



PUBLIC DISCLOSURE

July 27, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Spearville
Charter Number 10161**

**403 N. Main
Spearville, Kansas 67876**

**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 Spearville** by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of July 27, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

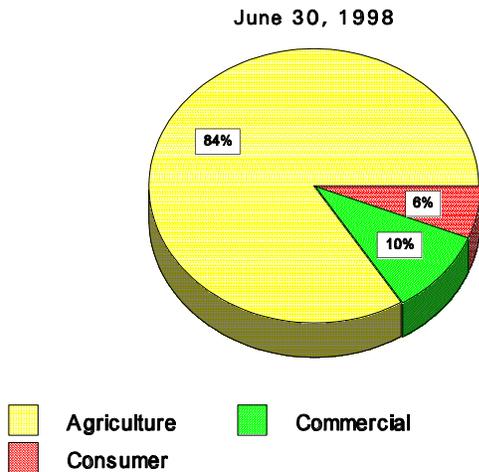
INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The bank has a satisfactory record of meeting the credit needs of its assessment area. The bank's loan-to-deposit ratio is good. A majority of the bank's lending is within its assessment area. The bank lends to businesses and farms of different sizes and borrowers of different income levels.

DESCRIPTION OF INSTITUTION

The First National Bank of Spearville (FNB), a \$13 million financial institution, is located in Spearville, Kansas. The bank does not have any branch locations or automated teller machines. The bank is not part of a holding company. Five other financial institutions are headquartered in the bank's assessment area of Ford, Hodgeman, and Edward counties. Eight other banks, headquartered elsewhere, have branches in the area.

Loan Portfolio Composition



FNB is a full service bank and offers a variety of loan products with an emphasis on agricultural loans. As of June 30, 1998, the bank's \$8.7 million loan portfolio had the following composition: 84% agricultural and farmland, 10% commercial, and 6% consumer and other. The bank does not make residential real estate loans. Other financial institutions in the area meet this credit need.

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 offices since the last CRA examination. At the July 25, 1996 CRA examination, FNB was assigned a "Satisfactory".

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of Ford, Hodgeman, and Edwards counties. The counties are not in a Metropolitan Statistical Area. The assessment area contains block numbering area 9616 through 9621, 9696, 9697, and 9611. Seven of the block numbering areas are middle-income and two are upper-income tracts. There are no low- or moderate-income tracts in the assessment area.

The assessment area is located in southwestern Kansas with a population of 33,427. The area contains several small towns. Spearville has a population of 752 and is located 17 miles northeast of Dodge City in Ford county. Dodge City is the largest town in the area with a population of 20,000. Dodge City is the county seat of Ford county. The assessment area's local economy is dominated by agriculture, with reliance on cattle feeding and wheat production. The primary employers of the area include Crustbusters, a farm implement manufacturer; Feist Publications; two feedlots; and two large meat-packing plants.

The assessment area contains 15.6% low-income families, 19.59% moderate-income families, 23.01% middle income families, and 41.77% upper-income families. The Kansas statewide nonmetropolitan median family income is \$38,200.

Examiners made community contacts with two local business professionals. The contacts indicated the primary credit needs of the area are agricultural, business, and residential real estate. The contacts also indicated the local financial institutions are adequately meeting the community's credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's lending level is good with an average loan-to-deposit ratio of 69% during the last eight quarters. The six banks headquartered in the assessment area had a combined average loan-to-deposit ratio of 50% during the last eight quarters. The average loan-to-deposit ratios for the other 5 banks ranged from 26% to 64%.

Lending in Assessment Area

The bank's lending inside the assessment area is good. FNB extends a substantial majority of loans within its assessment area. Examiners determined that 86% by number and 91% by dollar volume of loans were originated in the bank's assessment area as of July 16, 1998.

Percentage of Loans Granted Within the Assessment Area	
Percentage by Number	Percentage by Dollar
86%	91%

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

Lending to borrowers of different income levels and to businesses of different sizes is satisfactory. The percentage of consumer loans granted to low- and moderate-income borrowers in the assessment area is similar to the demographic composition of low- and moderate-income families in the area. The bank makes a substantial amount of loans to small businesses and farms.

C Lending to Borrowers of Different Incomes

Lending to borrowers of different income levels is satisfactory. Examiners selected a sample of 17 consumer loans extended to borrowers between January 1, 1998 and July 17, 1998. The sample represented 25% of the bank's consumer loans. FNB's lending to low- and moderate-income individuals approximates the demographic composition of the assessment area. The following table shows FNB's lending to borrowers of different income levels.

Distribution of Consumer Loans by Income Levels			
Income Levels	Consumer Loan Sample		Percent of Families in Income Category
	Number	Percent	
Low	3	18%	16%
Moderate	5	29%	19%
Middle	7	41%	23%
Upper	2	12%	42%

C Lending to Farms of Different Sizes

Lending to farms of different sizes is satisfactory, with a majority of loans made to small farms. Examiners sampled 24 agriculture purpose loans extended during the last year. The sample represented 59% of the bank's agricultural loans. Management considers a small farm to have gross annual revenues of less than \$250,000. Based on our sample, FNB made approximately 58% of its agricultural loans to small farms with gross annual revenues under \$250,000. The following table illustrates FNB's lending to farms of different sizes.

Farm Annual Gross Revenues	Number of Loans	Percent
Under \$250,000	14	58%
\$250,000 to \$500,000	5	21%
Over \$500,000	5	21%
TOTAL	24	100%

C *Lending to Businesses of Different Sizes*

The bank’s lending to small commercial businesses is good. Examiners sampled 11 business purpose loans granted during the last year. The sample represented 85% of the bank’s business loans. Management considers a small business to have gross annual revenues of less than \$250,000. Based on our sample, FNB made approximately 73% of loans to businesses with gross annual revenues under \$250,000. The following table illustrates FNB’s lending to businesses of different sizes.

Business Annual Gross Revenues	Number of Loans	Percent
Under \$250,000	8	73%
\$250,000 to \$500,000	3	27%
Over \$500,000	0	0%
TOTAL	11	100%

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 block number areas or census 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 anti-discrimination laws and regulations. Examiners found no evidence of discriminatory treatment.