



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 24, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Midland National Bank of Newton
Charter Number #4860**

**527 Main
Newton, Kansas 67114**

**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 Midland National Bank of Newton** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of April 24, 1997. 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 makes a majority of its loans within its assessment area. The bank's efforts to make loans to businesses of different sizes and borrowers of different incomes are reasonable compared to the county's demographics.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	THE EXCHANGE NATIONAL BANK 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.		

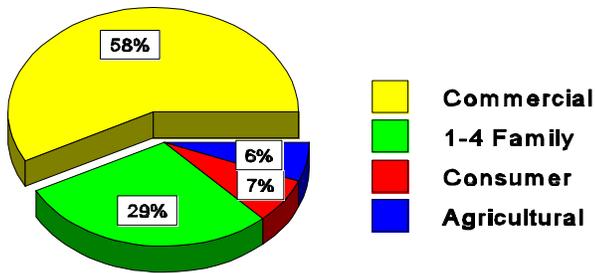
DESCRIPTION OF INSTITUTION

The Midland National Bank of Newton (Midland) is an \$81 million bank located in Newton, Kansas. The bank consists of a main office and three branches located in Newton and North Newton.

Midland is a full service bank offering a variety of loan products. The bank's primary lending emphasis is on commercial and residential

Loan Portfolio Composition

As of February 28, 1997



loans. As of February 28, 1997, 58% of the bank's loan portfolio was for commercial purposes. One-to-four family real estate loans represented 29%. Consumer loans at 7% and agricultural loans at 6% accounted for the rest of the bank's \$51 million loan portfolio.

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 or closed any offices since the previous examination.

The bank received a satisfactory rating at the last CRA examination dated August 18, 1994. Midland Financial Corporation owns controlling interest in the bank.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is Harvey County, Kansas. Harvey County is one of three counties in the Wichita Metropolitan Statistical Area. The county's population was 31,028 based on the 1990 census. The county consists of six middle-income census tract. Based on the 1990 census, the median family income for Harvey County is \$32,526. The estimated 1996 median family income for the Wichita MSA median family income is \$44,500. Of all households in the assessment area, 24% are low-income, 20% are moderate-income, 23% are middle-income, and 33% are upper-income.

Harvey County's economic base is a mixture of small manufacturing, retail business, and agriculture. Many residents commute to Wichita for employment. We contacted a local Realtor as part of this examination. He stated the local financial institutions are meeting the community's credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Analysis

Midland's loan to deposit ratio is reasonable and compares favorably to similar banks in the local area. Its average loan to deposit ratio during the last ten quarters was 68%. The average loan to deposit ratio for all banks headquartered in Harvey County was 62%. The banks' average loan to deposit ratios ranged from 38% to 79%.

Comparison of Credit Extended Inside and Outside of the Assessment Area

The bank originates a majority of its loans within the assessment area. The bank originated 83% of the number and 63% of the dollar volume of its loans within its assessment area. Examiners verified the accuracy of the reports supplied by bank management.

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

Midland's lending levels to businesses of different sizes are satisfactory. Examiners reviewed a sample of 22 commercial loans made since January 1, 1997. The sample revealed the bank made loans to businesses with gross revenues ranging from \$19 thousand to \$17 million. The following table provides a further breakdown of these loans.

Annual Gross Revenues	Number	Percent
< \$100,000	2	9%
\$101,000 - \$250,000	6	27%
\$251,000 - \$500,000	4	18%
\$501,000 - \$1,000,000	4	18%
> \$1,000,000	6	27%

The bank makes loans to borrowers of different income levels. Examiners reviewed all approved residential real estate applications received during 1996. The bank has a reasonable level of penetration to borrowers with low- or moderate-incomes. Our sample disclosed borrowers with incomes ranging from \$12 thousand to \$340 thousand.

Income Level (Range)	Number of Loans Made	Percent of Loans Made	Percent of Families in Assessment Area
Low (\$0 - \$22,250)	10	12%	19%
Moderate (\$22,251 - \$35,600)	17	20%	22%
Middle (\$35,601 - \$53,400)	33	39%	30%
Upper (\$53,401 and higher)	24	29%	29%

Distribution of Credit Within the Assessment Area

An analysis of the geographic distribution of the bank’s loans within the assessment area would not be meaningful since all census tracts are middle-income. A geographic plotting of loans performed by bank management reflects a reasonable distribution throughout the assessment area.

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 discriminatory treatment or other illegal credit practices.