loans totaling \$2,359,274 were originated in the Lincoln assessment area during the evaluation period. These included:

- Commitment of funds to the State of Nebraska Home Improvement Loan Program, a program that helps low- and moderate-income homeowners repair and improve their properties using community development block grant funds;
- A loan package to finish the build-out of a strip mall in the North 27th Street Redevelopment District, a project to revitalize a blighted, low-income area;

- A loan to construct a senior citizen housing facility restricted to low-income residents; and,
- A letter of credit to another financial institution to facilitate participation in a microloan funding pool of the Lincoln Community Development Partnership.

INVESTMENT TEST

This test evaluates the degree to which the institution's qualified investments serve affordable housing needs, assist community services targeted to low- and moderate-income individuals, or enhance economic development issues in the bank's assessment area. In addition, this criterion evaluates the bank's responsiveness to available investment opportunities and the use of innovative or complex investments not routinely provided by other investors.

The bank has a significant level of qualified community development investments and grants within the Lincoln assessment area. As such, the bank is rated High Satisfactory for this criterion. Table 13 of Appendix C details investments in the Lincoln assessment area. As noted earlier, Pinnacle Bank purchases shares in various Equity Funds of Nebraska, a permissible equity partnership investment. These partnerships are formed to develop affordable housing projects throughout the state of Nebraska. The bank made an additional \$19,383 in qualified donations during the period, to the following organizations:

- Cedars Youth Services
- Food Bank of Lincoln
- Optimist Club Holiday Food Baskets
- Lincoln Paint-a-Thon
- YMCA Strong Kids Campaign
- Kuklin Parks and Recreation
- Habitat For Humanity

Community contacts within the Lincoln area stated that local banks are responsive to area concerns with contributions to, or involvement in, local organizations. However, contacts stated that, overall, banks in the area could benefit the community by increasing their receptiveness to consider innovative and complex investments. Contacts recognized that banks face certain legal impediments to their investment abilities, but also cited bank conservatism as a barrier to the development of innovative investment programs.

SERVICE TEST

The bank's overall rating in the Lincoln assessment area is Low Satisfactory under the Service Test. The bank's delivery systems, branch locations, and office hours are accessible to essentially all portions of the assessment area and accommodate the needs of the community. Bank officers and employees provide an adequate level of community development services.

Retail Services:

This criterion evaluates the accessibility of the bank's branches, availability of alternative delivery systems, services and hours, and changes in branch locations. Refer to Table 15 of Appendix C for the information used to evaluate the bank's retail services. Pinnacle Bank has 9 branches and 35 ATMs in the assessment area. Delivery systems are accessible to essentially all of the assessment area. One branch is located in a moderate-income census tract, and two ATMs are located in low-income geographies. All other branches and ATMs are located in middle- or upper-income areas. In addition, Pinnacle Bank offers on-line and telephone banking. The on-line features allow for location and product information, deposit account balances, inter-account transfers, banking services for businesses, cash management, and wire transfer services.

Overall, Pinnacle Bank's loan and deposit products and services, alternative banking products, and business hours address the convenience and needs of its customers in a way that does not inconvenience certain portions of the assessment area. The bank's hours of operation at each location throughout the assessment area are comparable and provide reasonable accessibility to the bank's services. The addition of the new 3500 Faulkner branch, in a moderate-income census tract, has improved the accessibility of banking services in the assessment area.

Community Development Services:

Based on the bank's limited involvement in community development services in the Lincoln assessment area, the bank is rated Low Satisfactory for this criterion.

This criterion evaluates the extent of bank personnel's involvement in community development services, the innovativeness of those services, and the degree to which they serve low- and moderate-income individuals. Qualified community development services include services that have as their primary purpose community development, are related to the provision of financial services, and have not been considered in the evaluation of the bank's other retail banking services.

Bank personnel provide time and services in few community associations. The bank provides a limited level of community development services. The following list describes the organizations in which bank management, officers, and staff provide particularly noteworthy financial expertise, involvement, and leadership.

- Economic Development — A banker participates with the Havelock Redevelopment Project and the Havelock Business Association, both of which revitalize and strengthen the economy and conditions of the low-income area of Havelock. The banker also participates on the Lincoln Chamber of Commerce Infrastructure Committee, providing technical and funding assistance for infrastructure development. Another banker sits on the City of Lincoln Economic Development Loan Committee, which evaluates loan applications that create jobs or provide business façade improvements in redevelopment zones.

**NONMETROPOLITAN STATEWIDE AREA
Full Review**

CENTRAL ASSESSMENT AREA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE CENTRAL ASSESSMENT AREA

The Central assessment area serves the cities of Palmer, Central City, Aurora, Shelby, Madison, Osceola, Columbus, Schulyer, and Wisner in south central Nebraska. The assessment area, consisting of Butler, Colfax, Cuming, Hamilton, Merrick, Nance, Platte, Polk and parts of Howard and Madison Counties, is located in rural Nebraska west of the Omaha, Nebraska-Iowa and Lincoln, Nebraska MSAs. Ten Pinnacle Bank branch locations and 18 ATMs (7 full-service, 11 cash-dispensing) are located in the assessment area. The assessment area includes 27 geographies, of which 25 are middle-income and 2 are upper-income. Of the bank offices in the area, 9 are in middle-income geographies and 1 is in an upper-income geography. In addition, all 18 ATMs are in middle-income geographies.

The Central assessment area holds 24.8 percent of Pinnacle's overall deposits. Pinnacle's market share in the Central assessment area was 12.4, ranking second in this market.²² Major competitors in the Central assessment area include Wells Fargo, Union Bank and Trust, U.S. Bank, Tier One Bank, and Cornhusker Bank. Of the bank's total reported HMDA, small business, and small farm loans originated since the previous examination, 37 percent were in the Central assessment area. This figure is more than double the loan volume of any of Pinnacle's other assessment areas. Demographic characteristics based upon 1990 U.S. Census Data are summarized in Exhibit 7.

In 2000, the area population totaled 95,224, an increase of 4.2 percent since 1990.²³ This lagged behind statewide growth of 8.4 percent. The area has a large concentration of families. In 2000, 71.3 percent of households were families.²⁴ The assessment area contains no low- or moderate-income geographies. The assessment area has a median family income (\$28,772) that is 104.2 percent that of statewide rural areas as a whole (\$27,623)²⁵. The area has smaller concentrations of low-income families and

²² Source: Federal Deposit Insurance Corporation Market Share Report.

²³ Source: United States Census Bureau (Census)

²⁴ Families are a subset of households and consist of households with at least two individuals related by birth, marriage or adoption.

²⁵ The rural Nebraska HUD-adjusted median family incomes that would be used for borrower income analyses is \$45,000 for 2001 data and \$45,800 for 2002 data.

families living in poverty than in statewide rural areas, but a slightly higher concentration of moderate-income families. Income increased only slightly between 1990 and 2000.²⁶

As expected from its large family concentration, the area has high concentrations of owner-occupied and single-family housing units. In 2000, 67.4 percent of housing stock was owner-occupied, 81.5 percent was detached, single-family units, and the vacancy rate was 9.3 percent. The area's supply of "other units"²⁷ decreased from 0.7 percent in 1990 to 0.1 percent of housing stock in 2000, which indicated that housing quality improved over that period and affordable housing was developed. However, construction also occurred in the upper-income areas, reducing the median age of housing stock to 25 years, versus 47 years in the middle-income areas.

Agriculture is essential to the area economy; approximately 35 percent of area businesses are farms, producing cattle, corn, and soybeans as primary farm products. Ninety-six percent of area farms have annual revenues less than \$1 million. Several large manufacturers and regional hospitals are located in the area. Its largest employers as of August 2002 were in Platte, Madison and Colfax Counties and included the following: G. Dales David Attorneys, Excel Corporation Beef Plant, Becton Dickinson Surgical Instruments, Iowa Beef Processors, Dale Test Laboratories, and Camaco Furniture.²⁸ The area is also home to many small businesses. According to Dun & Bradstreet data, 89 percent of nonfarm businesses in the area have annual revenues under \$1 million.

Prolonged regional downturns in farm industries over the past few years have adversely effected the regional economy. Low commodity prices and poor weather plagued the farming industry and resulted in farmers becoming increasingly reliant on government subsidies for income. A recent drought has stressed regional farm economies. The sluggish statewide economy also was felt strongly in assessment area counties. Several parts of the assessment area had high unemployment. The 2002 statewide annualized unemployment rate was 3.5 percent, but area counties exceeding that number included Butler, Madison, Nance, and Platte. From 2001 to 2002, unemployment increased in every county in the assessment area except Cuming County.²⁹ Slack economic conditions and high unemployment rates may signal reduced consumer credit demand.

Eight community contacts from various parts of the assessment area were interviewed to determine community credit needs and bank responsiveness to the same. Comments from the Central assessment area varied by region. In the Norfolk area, contacts stated

²⁶ Source: Census

²⁷ "Other units" consist of railway cars, trailers, vans and any other structure used for housing but not designed to be a residence.

²⁸ Source: Federal Deposit Insurance Corporation Report of Regional Economic Conditions (RECON)

²⁹ Source: Nebraska Department of Labor

that the local economy is shifting from robust growth in the retail sector to a generally stable environment. Housing availability in the area is reasonable, with several new houses being built near Norfolk. As in many areas of the state, demographics are shifting, with minority populations now ranking in the teens in some previously homogenous areas.

In Madison, contacts stated that the local economy is generally stable, but with weakness in the agricultural sector and a flattening of the commercial economy. According to the contacts, most of Madison's residents work at the local meat processing plant, which employs approximately 1,100 employees. Contacts advised that housing availability is generally adequate, with reasonably priced homes currently listed for sale. According to one contact, no new homes were constructed in 2002, as residents are moving to nearby Norfolk or Battle Creek.

Contacts from the town of Fullerton stated that the town's economy is highly dependent on agriculture. The most pressing community need is for the area to attract an industry that offers employment with benefits. Similarly, in Leigh, the town's economy is agriculturally-based, and jobs have become scarce due to the recent shutdown of a manufactured home business. In Humphrey, contacts perceived the business economy to be stable, with agriculture on the decline. Humphrey's primary credit needs are housing and agricultural loans.

EXHIBIT 7								
Central Assessment Area Demographics								
Income Categories	BNA Distribution		Families by BNA Income		Families < Poverty Level as % of Families by BNA		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	3,404	13.7
Moderate-income	0	0.0	0	0.0	0	0.0	5,008	20.2
Middle-income	25	92.6	22,119	89.2	1,632	7.4	6,833	27.6
Upper-income	2	7.4	2,687	10.8	149	5.5	9,561	38.5
Total Assessment Area	27	100.0	24,806	100.0	1,781	7.2	24,806	100.0
	Housing Units by BNA	Housing Types by BNA						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	34,209	22,640	89.9	66.2	8,021	23.4	3,548	10.4
Upper-income	3,634	2,550	10.1	70.2	916	25.2	168	4.6
Total Assessment Area	37,843	25,190	100.0	66.6	8,937	23.6	3,716	9.8
	Total Businesses by BNA		Businesses by BNA & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	4,244	87.7	3,787	87.9	297	85.1	160	89.4
Upper-income	594	12.3	523	12.1	52	14.9	19	10.6
BNA not reported	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	4,838	100.0	4,310	100.0	349	100.0	179	100.0
	Percentage of Total Businesses:			89.3				

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE CENTRAL ASSESSMENT AREA

The conclusions regarding the Lending, Investment, and Service Tests are at the beginning of each section. Supporting information is then divided into performance characteristics under each test.

LENDING TEST

The overall rating for the assessment area under this criterion is High Satisfactory. The geographic distribution of loans between middle- and upper-income geographies reflects good penetration throughout the assessment area. The distribution of loans reflects good penetration among borrowers of different income levels and to businesses and farms of different sizes. The bank exhibits a good record of serving the credit needs of low- and moderate-income individuals and of small businesses and farms consistent with safe and sound banking practices. The bank also makes a relatively high level of community development loans. In addition, Pinnacle Bank makes significant use of innovative and flexible lending practices in serving assessment area credit needs.

Lending Activity:

The bank's lending activity in the Central assessment area reflects a good responsiveness to credit needs in the area. Refer to Table 1 of Appendix C for the information used to evaluate the bank's lending activity. Of the bank's total loan volume, 37 percent are made in the Central assessment area, and area deposits represent approximately 25 percent of the bank's total deposits. Although market share data is not compiled for this assessment area, community contacts advised that the bank is one of the area's leading lenders in each community within the area. The bank also makes use of secondary market mortgage loans and government-insured loan programs, including both federal- and state-sponsored programs, which benefit low- and moderate-income individuals.

Geographic Distribution:

This performance criterion focuses on the bank's penetration of loans among geographies of different income levels in the bank's assessment area, primarily in low- and moderate-income geographies. Tables 2, 3, and 4 of Appendix C show the geographic distribution of loans. The Central assessment area has no low- or moderate-income areas; however, the bank's lending patterns nonetheless reflect good penetration throughout the assessment area.

Home Mortgage Loans

The bank's geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. Approximately 90 percent of the bank's home purchase and home improvement loans are in the middle-income geographies, comparable to the percentage of area geographies that are middle-income, at 92 percent. As noted earlier, more lending in the upper-income geographies is attributable to the increase in the construction of homes in these areas. The home refinance percentages are slightly higher in upper-income areas; 81 percent of refinance loans are made in middle- and 19 percent in upper-income geographies.

Small Business Loans

The bank's geographic distribution of small business loans reflects good penetration throughout the assessment area. Approximately 86 percent of the bank's small business lending occurs in middle-income geographies, compared to community demographics indicating that 92 percent of the geographies in the assessment area are middle-income. Community contacts noted that the area's economy is stable but flat, with the closing of a few businesses.

Small Farm Loans

The bank's geographic distribution of small farm loans reflects good penetration throughout the assessment area. Approximately 93 percent of the bank's small farm loans are made in middle-income geographies. This compares favorably to the 92 percent of geographies in the area that are middle-income geographies. Community contacts stated that agriculture as a whole in the assessment area is on the decline.

Distribution by Borrower Income and Revenue Size of the Business or Farm:

This performance criterion evaluates the bank's loan originations to borrowers of different income levels, particularly to low- and moderate-income individuals, and businesses and farms of different sizes.

Home Mortgage Loans

The bank's percentage of loans made to borrowers in each income level compared to the percentage of families in the assessment area that are designated low-, moderate-, middle-, or upper-income is good. In addition, a comparison was made with aggregate lending data for mortgage peer groups. Refer to Tables 8, 9, and 10 in Appendix C for the information used to evaluate the borrower distribution of the bank's home mortgage loans.

As shown in the borrower distribution tables, the percentage of bank loans made in low- and moderate-income areas is comparable to the number of families in those areas. The bank is comparable or exceeds the performance of aggregate lenders in lending to low- and moderate-income borrowers across all mortgage loan product types.

Small Business Loans

The bank's lending to businesses with gross annual revenues of \$1 million or less is good. As noted in Table 11 in Appendix C, of the businesses operating within the bank's assessment area, 89 percent had revenues of \$1 million or less and were considered small businesses under CRA. Pinnacle Bank's loan distribution (88.5 percent) was slightly lower than the proportion of small businesses in the area; however, its lending to small businesses was 24 percent greater than aggregate lending to small businesses. In addition, 91 percent of the bank's loans to businesses, regardless of business revenue size, are for amounts less than \$100,000, which are loan amounts typically needed by very small businesses.

Small Farm Loans

The bank's level of lending to farms with gross annual revenues of \$1 million or less is good. As noted in Table 12 in Appendix C, 96 percent of the farms in the assessment area are considered small farms under CRA. Pinnacle Bank's loan distribution is lower than the proportion of small farms in the area, at 85 percent. The bank's farm lending is comparable to the 82.5 percent aggregate numbers. In addition, more than 84 percent of the bank's loans to farms, regardless of revenue size, are for amounts less than \$100,000, which are loan amounts typically needed by very small farms. As with small businesses, Pinnacle Bank makes good use of guaranteed lending products targeted to small farms.

Community Development Lending:

This performance criterion evaluates a bank's responsiveness to community development lending opportunities in its assessment area. The bank makes an adequate level of community development loans in the Central assessment area, where the opportunities for such loans are limited. Refer to Table 1 in Appendix C for the information used to evaluate community development lending. One community development loan was originated in the assessment area during the evaluation period. This loan, to the Housing Authority of Schuyler, financed the construction of assisted living units with residency income restrictions corresponding to low- and moderate-income levels.

INVESTMENT TEST

The overall rating for the assessment area under this criterion is High Satisfactory. This test evaluates the degree to which the institution's qualified investments serve affordable housing needs, assist community services targeted to low- and moderate-income individuals, or enhance economic development issues in the bank's assessment area. In addition, this criterion evaluates the bank's responsiveness to available investment opportunities and the use of innovative or complex investments not routinely provided by other investors.

The bank has a significant level of qualified community development investments and grants within the Central assessment area. In addition, the bank exhibits good responsiveness to credit and community economic development needs and makes significant use of innovative and/or complex investments to support community development initiatives in this assessment area.

Table 13 of Appendix C details investments in the Central assessment area. As noted earlier, Pinnacle Bank purchases shares in various Equity Funds of Nebraska, a permissible equity partnership investment. These partnerships are formed to develop affordable housing projects throughout the state of Nebraska. Since the last examination, the branches in the Central assessment area made 18 qualified investments in the form of donations or grants totaling \$67,625 as summarized below:

- Bank donations supported the following funds that provide vouchers or assistance to low- and moderate-income residents for assistance with food, clothing, school supplies, utilities, medical, dental and optical care, and other basic needs:
 - Hamilton County Ministerial Association Cheer Fund
 - Osceola Branch Fund
 - Palmer Branch Fund
 - Shelby Branch Fund
 - Aurora Public Schools Relief Fund
 - Palmer Community Fund
 - Schuyler Ministerial Aid Fund
 - Student Assistance Fund
- The bank donated to the Aurora Development Corporation, which promotes economic development in Aurora.
- A donation to the Edgerton Explorit Center supported the After School Program Scholarship, where 16 students from impoverished homes receive after-school services.

- ABC Kids received bank funds for its preschool program targeted to low-income families in Polk County.
- The Community Center of Hamilton County received a contribution towards the construction of a senior center targeting low- and moderate-income elderly residents of the county.
- Liberty Centre Services is a residential facility housing individuals recovering from mental illnesses. Income restrictions apply to the facility, which received a bank donation to fund its activities.
- Schuyler Head Start received a bank donation to provide healthcare, early childhood development, and family educational programs to low- and moderate-income families.
- A bank donation to Wisner Community Development helped the organization increase economic, community, and industrial development in the Wisner area.

Community contacts within the Central assessment area stated that local banks are responsive to area concerns with contributions to, or involvement in, local organizations. Branches in the Central assessment area take a proactive, leadership role in investment and grant issues. The bank makes significant use of innovative and complex investments to support community development initiatives.

SERVICE TEST

The bank's overall rating in the Central assessment area is High Satisfactory under the Service Test. The bank's delivery systems, branch locations, and office hours are accessible to essentially all portions of the assessment area and accommodate the needs of the community. Bank officers and employees contribute their financial expertise to a relatively high number of community development service organizations.

Retail Services:

This criterion evaluates the accessibility of the bank's branches, availability of alternative delivery systems, services and hours, and changes in branch locations. Refer to Table 15 of Appendix C for the information used to evaluate the bank's retail services. Pinnacle Bank has 10 branches, 7 full-service ATMs, and 11 cash-dispensing machines in the assessment area. Of the bank offices in the area, 9 were in middle-income geographies and 1 was in an upper-income geography. Since the last evaluation, Pinnacle Bank has neither opened nor closed offices in the assessment area. Delivery systems are accessible to essentially all of the assessment area. In addition, Pinnacle Bank offers on-

line and telephone banking. The on-line features allow for location and product information, deposit account balances, inter-account transfers, banking services for businesses, cash management, and wire transfer services.

Overall, Pinnacle Bank's loan and deposit products and services, alternative banking products, and business hours address the convenience and needs of its customers in a way that does not inconvenience certain portions of the assessment area. The bank's hours of operation at each location throughout the assessment area are comparable and provide reasonable accessibility to the bank's services.

Community Development Services:

This criterion evaluates the extent of bank personnel's involvement in community development services, the innovativeness of those services, and the degree to which they serve low- and moderate-income individuals. Qualified community development services include services that have as their primary purpose community development, are related to the provision of financial services, and have not been considered in the evaluation of the bank's other retail banking services.

Bank personnel in the Central assessment area provide their time and services in numerous community associations. As such, the bank is considered a leader in providing community development services. The following list describes the organizations in which bank management, officers, and staff provide particularly noteworthy financial expertise, involvement, and leadership.

- Financial Services – Two bank representatives use the “Money Smart” program designed by the Federal Deposit Insurance Corporation to provide financial education to immigrants, transient workers, and students, conducting classes in Spanish as necessary. The program is a 10-part program that educates individuals about homebuying, budgeting, credit ratings, and other financial matters.
- Affordable Housing – Five bank representatives provide financial expertise to the following organizations whose missions include the development of affordable housing in the assessment area: Aurora Housing Development Corporation, Blue Valley Community Action, Osceola-Shelby Housing Authority, Columbus Housing Authority, Palmer Housing Rehabilitation Board, Palmer Housing Authority, and the Central City Housing Authority.

- Economic Development – Six bankers are board members providing financial expertise to the following organizations, whose missions include providing sustainable economic development within the region through job creation and retention: Osceola Development Corporation, Wisner Community Development, Merrick County Development Corporation, Shelby Betterment Corporation, and Aurora Development Corporation.

**NONMETROPOLITAN STATEWIDE AREA
Limited Scope Reviews**

**DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE CRETE, SOUTHERN,
NORTHERN AND WESTERN ASSESSMENT AREAS**

Crete

The Crete assessment area is comprised of portions of Seward and Saline County in rural southwest Nebraska. Although adjacent to the Lincoln MSA, it is a nonmetropolitan area and must be considered a separate assessment area. The assessment area is comprised solely of four middle-income geographies. One bank branch is located in the assessment area.

The area economy has strong ties to agriculture, as 33 percent of area businesses are farms or farm-related. Primary farm products of the region include cattle, corn, soybeans, sorghum, and sunflowers. Approximately 98 percent of the businesses and farms in the region have annual revenues under \$1 million.

Income in the Crete area is slightly higher than the rural statewide average. This results in greater housing affordability than for rural statewide Nebraska as a whole. The area contains a large volume of families living in single-family homes, with the average age of housing stock at 35 years. The area economy is likewise stable, with unemployment below that of the rural statewide average.

Southern

The Southern assessment area is new since the last examination. It consists of all of Gage County in southeastern Nebraska. The assessment area includes one moderate-income and six middle-income geographies. The bank has four branches in this assessment area; one is in a moderate-income geography and three are in middle-income geographies. In addition, the bank has three ATMs in moderate-income geographies and eight ATMs in middle-income geographies.

The assessment area has a large agricultural presence, with 25 percent of area businesses considered farm-related. Main farm production consists of cattle, corn, soybeans, sunflowers, and wheat. Of area nonfarm businesses, 89 percent have revenues under \$1 million, while 97 percent of farms have annual revenues of less than \$1 million.

The area economy is in decline, with unemployment and personal bankruptcies at their highest rates in a decade. Economic factors, combined with slow population growth and an aging population, reduce credit demand in the area. The area is a middle-income area overall, but with slightly higher concentrations of low- and moderate-income families than for the statewide rural area as a whole.

Northern

The Northern assessment area includes the counties of Antelope, Holt, Boyd, Wheeler, and a portion of Knox County. Four moderate-income and six middle-income geographies comprise the assessment area. The area is home to four Pinnacle Bank branch offices, one in a moderate-income and three in middle-income areas. In addition, the bank has four ATMs in the middle-income geographies.

The economy of the Northern assessment area is reliant upon agriculture and service businesses, with cattle, corn, soybeans, and hay as primary agricultural products. Thirty-seven percent of area businesses are farms. Of area businesses, 97 percent of farms and 89 percent of nonfarm businesses had gross annual revenues under \$1 million.

The area's economy has been depressed, with declines in employment base and personal incomes. The area's average incomes are below the statewide rural median. Housing stock consists primarily of older, single-family homes with an average age of 41 years. An aging and declining population has resulted in reduced credit demand in the area.

Western

The entire counties of Arthur, Blaine, Chase, Dawson, Hooker, Gosper, Keith, Logan, McPherson, Perkins, and Thomas, plus parts of Custer and Lincoln Counties comprise the Western assessment area. The area is home to five Pinnacle Bank branch offices and 11 ATMs, all in middle-income geographies.

The area is home to the rural communities of Arnold, Grant, Lexington, and Ogallala. This rural area of western Nebraska has an economy that is dependent upon agriculture, with 32.8 percent of the area's businesses considered farm-related. Cattle, corn, wheat, hay, sunflowers, and sorghum are the area's primary farm products. Ninety-five percent of farms, and 90 percent of nonfarm businesses in the area generate annual revenues under \$1 million. A decreasing job base and economic downturn have affected the area's economy.

The area includes three moderate-income and 20 middle-income geographies. The three moderate-income areas are sparsely populated, housing only 3.5 percent of the area population. The area is generally a middle-income area, but with a higher proportion of moderate-income families than the statewide rural area. Population aging and a declining

population (some counties lost over 10 percent of their population between 1990 and 2000) have resulted in reduced demand for personal credit.

The median age of housing stock is comparable to that of the statewide rural area, at 42 years. However, in many counties the median housing age exceeds 50 years, and in Custer County, the median housing age is 60 years. This indicates a need for housing replacement or rehabilitation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE CRETE, SOUTHERN, NORTHERN, AND WESTERN ASSESSMENT AREAS

Information reviewed, including performance and demographic information, can be found in the core tables accompanying this report. Conclusions regarding the bank's performance in the assessment areas where limited reviews were conducted are as follows:

Assessment Area	Lending Test	Investment Test	Service Test
Crete	Consistent	Consistent	Consistent
Southern	Consistent	Consistent	Exceeds
Northern	Consistent	Consistent	Consistent
Western	Consistent	Consistent	Consistent

STATE OF MISSOURI

SUMMARY

Pinnacle Bank's operations in the State of Missouri represent 1.4 percent of the bank's overall lending volume and 1.8 percent of the bank's deposits. The bank operates one location in Lake Lotawana, Missouri. Pinnacle Bank's operations in Missouri relative to overall operations are a small fraction of the composite rating. However, Interagency Examination Procedures for institutions operating in two or more states require that a full review be conducted for each assessment area located in a metropolitan area.

The major factors supporting the institution's rating in the State of Missouri are the same as those discussed in the "Lake Lotawana Metropolitan Assessment Area" section below.

STATE CRA RATING FOR MISSOURI:

The Lending Test is rated:

The Investment Test is rated:

The Services Test is rated:

NEEDS TO IMPROVE

Low Satisfactory

Needs to Improve

Needs to Improve

DESCRIPTION OF OPERATIONS

Refer to the section entitled, "Description of Operations" below for a description of the bank's Missouri operations.

**METROPOLITAN ASSESSMENT AREA CONCLUSIONS
Full Review**

LAKE LOTAWANA METROPOLITAN ASSESSMENT AREA

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE LAKE LOTAWANA
ASSESSMENT AREA**

The Lake Lotawana assessment area is part of Kansas City, Kansas – Missouri multistate MSA. The assessment area includes portions of Jackson and Cass Counties in western Missouri. The Lake Lotawana branch is a single facility operating approximately 25 miles southeast of downtown Kansas City, near the town of Lee's Summit. There are more than 60 financial institutions situated between Lake Lotawana and downtown Kansas City.³⁰ As such, the Lake Lotawana branch experiences intense competition in attracting loan and deposit customers.

Assessment area population was 654,880 in 2000, representing a 3.4 percent increase over 1990 numbers. The area has a smaller concentration of families with children and larger numbers of young adults and senior citizens than MSA-wide numbers. Owner occupancy of housing increased to 58 percent from 1990 to 2000, but area housing stock was older than MSA-wide, suggesting a need for housing rehabilitation. Despite the area's comparatively low income levels, housing was more affordable for area residents than for residents in other parts of the MSA.³¹ Exhibit 8 displays the demographic characteristics of the area, based upon 1990 data from the United States Census Bureau.

The area economy has experienced a sustained downturn that continued through 2002. Unemployment rates were their highest in a decade, all industries lost net jobs, and office and industrial vacancy rates likewise were at ten-year highs.

In 1990, the area had a median family income (\$35,180) that was 93.4 percent that of the MSA as a whole (\$37,652)³². By 2000, the area's median family income had decreased to 87 percent that of MSA-wide (\$48,513 versus \$55,779). The area had high concentrations of low- and moderate-income families and a higher family poverty rate than MSA-wide.

³⁰ Source: Lee's Summit Economic Development Council web site (<http://www.leessummit.org>)

³¹ Source: Federal Deposit Insurance Corporation Report of Regional Economic Conditions (RECON)

³² The MSA HUD-adjusted median family incomes that would be used for borrower income analyses is \$62,200 for 2001 data and \$64,500 for 2002 data..

Despite the waning economy, the MSA housing sector retained strength, due in large part to historically low interest rates. Gains in single-family construction were offset by declines in multifamily housing starts, leaving the construction sector flat. The median single-family home price in 2002 was \$137,150.³³

Exhibit 8 shows the area's general housing characteristics in 1990. In keeping with its low population growth, housing stock increased by only 2.7 percent from 1990 to 2000. Area owner occupancy increased from 1990 to 2000 and was 58.1 percent in 2000. The increase in owner-occupied units likely results from the sustained period of low interest rates spurring home ownership in the area. Area housing stock was older than MSA-wide, suggesting a need for housing rehabilitation loans. In 2000, the median age of area housing stock was 37 years.³⁴

Despite the area's comparatively low income levels, housing was more affordable for area residents than for residents in other parts of the MSA. The 2000 median housing value in the assessment area was 23 percent lower than the MSA-wide median housing value. The area's housing affordability rate was 46 percent compared to 44 percent MSA-wide. Housing affordability reflects the ratio of area median family income to area median housing price. The closer this number is to 1 (or 100 percent), the more affordable the housing.

The eleven-county Kansas City MSA has a diverse economy, with service, retail, and manufacturing industries serving as its primary employment sectors. Transportation/utilities, financial services, and construction/mining round out employment sectors. The area's largest employers include Sprint Telecommunications, Health Midwest, DST Systems, Ford Motor Company, Hallmark Cards, Saint Luke's-Shawnee Mission Health System, and General Motors Corporation.³⁵

Contacts with four community representatives were made by regulators in connection with this or other banking examinations to determine community credit needs and the responsiveness of financial institutions to those needs. Community contacts in the Kansas City MSA revealed a strong competitive market among financial institutions. Although contacts felt that credit needs are well served by existing financial institutions, the community representatives believe that there is still a need for affordable housing development in the Kansas City area. Contacts cited a declining job market and sustained economic downturn as factors affecting the demand for credit in the area.

³³ Source: RECON

³⁴ Source: United States Census Bureau (Census)

³⁵ Source: RECON

EXHIBIT 8 LAKE LOTAWANA ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution*		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	28	14.2	11,218	6.5	3,995	35.6	6,724	17.1
Moderate-income	62	31.5	40,847	23.6	7,237	17.7	15,837	40.3
Middle-income	80	40.6	98,358	56.7	4,745	4.8	14,945	38.1
Upper-income	27	13.7	22,966	13.2	580	2.5	1,781	4.5
Total Assessment Area	204	100.0	173,389	100.0	16,557	9.5	39,287	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied		Rental		Vacant		
	#	%	%	#	%	#	%	
Low-income	21,793	7,517	4.6	34.5	10,029	46.0	4,247	19.5
Moderate-income	81,177	33,845	20.9	41.7	35,550	43.8	11,782	14.5
Middle-income	151,814	97,165	59.9	64.0	44,532	29.3	10,117	6.7
Upper-income	36,381	23,676	14.6	65.1	10,129	27.8	2,576	7.1
Income Not Available	283	0	0	0	158	55.8	125	44.2
Total Assessment Area	291,448	162,203	100.0	55.7	100,398	34.4	28,847	9.9
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	1,604	5.8	1,356	5.7	186	7.1	62	5.3
Moderate-income	6,102	22.0	5,181	21.6	694	26.4	227	19.3
Middle-income	15,374	55.5	13,390	56.0	1,319	50.1	665	56.5
Upper-income	4,642	16.7	3,988	16.7	432	16.4	222	18.9
Total Assessment Area	27,722*	100.0	23,915	100.0	2,631	100.0	1176	100.0
	Percentage of Total Businesses:			86.3				

* Table does not include seven tracts for which income not available.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE LAKE LOTAWANA ASSESSMENT AREA

The conclusions regarding the Lending, Investment, and Service Tests are at the beginning of each section. Supporting information is then divided into performance characteristics under each test.

LENDING TEST

The bank's performance under this criterion is Low Satisfactory. The geographic distribution of loans reflects adequate penetration throughout the assessment area. Similarly, the distribution of loans reflects adequate penetration among borrowers of different income levels and to businesses and farms of different sizes. The bank exhibits a good record of serving the credit needs of low- and moderate-income individuals and geographies and of very small businesses consistent with safe and sound banking practices. The bank makes few, if any, community development loans. This low level of activity is expected, since loans made in the assessment area represent just 1.4 percent of Pinnacle Bank's total loan originations, and deposits at the Lake Lotawana branch represent just 1.8 percent of the total deposits of Pinnacle Bank.

Lending Activity

The bank's lending activity in the Lake Lotawana assessment area reflects a good responsiveness to credit needs in the area. Refer to Table 1 of Appendix C for the information used to evaluate the bank's lending activity. The bank is 108th out of 134 banks among MSA banks in market share for deposits. The bank makes use of secondary market mortgage loans and government-insured loan programs, including both federal- and state-sponsored programs, which benefit low- and moderate-income individuals.

Geographic Distribution

This performance criterion focuses on the bank's penetration of loans among geographies of different income levels in the bank's assessment area, primarily in low- and moderate-income geographies. The geographic distribution of home mortgage and small business loans is adequate when compared to the distribution of low-, moderate-, middle-, and upper-income geographies and aggregate lending levels within the assessment area. Farms in the assessment area totaled 205, or 3 percent of area businesses, in 2001. The bank made only two loans to small farms during the period, making analyses of geographic and borrower distributions inappropriate for this criterion. Refer to Tables 2 through 7 in Appendix C for details.

Home Mortgage Loans

Pinnacle Bank's geographic distribution of home purchase loans reflects a good penetration in the assessment area. As shown in Tables 2, 3, and 4 in Appendix C, the bank's origination of home mortgage loans in low- and moderate-income geographies is lower than the percent of owner-occupied units within those geographies. These low- and moderate-income geographies are remote from the bank's location, and are near the city core of Kansas City. Loan originations within the middle-income geographies were higher than the percent of owner-occupied units, and figures in the upper-income tracts were comparable to the number of owner-occupied units in those areas. In addition, when compared to other lenders in the area, the bank's loan origination percentages are comparable to the aggregate lenders in the area. Moreover, the bank's refinance loans are nearly double the aggregate numbers in low-income geographies.

Small Business Loans

The percentage of small business loans originated was compared to the percentage of businesses located within the geographies at each income level. As shown in Table 6 in Appendix C, the bank's lending to businesses in low- and moderate-income geographies is significantly lower than the overall concentration of businesses in these geographies, and lower than the aggregate lenders across all geographies other than the middle-income areas. This pattern is attributable to the intense competition for small business lending within the Kansas City MSA. Given the size of the bank's operations in the trade area, this reflects an adequate dispersion of small business loans in the Lake Lotawana assessment area.

Distribution by Borrower Income and Revenue Size of the Business or Farm:

This performance criterion evaluates the bank's loan originations to borrowers of different income levels, particularly to low- and moderate-income individuals, and businesses and farms of different sizes.

Home Mortgage Loans

The bank's percentage of loans made to borrowers in each income level compared to the percentage of families in the assessment area that are designated low-, moderate-, middle-, or upper-income is adequate. In addition, a comparison was made with aggregate lending data for mortgage peer groups. Refer to Tables 8, 9, and 10 in Appendix C for the information used to evaluate the borrower distribution of the bank's home mortgage loans.

As shown in the borrower distribution tables, the percentage of bank loans made in low-income areas is lower than the number of families in those areas. Bank percentages are also lower than those of aggregate lenders with respect to home purchases and refinance loans to low-income borrowers. The bank performs above the aggregate lenders in making home improvement loans to low-income borrowers, and worse than aggregate lenders to moderate-income borrowers. The intense competition among mortgage lenders in the Kansas City market affects the bank's performance under this criterion.

Small Business Loans

The bank's lending to businesses with gross annual revenues of \$1 million or less is adequate. As noted in Table 11 in Appendix C, of the businesses operating within the bank's assessment area, approximately 86 percent had revenues of \$1 million or less and were considered small businesses under CRA. Pinnacle Bank's loan distribution was significantly lower than the proportion of small businesses in the area, but its lending to small businesses was 20.8 percent greater than aggregate lending to small businesses. In addition, 74 percent of the bank's loans to businesses, regardless of business revenue size, are for amounts less than \$100,000, which are loan amounts typically needed by very small businesses.

Community Development Lending

This performance criterion evaluates a bank's responsiveness to community development lending opportunities in its assessment area. The bank made few, if any, community development loans in the Lake Lotawana assessment area.

INVESTMENT TEST

The overall rating under this criterion in the assessment area is Needs to Improve. This test evaluates the degree to which the institution's qualified investments serve affordable housing needs, assist community services targeted to low- and moderate-income individuals, or enhance economic development issues in the bank's assessment area. In addition, this criterion evaluates the bank's responsiveness to available investment opportunities and the use of innovative or complex investments not routinely provided by other investors.

The bank has a poor level of qualified community development investments and grants within the Lake Lotawana assessment area. The bank made only one qualified investment during the period, a \$100 donation to provide school supplies for low-income children.

Community contacts within the MSA stated that opportunities for involvement, while numerous, are dominated by larger institutions. Given the size and resources of the branch, it is reasonable that the bank's participation in investments is limited by its capacity.

SERVICE TEST

The bank's overall rating under the Service Test in the Lake Lotawana assessment area is Needs to Improve. The bank's delivery systems, branch locations, and office hours are accessible to limited portions of the assessment area. Bank officers and employees provide few, if any, community development services. However, the bank's performance under this criterion is affected by the bank's limited resources. Given the limited number of bank locations and personnel, the bank's performance is in line with its capacity to provide services.

Retail Services

This criterion evaluates the accessibility of the bank's branches, availability of alternative delivery systems, services and hours, and changes in branch locations. The bank operates only one branch location and one ATM in the assessment area. Alternative delivery systems, such as on-line and telephone banking enhance accessibility within the marketplace.

Community Development Services:

This criterion evaluates the extent of bank personnel's involvement in community development services, the innovativeness of those services, and the degree to which they serve low- and moderate-income individuals. Qualified community development services include services that have as their primary purpose community development, are related to the provision of financial services, and have not been considered in the evaluation of the bank's other retail banking services.

Bank personnel provide time and services in one community association that supports mentorship for at-risk youth, the greatest percentage of whom come from low- and moderate-income areas.

**CRA APPENDIX A
SCOPE OF EXAMINATION**

Time Reviewed	Period	Lending, Investment, Services Tests and CD Loans - June 4, 2001 to December 31, 2002	
Financial Institution		Products Reviewed	
Pinnacle Bank Papillion, Nebraska (Parent holding company is Pinnacle Bancorp, Inc. – PBI)		Home Mortgage Loans, Small Loans to Businesses, and Small Loans to Farms	
Affiliate(s)	Affiliate Relationship	Products Reviewed	
Bank of Colorado	Subsidiary of PBI	None	
Pinnacle Bank Wyoming	Subsidiary of PBI	None	
Western Bank of Gallup, New Mexico	Subsidiary of PBI	None	
First State Bank, Keene, Texas	Subsidiary of PBI	None	
First National Bank, Abilene, Texas	Subsidiary of PBI	None	
		None	
List of Assessment Areas and type of Examination			
Assessment Area		Type of Exam	
Papillion (Omaha, Nebraska – Iowa, MSA)		Full-Scope	
Lincoln (Lincoln, Nebraska MSA)		Full-Scope	
Lake Lotawana (Kansas City, Kansas – Missouri MSA)		Full-Scope	
Central		Full-Scope	
Crete		Limited-Scope	
Southern		Limited-Scope	
Northern		Limited-Scope	
Western		Limited-Scope	

CRA APPENDIX B

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Block numbering area ("BNA"): A statistical subdivision of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental 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.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Full review: Performance under the lending, investment and service tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract or a block numbering area delineated by the U.S. 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 data such as race, gender and income of applications, amount of loan requested, and disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited review: Performance under the lending, investment and service tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area ("MA"): Any primary metropolitan statistical area ("PMSA"), metropolitan statistical area ("MSA"), or consolidated metropolitan statistical area ("CMSA"), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income ("Call Report") and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in "loans to small farms" as defined in the instructions for preparation of the Call Report. These loans have original amounts of \$500 thousand or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

**CRA APPENDIX C
CRA CORE TABLES**

Institution ID: 20000913856 PINNACLE

BANK

Table 1. Lending Volume

LENDING VOLUME 31, 2002		Geography: PINNACLE – NEBRASKA						Evaluation Period: JUNE 4, 2001 TO DECEMBER				
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
PAPILLION	12.92	745	77,773	846	68,123	70	3,482	1	78	1,661	149,378	23.01
LINCOLN	13.36	648	57,308	957	105,817	112	4,129	4	2,359	1,717	167,254	25.38
CENTRAL	36.98	710	32,331	1,326	60,187	2,718	154,929	1	429	4,754	247,447	24.78
LAKE LOTAWANA	1.35	84	9,084	88	8,002	2	64	0	0	174	17,150	1.77
Limited Review:												
CRETE	4.16	97	5,621	196	5,709	242	5,871	0	0	535	17,201	3.96
SOUTHERN	0.24	7	383	17	1,439	7	333	0	0	31	2,155	0.00
NORTHERN	17.77	135	4,666	545	15,026	1,604	43,149	0	0	2,284	62,841	8.61
WESTERN	13.22	252	11,394	571	30,393	877	55,505	0	0	1,700	97,292	12.49

Institution ID: 20000913856 PINNACLE BANK

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is From June 04, 2001 to December 31, 2002.

*** Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: PINNACLE - NEBRASKA								Evaluation Period: JUNE 4, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upper
Full Review:														
PAPILLION	129	20.48	3.83	0.78	18.59	7.75	43.19	54.26	34.40	37.21	1.75	11.67	38.09	48.49
LINCOLN	138	21.90	1.16	1.45	15.35	17.39	60.99	47.10	22.50	34.06	1.10	12.78	59.30	26.57
CENTRAL	205	32.54	0.00	0.00	0.00	0.00	89.88	89.27	10.12	10.73	0.00	0.00	83.35	16.65
LAKE LOTAWANA	18	2.86	4.63	0.00	20.87	22.22	59.90	61.11	14.60	16.67	1.92	13.75	64.19	20.08
Limited Review:														
CRETE	33	5.24	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	100.00	0.00
SOUTHERN	3	0.48	0.00	0.00	6.80	0.00	93.20	100.00	0.00	0.00	0.00	11.54	88.46	0.00
NORTHERN	30	4.76	0.00	0.00	47.45	26.67	52.55	73.33	0.00	0.00	0.00	25.66	74.34	0.00
WESTERN	74	11.75	0.00	0.00	3.28	2.70	96.72	97.30	0.00	0.00	0.00	1.40	98.60	0.00

* Based on 2001 Peer Mortgage Data: US & PR.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Institution ID: 20000913856 PINNACLE BANK

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT 2002		Geography: PINNACLE - NEBRASKA								Evaluation Period: JUNE 4, 2001 TO DECEMBER 31,				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upper
Full Review:														
PAPILLION	132	20.75	3.83	0.00	18.59	3.79	43.19	43.18	34.40	53.03	2.42	14.73	41.89	40.95
LINCOLN	165	25.94	1.16	1.21	15.35	16.36	60.99	57.58	22.50	24.85	0.82	15.90	62.16	21.12
CENTRAL	184	28.93	0.00	0.00	0.00	0.00	89.88	93.48	10.12	6.52	0.00	0.00	88.64	11.36
LAKE LOTAWANA	8	1.26	4.63	0.00	20.87	0.00	59.90	87.50	14.60	12.50	3.45	18.11	61.36	16.99
Limited Review:														
CRETE	12	1.89	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	100.00	0.00
SOUTHERN	4	0.63	0.00	0.00	6.80	25.00	93.20	75.00	0.00	0.00	0.00	10.20	89.80	0.00
NORTHERN	53	8.33	0.00	0.00	47.45	9.43	52.55	90.57	0.00	0.00	0.00	15.38	84.62	0.00
WESTERN	78	12.26	0.00	0.00	3.28	1.28	96.72	98.72	0.00	0.00	0.00	0.00	100.00	0.00

* Based on 2001 Peer Mortgage Data: US & PR.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Institution ID: 20000913856 PINNACLE BANK

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE 2002		Geography: PINNACLE - NEBRASKA								Evaluation Period: JUNE 4, 2001 TO DECEMBER 31,				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upper
Full Review:														
PAPILLION	473	34.86	3.83	0.85	18.59	3.59	43.19	36.79	34.40	58.77	1.80	9.60	37.45	51.15
LINCOLN	308	22.70	1.16	2.27	15.35	15.58	60.99	50.00	22.50	32.14	0.77	10.51	56.02	32.54
CENTRAL	316	23.29	0.00	0.00	0.00	0.00	89.88	94.94	10.12	5.06	0.00	0.00	81.10	18.90
LAKE LOTAWANA	58	4.27	4.63	3.45	20.87	8.62	59.90	82.76	14.60	5.17	1.90	12.21	63.42	22.42
Limited Review:														
CRETE	50	3.68	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	100.00	0.00
SOUTHERN	0	0.00	0.00	0.00	6.80	0.00	93.20	0.00	0.00	0.00	0.00	7.29	92.71	0.00
NORTHERN	52	3.83	0.00	0.00	47.45	13.46	52.55	86.54	0.00	0.00	0.00	18.58	81.42	0.00
WESTERN	100	7.37	0.00	0.00	3.28	1.00	96.72	99.00	0.00	0.00	0.00	0.88	99.12	0.00

* Based on 2001 Peer Mortgage Data: US & PR.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Institution ID: 20000913856 PINNACLE BANK

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: PINNACLE - NEBRASKA								Evaluation Period: JUNE 4, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upper
Full Review:														
PAPILLION	11	20.00	12.97	9.09	23.33	27.27	34.87	45.45	28.83	18.18	10.38	44.34	28.30	16.98
LINCOLN	37	67.27	22.69	21.62	27.60	43.24	39.55	35.14	10.16	0.00	34.44	35.56	26.67	3.33
CENTRAL	5	9.09	0.00	0.00	0.00	0.00	72.17	100.00	27.83	0.00	0.00	0.00	100.00	0.00
LAKE LOTAWANA	0	0.00	9.88	0.00	35.93	0.00	39.56	0.00	14.14	0.00	6.09	43.48	34.78	14.78
Limited Review:														
CRETE	2	3.64	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	100.00	0.00
SOUTHERN	0	0.00	0.00	0.00	26.16	0.00	73.84	0.00	0.00	0.00	0.00	0.00	100.00	0.00
NORTHERN	0	0.00	0.00	0.00	36.72	0.00	63.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WESTERN	0	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00

* Based on 2001 Peer Mortgage Data: US & PR.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Institution ID: 20000913856 PINNACLE BANK

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES 2002		Geography: PINNACLE - NEBRASKA								Evaluation Period: JUNE 4, 2001 TO DECEMBER 31,				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses**	% BANK Loans	% of Businesses*	% BANK Loans	% of Businesses*	% BANK Loans	% of Businesses*	% BANK Loans	Low	Mod	Mid	Upper
Full Review:														
PAPILLION	846	18.61	5.27	1.06	14.34	5.56	37.86	32.15	42.53	61.23	2.89	10.20	40.01	46.89
LINCOLN	957	21.05	4.82	3.88	17.66	15.95	57.76	54.46	18.03	25.71	4.05	15.77	58.11	22.08
CENTRAL	1,326	29.17	0.00	0.00	0.00	0.00	87.72	92.46	12.28	7.54	0.00	0.00	85.87	14.13
LAKE LOTAWANA	88	1.94	5.54	0.00	21.09	5.68	53.13	79.55	16.04	14.77	4.18	19.00	57.15	19.68
Limited Review:														
CRETE	196	4.31	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	93.79	6.21
SOUTHERN	17	0.37	0.00	0.00	31.40	0.00	68.60	100.00	0.00	0.00	0.00	27.27	72.73	0.00
NORTHERN	545	11.99	0.00	0.00	41.71	13.39	58.29	86.61	0.00	0.00	0.00	16.82	83.18	0.00
WESTERN	571	12.56	0.00	0.00	4.52	2.10	95.48	97.90	0.00	0.00	0.00	8.25	78.68	13.07

* Based on 2000 Peer Small Business Data: MW Region.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2002).

Institution ID: 20000913856 PINNACLE BANK

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS 2002		Geography: PINNACLE - NEBRASKA								Evaluation Period: JUNE 4, 2001 TO DECEMBER 31,				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upper
Full Review:														
PAPILLION	70	1.24	1.51	0.00	9.21	0.00	50.08	74.29	39.20	25.71	0.54	5.98	69.57	23.91
LINCOLN	112	1.99	0.36	0.00	4.87	2.68	77.26	92.86	17.33	4.46	0.00	2.11	75.35	22.54
CENTRAL	2,718	48.26	0.00	0.00	0.00	0.00	95.27	99.26	4.73	0.74	0.00	0.00	92.67	7.33
LAKE LOTAWANA	2	0.04	2.02	0.00	11.53	0.00	68.69	100.00	17.29	0.00	0.00	10.00	81.11	8.89
Limited Review:														
CRETE	242	4.30	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	98.50	1.50
SOUTHERN	7	0.12	0.00	0.00	16.80	0.00	83.20	100.00	0.00	0.00	0.00	5.83	94.17	0.00
NORTHERN	1,604	28.48	0.00	0.00	56.72	43.39	43.28	56.61	0.00	0.00	0.00	36.64	63.36	0.00
WESTERN	877	15.57	0.00	0.00	5.39	7.30	94.61	92.70	0.00	0.00	0.00	7.84	82.52	9.64

* Based on 2000 Peer Small Business Data: MW Region.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2002).

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Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: PINNACLE - NEBRASKA								Evaluation Period: JUNE 4, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families** *	% BANK Loans****	% Families** *	% BANK Loans*** *	% Families* **	% BANK Loans*** *	% Families* **	% BANK Loans*** *	Low	Mod	Mid	Upper
Full Review:														
PAPILLION	129	20.48	17.22	11.38	17.73	23.58	25.51	28.46	39.54	36.59	14.26	26.82	30.24	28.68
LINCOLN	138	21.90	16.95	7.63	18.47	14.41	27.95	19.49	36.62	58.47	13.62	32.89	30.36	23.12
CENTRAL	205	32.54	13.72	12.69	20.19	28.93	27.55	30.46	38.54	27.92	11.93	27.34	31.12	29.61
LAKE LOTAWANA	18	2.86	22.66	11.11	19.37	11.11	25.42	38.89	32.54	38.89	17.50	29.22	27.67	25.60
Limited Review:														
CRETE	33	5.24	14.08	3.23	16.49	29.03	24.92	22.58	44.51	45.16	10.08	23.26	32.56	34.11
SOUTHERN	3	0.48	16.98	0.00	18.87	0.00	25.44	50.00	38.71	50.00	11.35	24.86	32.97	30.81
NORTHERN	30	4.76	23.11	20.69	24.37	17.24	25.02	31.03	27.50	31.03	11.76	30.39	30.39	27.45
WESTERN	74	11.75	16.81	13.11	22.21	29.51	26.40	21.31	34.58	36.07	13.46	32.25	26.45	27.84

* Based on 2001 Peer Mortgage Data: US & PR.

** As a percentage of loans with borrower income information available. No information was available for 8.10% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

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Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT 2002		Geography: PINNACLE - NEBRASKA								Evaluation Period: JUNE 4, 2001 TO DECEMBER 31,				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families**	% BANK Loans****	% Families*	% BANK Loans***	% Families*	% BANK Loans***	% Families*	% BANK Loans***	Low	Mod	Mid	Upper
Full Review:														
PAPILLION	132	20.75	17.22	19.53	17.73	16.41	25.51	29.69	39.54	34.38	13.97	22.08	30.34	33.61
LINCOLN	165	25.94	16.95	11.26	18.47	21.85	27.95	33.11	36.62	33.77	15.93	29.35	31.30	23.43
CENTRAL	184	28.93	13.72	18.99	20.19	20.89	27.55	29.11	38.54	31.01	13.93	20.90	32.84	32.34
LAKE LOTAWANA	8	1.26	22.66	25.00	19.37	12.50	25.42	25.00	32.54	37.50	18.35	25.73	27.42	28.50
Limited Review:														
CRETE	12	1.89	14.08	0.00	16.49	20.00	24.92	30.00	44.51	50.00	0.00	17.65	41.18	41.18
SOUTHERN	4	0.63	16.98	0.00	18.87	25.00	25.44	25.00	38.71	50.00	14.58	27.08	29.17	29.17
NORTHERN	53	8.33	23.11	13.04	24.37	19.57	25.02	28.26	27.50	39.13	12.90	19.35	19.35	48.39
WESTERN	78	12.26	16.81	28.13	22.21	25.00	26.40	18.75	34.58	28.13	20.43	24.73	26.88	27.96

* Based on 2001 Peer Mortgage Data: US & PR.

** As a percentage of loans with borrower income information available. No information was available for 10.53% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

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Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE 2002			Geography: PINNACLE - NEBRASKA								Evaluation Period: JUNE 4, 2001 TO DECEMBER 31,			
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families**	% BANK Loans****	% Families*	% BANK Loans***	% Families*	% BANK Loans***	% Families*	% BANK Loans***	Low	Mod	Mid	Upper
Full Review:														
PAPILLION	473	34.86	17.22	5.93	17.73	13.85	25.51	30.99	39.54	49.23	10.32	20.72	29.53	39.43
LINCOLN	308	22.70	16.95	9.92	18.47	10.71	27.95	24.60	36.62	54.76	8.87	23.05	32.12	35.95
CENTRAL	316	23.29	13.72	8.12	20.19	21.43	27.55	34.74	38.54	35.71	5.79	15.63	29.11	49.46
LAKE LOTAWANA	58	4.27	22.66	5.17	19.37	13.79	25.42	27.59	32.54	53.45	12.61	23.73	29.17	34.49
Limited Review:														
CRETE	50	3.68	14.08	11.36	16.49	20.45	24.92	31.82	44.51	36.36	6.84	20.51	26.50	46.15
SOUTHERN	0	0.00	16.98	0.00	18.87	0.00	25.44	0.00	38.71	0.00	6.59	19.16	26.95	47.31
NORTHERN	52	3.83	23.11	10.20	24.37	28.57	25.02	24.49	27.50	36.73	7.89	23.68	31.05	37.37
WESTERN	100	7.37	16.81	11.11	22.21	23.46	26.40	29.63	34.58	35.80	6.90	17.24	33.03	42.83

* Based on 2001 Peer Mortgage Data: US & PR.

** As a percentage of loans with borrower income information available. No information was available for 8.11% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

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Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES 2002		Geography: PINNACLE - NEBRASKA				Evaluation Period: JUNE 4, 2001 TO DECEMBER 31,				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*		
	#	% of Total**	% of Businesses**	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less	% of total
Full Review:										
PAPILLION	846	18.61	84.09	85.34	81.91	11.23	6.86	9,505	4,243	44.6
LINCOLN	957	21.05	86.63	75.65	72.10	15.99	11.91	3,608	1,985	55.0
CENTRAL	1,326	29.17	89.09	88.46	91.40	4.75	3.85	2,308	1,488	64.4
LAKE LOTAWANA	88	1.94	85.96	59.09	73.86	13.64	12.50	10,242	3,926	38.3
Limited Review:										
CRETE	196	4.31	89.88	100.00	94.90	4.59	0.51	256	199	77.7
SOUTHERN	17	0.37	88.82	100.00	76.47	17.65	5.88	231	154	66.6
NORTHERN	545	11.99	89.25	94.86	95.05	4.04	0.92	844	666	78.9
WESTERN	571	12.56	89.61	92.99	87.04	8.58	4.38	1,147	824	71.8

* Based on 2000 Peer Small Business Data: MW Region.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.11% of small loans to businesses originated and purchased by the bank.

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Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS 2002		Geography: PINNACLE - NEBRASKA				Evaluation Period: JUNE 4, 2001 TO DECEMBER 31,				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*		
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less	% of total
Full Review:										
PAPILLION	70	1.24	93.13	97.14	85.71	12.86	1.43	138	118	85.5
LINCOLN	112	1.99	94.40	98.21	88.39	9.82	1.79	142	127	89.4
CENTRAL	2,718	48.26	96.23	84.92	84.29	12.25	3.46	3,617	2,983	82.5
LAKE LOTAWANA	2	0.04	93.46	100.00	100.00	0.00	0.00	56	45	80.4
Limited Review:										
CRETE	242	4.30	98.12	99.59	95.87	3.72	0.41	225	217	96.4
SOUTHERN	7	0.12	98.67	100.00	85.71	14.29	0.00	103	94	91.3
NORTHERN	1,604	28.48	96.52	99.00	94.33	4.24	1.43	1,766	1,695	96.0
WESTERN	877	15.57	94.73	96.81	82.21	12.88	4.90	1,489	1,392	93.5

* Based on 2000 Peer Small Business Data: MW Region.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

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Table 13. Qualified Investments

QUALIFIED INVESTMENTS		Geography: PINNACLE - NEBRASKA				Evaluation Period: JUNE 4, 2001 TO DECEMBER 31, 2002			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments ^(a)		Total Investments			Unfunded Commitments**	
	#	\$	#	\$	#	\$	% of Total	#	\$
Full Review:									
PAPILLION	0	0	6	11,725	7	11,725	100	0	0
LINCOLN	0	0	1	5000	7	24,383	100	0	0
CENTRAL	0	0	18	68,725	19	68,725	100	0	0
LAKE LOTAWANA	0	0	1	100	1	100	100	0	0
Limited Review:									
CRETE	0	0	0	0	1	0	100	0	0
SOUTHERN	0	0	1	1000	2	1000	100	0	0
NORTHERN	0	0	2	2000	2	2000	100	0	0
WESTERN	0	0	2	1000	2	1000	100	0	0

(a) Current Period Investments also include total bank investment of \$3,624,987 in the Equity Funds of Nebraska, which promote affordable housing development throughout the entire State of Nebraska. This amount was not proportionately allocated within each assessment area.

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

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Table 14. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS DECEMBER 31, 2002				Geography: PINNACLE - NEBRASKA				Evaluation Period: JUNE 4, 2001 TO									
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upper			Low	Mod	Mid	Upper	Low	Mod	Mid	Upper
Full Review:																	
PAPILLION	23.01	9	20	0.00	11.00	11.00	78.00	1	0	0	0	+1	0	12.9	29.3	33.6	23.3
LINCOLN	25.38	9	20	0.00	22.00	56.00	22.00	1	0	0	+1	0	0	5.8	23.1	46.2	17.3
CENTRAL	24.78	10	24	0.00	0.00	90.00	10.00	0	0	0	0	0	0	0	0	92.6	7.2
LAKE LOTAWANA	1.77	1	2	0.00	0.00	0.00	100.00	0	0	0	0	0	0	13.7	30.4	39.2	13.2
Limited Review:																	
CRETE	3.96	1	2	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.0	0.0	100.0	0.0
SOUTHERN	0.00	4	10	0.00	25.00	75.00	0.00	4	0	0	+1	+3	0	0.0	14.3	85.7	0.0
NORTHERN	8.61	4	10	0.00	25.00	75.00	0.00	0	0	0	0	0	0	0.0	40.0	60.0	0.0
WESTERN	12.49	5	12	0.00	0.00	100.00	0.00	1	0	0	0	+1	0	0.0	13.0	87.0	0.0

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Table 15. Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM DECEMBER 31, 2002				Geography: PINNACLE - NEBRASKA						Evaluation Period: JUNE 4, 2001 TO							
MA/Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upper			Low	Mod	Mid	Upper	Low	Mod	Mid	Upper
Full Review:																	
PAPILLION	23.01	8	20	0.00	11.00	11.00	78.00	15	15	0	1	7	7	12.9	29.3	33.6	23.3
LINCOLN	25.38	8	20	0.00	22.00	56.00	22.00	35	35	2	5	27	1	5.8	23.1	46.2	17.3
CENTRAL	24.78	10	24	0.00	0.00	90.00	10.00	18	18	0	0	18	0	0	0	92.6	7.2
LAKE LOTAWANA	1.77	1	2	0.00	0.00	0.00	100.00	1	1	0	0	0	1	13.7	30.4	39.2	13.2
Limited Review:																	
CRETE	3.96	1	2	0.00	0.00	100.00	0.00	6	6	0	0	6	0	0.0	0.0	100.0	0.0
SOUTHERN	0.00	4	10	0.00	25.00	75.00	0.00	11	11	0	3	8	0	0.0	14.3	85.7	0.0
NORTHERN	8.61	4	10	0.00	25.00	75.00	0.00	4	4	0	4	0	0	0.0	40.0	60.0	0.0
WESTERN	12.49	5	12	0.00	0.00	100.00	0.00	11	11	0	0	11	0	0.0	13.0	87.0	0.0

CRA APPENDIX D
ASSESSMENT AREA MAPS

