



Comptroller of the Currency
Administrator of National Banks

Grand Island Duty Station
P.O. Box 129
Grand Island, Nebraska 68802

PUBLIC DISCLOSURE

January 27, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Marquette
Charter Number 8400
402 Marquis Avenue
Marquette, Nebraska 68854

Office of the Comptroller of the Currency
Grand Island Duty Station
1811 West 2nd Street, Suite 360
Grand Island, Nebraska 68803

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

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

This document is an evaluation of the Community Reinvestment Act (CRA) performance of The First National Bank of Marquette, Marquette, Nebraska prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of January 27, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

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

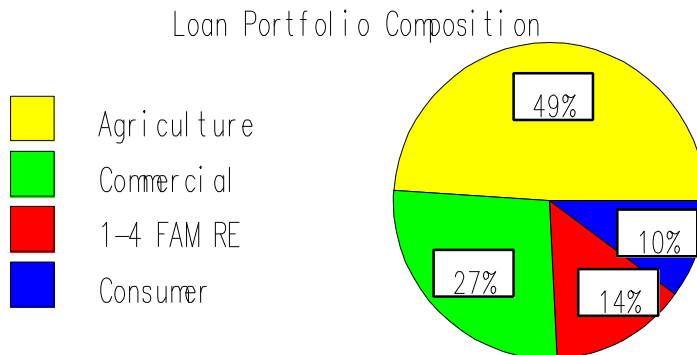
The First National Bank of Marquette, Marquette, Nebraska (Bank) is actively meeting the credit needs of its community. The bank's loan to deposit ratio is reasonable, with the majority of loans being made to customers within its assessment area. The bank's lending efforts reasonably penetrate all segments of the assessment area, with a strong penetration to low- and moderate-income individuals and small farms and businesses.

The following table indicates the performance level of The First National Bank of Marquette with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	The First National Bank of Marquette Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes	X		
Geographic Distribution of Loans	An analysis of the geographic distribution of loans would not be meaningful.		
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION:

The First National Bank of Marquette is a \$20 million institution located in central Nebraska. The bank has no branches or automated teller machines (ATMs), but provides ATM cards to those depositors requesting this service. The bank is owned by Marquette National Company, Marquette, Nebraska, a one-bank holding company. Loans represent 58% of total bank assets. The bank is primarily an agricultural lender and offers a wide variety of Ag loans, including real estate, machinery and equipment, and operating lines of credit. As of September 30, 1996, the composition was as follows:



Loan and deposit competition in the assessment area comes from three other banks and a branch of a non-local national bank. There are no legal impediments or other factors, including financial condition, which hinder the bank's ability to comply with the Community Reinvestment Act. Previously, examiners assigned the rating "Satisfactory Record of Meeting Community Credit Needs" in a Public Disclosure report dated April 4, 1994.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA:

The bank's assessment area (AA) encompasses all of Hamilton County, which is comprised of three block numbering areas (BNA). The AA is not located within a Metropolitan Statistical Area and does not contain any low- or moderate-income tracts. The 1990 Census designates all three BNAs as middle income.

The AA is a rural area with several small communities. According to 1990 census information, 8,862 people reside within Hamilton County with 303 individuals in the town of Marquette. The remaining population is split among, the county seat of Aurora (3,717), five other small towns and the surrounding countryside. Wage or salaried persons represent 77% of the households. Self Employed (Farms) individuals are present in 17% of households. The median family income for the AA is \$28,505 compared to the statewide non-metropolitan median family income of \$27,623. The percent of families by income level for the AA is as follows: low income 13%, moderate income 20%, middle income 28% and upper income 39%.

Agriculture and its related industries dominate the area. The nearby communities of Aurora, Grand Island and York provide some industrial employment. Other major employers in the area include school districts and county governments. One community contact involved with economic development and a second engaged in real estate sales stated the most pressing credit needs of the AA are for affordable housing and small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio

The bank maintains a reasonable loan to deposit ratio. This ratio averaged 71% over the eleven quarter period between March 31, 1994 and September 30, 1996. The bank's ratio of 67% on December 31, 1995, ranks above the other three community bank's with head offices in the AA. Their ratios averaged 59%. The loan to deposit ratios of other independently owned rural agricultural banks in surrounding counties range from 55% to 88%.

Lending In Assessment Area

The bank extends a majority of its credit to individuals residing within its AA. Management's 1996 year-end analysis of borrowers' zip codes indicates approximately 69% of total loans by dollars are to customers who have addresses within the AA. Consistent with this, we reviewed approximately one-half of the loan portfolio and confirmed that 64% of the bank's borrowers by number were located within the AA.

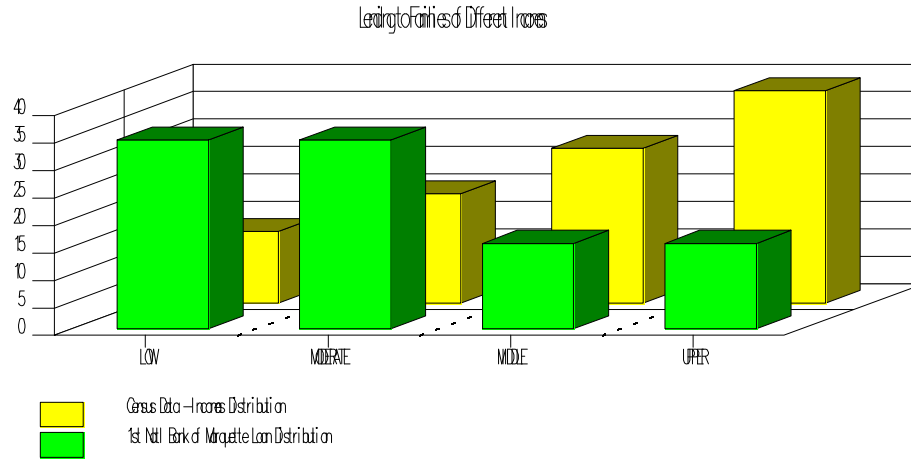
Lending to Borrowers of Different Incomes / Businesses and Farms of Different Sizes

The bank's distribution of credit reflects excellent penetration to borrowers across all levels of income, especially to the area's small farms and businesses and to individuals with low- or moderate-incomes. Our review of farm and business loans for income information revealed 19 of 20 borrowers are considered small operations as they had gross revenues of less than \$1 million. The distribution of these loans by level of gross annual sales ranges from \$6,000 to \$8,337,000 is summarized below:

AGRICULTURAL/COMMERCIAL LOANS

ANNUAL SALES	# of Loans	%	\$ of Loans	%
<\$100,000	9	45%	\$564,610	31%
\$101-250,000	5	25%	390,525	21%
\$251-500,000	4	20%	506,000	27%
\$501-1,000,000	1	5%	14,000	1%
>\$1,000,000	1	5%	377,101	20%
Total	20	100%	\$1,852,236	100%

The bank lends to individuals of all income levels and compares favorably to the assessment area's demographics. We selected a sample of 32 consumer and 1-4 family real estate loans originated to borrowers in the AA during the past two years and found a strong level of penetration to borrowers with low- or moderate- incomes. As the graph below indicates, the bank has originated a larger portion of its consumer and home loans to borrowers with low- or moderate- incomes than the proportion of low- and moderate- income individuals residing in the assessment area. Our sample disclosed borrowers with gross annual revenues ranging from \$10,500 to \$150,000.



The following two tables represent the data found in the above graph:

PERSONAL / REAL ESTATE LOANS

Income Classification	# of Loans	%	\$ of Loans	%
Low-income	11	34%	\$150,887	22%
Moderate-income	11	34%	98,324	14%
Middle-income	5	16%	45,429	7%
High-income	5	16%	388,345	57%
Total	32	100%	\$682,985	100%

**LOW-, MODERATE-, MIDDLE- AND UPPER-INCOME FAMILY DISTRIBUTION
WITHIN HAMILTON COUNTY**

	Low Income Families	Moderate Income Families	Middle Income Families	Upper Income Families
Census Data	13%	20%	28%	39%

Geographic Distribution of Loans

We did not assess the reasonableness of loans distributed within the bank's AA because the entire area is designated as middle income. Through discussions with management and a review of the bank's December 27, 1996 loan trial balance, it is readily apparent a majority of the bank's loan customers reside throughout the AA.

Compliance with Anti-Discrimination Laws and Regulations

The bank is in compliance with anti-discrimination laws and regulations. Our review did not disclose any violations of the Fair Lending laws. We did not note any practices intended to discourage applications for the types of credit the bank offers.