



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

February 17, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The State National Bank & Trust Company
Charter Number 13415

122 Main Street
Wayne, NE 68787-0000

Office of the Comptroller of the Currency

SIOUX FALLS
117 Pierce Street Suite 100
Sioux City, IA 51101-1036

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.

State National Bank & Trust Company (SNB) satisfactorily meets the credit needs of its assessment area.

- The bank maintains a reasonable loan-to-deposit ratio relative to area competition and the credit needs of the community
- The bank's record of lending to borrowers within its assessment area is excellent.
- The bank's pattern of lending to farms of difference revenue sizes reasonably reflects area demographics.

SCOPE OF EXAMINATION

The evaluation period for this Community Reinvestment Act (CRA) examination focuses on loan originations from February 2003 through February 2009. We reviewed both the dollar amount of loans and the number of loans originated during the evaluation period to determine the bank's primary lending products. We determined that SNB's primary loan products are agriculture loans and consumer loans. We randomly selected a loan sample of twenty agricultural loans and twenty consumer loans originated between January 1, 2006 and February 17, 2009. Our conclusions are based on this sample.

DESCRIPTION OF INSTITUTION

SNB is an \$86 million institution located in northeast Nebraska. The bank has a presence in the Nebraska counties of Wayne and Dixon. SNB operates out of its main office in Wayne, Nebraska and its branch location in Wayne, Nebraska. The branch location does not offer loan products. SNB does not have any deposit-taking automatic teller machines (ATMs). There are no legal or financial barriers limiting the bank's ability to meet community credit needs.

State National Bancshares, a one-bank holding company located in Wayne, Nebraska, owns 86% of FNB. As of December 31, 2008, the holding company had total assets of \$86 million.

SNB offers a range of credit products including agricultural, real estate, commercial, and consumer loans. As of December 31, 2008, SNB's loan portfolio accounted for 66% of total assets. SNB operates primarily as an agricultural and consumer lender. The following chart provides a breakdown of FNB's lending products during the evaluation period.

Loan Type	% by Dollars of Loans Originated/Purchased during evaluation period	% by Number of Loans Originated/Purchased during evaluation period
Agriculture Loans	69%	28%
Commercial Loans	23%	21%
Consumer Loans	3%	45%
Real Estate Loans	5%	6%
Total	100%	100%

SNB's competition for loan and deposit products primarily comes from two other financial institutions located in Wayne, Nebraska.

FNB received a "Satisfactory" rating at the last CRA examination dated January 22, 2003. Refer to the bank's CRA Public File for more information.

DESCRIPTION OF ASSESSMENT AREA

Management has designated census tracts 9786 and 9787 in Wayne County and census tract 9777 in Dixon County as its assessment area (AA). This area includes Wayne, Nebraska, which is the location of the bank's two offices. All three of the census tracts in this AA are classified as middle-income. The designated AA meets regulatory requirements and does not arbitrarily exclude any low- or moderate-income census tracts. The AA is not located within a Metropolitan Statistical Area (MSA). Refer to the CRA Public File for a map specifically outlining the bank's AA.

FNB's AA is a rural area including eleven towns. According to the 2000 United States Census, the population of the AA is 13,251. The largest town in the AA is Wayne, Nebraska, which is located in the central part of Wayne County. Wayne is its respective county's seat and has a population of 5,583.

The updated Housing and Urban Development (HUD) median family income for non-metropolitan statistical areas in Nebraska is \$51,800 for 2008. The 2008 weighted average of median family income for SNB's AA is \$44,712. The median household income for the AA is \$31,389. Fourteen percent of the households in SNB's AA are below the poverty level. Sixty-one percent of the housing units in the AA are owner-occupied.

The AA's economy has declined slightly and remains reliant on the agriculture industry. Nineteen percent of the businesses in SNB's AA are farms. The drought monitor as of February 26, 2009 indicated an optimistic opinion about the weather conditions for the coming year. Light industry, local school systems, local government, and the health care industry provide some economic diversification in the AA.

Examiners conducted one community contact during this examination cycle. The contact was a Director of a non-profit organization located in the AA. The Director indicated that the primary credit needs of the community include agriculture loans, residential loans, and consumer loans. SNB offers all of these types of loans, with a

primary emphasis on agricultural lending.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit (LTD) Ratio

The bank's LTD Ratio is satisfactory given the institution's size, financial condition, area competition, and the credit needs of the community.

SNB maintains a satisfactory loan-to-deposit ratio. SNB's LTD ratio averaged 74% over the last twenty quarters. The average LTD ratio in similarly situated banks over the same time period was 80%. Individual LTD ratios ranged from 70% to 84% per bank. Similarly situated banks are those banks of similar size and/or business lines operating within the same geography.

Lending in Assessment Area

A substantial majority of loans by number and dollar volume are originated within the bank's assessment area.

SNB does an excellent job of lending to customers in their AA. We reviewed a random sample of twenty primary loan products to determine the bank's lending performance within their AA. Ninety percent of the loans by number and 99% of the loans by dollar were to borrowers in the bank's AA. The following table shows the findings of our sample:

Lending in SNB's AA										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agricultural	19	95	1	5	20	2,868,900	100	10,000	0	\$2,878,900
Consumer	17	85	3	15	20	119,467	86	18,860	14	\$138,327
Total	36	90	4	10	40	2,988,367	99	28,860	1	\$3,017,227

Source: Random loan sample

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

The bank's pattern of lending to individuals and businesses of different sizes in the AA is satisfactory.

SNB meets the standards for lending to farms of different sizes. We reviewed a random sample of twenty agricultural borrowers in the bank's AA with loans originated between January 1, 2006 and February 17, 2009. Ninety percent of the loans by number and 76% of loans by dollar were to farms with total revenue of less than or equal to

\$1,000,000. The following table shows the findings of our sample:

Borrower Distribution of Loans to Farms in AA				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	98%	1%	1%	100%
% of Bank Loans in AA by #	90%	10%	0%	100%
% of Bank Loans in AA by \$	76%	24%	0%	100%

Source: Random loan sample and 2008 geodemographic data.

A reliable conclusion for the borrower distribution of consumer loans could not be drawn due to the lack of income data. We reviewed a random sample of twenty consumer borrowers in the bank’s AA with loans originated between January 1, 2006 and February 17, 2009. Income information was unavailable on 55% of the loans by number and 46% of the loans by dollar. Management relies on the borrower’s credit bureau report and prior history with the bank when making consumer loans, rather than income information.

Geographic Distribution of Loans

All of the census tracts in SNB’s AA are middle-income. Therefore, a specific analysis of geographic distribution is not meaningful.

Responses to Complaints

SNB has not received any CRA-related complaints since the last CRA examination.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.