



**SMALL BANK**

---

Comptroller of the Currency  
Administrator of National Banks

---

## **PUBLIC DISCLOSURE**

**December 19, 2003**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Charter West National Bank  
Charter Number 18601**

**201 South Main Street  
West Point, Nebraska 68788**

**Comptroller of the Currency  
Omaha North Field Office  
13710 FNB Parkway #110  
Omaha, Nebraska 68154**

**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.**

## INSTITUTION'S CRA RATING

### **This institution is rated Satisfactory.**

The Charter West National Bank (CWNB) adequately meets the credit needs of the community.

- The sampling process, discussed further in this Performance Evaluation, showed a substantial majority of the loans originated are within the bank's assessment area (AA).
- Loan originations are reasonably distributed to borrowers of different income levels, and to businesses/farms of different sizes.
- Originated loans are more than reasonably distributed throughout the bank's AA.

## DESCRIPTION OF INSTITUTION

CWNB is a \$100 million bank located in Cuming County in northeastern Nebraska. The bank is 100% owned by NationWide BankShares, a \$108 million one-bank holding company located in West Point, Nebraska. The bank also operates two full-service branches in Pender and Walthill, Nebraska. The bank does not have any deposit-taking automated teller machines. Both branches above have been opened since the last Community Reinvestment Act (CRA) examination.

CWNB offers traditional loan and deposit products. As of December 31, 2002, the bank's loan portfolio totaled 58% of total assets. The bank's primary credit products are agricultural, commercial, and residential real estate based on the number and dollar amount of originations. The table below shows the percentage of loan categories by dollar amount originated and by the number of loans originated.

<b>Loan Type</b>	<b>% by Dollars of Loans Originated/Purchased during evaluation period</b>	<b>% by Number of Loans Originated/Purchased during evaluation period</b>
Agriculture/Farmland	62%	28%
Commercial	16%	10%
Residential Real Estate	15%	14%
Consumer	7%	48%
Total	100%	100%

CWNB has no legal or financial impediments which prevents it from fulfilling its obligations under the CRA. CWNB was rated "Satisfactory Record of Meeting Community Credit Needs" at the last CRA examination dated March 29, 1999.

## DESCRIPTION OF ASSESSMENT AREA

The bank's AA includes Cuming and Thurston Counties. The AA includes five block numbering areas (BNAs), of which two (40%) are considered moderate-income tracts and the

remaining three (60%) considered middle-income tracts. The AA meets the requirements of CRA and does not arbitrarily exclude any low- or moderate-income tracts. Individuals can refer to the bank's CRA Public File for a map outlining the AA.

The assessment period for this CRA examination ran from March 31, 1999 through December 31, 2002. The bank has added one branch location in 2003. This branch is located in Elkhorn, Nebraska. Since this branch was added after the end of our assessment period, we did not include the AA for this branch in our examination. CRA performance of the new branch will be reviewed at the next CRA examination.

According to the 1990 U.S. Census, the total population of the AA is 17,053. The 1990 U.S. Census estimated 22% of families in the AA were low-income, 23% moderate-income, 25% middle-income, and 30% upper-income. Sixteen percent of the AA households are below the poverty level. The 2002 weighted average updated median family income is \$45,800 for non-metropolitan statistical areas in Nebraska. The median housing value in the AA is \$34,506, and 62% of housing is owner-occupied.

The local economy is stable. The main sources of employment are provided by agriculture, processing plants, local government, the medical field, manufacturing, and local schools. There are eight other financial institutions with branches within Cuming and Thurston Counties. These institutions range in size from approximately \$14 million to \$3.8 billion in total assets, and provide the primary competition to CWNB.

Examiners made one community contact during the CRA examination. This was a new contact and the individual represented a local organization. Discussion with the contact revealed that agriculture and small business loans are the primary credit needs within the community. CWNB offers and originates these types of loans. The community contact felt that the credit needs of the area were being met.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

CWNB's average loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AA credit needs. The LTD ratio averaged 88% over the past sixteen quarters (since the prior CRA examination) and was 83% as of December 31, 2002. The average for the five similarly situated banks with the AA is 89%, with a range from 74% to 106%. The bank's average LTD ratio is comparable to the other banks.

### **Lending in Assessment Area**

CWNB originates a substantial majority of its loans within the AA. We reviewed a sample of originated loans from the primary product types to determine the lending within the AA. The sample was selected from loans originated from March 31, 1999 through December 31, 2002. The following table summarizes the findings from the sample.

<b>Lending in AA</b>										
	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agriculture/Farm	16	80	4	20	100	1,283,994	63	753,000	37	100
Commercial	10	50	10	50	100	769,271	72	303,631	28	100
Residential Real Estate	15	75	5	25	100	441,853	64	253,800	36	100
Totals	41	68	19	32	100	2,495,118	66	1,310,431	34	100

Source: Data reported from bank's loan trial balance.

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

CWNB has a satisfactory record of lending to borrowers of different income levels, and to farms and businesses of different sizes. We reviewed income information obtained by the bank for 20 loans within each of the primary product types. Lending levels, given the demographics of the AA, reflect satisfactory penetration among individuals of different income levels. All of the loans in each primary loan product sample were to borrowers located within the AA and originated between March 31, 1999 and December 31, 2002.

#### Farm Loans

The bank has a more than reasonable record of lending to small agricultural borrowers. All of the loan originated and dollar amount originated were to small farming operations that had gross annual revenues less than \$1 million. The following table summarizes the number and dollar volume of the agricultural loan sample.

<b>Borrower Distribution of Loans Farms in AA</b>		
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Farms*	93	6
% of Bank Loans in AA by #	100	0
% of Bank Loans in AA by \$	100	0

Source: 1990 Census Data. \*1% of farms did not report revenue data.

#### Business Loans

The bank has a good record of lending to small business borrowers. The following table shows the percentage of the number of loans originated in our sample of business loans. Our sample shows the bank originated a substantial majority of loans to small business operations that had gross annual revenues less than \$1 million

<b>Borrower Distribution of Loans Businesses in AA</b>
--

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	73	7
% of Bank Loans in AA by #	79	21
% of Bank Loans in AA by \$	61	39

Source: 1990 Census Data. \*20% of businesses did not report revenue data. One loan in our sample did not have revenue data available.

### Residential Real Estate Loans

CWNB's record of lending to individuals of different income levels is reasonable, given AA demographics. The bank originated 30% of residential real estate loans sampled to moderate-income borrowers, while only 23% of AA families are moderate-income. Our sample did not show the bank originated any residential real estate loans to low-income individuals compared to the 22% of AA families that are low-income. Sixteen percent of AA families are below the poverty level. In additional low-income families generally have a more difficult time qualifying for residential mortgage loans. The following table demonstrates the breakdown of loans to individuals as compared to the demographics of the AA.

<b>Borrower Distribution of Residential Real Estate Loans in AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Real Estate	22	0	23	30	25	30	30	40

Source: 1990 U.S. Census data.

### **Geographic Distribution of Loans**

CWNB has a more than reasonable penetration of loans to borrowers within the AA. Since the AA consists of only moderate-and middle-income tracts, we assessed the bank's performance of loan originations to those areas.

### Farm Loans

The bank has more than reasonable penetration of agricultural loans, as shown by the table below. Our sample of these loans reveals a higher percentage of these types of loan were made in the middle-income BNAs within the AA.

Geographic Distribution of Loans to Farms in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Agriculture & Farmland	N/A	N/A	13	25	87	75	N/A	N/A

Source: 2002 Dunn & Bradstreet Data

### Business Loans

The bank has excellent penetration of business loans, as shown by the table below. Our sample of these loans reveals a higher percentage of these types of loans were made in the moderate-income BNAs within the AA compared to the percentage of businesses in the AA.

Geographic Distribution of Loans to Businesses in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	N/A	N/A	24	45	76	55	N/A	N/A

Source: 2002 Dunn & Bradstreet Data

### Residential Real Estate Loans

The bank has a reasonable penetration of residential real estate loans, as shown in the table below. Our sample of these loans reveals a higher percentage of these types of loans were made in middle-income BNAs within the AA.

Geographic Distribution of Residential Real Estate Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Real Estate	N/A	N/A	33	35	67	65	N/A	N/A

Source: 1990 U.S. Census data.

### **Responses to Complaints**

The bank has not received any complaints regarding CRA performance since the previous CRA examination dated March 29, 1999.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of illegal discrimination or other illegal credit practices.