



PUBLIC DISCLOSURE

May 4, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Holcomb
Charter Number 17802**

**401 North Henderson Street
Holcomb, Kansas 67851**

**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 **First National Bank of Holcomb** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of May 4, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

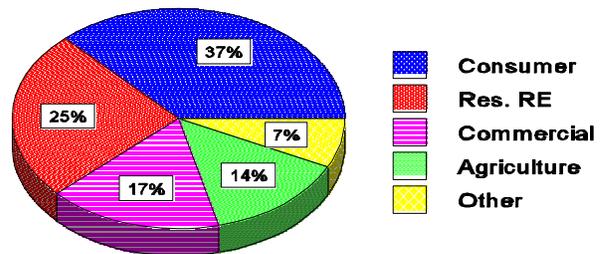
INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

First National Bank of Holcomb has an satisfactory record of meeting the credit needs of its assessment area. Overall lending levels are favorable based on the local competitive environment. The bank's performance of lending to customers located inside the assessment area is satisfactory. Management has responded favorably to the credit needs of the assessment area by originating a substantial number of loans to low- and moderate-income borrowers. Lending to farms of different sizes is good, with a large number of loans made to small farms.

DESCRIPTION OF INSTITUTION

First National Bank (FNB) of Holcomb, a \$30 million financial institution, is one of three commercial banks headquartered in the bank's assessment area. FNB is located in Holcomb, Kansas, and has no branches. Holcomb is a small rural community whose economy is agricultural based. FNB is a full service bank and offers a variety of loan products with an emphasis on consumer loans. As of March 31, 1998, consumer loans comprised 37% of the bank's \$20 million loan portfolio. Residential real estate, commercial, agriculture and other loans represented 25%, 17%, 14%, and 7%, respectively.

Loan Portfolio Composition
March 31, 1998



The bank's financial condition, size, local economic conditions, and other factors allow it to help meet the credit needs of its assessment area. The bank has not opened or closed any branches since the prior CRA examination. We assigned a rating of "Satisfactory Record of Meeting Community Credit Needs" at the previous September 20, 1995, CRA examination.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is all of Finney county, which includes block numbering areas (BNAs) 9601 through 9606. Three BNAs are middle-income tracts, and two are upper-income tracts. The Kansas 1998 statewide non-metropolitan median family income is \$38,200. The assessment area does not arbitrarily exclude any low- or moderate-income areas.

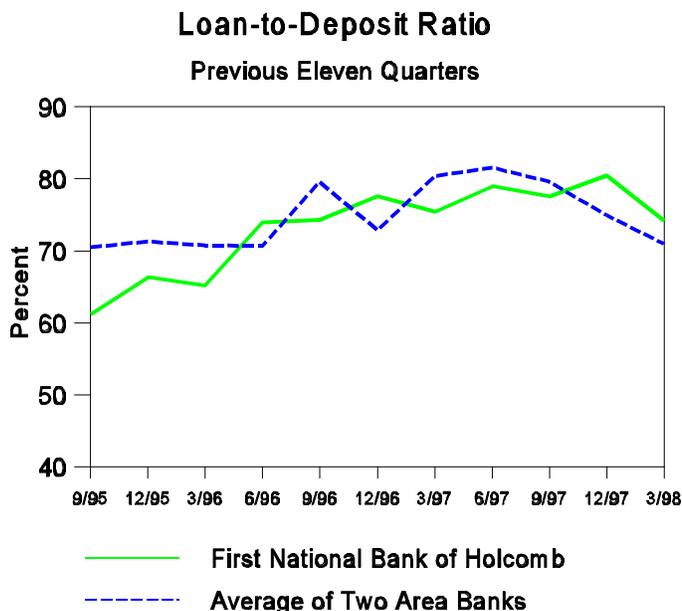
The assessment area is located in southwest Kansas, approximately 8 miles west of Garden City. Finney county has a population of roughly 40,000, with about 2,000 persons in Holcomb. Nearby Garden City, population 32,000, provides significant employment to the assessment area. Holcomb's area economy continues to experience growth. Agriculture dominates the local economy, with the primary products being wheat, corn, alfalfa, and cattle. Commercial cattle feedlots are prevalent in the trade area, and a nearby cattle slaughter facility employs approximately 2,800 people. Area economic conditions are stable, due to low unemployment and sufficient farm revenues. However, continued depressed cattle prices are contributing to losses on sales of custom fed cattle. Four commercial banks, three savings banks, one credit union, and a Farm Credit Services office located in Garden City provide strong competition to FNB.

Examiners made community contacts with two local business owners. The contacts revealed no unmet credit needs or discriminatory practices within the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is favorable based on its competitive environment. Since the previous CRA examination, FNB's level of lending relative to deposits has risen significantly. Based on the previous eleven quarters ending March 31, 1998, FNB's average loan-to-deposit ratio is 73%. This is comparable to the average loan-to-deposit ratio of 75% for the two commercial bank competitors headquartered in Finney county. Loan-to-deposit ratio averages for these banks range from 71% to 82% over the same eleven quarters.



FNB holds an estimated 7% of Finney county total deposits that are held in FDIC-insured institutions. While its presence in the local market is somewhat limited, FNB has steadily improved its loan-to-deposit ratio through accommodating local loan demand. FNB's loan-to-deposit ratio currently exceeds the average of its locally headquartered competitors.

Lending in Assessment Area

The bank's performance of lending to customers located inside the assessment area is satisfactory. Based on a bank-generated report, loans granted inside Finney county from January 1997 to April 1998 total 83% by number and 84% by dollar amount. Examiners also sampled 30 consumer loans that originated in March and April of 1998. From this sample, we determined that FNB extends an overwhelming majority of its loans to customers within Finney county, as all but one loan were granted inside the assessment area. An additional sample of agriculture production and equipment loans originated from January 1998 to April 1998 revealed that 10 of 13, or 77%, were extended to customers within Finney county. The following table illustrates the bank's lending within the assessment area based on bank-generated data.

New Loans Granted Withing the Assessment Area	
Percentage by Number	Percentage by Dollar Amount
83%	84%
Total of 1398 accounts for \$16.1 million originated from January 1997 to April 1998.	

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

Lending to borrowers of different income levels in the assessment area is good, with a substantial percentage of credit granted to low- and moderate-income borrowers. Examiners reviewed a sample of 29 consumer purpose originations (direct used vehicle financing) extended during March and April 1998. Based on our sample, FNB extended a good majority of these loans to low- and moderate-income borrowers. The number of loans granted to low- and moderate-income borrowers, 61%, compares very favorably to the demographic composition of low- and moderate-income families in Finney county, 31%. Below is a breakdown of our sample for FNB's consumer instalment lending by income level.

Distribution of Consumer Instalment Loans by Income Levels			
Income Level	Consumer Loan Sample		Percent of Finney County Families in Each Income Category
	Number	Percent	
Low	9	32%	12%
Moderate	8	29%	19%
Middle	7	25%	24%
Upper	4	14%	45%

Lending to farms of different sizes is good, with a large number of loans made to small farms. Examiners sampled 10 agriculture production and equipment loans extended during the first four months of 1998. Management estimates that average farms in the area have gross annual revenues of less than \$500,000. Based on our sample, FNB made 80% of loans to farms with gross annual revenues under \$500,000. The following is a breakdown of the bank's agricultural loans by annual gross revenues.

Farm Annual Gross Revenues	Number of Loans	Percent
Under \$100,000	3	30%
\$100,000 to \$250,000	3	30%
\$250,000 to \$500,000	2	20%
Over \$500,000	2	20%

Geographic Distribution of Loans

An analysis of the bank's geographic distribution of loans would not be meaningful, as the assessment area does not contain any low- or moderate-income BNAs.

Response to Complaints

The bank received no 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 anti-discrimination laws and regulations. Examiners found no evidence of discriminatory treatment.