



## **Public Disclosure**

**July 19, 1999**

### **Community Reinvestment Act Performance Evaluation**

**The First National Bank of Wayne  
Charter Number 3392  
703 Main Street  
Wayne, Nebraska 68787**

**Office of the Comptroller of the Currency  
Omaha North Field Office  
11606 Nicholas Street, Suite 201  
Omaha, Nebraska 68154**

**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 First National Bank of Wayne, Wayne, Nebraska** prepared by The Office of the Comptroller of the Currency, as of July 19, 1999. 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.

- C The bank's lending level is reasonable, given the institution's size, financial condition, and assessment area credit needs.
- C A substantial majority of the bank's loans are within its assessment area.
- C Lending levels to borrowers of different income levels is satisfactory.
- C The bank is effective in lending to farms of different sizes.

## **Description of Institution**

The First National Bank of Wayne (FNB) is a \$30 million bank located in Wayne County in northeastern Nebraska. The main bank and branch are located in Wayne, which is the county seat of Wayne County. The bank also operates five automated teller machines (ATMs) within its assessment area. FNB is owned by First National Agency, Inc., a one bank holding company. There are no legal or financial impediments limiting the bank's ability to help meet community credit needs.

As of March 31, 1999, FNB's loan portfolio comprised 58% of total assets. The bank's primary credit products are agricultural and residential real estate lending. The portfolio breakdown as of March 31, 1999 was 27% loans to finance agricultural operations, 38% real estate loans, 19% commercial loans, and 16% individual loans.

In addition, the bank generates a substantial number of long-term residential real estate loans for sale on the secondary market. Individuals can refer to the bank's Community Reinvestment Act (CRA) Public File for a list of the specific credit and deposit products available at the bank.

The First National Bank of Wayne was rated "Satisfactory Record of Meeting Community Credit Needs" at the last CRA examination dated February 21, 1996.

## **Description of The First National Bank of Wayne's Assessment Area**

FNB's assessment area (AA) consists of Wayne County and the southern portion of Dixon County, which contains three block numbering areas (BNAs): 9777, 9786, and 9787. All BNAs are classified as middle-income tracts. The AA meets the requirements of the regulation and does not exclude any low or moderate-income tracts. Individuals can refer to the CRA Public File for a map outlining the bank's AA.

The population of the AA is 12,803. The AA is primarily agricultural. Most farms in the AA are small or moderate in size. The AA has several small communities, with Wayne being the largest community. The 1990 U.S. Census data was used to determine the demographic breakdown of the AA.

The median family income of the AA is \$25,160, or 63% of the 1998 Nebraska state-wide median family income of \$39,800. The income from the 1990 U.S. Census was used to determine the income level of each BNA (low, moderate, middle, and upper). All three BNAs in the AA are considered middle-income tracts. The family income distribution in the AA is 19% low-income, 23% moderate-income, 27% middle-income, and 31% upper-income. The local economy is stable, but poor agricultural prices are negatively impacting

the area. The main sources of employment are provided by manufacturing, local schools, and government.

The banking environment in the AA is competitive. Primary competition is provided by seven other banks with offices located in the AA. The primary credit needs of the AA are agricultural, while secondary credit needs are residential home loans, off-campus student rental housing, and small business loans. We determined the credit needs of the AA by contacting a local elected government official and through previous contacts made during CRA reviews of other area financial institutions.

**Conclusions with Respect to Performance Criteria**

**The bank's lending levels are reasonable.**

FNB's loan-to-deposit ratio is reasonable, given the institution's size, financial condition, and AA credit needs. FNB's ratio averaged 64% over the prior twelve quarters and was 65% on March 31, 1999. The twelve quarter average loan-to-deposit ratio of other banks in the AA ranged from 54% to 74%, with an average of 66%.

**The bank is lending in the assessment area.**

FNB originates a substantial majority of its loans within the AA. We sampled 20 out of 55 outstanding agricultural loans and 21 of 115 secondary market real estate loans originated since the last CRA examination dated February 21, 1996. The following table shows the findings of our sample:

**ASSESSMENT AREA CONCENTRATION**  
(Agricultural and Residential Real Estate loans sampled)

	<b># of Loans</b>	<b>% of total #</b>	<b>\$ of Loans</b>	<b>% of total \$</b>
Inside AA	36	88%	\$2,695,861	94%
Outside AA	3	7%	\$96,874	3%
Not Available	2	5%	\$86,000	3%
<b>Totals</b>	41	100%	\$2,878,735	100%

**Lending to borrowers of different incomes and to farms/businesses of different sizes**

FNB has a satisfactory record of lending to farmers of different sizes and borrowers of different income levels.

The bank does an effective job of lending to farms of different sizes. The following table demonstrates the bank's willingness to make loans to farms of all sizes. 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 74% of farms in Wayne County and 72% of farms in Dixon County had sales between \$10,000 and \$250,000.

**LOANS TO FARMS OF DIFFERENT SIZES**  
(A sample of 20 out of 55 outstanding agricultural loans)

<b>Gross Revenue of Farms</b>	<b># of customers</b>	<b>% of customers</b>	<b>\$ of loans</b>	<b>% of total \$</b>
\$0 - \$100,000	2	10%	\$19,000	1%
\$100,001 - \$250,000	9	45%	\$1,258,142	48%
\$250,001-\$500,000	3	15%	\$309,500	12%
over \$500,000	1	5%	\$864,040	33%
Not Available	5	25%	\$155,500	6%
<b>Totals</b>	20	100%	\$2,606,182	100%

The bank's ratios for lending to small and moderate-sized farms compare favorably to the 1992 agricultural census data. The majority of loans with data are to small and moderate-sized farms.

The bank's lending to borrowers of different income levels is satisfactory by providing secondary market residential real estate loans, community-sponsored, and commercial rental real estate loans. These loans provide housing to low and moderate-income students and individuals.

The bank originated 115 secondary market loans totaling nearly \$7MM between February 21, 1996 and July 19, 1999. We sampled 21 secondary market transactions and found that 7 loans, or 33% by number, were made to low or moderate-income borrowers.

The bank also provides housing loans to meet the needs of low and moderate-income individuals through projects with the Wayne Community Housing Development Organization (CHDO) and commercial rental real estate owners. The bank currently has ten customers who own commercial rental property to provide temporary housing for low-income students and individuals. The table on the following page demonstrates the breakdown of loans to individuals.

**LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS**

(A sample of 21 out of 115 secondary market residential real estate loan originations)

Income Level	# of loans	% of total #	\$ of loans	% of total \$	AA
Low	0	0%	\$0	0%	19%
Moderate	7	33%	\$350,400	27%	23%
Middle	4	19%	\$261,400	20%	27%
Upper	8	38%	\$593,400	46%	31%
Not Available	2	10%	\$86,000	7%	N/A
Totals	21	100%	\$1,291,200	100%	100%

**Geographic Distribution of Loans**

We did not complete an analysis of the geographic distribution of loans among the block numbering areas in the AA. There are no low or moderate-income block numbering areas in the bank’s AA. The block numbering areas are all middle-income. Older housing is dispersed throughout the communities in the AA.

**Response to Complaints**

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

**Record of Compliance with Antidiscrimination Laws**

We did not detect violations of any substantive provisions of anti-discrimination laws or disparate treatment of any single female applicants for auto purchase loans during our fair lending examination. 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.