



Public Disclosure

March 29 , 1999

Community Reinvestment Act Performance Evaluation

**Charter West National Bank
Charter Number 18601**

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

**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 **Charter West National Bank**, West Point, Nebraska prepared by The Office of the Comptroller of the Currency, as of March 29, 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 majority of the bank's loans are within the Assessment Area.
- C The bank is lending to individuals of different income levels and does an effective job of lending to farms of different sizes.

Description of Institution

Charter West National Bank, West Point, Nebraska is a \$50 million bank serving Cuming County in Nebraska. The main office and branch are located in West Point and are readily accessible to all Cuming County residents. NationWide BankShares, Inc., a two bank holding company, owns 100% of the bank stock. The bank has no legal or financial impediments limiting its ability to meet the area's credit needs.

On December 31, 1998, the bank's loan portfolio was 71% of total assets. The bank's primary products are agricultural, commercial and residential real estate loans. Our conclusions are based on an analysis of the bank's agricultural lending and its primary consumer product, residential lending.

LOAN PORTFOLIO MIX (Current outstanding loans as of December 31, 1998)				
	Loans by \$ (\$000)	% of Loans by \$	Loans by Number	% of Loans by Number
Agricultural	18,663	51.07%	468	30.37%
Commercial	7,986	21.85%	203	13.17%
Residential RE	6,950	19.02%	212	13.76%
Individual	2,551	6.98%	656	42.57%
Other	397	1.08%	2	.13%
Total	36,547	100.00%	1541	100.00%

Charter West National Bank's CRA performance was rated "Satisfactory" at the last CRA examination dated May 6, 1996.

Description of Charter West National Bank's Assessment Area

The bank's Assessment Area (AA) meets the requirements of CRA. The AA includes all of Cuming County, which includes Block Numbering Areas (BNA) # 9826, #9827, #9828. The population of the AA is 10,117. The AA is primarily agricultural. Most farms in the AA are small or moderate in size. The AA has several small communities, with West Point being the largest community.

The 1998 Nebraska state-wide median family income is \$39,300. The 1990 U.S. Census indicates the median family income as \$27,623. The income from the 1990 U.S. Census is used to determine the income level of each BNA (low, moderate, middle, and upper). All three BNA in Cuming County are

considered middle-income tracts. The family income distribution in the AA is 15% low-income, 25% moderate-income, 27% middle-income, and 33% upper-income. The local economy is stable, but poor agricultural prices could negatively the area. The main sources of employment are provided by agriculture, processing plants, local government, the medical field, manufacturing, and local schools.

The banking environment in the AA is competitive. Eight banks provide competition for loans and deposits in Cuming County. The primary credit needs of the AA are agricultural, while secondary credit needs are residential home loans and small business loans. We determined the credit needs of the AA by contacting a representative of Farm Service Agency, 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.

Charter West National Bank’s loan-to-deposit ratio is reasonable, given it’s size, financial condition, and AA credit needs. The loan-to-deposit ratio averaged 86.1% over the past eleven quarters. This is the second highest loan-to-deposit ratio in Cuming County. The loan-to-deposit ratios for other banks in Cuming County range from 60.1% to 89.4% for the last eleven quarters.

The bank is lending in the Assessment Area.

The bank originates a majority of its loans within the assessment area. The following tables summarize the degree of the bank’s lending within its assessment area.

ASSESSMENT AREA CONCENTRATION

IN/OUT RATIO FOR AGRICULTURAL LOANS				
	Number of Loans	% of Total Number	\$ of Loans (\$000)	% of Total \$
Inside Assessment Area	12	52.2%	\$5,264	57.9%
Outside Assessment Area	11	47.8%	\$3,830	42.1%
TOTAL	23	100.0%	\$9,094	100.0%

Note: Sample was selected from borrowers with loans originated in 1997 or 1998 using original loan amounts.

Charter West National Bank originates a majority of its agriculture loans inside the AA. Based on our sample, 52.2% of the number of loans, and 57.9% by the dollar volume were in the AA.

IN/OUT RATIO FOR RESIDENTIAL REAL ESTATE LOANS*				
	Number of Loans	% of Total Number	\$ of Loans (\$000)	% of Total \$
<i>Inside Assessment Area</i>	15	68.2%	\$737	73.6%
<i>Outside Assessment Area</i>	7	31.8%	\$264	26.4%
TOTAL	22	100.0%	\$1,001	100.0%

* These loans include *Home Purchase, Home Improvement, Refinance, and Home Equity* loans originated in 1997 and 1998 using original loan amount.

Charter West National Bank originates a majority of its residential real estate loans inside the AA. Of the residential loans sampled, more than 68% of the number of loans and more than 73% by dollar volume were inside of the AA.

The bank does an effective job of lending to farms of different sizes and makes loans to individuals of different income levels.

The following tables demonstrate the bank's willingness to make loans to farms of all sizes and individuals of different income levels. We analyzed agricultural and residential loans, the bank's primary commercial and consumer products. The bank's agricultural lending performance was compared to the 1992 Agricultural Census Data prepared by the U.S. Bureau of the Census. The bank's residential real estate lending performance was compared to the 1990 Census data. Loan samples were selected from borrowers with loans in 1997 or 1998.

LOANS TO FARMS OF DIFFERENT SIZES					
Gross Revenue of Farms†	\$ of Loans	% of Total \$ Loans	Number of Loans	% of Total Number	% of Farms in Area *
\$10,000-100,000	\$1,493	16.4%	6	26.1%	55.6%
\$100,001-250,000	\$3,924	43.2%	11	47.8%	23.0%
\$250,001-\$500,000	\$1,520	16.7%	2	8.7%	10.1%
over \$500,000	\$2,157	23.7%	4	17.4%	11.3%
TOTAL	\$9,094	100.0%	23	100.0%	100.0%

† Revenue information taken from latest tax return or the cash flow in each credit file.

* Information is from the 1992 U.S. Agriculture Census for Cuming County.

The bank does an effective job lending to farms of different sizes. The majority of loans originated, 73.9% by number, are to small and moderate-sized farms with sales less than \$250,000. Although, the bank's ratio for lending to small and moderate-sized farms is slightly below the agricultural census ratio of 78.6%, it is reasonable.

Residential Real Estate Lending Activity by Borrower Income					
Family Income Category	\$ of Loans (\$000)	% of Loans by \$	Number of Loans	% of Loans By Number	% of Families in AA
<i>Low-Income</i>	114	11.4%	3	13.6%	14.6%
<i>Moderate-Income</i>	148	14.8%	5	22.7%	25.4%
<i>Middle-Income</i>	486	48.5%	8	36.4%	26.7%
<i>Upper-Income</i>	253	25.3%	6	27.3%	33.3%
TOTAL	1001	100.0%	22	100.0%	100.0%

Sources: Loan amounts originated (1997 and 1998) and 1990 U.S. Census Data.

The bank is lending to individuals of different income levels. The sample indicated that the bank originated 13.6% by number of loans to low-income families. This is slightly below the 14.6% of low-income families in the AA, but is reasonable. The bank also originated 22.7% of the number of loans sampled to moderate-income families. This is also slightly below the 25.4% of moderate-income families in the AA, but is also reasonable.

The bank does offer secondary market loans through a third party. The bank had seven secondary market loans totaling \$394,150 in 1997 and 1998 to low- or moderate-income families.

Geographic Distribution of Loans

A geographic distribution of loans was not performed since all the BNA in the AA are middle-income. A geographic distribution is not meaningful if there are no low- or moderate-income BNA in the AA.

Response to Complaints

The bank received no written complaints related to its CRA performance.

Record of Compliance With Anti-Discrimination Laws

We did not detect violations of any substantive provisions of anti-discrimination laws or disparate

treatment of applicants during our fair lending examination. The bank has satisfactory fair lending policies, procedures, and training programs in place.