



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

August 15, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Winfield
Charter Number 3218**

**9th and Main
Winfield, Kansas 67156**

**Office of the Comptroller of the Currency
Wichita Duty Station
3450 N. Rock Road, Suite 505
Wichita, Kansas 67226**

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 **The First National Bank of Winfield** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of August 15, 1996. 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 has a satisfactory level of lending, which reflects a reasonable response to local credit needs. The bank's lending to businesses of different sizes and borrowers of different incomes compares favorably to the counties' demographics. The bank makes a majority of its loans within its assessment area.

The following table indicates the performance level of **The First National Bank of Winfield** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	THE FIRST NATIONAL BANK of WINFIELD PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes	X		
Geographic Distribution of Loans	An analysis of the geographic distribution of loans would not be meaningful.		
Response to Complaints	No complaints were received since the prior examination.		

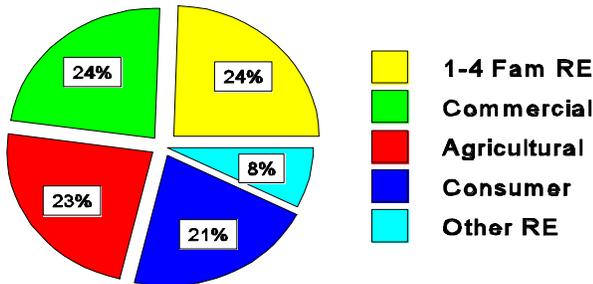
DESCRIPTION OF INSTITUTION

The First National Bank of Winfield (FNB) is a \$128 million bank with the main office located in Cowley County, Kansas. The bank is a wholly owned subsidiary of First National Bancshares of Winfield, Inc., a two bank holding company. The holding company also owns The Exchange State Bank in Douglas, Kansas. The bank has two branches in Winfield, Kansas and a third branch in nearby Oxford, Kansas. On June 15, 1996, the bank closed a branch located inside the Dillon's Supermarket. The closed branch was not in a low or moderate income area. A 24-hour automated teller machine (ATM) remains at the location. The bank has three other ATM's. One is onsite at the main bank and there are ATM's at two branch locations.

FNB is a diversified full service bank and offers a variety of loan products. As of March 31, 1996, 92% of the bank's lending was almost evenly divided between four

Loan Portfolio Composition

As of March 31, 1996



loan types. One-to-four family real estate loans and commercial loans each accounted for 24% of the bank's \$73 million loan portfolio. Agriculture loans represented 23% and consumer loans represented 21% of the bank's portfolio. The remaining 8% of the portfolio consisted of other miscellaneous loans.

The bank's financial condition, size, local economic conditions, and other factors allow it to assist in meeting the credit needs of its assessment area. The bank has not opened any offices since the previous examination.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is Cowley and Sumner Counties in Kansas. The two counties are made up of 17 census tracts. Six (35%) of the tracts are upper income and eleven (65%) are middle income. The assessment area does not have any low or moderate income tracts.

The median family income for the assessment area is \$31,595 compared to the Kansas statewide non-metropolitan median family income of \$34,300 for 1996.

Cowley and Sumner counties are located southeast of Wichita on the Oklahoma border. The counties have a combined population 63,000. Winfield, population 13,000, has a stable and diversified local economy. The town is home to several large manufacturers; Rubbermaid, Binney and Smith - Crayola Crayons, and General Electric - Jet Engine Department. Wheat and cattle production provide the area further diversification.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Analysis

The bank's lending level is satisfactory and reflects a reasonable response to community credit needs, given the strong competition within the assessment area. The bank's seven quarter average loan-to-deposit ratio since the last CRA exam (October 1994) is 67%. The average loan-to-deposit ratios for the 15 other banks in the assessment area range from 20% to 84% over the same seven quarter time period.

Comparison of Credit Extended Inside and Outside the Assessment Area

The bank extends a majority of loans within its assessment area. We reviewed a sample of fifty loans originating in the month of June, from the bank's four major areas of lending. Of our sample, the bank loaned 91% of the dollar volume and 88% of the number of loans to customers residing within the assessment area. Additionally, the bank's 1996 Home Loan Activity report through July showed 99% of the 89 home loans originated were to customers residing in Cowley or Sumner counties.

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

Lending levels to businesses of different sizes and to borrowers of different incomes are good. Examiners selected the last ten agricultural and the last ten business loans made during the month of June. We found nine of the ten agricultural loans, and eight of the ten business loans met the bank's definition of small farm/business. The bank considers a farm/business small if gross annual revenues are less than \$750,000. This the same definition used by the Small Business Administration. The sampled borrowers had gross annual revenues ranging from \$4 thousand to \$1,978 thousand, with the following distribution:

Gross Annual Revenue Distribution Business and Agriculture Lending	
\$0 to \$100,000	8
\$100,001 to \$500,000	7
\$500,001 to \$999,999	3
\$1,000,000 and above	2

The bank lends to individuals of all income levels and compares favorably to the assessment area’s demographics. We selected a sample of 20 consumer loans and ten 1-4 family real estate loans made during the month of June. The bank has a strong level of penetration to borrowers with low or moderate incomes. As the table below indicates, the bank has originated a larger portion of its consumer and home loans to borrowers with low or moderate incomes than the proportion of low or moderate income individuals residing in the assessment area. We discovered the bank lends to individuals for various consumer purposes, without regard to minimum loan amounts. Our sample disclosed borrowers with gross annual revenues ranging from \$7 thousand to \$85 thousand.

Individual Gross Income Distribution Sample of Consumer & Residential RE Loans made by Bank			Individual Gross Income Distribution Actual Population	
Low Income	(up to 16M)	23 %	Low Income	14 %
Moderate Income	(16M up to 26M)	23 %	Moderate Income	17 %
Middle Income	(26M up to 39M)	30 %	Middle Income	23 %
Upper Income	(Greater than 39M)	23 %	Upper Income	46%

Distribution of Credit Within the Assessment Area

An analysis of the distribution of credit within the assessment area would not be meaningful as the assessment area does not contain any low or moderate income tracts.

Compliance with Anti-Discrimination Laws and Regulations

We did not identify any substantive violations of the Fair Lending laws and regulations. Our review did not indicate any evidence of apparent disparate treatment or other illegal credit practices.