



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 22, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

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

**Comptroller of the Currency
Omaha North Field Office
13710 FNB Parkway, Suite #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.

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INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

The State National Bank and Trust Company (SNB&TC) meets the credit needs of its assessment area. The bank's primary lending activities are to agricultural and consumer borrowers.

- SNB&TC's lending level is satisfactory, given the institution's size, financial condition, and the assessment area's credit needs.
- A significant majority of the bank's loans are within the assessment area (AA).
- Lending to borrowers of different incomes levels and farms of different sizes is satisfactory.

DESCRIPTION OF INSTITUTION

SNB&TC is a \$73 million bank located in Wayne County in northeastern Nebraska. The bank is 84% owned by State National Bancshares, a \$73 million, one-bank holding company located in Wayne, Nebraska. SNB&TC's main office is located in Wayne, Nebraska. The bank also operates one branch in Wayne, Nebraska. The branch location does not offer loan services. The bank does not have any deposit-taking automated teller machines. The bank's corporate structure has not changed since the last Community Reinvestment Act (CRA) examination.

SNB&TC offers traditional loan and deposit products. As of September 30, 2002, the bank's loan portfolio totaled 60% of total assets. The bank's primary credit products are agricultural and consumer loans based on the number and dollar amount of originations. The loan portfolio consisted of 46% agricultural, 20% residential real estate, 18% commercial, and 16% consumer loans based on outstanding dollars.

SNB&TC has no legal or financial impediments, which prevent it from fulfilling its obligation under the CRA. SNB&TC was rated "Satisfactory Record of Meeting Community Credit Needs" at the last CRA examination dated April 13, 1998.

DESCRIPTION OF ASSESSMENT AREA

SNB&TC's AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The bank's AA consists of three contiguous block numbering areas (BNAs). The bank's AA consists of BNA's 9786 and 9787 in Wayne County and BNA 9777 in Dixon County. All three (100%) BNAs are middle-income geographies. Individuals can refer to the bank's CRA Public File for a map outlining the bank's AA.

According to the 1990 U.S. Census, the total population of the AA is 12,803. The 1990 U.S. Census estimated 19% of families in the AA were low-income, 23% moderate-income, 27% middle-income, and 31% upper-income. The 2002 weighted average updated median family income is \$45,800 for non-metropolitan statistical areas in Nebraska. Sixteen percent of the AA households are below the poverty level. The median housing value in the AA is \$35,658 and 61% of housing is owner-occupied.

The local economy is stable to slightly declining. Agriculture, light industry, education, and local government provide the main employment sources in the community. There are nine other financial institutions with branches within Wayne and Dixon counties. These institutions range in size from approximately \$15 million to \$204 million in total assets. These institutions, along with the Farm Services Administration and local brokerage firms, provide the primary competition to SNB&TC.

Examiners made two community contacts with city officials during the CRA examination. Community contacts revealed that agriculture and small business loans are the primary credit needs within the community. SNB&TC offers and originates these types of loans. Both community contacts felt that the credit needs of the community were being met.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

SNB&TC's average lending level is satisfactory. This is based on the bank's loan-to-deposit (LTD) ratio, size, financial condition, and the AA credit needs. SNB&TC's September 30, 2002 net LTD ratio was 72%. SNB&TC's quarterly average LTD ratio for the 18 quarters ending September 30, 2002 was 74%. The bank's average LTD ratio is similar to the average LTD ratio of nine similarly situated banks in the AA. The nine similarly situated banks have an 18-quarter average LTD ratio of 72%, and a range of 58% to 89%. All banks with locations in Wayne and Dixon Counties were used as similarly situated banks for comparison. The similarly situated banks range in size from \$15 million to \$204 million in total assets.

Lending in Assessment Area

SNB&TC originates a significant majority of its loans within the AA. We selected a sample of 20 agricultural and consumer loans originated between April 14, 1998 and January 7, 2003. The sample was reviewed to determine if loans originated to farms and individuals were within the bank's AA.

We found that 19 loans, or 95% of agricultural and consumer loans, were made in the AA. Also, \$1,546,157, or 99% of loan volume, was in the AA.

LENDING WITHIN THE ASSESSMENT AREA				
	# of loans	% of total #	\$ of loans	% of total \$
Inside AA	19	95%	\$1,546,157	99%
Outside AA	1	5%	\$7,100	1%
Totals	20	100%	\$1,553,257	100%

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

SNB&TC has a satisfactory record of lending to agricultural borrowers of different sizes. We reviewed a sample of 20 agricultural loans totaling \$2,746,218 in loan volume to determine the bank's lending to farms of different sizes. All of the loans in this sample were located in the AA and were originated between January 1, 2001 and January 7, 2003.

A majority of the bank's lending was to borrowers with small- and moderate-sized operations, those with less than \$500,000 in gross annual revenue. Loans to small- and moderate-sized operations were 95% by number and 85% by dollar volume. The bank's lending reasonably compares to the 1997 Census of Agricultural data, which shows that 96% of AA farms had annual revenues less than \$500,000.

The bank also actively participates in the Farm Services Administration (FSA) to provide farmers with guaranteed loans. The bank has originated 15 FSA guaranteed loans totaling \$1,320,950 since April 14, 1998.

The following table shows the breakdown of loans to farms as compared to the AA demographics.

LOANS TO FARMS OF DIFFERENT SIZES					
Gross Revenue of Farms	# of loans	% of total #	\$ of loans	% of total \$	% of Farms in AA
< \$99,999	4	20%	\$431,200	16%	67%
\$100,000 - \$249,999	6	30%	\$506,918	18%	22%
\$250,000 - \$499,999	9	45%	\$1,386,100	51%	7%
> \$500,000	1	5%	\$422,000	15%	4%
Total	20	100%	\$2,746,218	100%	100%

SNB&TC has a satisfactory record of lending to individuals of different income levels. We reviewed a sample of 20 consumer loans totaling \$111,728 in loan volume to determine the bank's lending to individuals of different incomes. All of the loans in this sample were located in the AA and were originated between January 1, 2001 and January 7, 2003.

SNB&TC originated 55% of its loans by number, and 56% by volume, to low- and moderate-income borrowers. These percentages compare favorably to the 43% of AA households with low or moderate incomes.

The following table shows the breakdown of loans to individuals as compared to the AA

demographics.

LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS					
Income Level	# of loans	% of total #	\$ of loans	% of total \$	% of Households in AA
Low	7	35%	\$43,847	39%	24%
Moderate	4	20%	\$18,269	17%	19%
Middle	6	30%	\$37,263	33%	23%
Upper	3	15%	\$12,349	11%	34%
Total	20	100%	\$111,728	100%	100%

Geographic Distribution of Loans

All three BNAs within the AA are middle-income. Therefore, specific analysis of geographic distribution is not meaningful.

Responses to Complaints

The Office of the Comptroller of Currency (OCC) and the bank have not received any complaints regarding the bank's CRA performance since the last CRA examination dated April 13, 1998.

Fair Lending Review

An analysis of 1999 through 2001 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.