



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 15, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Wauneta Falls Bank, N.A.
Charter Number 23318**

**202 North Tecumseh
P.O. Box 219
Wauneta, Nebraska 69045**

**Comptroller of the Currency
50 Fremont Street, Suite 3900
San Francisco, California 94105**

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.
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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 Community Reinvestment Act (CRA) performance of **Wauneta Falls Bank, N.A.** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 15, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory.**”

Wauneta Falls Bank, N.A. is serving the credit needs of its community through agricultural, small business, mortgage and other consumer lending. The bank's loan-to-deposit ratio is high indicating it is an active lender in the community. A substantial majority of its loans are made within its assessment area. The bank makes loans to individuals, including low- and moderate-income individuals and farms and businesses of all income levels.

DESCRIPTION OF INSTITUTION:

Wauneta Falls Bank is a \$26 million community bank with its main office located in Wauneta, Nebraska, and a branch located in Grant, Nebraska. Wauneta is in Chase County and Grant is the county seat of Perkins County. The bank is owned by Wauneta Falls Bancorp, Inc., a two-bank holding company. The bank has three automated teller machines (ATMs), two located in Grant and one in Wauneta. Direct competition consists of two banks in Grant. There are no other financial institutions in Wauneta. Six other banks are located in the assessment area.

The principal lending focus of Wauneta Falls Bank is agricultural. The loan portfolio composition is 59% agricultural operating and agricultural real estate secured loans, 16% residential loans, 14% commercial loans and 11% consumer purpose loans.

The size of the bank is the only constraint on its ability to serve the credit needs of the community. Performance under the CRA was rated "Satisfactory" at the August 22, 1994, examination conducted by the Federal Deposit Insurance Corporation.

DESCRIPTION OF ASSESSMENT AREA:

The bank has designated the surrounding five county area, which includes Perkins, Chase, Dundy, Hayes, and Hitchcock Counties, as its assessment area. The assessment area meets the legal requirements of the CRA and does not exclude any low- or moderate-income areas. The five counties comprise the southwest corner of the State of Nebraska. There are no Metropolitan Statistical Areas (MSAs) within the assessment area. Each county consists of one block numbering area (BNA). All five BNAs are designated middle-income based upon the 1990 U.S. Census statewide non-MSA median-family income of \$27,623. The table on the next page provides a breakdown of family income levels within the five counties based on the updated 1997 statewide non-MSA median-family income of \$37,100.

The regional economy has stabilized after several years of decline in the early 1980's. The migration of people out of the area has stopped, but growth remains slow. The major employment sectors in the regional economy are farming, ranching, government, and education.

FAMILY INCOME LEVELS OF ASSESSMENT AREA		
<i>Classification and Income Range</i>	<i>Number</i>	<i>Percent</i>
<i>Low-income (Less than \$18,550)</i>	822	19.3
<i>Moderate-income (At least \$18,550 but less than \$29,680)</i>	979	22.9
<i>Middle-income (At least \$29,680 but less than \$44,520)</i>	1,123	26.3
<i>Upper-income (\$44,520 and over)</i>	1,343	31.5
<i>Total</i>	4,267	100.0

During our review, we initiated a community contact with a local business leader who is also a member of the Wauneta Village Board. We also reviewed a few recent contacts made in Grant and Imperial, Nebraska. These contacts indicate the credit needs of the area are generally being met by the local financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is good given its size and operating environment and exceeds the standard for satisfactory performance. Over the past eight quarters the bank's loan-to-deposit ratio averaged 89.60%. This average exceeds the performance of other banks operating in the assessment area and the average of the entire state. The average ratio for the six other institutions in the five-county assessment area is 69.22% as of June 30, 1997.

Lending in Assessment Area

The bank's record of lending within its assessment area meets the standard for satisfactory performance. Wauneta Falls Bank consistently makes a substantial majority of its loans in its assessment area. We reviewed all loans originated at both the main office and branch location between January and August of 1997. The analysis shows that 80.6% of the outstanding loans (by number of loans) were within the assessment area. The results showed that the Wauneta location originated a higher portion of its loans within the assessment area, while the Grant branch was more likely to draw customers from surrounding areas. A bank management-prepared analysis of the loan portfolio confirmed our results.

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

The bank's record of lending to borrowers of different incomes and to businesses of different sizes meets the standard for satisfactory performance. The bank's loan portfolio reflects good penetration among individuals of various income levels and to farms of different revenue sizes. We focused our review on the types of loans that the bank specializes in, agricultural and consumer loans. Commercial loans were not reviewed because they are made infrequently by the bank. We reviewed a sample of 28 agricultural operating and real estate loans made between January 1, 1997, and August 31, 1997. As indicated by the table below, 92% of the agricultural loans were to small farms or ranches with annual revenue less than \$500,000. This sample shows that management is serving the credit needs of small farms in the assessment area.

AGRICULTURAL OPERATING AND REAL ESTATE LOANS BY ANNUAL REVENUE		
<i>Borrowers with revenue:</i>	<i>Number</i>	<i>Percent</i>
<i>Less than \$500,000</i>	<i>26</i>	<i>92.8</i>
<i>Between \$500,000 and \$1 million</i>	<i>2</i>	<i>7.2</i>
<i>Greater than \$1 million</i>	<i>0</i>	<i>0</i>
<i>Sample Size</i>	<i>28</i>	<i>100.0</i>

We also verified that the consumer and internally coded mortgage loans are being made to borrowers of all income levels. We reviewed bank reports and a sample of consumer and mortgage loan files. Our sample of 29 consumer loans (exclusive of mortgage loans) made between January 1, and August 31, 1997, showed that over 55% of the loans were made to borrowers of low- or moderate-income levels. The results for the consumer loan sample compare favorably with the demographic data which shows that low- and moderate-income families represent 42.2% of the population in the assessment area.

The mortgage loan sample of 15 loans showed that 33% of the mortgages were made to low- or moderate-income borrowers. The sample results reflect reasonable penetration into the low- and moderate-income groups. However, the amount of mortgage lending to low- and moderate-income families is less than the representation of those families within the community. The following two tables show the breakdown of our samples.

DISTRIBUTION OF CONSUMER LOANS BY INCOME LEVEL OF BORROWER			
<i>Income Category:</i>	<i>Loan Sample</i>		<i>Family Income Distribution within the Assessment Area</i>
	<i>Number</i>	<i>Percent</i>	
<i>Low-income</i>	6	20.7	19.3
<i>Moderate-income</i>	10	34.5	22.9
<i>Middle-income</i>	10	34.5	26.3
<i>Upper-income</i>	3	10.3	31.5
<i>Sample Size</i>	29	100.0	100.0

REAL ESTATE SECURED CONSUMER LOANS BY INCOME LEVEL OF BORROWER			
<i>Income Category:</i>	<i>Loan Sample</i>		<i>Assessment Area Demographics</i>
	<i>Number</i>	<i>Percent</i>	
<i>Low-income</i>	1	6.7	19.3
<i>Moderate-income</i>	4	26.7	22.9
<i>Middle-income</i>	8	53.3	26.3
<i>Upper-income</i>	2	13.3	31.5
<i>Sample Size</i>	15	100.0	100.0

Geographic Distribution of Loans

The assessment area is comprised of five middle-income BNAs. As a result, an analysis of the bank's efforts to penetrate geographies grouped by income characteristics is not meaningful.

Response to Complaints

No CRA related complaints have been received by Wauneta Falls Bank.

Record of Compliance with Antidiscrimination Laws

We did not find any evidence of discrimination or practices intended to discourage applicants from applying for credit during our concurrent fair lending examination.