



Comptroller of the Currency
Administrator of National Banks

Public Disclosure

April 13, 1998

Community Reinvestment Act Performance Evaluation

**The State National Bank and Trust Company
Charter Number 13415**

**116 West 1st Street
Wayne, Nebraska 68787**

**Office of the Comptroller of the Currency
Omaha Field Office
11606 Nicholas Street, Suite 201
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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 CRA performance of **The State National Bank and Trust Company**, Wayne, Nebraska prepared by The Office of the Comptroller of the Currency, as of April 13, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: This institution is rated satisfactory.

The bank's lending level is more than reasonable, given the institution's size, financial condition, and assessment area credit needs. A substantial majority of the bank's loans are within the bank's assessment area. Lending to individual borrowers of different income levels is reasonable. The bank does a satisfactory job of lending to farms and businesses of different sizes. Examiners did not detect illegal discrimination or disparate treatment of applicants regardless of gender. The bank has received no written complaints related to their CRA performance.

Description of Institution

The State National Bank and Trust Company, Wayne, Nebraska (SNB&T) is a \$62 million bank in Wayne County in northeastern Nebraska. The main office, a drive-up facility, and two automated teller machines (ATM) are readily assessable throughout Wayne. SNB&T is 82% owned by The State National Bancshares, Inc. The State National Bancshares, Inc. is a single-bank holding company. There are no legal or financial impediments limiting the bank's ability to help meet the credit needs of the assessment area.

On December 31, 1997, SNB&T's loan portfolio was 66% of total assets. The bank's primary credit products are agricultural, business, and residential loans. These three products total 90% of loans by volume. Also, the bank originates numerous educational and consumer loans which represent 9% of loan volume. The table below details the portfolio by loan volume and number of loans.

	% of Outstanding Loans By Dollars	% of 1998 Originated Loans By Number
Agricultural Loans	36%	29%
Commercial Loans	31%	15%
Residential Real Estate Loans	23%	5%
Consumer Loans	9%	51%

SNB&T was rated "Outstanding Record of Meeting Community Credit Needs" at the last CRA examination dated January 24, 1994.

Description of The State National Bank and Trust Company's Assessment Area

SNB&T's Assessment Area (AA) meets all the requirements of the Community Reinvestment Act (CRA). The AA is contiguous and does not exclude low- or moderate-income tracts. The bank's AA is Wayne County and block numbering area (BNA) 9777 in southwest Dixon County, Nebraska. Individuals can refer to the CRA Public File for a map of the AA.

The population of the AA is 12,803. The population of Wayne is about 5,200 people. Wayne's college students are about one-fifth the population. The remaining AA population lives in communities around Wayne and in rural areas. The AA's median family income is \$25,160, which is 68% of the 1997 Nebraska state-wide median family income of \$37,100. The AA consists entirely of middle income tracts. Family incomes in the AA are 19% low-income, 23% moderate-income, 27% middle-income, and 31% upper-income. The local economy is growing. The main sources of employment are provided by agriculture, agricultural businesses, Great Dane, FNB Credit Card Center, Restful Knights, and Wayne State College.

(Continuation: Description of Assessment Area)

The banking environment in the AA is competitive. Six banks, two branches of non-local banks, a savings and loan branch, and Farm Credit Services provide competition for loans and deposits in the AA. The primary credit needs of the AA are agricultural, business, and residential real estate loans. Another community credit need is for rental housing and educational loans for college students. We determined the credit needs of the AA by contacting the city administrator, a financial aid officer at Wayne State College, and an officer with Farm Credit Services.

Conclusions with Respect to Performance Criteria

The bank's lending levels are more than reasonable.

SNB&T's net loan-to-deposit ratio is more than reasonable, given the institution's size, financial condition, and assessment area credit needs. SNB&T's loan-to-deposit ratio averaged 73.44% over the past eight quarters and was 75.51% on December 31, 1997. The six similarly situated banks had loan-to-deposit ratios which ranged from 51.53% to 70.19%. The bank's average of 73.44% is 10% above the average of the six other banks reviewed. The bank's loan-to-deposit ratio benefits from several commercial loans purchased from a correspondent bank.

The bank is lending in the Assessment Area.

SNB&T originates a substantial majority of its loans within the assessment area. The bank annually plats originated loans by BNA on a map. The table below summarizes the bank's primary loan products originated in 1998.

ASSESSMENT AREA CONCENTRATION

(Agricultural, commercial, and residential loans originated as of April 15, 1998)

	# of Loans	% of total #	\$ of Loans	% of total \$
Inside AA	197	93%	\$13,288M	95%
Outside AA	14	7%	\$ 767M	5%
Totals	211	100%	\$14,055M	100%

Lending to Individual Borrowers of Different Incomes and to Farms and Businesses of Different Sizes is reasonable.

SNB&T has a satisfactory record of lending to individual borrowers of different income levels.

The bank makes residential loans to all income levels. Although the majority of the home loans originated in the first quarter of 1998 were made to middle- or upper-income individuals, the bank originates community-sponsored and rental home loans. The bank's officers took a leadership role in forming the Wayne Community Housing Development Corporation (Wayne CHDO) in 1994. Lending levels, given the demographics of income within the AA, the bank's involvement in Wayne CHDO, and the bank's financing of rental housing, reflect a reasonable penetration among individuals of different income levels.

The table below demonstrates the bank's breakdown of residential loans to individuals compared to the income demographics of the AA. The AA's income data is from the 1990 census.

LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS

(The bank originated 18 residential real estate loans during the first quarter of 1998)

Income Level	# of loans	% of total #	\$ of loans	% of total \$	% Per AA
Low	1	6%	\$ 49,000	7%	19%
Moderate	3	17%	\$ 39,436	5%	23%
Middle	3	17%	\$ 59,080	8%	27%
Upper	11	60%	\$ 606,907	80%	31%
Totals	18	100%	\$ 754,423	100%	100%

In addition to the loans above, the bank originated three first-time home buyer loans for \$87,385 through the Wayne CHDO and Wakefield's Development Group. Bank records show the bank originated 51 rental home loans for \$1,857,829 during the review period. Rental housing loans help the bank meet student housing needs. Community contacts stated the bank is very active in providing rental home loans.

The bank's staff remains active on the Wayne CHDO Board. The CHDO's goal is to provide low- to moderate-income housing by promoting first-time home buyer loans. CHDO is now supporting two multi-family housing units. Each project is a 16-unit low- to moderate-income apartment complex. These loans reflect positively on the bank's involvement.

(Continuation: Lending to Individual Borrowers of Different Incomes).

The community contacts and the bank's management stated the large number of college students in the community reduces the number of potential home owners in the low- and moderate-income census data. College students are generally low- or moderate-income and do not generally own homes as they are temporary residents. The table below demonstrates the bank's breakdown of residential loans to individuals, however, in this table the income demographics of the AA exclude the college students from the 1990 census data.

LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS

(The bank originated 18 residential real estate loans during 1998)

Income Level	# of loans	% of total #	\$ of loans	% of total \$	% Per AA
Low	1	6%	\$ 49,000	7%	13%
Moderate	3	17%	\$ 39,436	5%	15%
Middle	3	17%	\$ 59,080	8%	34%
Upper	11	60%	\$ 606,907	80%	38%
Totals	18	100%	\$ 754,423	100%	100%

SNB&T has an excellent record of lending to students and consumers of different income levels. The bank is a leader in providing educational loans to meet the credit needs of college students. The bank originated 626 student loans for \$1,537 thousand in 1997. The majority of the loan volume (\$902 thousand) was Federal Stafford Loans. The government subsidizes the interest on Stafford loans to make college available for low- and moderate-income families. In the first quarter of 1998 the bank originated 81 student loans for \$126 thousand of which 48 are Federal Stafford Loans.

SNB&T makes numerous consumer loans without regard to a dollar size limit. SNB&T's records show a significant portion of the consumer loans originated in 1997 and 1998 are to low- and moderate-income individuals. Officers obtain income information from loan applications. Management reported they do not always obtain new applications for subsequent loans. Therefore, some of the following numbers are based on management's estimates. In 1997, the bank originated 614 loans for \$2,581 thousand, of which 249 loans (41% by number and 33% by volume) were to low- and moderate-income consumers. In the first quarter of 1998, 81 of 137 consumer loan originations (59%) are to low- and moderate-income consumers.

(Continuation: Lending to Farms and Businesses of Different sizes).

The bank does a satisfactory job of lending to farms of different sizes. The table below demonstrates the bank's willingness to make loans to farms of all sizes, especially small and moderate size farms. The bank's lending performance was compared to the 1992 Agricultural Census data prepared by the U.S. Bureau of the Census. The census data showed 89% of Wayne County farms had sales less than \$250,000.

LOANS TO FARMS OF DIFFERENT SIZES

(A sample of 21 farmers, 25 notes of 123 agricultural notes originated in the 1st quarter of 1998)

Gross Revenue of Farms	# of customers	% of customers	\$ of loans	% of total \$
\$0 - \$250,000	11	52%	\$1,051,235	28%
\$250,001 - \$500,000	4	19%	\$ 805,500	21%
\$500,001-\$1,000,000	2	9%	\$ 950,000	25%
over \$1,000,000	1	5%	\$ 750,000	20%
Totals	*21	*100%	\$3,748,735	*100%

*Three files did not contain current revenue information. Revenue information, when available, was obtained from business records or tax returns in each credit file.

In addition to the loans sampled above, the bank originated seven farm-related government-sponsored loans totaling \$374,000 during the assessment period.

The bank does a satisfactory job of lending to businesses of different sizes. The table below demonstrates the bank's satisfactory performance in making business loans to businesses of all sizes, including small and moderate size businesses.

(Continuation: Lending to Farms and Businesses of Different sizes).

LOANS TO BUSINESSES OF DIFFERENT SIZES

(A sample of 17 businesses, 19 notes of 64 business notes originated in the 1st quarter of 1998)

Gross Revenue of Businesses	# of customers	% of customers	\$ of loans	% of total \$
\$0 - \$250,000	8	47%	\$ 194,924	15%
\$250,001 - \$500,000	2	12%	\$ 380,272	30%
\$500,001-\$1,000,000	2	12%	\$ 112,000	9%
over \$1,000,000	1	6%	\$ 400,000	31%
Totals	*17	*100%	*\$1,282,761	*100%

*Four files did not contain current revenue information. Revenue information, when available, was obtained from business records or tax returns in each credit file.

SNB&T uses Small Business Administration (SBA)-sponsored loan programs to help meet the credit needs of new and expanding small businesses within Wayne County. The bank originated three SBA loans totaling \$672,693 during the evaluation period.

Geographic Distribution of Loans

Examiners did not complete an analysis of the geographic distribution of loans throughout the AA. All the block numbering areas within the AA are middle-income tracts. The communities within the assessment area do not contain low-income tracts. Older housing is mixed throughout each community. The bank cannot limit lending to low- or moderate-income tracts because there are no low- or moderate-income tracts in the AA.

Response to Complaints

The bank received no written complaints related to its CRA performance during the evaluation period.

We did not detect violations of any substantive provisions of anti-discrimination laws or disparate treatment of any single applicants for auto purchases during our evaluation. The bank has satisfactory fair lending policies, procedures, and training programs in place. We did not detect Equal Credit Opportunity Act violations during the examination.