



SMALL BANK

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

PUBLIC DISCLOSURE

February 23, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Beloit
Charter Number 3231**

**101 E. Main Street
Beloit, Kansas 67420-0600**

**Comptroller of the Currency
Kansas City North
7101 College Boulevard, Suite 1600
Overland Park, Kansas 66210-4706**

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 Beloit (FNB) has a good record of lending to agricultural borrowers of different sizes. Of the 20 borrowers sampled, 100 percent by number and dollar volume of the loans with income information available were originated to borrowers with revenues of less than one million. This compares reasonably to the assessment area (AA) demographics that reflect 98 percent of farms earn revenues of less than one million. Demographic information was obtained from D&B Data.
- FNB has a strong record of lending to consumers with low- and moderate-income levels. Management has no minimum loan amount. Mitchell County households are 21 percent low-income, 18 percent moderate-income, 22 percent middle-income and 39 percent upper-income. Based on a sample of 20 consumer loans (by number), 60 percent were made to low-income level borrowers, 15 percent to moderate-income level borrowers, 5 percent middle-income borrowers and 20 percent to upper-income level borrowers. The demographic data for households by income level within the AA are provided from the 2000 U.S. Census data.
- The bank originated a majority of loans in the AA. The bank’s record of lending to borrowers within the AA is good. FNB loan originations inside the AA comprised 94 percent by dollar and 78 percent by number.
- FNB’s average quarterly loan-to-deposit (LTD) is reasonable. The average quarterly LTD ratio from December 31, 2001 through September 30, 2006 is 68 percent and meets the standard for Satisfactory performance. FNB’s average LTD ratio ranked third among four similarly situated institutions. Ratios for the similarly situated banks ranged from 126 to 43 percent.
- Provided construction and permanent financing for \$590,000 loan that created 28 living units for low- and moderate-income individuals.
- The bank has not received any CRA related complaints since the prior CRA examination.
- We found no evidence of illegal discrimination or other illegal credit practices.
- We did not perform an analysis of the geographic distribution of loans. Since there are no low- or moderate-income census tracts in the bank’s AA, such an analysis would not be meaningful.

DESCRIPTION OF INSTITUTION

FNB is a \$51 million bank headquartered in Beloit, Kansas. FNB is an intrastate bank and is a wholly owned subsidiary of First National Bankshares of Beloit Inc., a one bank holding company that owns 100 percent of the bank's stock. FNB offers conventional financial products and services. The bank's primary loans types are agricultural and consumer loans.

There are no financial, legal, or other factors that impede the bank's ability to help meet the credit needs of its AA. FNB received a Satisfactory rating in its last CRA evaluation dated August 6, 2001.

DESCRIPTION OF ASSESSMENT AREA

FNB has designated all of Mitchell County, Kansas as its AA. The AA does not contain any low- or moderate-income tracts and consists of two middle-income tracts of 9766 and 9767. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. Please refer to the bank's CRA Public File for more information.

We made one community contact during this review. Agricultural loans, consumer loans, and residential housing continue to be primary needs within the AA. The contact stated that local financial institutions were meeting credit needs in the AA and provide good community support.