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Comptroller of the Currency  
Administrator of National Banks

Small  
Bank

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## **PUBLIC DISCLOSURE**

**September 8, 1998**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank of Dighton  
Charter Number 9773**

**105 East Long  
Dighton, Kansas 67839**

**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 **The First National Bank of Dighton, Kansas**, prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of September 8, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

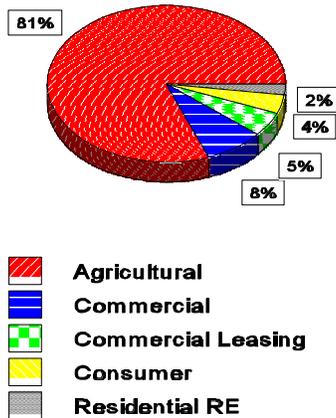
**INSTITUTION'S CRA RATING:** This institution is rated “**Satisfactory.**”

- ▶ The bank’s average loan-to-deposit ratio is adequate at 67%.
- ▶ A majority of the loans are granted within the assessment area.
- ▶ Agricultural lending is the bank’s primary loan product and the lending level to small farms is good. Although residential real estate loans represent only a small portion of the loan portfolio, the bank has a good record of lending to borrowers with low- and moderate-income levels.

## DESCRIPTION OF INSTITUTION

The First National Bank of Dighton (FNB), a \$42 million financial institution, is one of two financial institutions in Lane County. The bank's office is in Dighton, Kansas. Dighton National Bankshares, Inc., a one-bank holding company, owns 100% of the bank. FNB is a full service bank and offers a variety of loan products with an emphasis on agricultural loans. As of June 30, 1998, agricultural loans accounted for 81% of the bank's \$22 million loan portfolio, with commercial loans representing another 8%. Consumer loans and residential real estate comprise 4% and 2%, respectively.

**Loan Portfolio Composition**  
June 30, 1998



area. FNB has 58% of the deposits in Lane County and .09% of the deposits in Kansas as of June 30, 1997. At the previous CRA examination dated November 29, 1995, FNB received a "Satisfactory Record of Meeting Community Credit Needs" rating.

The bank's financial condition, size, local economic conditions, and other factors allow it to help meet the credit needs of its assessment

## DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area (AA) includes all of Lane County. Lane County, with a population of 2,375, is an agricultural dependent area located in western Kansas. Dighton, 54 miles northeast of Garden City, is the county seat with a population 1,361. Census data from 1990 indicates 97% of the Lane County population is white, and 3% black or American Indian. Two percent of the population is of Hispanic heritage.

Depressed cattle and grain prices have affected the local agricultural economy. Feeder cattle and wheat are the dominant agricultural products. Primary employers are two commercial cattle feedyards and the hospital. Lane County contains one middle-income tract. The AA does not arbitrarily exclude any low- or moderate-income areas. Households with income below the poverty level represent 13% of the total households. Unemployment is low.

Examiners conducted an interview with two community contacts. The contacts indicated local financial institutions were effectively meeting the credit needs of the area.

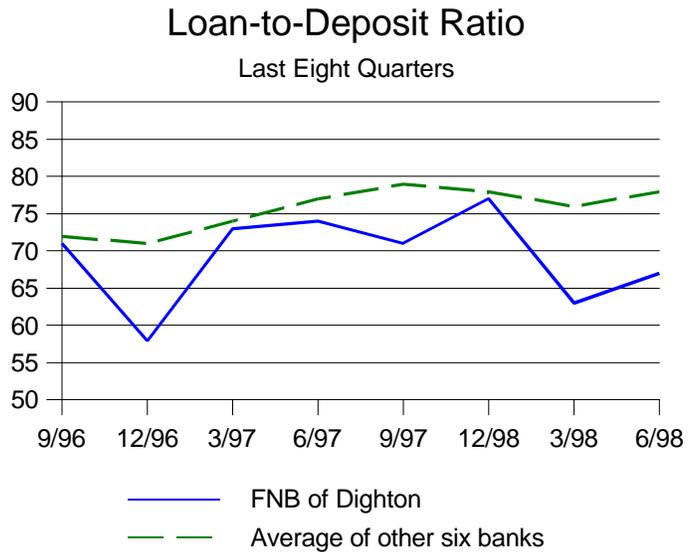
The Kansas statewide nonmetropolitan median family income is \$38,200 for 1998. The following table shows the distribution of families in the AA by income level.

Population	Percentage
Low-Income Families	16%
Moderate-Income Families	17%
Middle-Income Families	24%
Upper-Income Families	43%

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

***Loan-to-Deposit Ratio***

The bank’s level of lending is satisfactory. During the last eight quarters ending June 30, 1998, the bank’s average loan-to-deposit ratio was 67%. This was lower than the average loan-to-deposit ratio of 76% for the six other similarly-situated Kansas banks. The six other banks have average loan-to-deposit ratios ranging from 70% to 80%. The other bank in Lane County had an average loan-to-deposit ratio of 80%.



***Lending in Assessment Area***

FNB extends a majority of its loans within the AA. Bank records indicate 91% of the number and 87% of the dollar amount of all loans granted by the bank during 1997 and the first eight months of 1998 are in the AA.

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

Lending levels to businesses of different sizes is good. Examiners reviewed a sample of agricultural loans granted during 1997 and 1998 with gross revenue information. The agricultural sample represented 16% of the bank’s agricultural customers. Management considers farms with annual gross revenues of less than \$500,000 to be small operations. Examiners did not review lending to commercial businesses of different sizes as the bank does not normally obtain gross revenue data. The following tables show the distribution of agricultural loans by annual gross revenues.

<b>Agricultural Annual Gross Revenues</b>	<b>Number of Loans</b>	<b>Percentage</b>
Under \$100,000	7	27%
\$100,000 to \$250,000	14	54%
\$250,000 to \$500,000	2	8%
Over \$500,000	3	11%
<b>TOTAL</b>	<b>26</b>	<b>100%</b>

The bank has a good record of lending to borrowers of different income levels. The following table depicts the distribution by income level of a residential real estate loan sample granted during 1997 and the first eight months of 1998. The table shows the bank has a good record of lending to low- and moderate-income individuals as the level of lending exceeds the population distribution. Examiners did not review the distribution of consumer loans since the bank does not normally obtain income information.

<b>Distribution of Residential Real Estate Loan Sample by Income Levels</b>		
<b>Income Levels</b>	<b>Percentage of Loans</b>	<b>Percentage of Families in Income Category</b>
Low	23%	16%
Moderate	33%	17%
Middle	10%	24%
Upper	33%	43%

Source: Bank records

### ***Geographic Distribution of Loans***

An analysis of the bank's geographic distribution of loans would not be meaningful since the AA does not contain any low- or moderate-income tracts.

### ***Response to Complaints***

The bank has 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 anti-discrimination laws and regulations. Examiners did not find any evidence of prohibited discrimination or other illegal credit practices.