



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 19, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Southwest National Bank of Wichita
Charter Number 12346**

**400 East Douglas
Wichita, Kansas 67202**

**Office of the Comptroller of the Currency
South Kansas Field Office
3450 North Rock Road, Suite 505
Wichita, Kansas 67226-1327**

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 Community Reinvestment Act (CRA) performance of **Southwest National Bank of Wichita, Wichita, Kansas** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of February 19, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

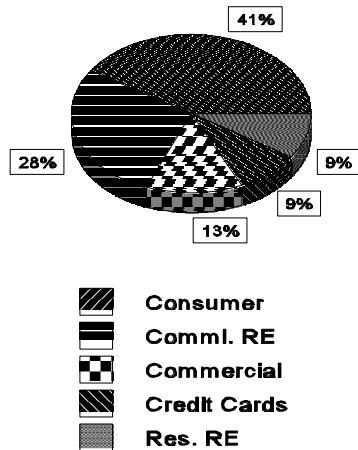
INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory**.”

The bank’s loan-to-deposit ratio is reasonable, with a majority of loans being made within the assessment area. The bank has a satisfactory level of lending to borrowers of different income levels and to businesses of various sizes. The geographic distribution of the bank’s credit extensions is satisfactory.

DESCRIPTION OF INSTITUTION

Southwest National Bank (SWNB), a \$119 million financial institution, is one of eleven banks headquartered in the bank's assessment area.

Loan Portfolio Composition
December 31, 1997



The bank has a main office and three branches, all located in Wichita. SWNB also offers two automated teller machines (ATMs). Republic Financial Corporation, a multi-bank holding company, owns 100% of the bank. SWNB is a full service bank and offers a variety of loan products with an emphasis on consumer loans. As of December 31, 1997, consumer instalment loans accounted for 42% of the bank's \$74 million loan portfolio, with credit cards representing another 10%. Commercial and commercial real estate loans totaled 14% and 26%, respectively. Residential real estate loans comprised 8% of the loan portfolio.

The bank's financial condition, size, local economic conditions, and other factors allow it to help meet the credit needs of its assessment area. SWNB has not opened or closed any branches since the prior CRA examination. At the previous CRA examination dated August 17, 1995, SWNB received a satisfactory rating.

DESCRIPTION OF ASSESSMENT AREA

SWNB's assessment area (AA) includes most of Sedgwick County. The AA is in the Wichita Metropolitan Statistical Area (MSA) and consists of 87 contiguous census tracts (CTs). The AA contains 10 low-income CTs, 24 moderate-income CTs, 38 middle-income CTs, and 15 upper-income CTs. The AA does not arbitrarily exclude any low- or moderate-income areas.

The AA has a population of 333,531, based on 1990 census information. Wichita is the largest city in Sedgwick County with a population of approximately 304,000. The local economy is strong and diverse with retail trade, services, government, and manufacturing. The manufacturing base has four major aircraft manufacturers, a major camping supply manufacturer, and a chemical manufacturer.

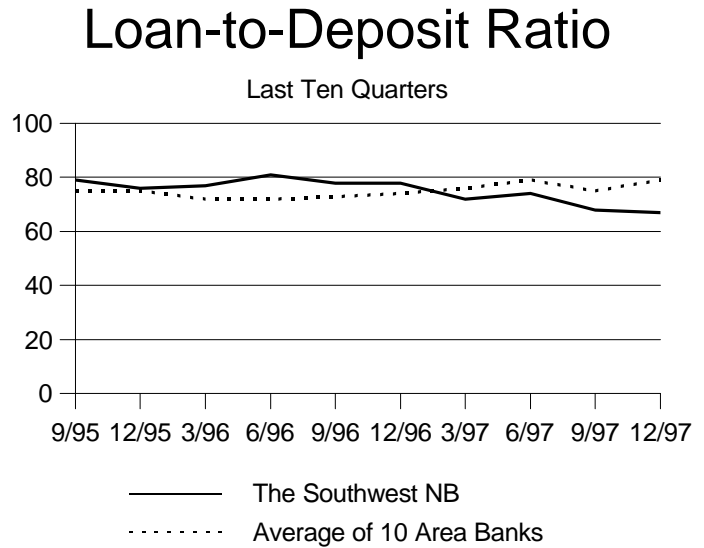
Examiners reviewed seven community contacts with community groups and local Realtors. The contacts revealed low-income housing, consumer instalment, and small business lending as the AA's primary credit needs.

The Kansas 1997 metropolitan median family income is \$45,800. In the AA 20% of the families are low-income, 19% are moderate-income, 25% are middle-income, and 36% are upper-income.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

The bank's level of lending is reasonable, considering its competitive environment. Based on the last ten quarters ending December 31, 1997, the bank's average loan-to-deposit ratio was 75%. This was comparable to the average loan-to-deposit ratio of 75% for the other ten banks headquartered within the AA. Of the eleven area banks, SWNB has the seventh highest average loan-to-deposit ratio. The other ten bank's have average loan-to-deposit ratios ranging from 98% to 47%.



Lending in Assessment Area

SWNB extends a majority of its loans within the AA. The following table depicts the distribution of the selected loans samples by number and dollar amount.

Percentage of New Loans Granted Within the Assessment Area			
Loan Type	Year	% by Number	% by Dollar
Residential RE*	1996	58	83
Residential RE*	1997	67	49
Consumer Loan Sample	1997	71	76
Commercial Loan Sample	1997	90	86

* = Source: Bank Records

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

Lending levels to borrowers of different income levels are satisfactory. The following table compares the bank's residential real estate loan penetration by borrower income to the percentage of families in each income category. The data indicates the bank has a reasonable distribution of loans, by number, to low- and moderate-income borrowers.

Distribution of Residential Real Estate Loans by Income Levels						
			1996		1997	
BORROWERS' INCOME		% of Families	% by Number *	% by Dollar *	% by Number *	% by Dollar *
Low	\$23,000 & less	20%	13%	4%	20%	5%
Moderate	\$23,001 to \$37,000	19%	28%	10%	23%	8%
Middle	\$37,001 to \$55,000	25%	28%	24%	18%	11%
Upper	\$55,001 and over	36%	31%	62%	39%	76%

* = Source: Bank Records

Examiners also sampled 92 consumer instalment loans made in 1997. The sample shows the bank has a smaller percentage of loans to low-income individuals than represented in the AA, while SWNB has a strong record of lending to moderate-income individuals.

Distribution of Consumer Loan Sample by Income Levels						
BORROWERS' INCOME		% of Families	Number of Loans	%by Number	Dollar of Loans (000)	% by Dollar
Low	\$23,000 & less	20%	13	14%	81	7%
Moderate	\$23,001 to \$37,000	19%	36	39%	343	31%
Middle	\$37,001 to \$55,000	25%	26	28%	465	42%
Upper	\$55,001 and over	36%	17	18%	230	21%

Lending levels to businesses of different sizes is satisfactory. Examiners sampled twenty commercial loans granted during 1997. Management considers 90% of these borrowers as small businesses with annual gross revenues of less than \$1 million. The following table shows the distribution by annual gross revenues.

Distribution of Commercial Loan Sample by Gross Revenues				
ANNUAL GROSS REVENUES	Number of Loans	% by Number	Dollar of Loans (000)	% by Dollar
\$100,000 & less	6	30%	843	45%
\$100,001 to 250,000	9	45%	352	19%
\$250,001 to 500,000	2	10%	519	28%
\$500,001 to 1,000,000	1	5%	50	2%
\$1,000,001 & over	2	10%	10	6%

Geographic Distribution of Loans

The geographic distribution of the bank’s credit extensions is satisfactory. The bank’s records indicate reasonable penetration, by number of loans, in low- and moderate-income CTs. The following chart shows the distribution of residential real estate loans by CT income level compared to the percentage of CTs.

Geographic Distribution of Residential Real Estate Loans Within the Bank’s Assessment Area									
CENSUS INFO.		1996				1997			
Census Tracts	CT % in AA	Number of Loans	% by Number	Dollar of Loans (000)	% by Dollar	Number of Loans	% of Number	Dollar of Loans (000)	% by Dollar
Low	11%	5	3%	34	1%	4	10%	14	2%
Moderate	28%	24	17%	32	1%	9	24%	115	16%
Middle	44%	81	56%	2,300	92%	20	53%	452	62%
Upper	17%	35	24%	137	6%	5	13%	148	20%

Source: Bank Records

According to the bank’s analysis on the entire loan portfolio, the bank has slightly lower penetration in the low- and moderate-income CTs represented in the AA. SWNB does have a lending presence in every CT within the assessment area. Examiners verified the bank’s information.

Geographic Distribution of Entire Loan Portfolio					
CENSUS TRACTS	CT % of AA	Number of Loans	% by Number	Dollar of Loans (000)	% by Dollar
Low	11%	278	8%	3,080	6%
Moderate	28%	771	24%	11,127	23%
Middle	44%	1,436	44%	16,208	34%
Upper	17%	796	24%	17,657	37%

Source: Bank Records

Response to Complaints

The bank not received any CRA related complaints since the previous CRA examination.

Compliance with Anti-Discrimination Laws and Regulations

Based on our review, the bank is in compliance with all provisions of antidiscrimination laws and regulations. Examiners did not find any evidence of disparate treatment.