



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**August 06, 2009**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Charter West National Bank  
Charter Number 18601

201 South Main  
West Point, NE 68788-0288

Office of the Comptroller of the Currency

Omaha Field Office  
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.**

Charter West National Bank (CWNB) meets the credit needs of its assessment areas (AAs). The major facts that support this rating include:

- CWNB's distribution of loans represents a reasonable penetration among individuals of different income levels and farms of different sizes.
- A majority of CWNB's primary loan products are within the bank's AAs.
- CWNB's average loan-to-deposit (LTD) ratio is reasonable compared to similarly situated banks in the AAs.

## **SCOPE OF EXAMINATION**

CWNB was evaluated under the Small Bank examination procedures, which evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The scope of the CRA examination included the time period of January 1, 2007 to July 13, 2009.

CWNB's primary loan products in the Non-MSA AA and MSA AA are agricultural and residential real estate loans, respectively. To evaluate the bank's agricultural lending performance, we selected a sample of agricultural loans from the Non-MSA AA which were originated between January 1, 2007 and July 13, 2009, using those loans currently on the balance sheet. To evaluate the bank's residential real estate lending performance, we selected a sample of residential real estate loans from the MSA AA which were originated between January 1, 2007 and July 13, 2009, also using those loans currently on the balance sheet.

## **DESCRIPTION OF INSTITUTION**

CWNB is a \$177 million bank headquartered in West Point, Nebraska, in Cuming County. The bank is 100% owned by Nationwide Bancshares, Inc. CWNB has full-service locations in West Point, Elkhorn, Walthill, and Pender, Nebraska. The bank has no deposit-taking automated teller machines (ATM). The bank also has eight Loan Production Offices (LPOs) located in Columbus, Hastings, Elkhorn, LaVista, Grand Island, Kearney, Lincoln, and Lexington. All eight LPOs generate mortgage loans. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA's. The bank received a "Satisfactory" rating at its last CRA examination dated December 19, 2003.

CWNB offers a full range of deposit and loan products and services. Residential mortgage and agricultural lending are primary business focuses. Within the residential mortgage portfolio, the bank originates long-term mortgage loans for sale on the

secondary market. As of March 31, 2009, the bank's loan portfolio totaled 74% of total assets. In the Non-MSA AA we determined the primary product to be agricultural, and in the MSA AA we determined the primary product to be residential real estate loans. The following table shows the breakdown of loans originated and purchased from January 1, 2007 to July 13, 2009.

**Primary Products in Non-MSA Assessment Area (AA)**

<b>Loan Type</b>	<b>% by Dollars of Loans Originated/Purchased during evaluation period</b>	<b>% by Number of Loans Originated/Purchased during evaluation period</b>
Home Loans	24%	9%
Consumer Loans	8%	49%
Business Loans	13%	10%
<b>Agricultural Loans</b>	<b>55%</b>	<b>32%</b>
Total	100%	100%

*Source: Bank Reports.*

**Primary Products in MSA AA**

<b>Loan Type</b>	<b>% by Dollars of Loans Originated/Purchased during evaluation period</b>	<b>% by Number of Loans Originated/Purchased during evaluation period</b>
<b>Home Loans</b>	<b>62%</b>	<b>47%</b>
Consumer Loans	5%	20%
Business Loans	33%	32%
Agricultural Loans	<1%	1%
Total	100%	100%

*Source: Bank Reports.*

**DESCRIPTION OF ASSESSMENT AREA(S)**

CWNB has two AAs primarily located within Nebraska, which are described below.

**MSA AA**

The MSA AA consists of 237 census tracts, which includes the whole counties of Cass, Douglas, Sarpy, Saunders, and Washington Counties in Nebraska and Harrison, Mills, and Pottawattamie Counties in Iowa. All counties are a part of the Omaha/Council Bluffs MSA. The AA consists of seven low income, 61 moderate income, 115 middle income, and 54 upper income census tracts. The bank's AA meets the requirements of the regulations and does not arbitrarily exclude low- or moderate-income geographies. A map of the AA can be obtained from the bank's CRA Public File.

According to the 2000 U.S. Census, the total population of the AA was 767,041. The Housing and Urban Development (HUD) 2009 weighted average median family income for the metropolitan statistical area was \$69,900. Approximately 63% of housing units are owner-occupied. Of the 294,990 total AA households, over 8% are below the poverty level.

The local economy in this AA has seen some of the effects of the nationwide economic downturn; however, the effects have not been nearly as severe as experienced on a national scale. According to the Bureau of Labor Statistics, unemployment for the entire Omaha/Council Bluffs MSA through June 2009 was 5.4%. This figure increased from the June 2008 unemployment rate of 3.7%. The major employment industries in this AA are retail trade, services, and public administration.

### **Non-MSA AA**

The Non-MSA AA consists of six census tracts, and includes all of Cuming and Thurston Counties. The AA consists of two moderate income and four middle income census tracts. The bank's AA meets the requirements of the regulations and does not arbitrarily exclude low- or moderate-income geographies. A map of the AA can be obtained from the bank's CRA Public File.

According to the 2000 U.S. Census, the total population of the AA was 17,374. The 2000 Census indicated a weighted average median family income for non-MSAs in Nebraska of \$35,506. Approximately 62% of housing units are owner-occupied. Of the 6,202 total AA households, over 13% are below the poverty level.

The local economy in the Non-MSA AA has seen fewer effects of the nationwide economic downturn; however, unemployment figures have risen. According to statistics from the Nebraska Workforce Development, in Cuming County, the unemployment rate increased from 2.8% in June 2008 to 4.2% in June 2009. In Thurston County, the unemployment rate increased from 7.1% in June 2008 to 10.2% in June 2009. The major employment industries in this AA are agricultural, public administration, and health care.

Examiners recently completed a community contact located in Cuming County. The community contact described the economic conditions of the area as fair overall. The contact indicated the primary needs in the area as agricultural and small business loans. The contact concluded that local financial institutions do a good job at helping to support the needs of the community and offering financial assistance. Examiners also recently interviewed a community contact located in Sarpy County (Omaha/Council Bluffs MSA AA). In Omaha, the contact indicated the largest need is affordable housing. Both contacts found no significant unmet needs within the respective communities.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

CWNB's average loan-to-deposit (LTD) ratio is reasonable for satisfactory performance given the bank's size, financial condition, and the AA's credit needs. The LTD ratio averaged 85.98% over the past twenty quarters and was 88.56% as of March 31, 2009. CWNB's LTD ratio ranged from a high of 89.93% to a low of 80.87%.

CWNB's average LTD ratio compares favorably with other financial institutions that are similarly situated with regards to asset size, location, and product offerings. The twenty quarter average of six similarly situated banks ranged from a high of 104.55% to a low of 78.73%, with an average of 92.24%.

### Lending in Assessment Area

A majority of CWNB's primary loan products were made within the bank's AAs. We reviewed a sample of 20 agricultural loans within the Non-MSA AA and 20 residential real estate loans within the MSA AA, originated between January 1, 2007 and July 13, 2009. The following table details the bank's lending within the AA by number and dollar amount of loans. Sixty percent of the loans originated in these primary loan products were made within the bank's AAs.

Table 1 - Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Loans	10	50%	10	50%	20	\$1,628,162	47%	\$1,807,159	53%	\$3,435,321
Agricultural	14	70%	6	30%	20	\$604,167	34%	\$1,153,051	66%	\$1,757,218
Totals	24	60%	16	40%	40	\$2,232,329	43%	\$2,960,210	57%	\$5,192,539

Source: Bank Reports.

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

The distribution of loans reflects a reasonable penetration among individuals of different income levels and farms of different sizes.

#### Performance in the MSA AA

The distribution of home loans to borrowers reflects reasonable penetration among borrowers of different income levels. The bank's level of lending to low- and moderate-income borrowers is below the demographic comparator. This is reasonable, given the large majority of the individuals living in the area surrounding the branch and LPOs are of middle and upper income levels.

The following table shows the distribution of home loans among borrowers of different income levels for the period of January 1, 2007 through July 13, 2009 as compared to the percent of families in each income category.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in MSA AA</b>								
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
Residential RE	17.73%	5%	19.37%	10%	24.72%	35%	38.18%	50%

Source: Loan sample and 2000 U.S. Census data.

### Performance in the Non-MSA AA

The distribution of loans to farms reflects reasonable penetration among farms of different sizes. Ninety percent of the bank's loans to farms originated and purchased during the loan sampling period were made to small farms. Small farms are farms with gross annual revenues of one million dollars or less. This is considered reasonable compared to demographic data that shows 97% of the area's farms are considered small farms.

The following table shows the distribution of farm loans among different sized farms in the AA.

<b>Table 2A - Borrower Distribution of Loans to Farms in Non-MSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	96.52%	2.66%	0.82%	100%
% of Bank Loans in AA by #	90%	10%	0%	100%
% of Bank Loans in AA by \$	97%	3%	0%	100%

Source: Loan sample and Dunn and Bradstreet data.

### **Geographic Distribution of Loans**

The distribution of loans reflects reasonable dispersion throughout the bank's AAs. There were no conspicuous gaps identified within CWNB's AA.

### Performance in the MSA AA

The bank's geographic distribution of home loans in this AA reflects reasonable dispersion throughout census tracts of different income levels. While the bank did not originate any home loans in the low- and moderate-income census tracts in this AA, this is considered reasonable because there are no low- and moderate-income census tracts surrounding the area of the branch or LPOs. In addition, only 3% of the census tracts in this AA are low-income and 26% are moderate-income with the majority, 48%, being middle-income. To further support the reasonableness of the bank's performance, the bank only has two locations to service the entire Omaha/Council Bluffs MSA. Therefore, opportunities for the bank to make home loans in low-and

moderate-income census tracts are limited.

The following table details the bank’s performance as compared to the percentage of owner-occupied housing units in each census tract income level.

<b>Table 3 - Geographic Distribution of Residential Real Estate Loans in MSA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential RE	0.97%	0%	19.35%	0%	53.30%	46%	26.38%	54%

Source: Loan sample and 2000 U.S. Census data.

### Performance in the Non-MSA AA

The bank’s geographic distribution of farm loans in this AA reflects excellent dispersion throughout census tracts of different income levels. Lending in the moderate-income census tracts greatly exceeded demographic comparators.

The following table details the bank’s performance as compared to the percentage of farms in each census tract income level.

<b>Table 3A - Geographic Distribution of Loans to Farms in Non-MSA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Agricultural	0%	0%	13.70%	30%	86.30%	70%	0%	0%

Source: Loan sample and Dunn and Bradstreet data.

### **Responses to Complaints**

The Office of the Comptroller of the Currency and the bank did not receive any complaints about its CRA performance during the evaluation period.

### **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.