



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 2, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank in Wellington
Charter Number 3091**

**206 East Harvey
Wellington, Kansas 67152**

**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 **First National Bank in Wellington** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of March 2, 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.**"

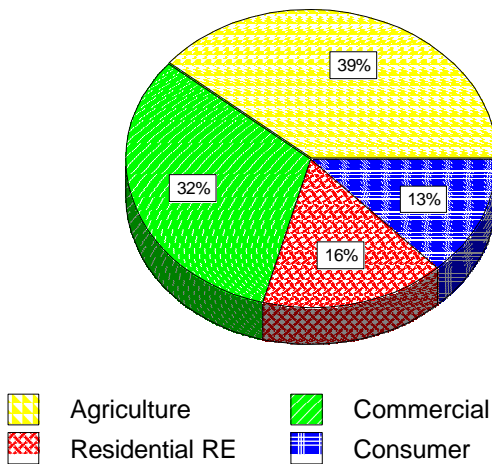
The bank's loan-to-deposit ratio is satisfactory, with a reasonable number of loans being made within its assessment area. The bank has a good record of lending to businesses of different sizes and borrowers of different income levels, especially low- and moderate-income individuals.

DESCRIPTION OF INSTITUTION

First National Bank in Wellington (FNB), a \$69 million financial institution, is located in Wellington, Kansas. Wellington is a small rural community whose economy is agricultural based. First Financial Corporation, 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 December 31, 1997, the bank's \$44 million loan portfolio had the following composition: 39% agricultural and farmland, 32% commercial, 16% residential real estate loans, and 13% consumer.

Loan Portfolio Composition

December 31, 1997



FNB also provides automatic teller machine services at its main office and at a grocery store located on the west side of Wellington.

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 branches since the prior CRA examination. At the July 28, 1995, examination we assigned a "Satisfactory Record of Meeting Community Credit Needs."

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is all of Sumner County, which includes block numbering areas (BNAs) 9921 through 9926. Three BNAs are middle-income tracts, and three are upper-income. The 1997 Kansas statewide nonmetropolitan median family income is \$36,100. The assessment area does not arbitrarily exclude any low- or moderate-income areas.

The assessment area is located in south central Kansas, approximately 35 miles south of Wichita. Sumner County has a population of approximately 26,000, with about 8,700 persons in Wellington, the county seat. Agriculture dominates the local economy, with wheat as the primary product. Aircraft subcontractors and the railroad industry offer some diversification. Area economic conditions are good, driven by a strong agriculture sector. Thirteen financial institutions in the assessment area provide strong competition for FNB.

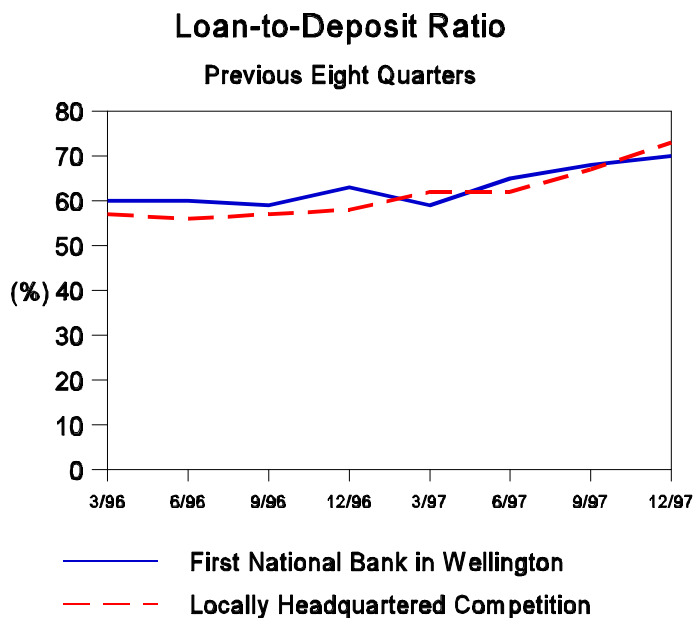
Examiners made community contacts with two local business professionals. The contacts indicated the primary needs of the area are agricultural credit needs. The contacts also indicated the local financial institutions are adequately meeting the community's credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's lending level is satisfactory with an average loan-to-deposit ratio of 63% during the last eight quarters. Two locally headquartered banks, which FNB considers its main competition, had a combined average of 61% over the same period. Average loan-to-deposit ratios for these banks range from 59% to 64%.

FNB is the largest banking office in the assessment area. The bank accounted for \$59 million, or 19% of the assessment area's total deposits as of June 30, 1997. The bank's locally headquartered competitors each accounted for about \$34 million, or 11% of the assessment area's total deposits. As the market share leader, FNB exhibits satisfactory loan-to-deposit levels with increasing trends, despite strong competition.



Lending in Assessment Area

The bank's financing inside the assessment area is satisfactory. FNB extends a large majority of its loans to customers in Sumner County. Based on a bank-generated report developed in January 1998, the loan portfolio contains 82% by number and 73% by dollar amount of loans outstanding to customers within the assessment area. Examiners sampled new loans that FNB extended during January and February 1998. From this sample, examiners determined that FNB originated 77% by number and 69% by dollar amount of loans within the assessment area.

Percentage of New Loans Granted Within the Assessment Area	
Percentage by Number	Percentage by Dollar
77%	69%

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

The bank’s record of lending to borrowers of different income levels is good. Examiners selected a sample of 76, or 89% of all consumer instalment loans extended during January and February 1998. Loans granted to low- and moderate-income borrowers compare very favorably to the demographic composition of low- and moderate-income families. Below is a breakdown of FNB’s consumer instalment loans by income level.

Distribution of Consumer Instalment Loans by Income Levels			
Income Levels	Consumer Loan Sample		Percent of Families in Income Category
	Number	Percent	
Low	28	37%	12%
Moderate	19	25%	16%
Middle	12	16%	24%
Upper	17	22%	48%

Lending to farms of different sizes is satisfactory, with a reasonable number of loans made to small farms. Agriculture lending is the bank’s primary financing product. Examiners sampled 21, or 75% of the agriculture purpose loans extended during January and February 1998. Management estimates that average farms in the area have gross annual revenues of less than \$250,000. Based on our sample, FNB made approximately 48% of loans to farms with gross annual revenues under \$250,000. The following is a breakdown of the bank’s agricultural loans by annual gross revenues.

Farm Annual Gross Revenues	Number of Loans	Percent
Under \$100,000	5	24%
\$100,000 to \$250,000	5	24%
Over \$250,000	11	52%
TOTAL	21	100%

Lending to commercial businesses, FNB's second most prevalent financing product, is good. Examiners sampled 20, or 87% of business purpose loans granted during January and February 1998. Management estimates that average businesses in the area report gross revenues below a range of \$200,000 to \$300,000. Based on our sample, FNB made approximately 65% 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 \$100,000	9	45%
\$100,000 to \$250,000	4	20%
Over \$250,000	7	35%
TOTAL	20	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 BNAs.

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 antidiscrimination laws and regulations. Examiners found no evidence of disparate treatment.