



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

September 10, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Equitable Bank
Charter Number 707056

113 N. Locust Street
Grand Island, NE 68801-6003

Office of the Comptroller of the Currency
13710 FNB Parkway, Suite 110
Omaha, NE 68154-5298

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.

Equitable Bank does a satisfactory job of meeting the needs of its assessment areas (AA).

- The loan-to-deposit (LTD) ratio is more than reasonable compared to similarly situated banks in the AA.
- A majority of the bank's loans are originated within its AA.
- The bank's distribution of loans among borrowers of different income levels and businesses of different sizes is satisfactory.
- There were no complaints regarding the bank's performance in meeting the credit needs of the AA.

SCOPE OF EXAMINATION

Equitable Bank was evaluated under the small bank examination procedures, which include a lending test. The lending test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. The lending test for the bank covers its performance from January 1, 2010 through June 30, 2012, as this period is representative of the bank's lending strategy since the previous Community Reinvestment Act (CRA) examination.

Equitable Bank's primary loan products are residential real estate and business loans. The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). The HMDA data was tested and found to be reliable. Therefore, HMDA data was used to evaluate the bank's residential real estate loan performance. To evaluate the bank's business lending performance, we selected a random sample of 20 business loans originated between January 1, 2010 and June 30, 2012.

The Hall County and Lincoln County AA carried the most weight in assigning the overall ratings for the bank. These AA contain the majority of Equitable Bank's branches, 90 percent of the bank's deposits, and 96 percent and 90 percent of the bank's residential real estate and business loan originations, respectively, for the evaluation period.

DESCRIPTION OF INSTITUTION

Equitable Bank is a \$168 million federally chartered mutual financial institution headquartered in downtown Grand Island, Nebraska. Equitable Bank is owned by Equitable Financial, which is a one bank holding company. In addition to the main office, the bank operates four branches and five automated teller machines (ATM) throughout Grand Island, North Platte, and Omaha, Nebraska. No branches have been

opened or closed since the last CRA examination. There have not been any significant changes to Equitable Bank's corporate structure, including merger or acquisition activities, since the previous CRA examination.

The bank offers a full range of deposit and loan products and services to its customers. Equitable Bank's business strategy is community banking, specializing in residential real estate lending and business lending. As of June 30, 2012, Equitable Bank reported total net loans of \$122 million and has a net loans and leases to total assets ratio of 74 percent. Within the residential mortgage portfolio, the bank originates mortgages for sale on the secondary market. The following table summarizes the percentage of each loan type originated from January 1, 2010 through June 30, 2012.

Loan Type	% by Dollars of Loans Originated/Purchased During Evaluation Period	% by Number of Loans Originated/Purchased During Evaluation Period
Home Loans	42%	33%
Business Loans	26%	22%
Farm Loans	23%	12%
Consumer Loans	9%	33%
Total	100%	100%

Source: Bank Reports

There are no legal or financial impediments to Equitable Bank's ability to meet the credit needs of its AA. The bank was rated Satisfactory at its last CRA examination dated August 8, 2007.

DESCRIPTION OF ASSESSMENT AREAS

The bank's AA meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income geographies. Due to the locations of Equitable Bank's branches, management has designated three AA.

Hall County

The Hall County AA includes all 14 census tracts in Hall County located in central Nebraska. There are three upper-income and 11 middle-income census tracts. According to the 2000 United States Census data, the total population of the AA was 53,534. The Housing and Urban Development 2011 weighted average median family income was \$56,200. Approximately 17 percent of families residing in the AA are low-income, 17 percent moderate-income, 24 percent middle-income, and 42 percent upper-income. Twelve percent of the AA households are below the poverty level.

The local economy is stable. The primary industries in the AA include farms, manufacturing companies, and government entities. The unemployment rate is low at 3 percent. Competition from other financial institutions is average. The bank's

competitors include several local community banks, large regional institutions, and branches of large banks. Equitable Bank ranked 6th amongst these financial institutions in the percentage of deposits in the market.

We conducted one community contact with a local organization. The contact indicated the credit needs in the community include financial education for low-income borrowers and financing for minority-owned businesses. The contact indicated the banks in the AA meet the credit needs of the community.

Lincoln County

The Lincoln County AA includes all eight census tracts in Lincoln County located in southwest Nebraska. There are two upper-income and six middle-income census tracts. According to the 2000 United States Census data, the total population of the AA was 34,642. The Housing and Urban Development 2011 weighted average median family income was \$56,200. Approximately 16 percent of families residing in the AA are low-income, 17 percent moderate-income, 23 percent middle-income, and 44 percent upper-income. Ten percent of the AA households are below the poverty level.

The local economy is stable. The primary industries in the AA include farms, railroad companies, and government entities. The unemployment rate is low at 3 percent. Competition from other financial institutions is average. The bank's competitors include several local community banks, large regional institutions, and branches of large banks. Equitable Bank ranked 8th amongst these financial institutions in the percentage of deposits in the market.

We conducted one community contact with a local organization. The contact indicated the credit needs in the community include affordable housing for special interest groups. The contact indicated the banks in the AA meet the credit needs of the community.

Omaha

The Omaha AA consists of ten census tracts in Douglas County and is part of the Omaha-Council Bluffs Metropolitan Statistical Area (MSA) located in eastern Nebraska. The AA includes the census tract where the branch resides and all surrounding census tracts touching the branch location. There are six upper-income and four middle-income census tracts in the AA. According to the 2000 United States Census data, the total population of the designated AA was 28,233. The Housing and Urban Development 2011 weighted average median family income was \$70,600. Approximately 10 percent of families residing in the AA are low-income, 13 percent moderate-income, 20 percent middle-income, and 57 percent upper-income. Four percent of the AA households are below the poverty level.

The local economy is stable. The primary employment sectors are the services industry, retail, finance/insurance/real estate, healthcare, and construction. The unemployment rate in the designated AA is two percent.

Competition within the designated AA is fierce as there are approximately 75 other financial institutions in the Omaha market. Equitable Bank ranked 71st amongst these financial institutions in the percentage of deposits in the market.

A community contact for the Omaha market was conducted. The contact indicated the banks are meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Equitable Bank’s lending level is more than reasonable and exceeds the performance criteria, given its size, financial condition, and AA credit needs. Equitable Bank’s LTD ratio as of June 30, 2012 was 97 percent. Over the last 20 quarters ending June 30, 2012, the bank’s average LTD ratio was 115 percent. The quarterly average LTD ratio for five other financial institutions operating in the AA was 88 percent.

Lending in Assessment Area

A majority of Equitable Bank’s loans are made within the bank’s AA. Overall, the bank originated 80 percent by number and 75 percent by dollar of its primary products within its AA. The following table details the bank’s lending within the AA by number and dollar amount of loans.

Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (\$000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	246	77%	75	23%	321	\$26,203	71%	\$10,699	29%	\$36,902
Home Refinance	443	82%	97	18%	540	\$50,478	78%	\$14,602	22%	\$65,080
Home Improvement	47	84%	9	16%	56	\$1,279	52%	\$1,198	48%	\$2,477
Business	15	75%	5	25%	20	\$878	82%	\$194	18%	\$1,072
Total	751	80%	186	20%	937	\$78,838	75%	\$26,693	25%	\$105,531

Source: HMDA Loan Application Register (LAR) and Bank Reports

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

The borrower distribution of loans in the AA is reasonable and meets the demographics of each AA. Greater weight is placed on Equitable Bank’s lending performance in the Hall County and Lincoln County AA since a majority of the bank’s deposits are from these AA. Additionally, there was an insufficient amount of business and residential real estate loans generated in the Omaha AA to make a complete assessment. The borrower distribution was performed for the four business loans made in the Omaha AA. This coincides with the bank’s strategy to focus on business lending in the Omaha AA.

Performance in the Hall County AA

The distribution of home purchase, home improvement, and refinance loans to borrowers of different income levels in the Hall County AA is reasonable. The bank’s percentage of home purchase, home improvement, and refinance loans to moderate-income borrowers was good, as it reasonably reflects or exceeds the demographic comparator. The percentage of home purchase, home improvement, and refinance loans to low-income borrowers is below the demographic comparator; however, distribution remains reasonable as twelve percent of AA households are below the poverty level.

The following table shows the distribution of home loan products among borrowers of different income levels as compared to the percent of families in each income category.

Borrower Distribution of Residential Real Estate Loans in Hall County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Purchase	17%	8%	17%	24%	24%	19%	42%	40%
Home Improvement	17%	5%	17%	14%	24%	12%	42%	64%
Refinance	17%	5%	17%	12%	24%	21%	42%	43%

Source: HMDA LAR and 2000 U.S. Census Data

Equitable Bank has reasonable distribution among businesses of different sizes in the Hall County AA. The bank originated 85 percent by number and 82 percent by dollar volume to business operations with gross annual revenues less than \$1 million. The bank’s lending exceeds the demographic comparator, which shows 68 percent of the AA businesses with gross annual revenues less than \$1 million. There is a high percentage of businesses that did not report revenues.

The following table shows the distribution of loans to businesses of different sizes compared to AA demographics.

Borrower Distribution of Loans to Business in Hall County AA				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Business	68%	3%	29%	100%
% of Bank Loans in AA by #	85%	15%	0%	100%
% of Bank Loans in AA by \$	82%	18%	0%	100%

Source: Bank Reports and 2000 U.S. Census Data

Performance in the Lincoln County AA

The distribution of home purchase, home improvement, and refinance loans to borrowers of different income levels in the Lincoln County AA is reasonable. The bank’s percentage of home purchase, home improvement, and refinance loans to moderate-income borrowers was good, as it reasonably reflects or exceeds the demographic comparator. The percentage of home purchase and refinance loans to low-income borrowers is below the demographic comparator; however, distribution remains reasonable as ten percent of AA households are below the poverty level. The bank did not make any home improvement loans to low-income families. Given the AA poverty level, borrowers would have difficulty qualifying for these loans due to their limited income. Additionally, the volume of home improvement loans originated in the Lincoln County AA was minimal.

The following table shows the distribution of home loan products among borrowers of different income levels as compared to the percent of families in each income category.

Borrower Distribution of Residential Real Estate Loans in Lincoln County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Purchase	16%	8%	17%	23%	23%	29%	44%	35%
Home Improvement	16%	0%	17%	20%	23%	40%	44%	20%
Refinance	16%	5%	17%	12%	23%	25%	44%	49%

Source: HMDA LAR and 2000 U.S. Census Data

Equitable Bank’s distribution of loans to businesses of different sizes in the Lincoln County AA is satisfactory. All of the loans in the sample were originated to businesses with gross annual revenues of less than \$1 million. The bank’s lending to those small businesses exceeds the AA demographics, which shows 70 percent of AA businesses with gross annual revenues less than \$1 million.

The following table shows the distribution of loans to businesses of different sizes compared to AA demographics.

Borrower Distribution of Loans to Business in Lincoln County AA				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Business	70%	2%	28%	100%
% of Bank Loans in AA by #	100%	0%	0%	100%
% of Bank Loans in AA by \$	100%	0%	0%	100%

Source: Bank Reports and 2000 U.S. Census Data

Performance in the Omaha AA

Equitable Bank’s distribution of loans to businesses of different sizes in the Omaha AA is reasonable. All the business loans originated in the Omaha AA were to businesses with gross annual revenues of less than \$1 million. The following table shows the distribution of loans to businesses of different sizes compared to AA demographics.

Borrower Distribution of Loans to Business in Omaha AA				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Business	63%	5%	32%	100%
% of Bank Loans in AA by #	100%	0%	0%	100%
% of Bank Loans in AA by \$	100%	0%	0%	100%

Source: Bank Reports and 2000 U.S. Census Data

Geographic Distribution of Loans

A geographic analysis of the bank’s AA was not meaningful as the AA consists of only middle- and upper-income geographies.

Responses to Complaints

Equitable Bank has not received any CRA-related complaints since the previous CRA examination.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 195.28(c), the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the Federal Savings Association (FSA), or in any AA by an affiliate whose loans have been considered as part of the FSA’s lending performance.

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