



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

July 05, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Anthony
Charter Number 3385**

**Main and Bluff Streets
Anthony, KS 67003**

**Comptroller of the Currency
Wichita Field Office
3450 North Rock Road Suite 505
Wichita, KS 67226**

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.

- The First National Bank of Anthony's average loan-to-deposit ratio of 83% is comparable to the average of 82% for fifteen other similarly situated banks.
- A majority of the bank's primary loan products have been granted in the assessment areas. The loan samples indicate 53% of the number and 41% of the dollar volume were granted within the assessment areas.
- First National Bank of Anthony demonstrated satisfactory lending to borrowers of different incomes and businesses of different sizes. The consumer loan sample indicated that 55% and 10% of the loans were granted to low- and moderate-income borrowers, respectively. The volume of lending to businesses of different sizes is good. The commercial loan sample indicated 68% of the loans were granted to businesses with annual revenues less than one million dollars. The agricultural loan sample indicated that 100% of the loans were granted to farms with annual revenues less than one million dollars.

DESCRIPTION OF INSTITUTION

The First National Bank of Anthony (First National) is a \$140 million bank, headquartered in Anthony, Kansas. In addition to its main office, the bank has branches in Overland Park, Wichita, Harper, and Mayfield, Kansas. The bank operates ATMs at the Anthony, Overland Park, Wichita, and Harper bank locations. Since the last CRA examination, the bank added the branch and the ATM in Overland Park, Kansas. First SCK Financial Corporation, a \$13 million one-bank holding company located in Anthony, Kansas, owns 100% of the bank.

First National is a full-service bank offering a variety of loans. Net loans represent 80% of the bank's total assets. As of March 31, 2006, the bank's \$113 million loan portfolio had the following composition: 75% real estate, 13 % commercial, 10% agricultural, and 2% individual loans.

The bank's primary lending products, by number and dollar amount of loans granted since the last CRA examination, were agricultural and other consumer (excludes vehicle purchases) in the Anthony/Harper/Mayfield assessment area (AA), commercial and residential real estate custom construction in the Wichita AA, and commercial and residential real estate speculation/model construction in the Overland Park AA.

The bank's financial condition, size, local economic conditions, and other factors allow it to meet the credit needs of its assessment area. We assigned a "Satisfactory" rating at the June 25, 2001 Community Reinvestment Act (CRA) examination.

DESCRIPTION OF ASSESSMENT AREA

First National has three assessment areas: Anthony/Harper/Mayfield consists of all of Harper County, Kansas (census tracts 9916, 9917, and 9918), a portion of Sumner County, Kansas (census tracts 9922 and 9923) and a portion of Grant County, Oklahoma (census tract 9565); Wichita consists of a portion of Sedgwick County (census tracts 93.01, 93.02, 94.01, 94.02, 95.03, 95.04, 95.05, 95.06, 95.07, 95.08, 95.09, 95.10, 95.11, 95.12, 95.13, 103, and 105); and Overland Park consists of a portion of Johnson County (census tracts 530.09, 530.10, 531.06, 532.03, 534.04, 534.05, 534.06, 534.07, 534.08, 534.09, and 534.10).

The Anthony/Harper/Mayfield AA is located in south-central Kansas, southwest of Wichita. All six census tracts are middle-income tracts. The Sumner County portion of the AA is in the Wichita Metropolitan Statistical Area (MSA). The 2000 U.S. Census population of the AA was 18,787 and the 2005 Housing and Urban Development (HUD) median family income was \$50,225. The AA has the following income distribution for households: 22% low-income, 17% moderate-income, 20% middle-income, and 41% upper-income. Of the 7,432 households in the AA, 36% receive social security, 11% are below the poverty level, and 3% receive public assistance. Twenty percent of the population is over the age of sixty-five and 30% of the population consists of civilians not in the workforce. The median housing value is \$51,787 and 67% of the housing units are owner-occupied. The trade area is dependent on agriculture, namely wheat and cattle. Major employers include CELCO, Prairie Belting, and US Floss. The June 2006 unemployment rate for Kansas was 4.7%.

The Wichita AA contains eight middle-income and nine upper-income census tracts in northwest Wichita. This AA does not contain any low- or moderate-income tracts. This AA is located entirely in the Wichita MSA. The 2000 U.S. Census population of the AA was 72,632 and the 2005 HUD MSA median family income was \$58,650. The AA has the following income distribution for households: 15% low-income, 17% moderate-income, 22% middle-income, and 46% upper-income. Of the 26,033 households in the AA, 18% receive social security, 3% have income below the poverty level, and 1% receives public assistance. Eight percent of the population is over the age of sixty-five and 18% of the population consists of civilians not in the workforce. The median housing value is \$111,589 and 75% of the housing units are owner-occupied. The trade area is dependent on the aircraft industry. The AA has seen increased retail and restaurant growth since the last CRA examination. The Wichita MSA unemployment rate for May 2006 was 4.4%.

The Overland Park AA contains eleven upper-income census tracts located in east-central Johnson County and in the Kansas City, MO-KS MSA. This AA does not contain any low-, moderate-, or middle-income tracts. The 2000 U.S. Census population of the AA was 55,598 and the 2005 HUD MSA median family income was \$65,400. The AA has the following income distribution for households: 4% low-income, 8% moderate-income, 12% middle-income, 76% upper-income. Of the 17,874 households in the AA, 9% receive social security, 2% have income below the poverty level, and 0% receives public assistance. Three percent of the population is over the age of sixty-five and 16% of the population consists of civilians not in the workforce. The median housing value is \$240,197 and 83% of the housing units are owner-occupied. The trade area is diverse and there has been a slow down in the construction industry. The May 2006

unemployment rate for Kansas City, MO-KS MSA was 4.4%.

The assessment areas comply with the regulation and do not arbitrarily exclude any low- or moderate-income areas.

Examiners contacted one community professional in each of the AAs. The contacts indicated that First National is involved in the communities in which it serves. The Anthony AA contact identified agriculture loans and consumer loans as the area’s primary credit needs. The Wichita AA contact identified commercial loans as the area’s primary credit need. The Overland Park AA contact identified consumer and commercial loans as the area’s primary credit needs. All three community contacts indicated that the credit needs of the communities are being met by the local financial institutions.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

First National’s lending level is satisfactory. The average quarterly loan-to-deposit ratio since the last CRA examination was 83%, as compared to 82% for similarly situated banks with locations in the AAs. The average loan-to-deposit ratios for these banks range from 50% to 107%.

Lending in Assessment Area

First National’s lending in its assessment areas is adequate, as it extended a majority of its major loan products to borrowers in the AAs. Specifically, we found the bank made 53% of the number and 41% of the dollar amount of loans in the assessment areas. The sample included one hundred twenty loans originated, purchased, or committed this year or in the prior two years. Each of the three assessment areas has two primary loan products and twenty of each primary product was included in the sample.

Lending in FNB of Anthony’s Assessment Areas										
	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Total	63	53%	57	47%	120	4,855,038	41%	6,941,013	59%	11,796,051

Source: Loan sample

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

First National’s lending to borrowers of different incomes and to businesses of different sizes is good. To assess the bank’s performance, examiners selected a sample of twenty agriculture loans, twenty consumer loans, twenty residential real estate loans, and thirty-eight commercial loans. These loan products represent the primary loan types originated since the last CRA examination.

Lending to borrowers of different income levels is good. Examiners selected a sample of twenty consumer purpose (excluding vehicle purchase) loans granted in the Anthony/Harper/Mayfield AA and seven residential real estate loans granted in the Wichita AA since the last CRA examination.

First National’s lending for consumer purpose loans is excellent. Consumer purpose lending to low-income consumers is excellent. The bank granted 55% of the number of loans to low-income households, as compared to the AA demographics of 22% low-income households. Consumer purpose lending to moderate-income consumers is adequate. The bank granted 10% of the number of loans to borrowers in moderate-income households, as compared to 17% of AA moderate-income households.

Borrower Distribution of Consumer Loans in Anthony / Harper / Mayfield AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	22%	55%	17%	10%	20%	30%	41%	5%

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

First National’s residential real estate lending to borrowers of different incomes is adequate. Lending to low-income borrowers is adequate. The residential real estate loan sample did not contain any loans to low-income borrowers. The AA demographics reveal that 7% of the families are low-income, but 3% of the households are below the poverty level. Lending to moderate-income borrowers is adequate. This sample did not contain any residential real estate loans to moderate-income borrowers, but the demographics show that 13% of the AA families are moderate-income. This residential real estate loan sample consisted of seven loans for residential real estate custom construction without permanent financing. Building a new home in the Wichita AA is cost prohibitive to borrowers with low- and moderate-incomes. Borrowers with middle- and upper-incomes have more disposable income and are able to pay for construction cost over-runs more readily than low- or moderate-income borrowers. The low- and moderate-income families in the area are purchasing existing homes, not building their own.

Borrower Distribution of Residential Real Estate Loans in Wichita AA								
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
1-4 Family Custom Construction	7%	0%	13%	0%	24%	43%	56%	57%

Source: Loan sample and U.S. Census data

The volume of lending to businesses and farms of different sizes is good. Examiners selected a sample of twenty agricultural loans from the Anthony/Mayfield/Harper AA, twenty commercial loans from the Wichita AA, and eighteen commercial loans from the Overland Park AA. The bank's lending to farms of different sizes is excellent. The agricultural loan sample had 100% of the number and dollar amount of loans granted in the AA to farms with revenues less than one million dollars. The demographics show 97% of the AA farms have revenues less than one million dollars.

Borrower Distribution of Loans to Farms in Anthony / Harper / Mayfield AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	97%	1%	2%	100%
% of Bank Loans in AA by #	100%	0%	0%	100%
% of Bank Loans in AA by \$	100%	0%	0%	100%

Source: Loan sample and 2005 Business Geodemographic Data

The volume of lending to business of different sizes in the Wichita AA is good. The commercial loan sample had 80% of the number and dollar amount of loans granted in the AA to businesses with revenues less than one million dollars. The AA demographics show 59% of the businesses have gross annual revenues less than one million dollars.

Borrower Distribution of Loans to Businesses in Wichita AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	59%	4%	37%	100%
% of Bank Loans in AA by #	80%	10%	10%	100%
% of Bank Loans in AA by \$	80%	11%	9%	100%

Source: Loan sample and 2005 Business Geodemographic Data

Lending to business of different sizes in the Overland Park AA is adequate. This commercial loan sample included eleven commercial loans and seven spec/model residential real estate construction loans to businesses. These eighteen loans are the only business loans identified by the bank as being located in the assessment areas. This sample had 56% of the number and 63%

of the dollar amount of loans granted in the AA to businesses with revenues less than one million dollars. The business geodemographics show that 65% of the AA businesses have revenues less than one million and 29% of the businesses have unknown or unavailable revenues. The bank had 44% by number and 37% by dollar amount of loans with unknown or unavailable revenues.

Borrower Distribution of Loans to Businesses in Overland Park AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	65%	6%	29%	100%
% of Bank Loans in AA by #	56%	0%	44%	100%
% of Bank Loans in AA by \$	63%	0%	37%	100%

Source: Loan sample and 2005 Business Geodemographic Data

Geographic Distribution of Loans

An analysis of the geographic distribution of loans would not be meaningful. First National does not have any low- or moderate-income tracts within its AA.

Responses to Complaints

First National has not received any CRA-related complaints since the last CRA examination.

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.