



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 25, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

**Main and Avenue A
Spearville, Kansas 67876**

**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 First National Bank of Spearville** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of July 25, 1996. 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. A significant portion of the bank's loans is advanced to small agricultural and small commercial customers. The bank's loan-to-deposit ratio is good, with a substantial majority of the loans made within its assessment area.

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

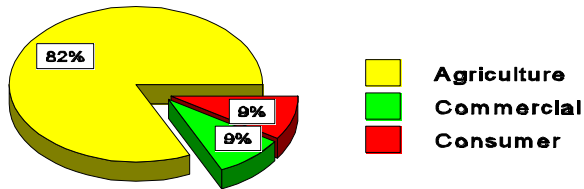
SMALL INSTITUTION ASSESSMENT CRITERIA	THE FIRST NATIONAL BANK OF SPEARVILLE PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio	X		
Lending in Assessment Area	X		
Lending 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 First National Bank of Spearville (FNB), Spearville, Kansas, a \$14 million institution, is one of eight financial institutions headquartered in Ford, Hodgeman, and Edwards counties. Five other banks headquartered elsewhere have branches in the area. The bank does not have

any branch locations or automated teller machines. FNB is a full service bank and offers a variety of loan products with an emphasis on agricultural loans. As of June 30, 1996, agricultural loans accounted for 82% of the bank's \$6.9 million loan portfolio. Commercial loans represented 9% of the loan portfolio, with consumer loans totaling 9%. Examiners contacted two individuals from the business sector. These contacts indicated the primary credit needs of the area include residential real estate loans. The bank does not make residential real estate loans, but other area financial institutions meet this credit need.

Loan Portfolio Composition
As of June 30, 1996



The bank's financial condition, size, local economic conditions, and other factors allow it to help meet community credit needs. The bank has not opened or closed any offices. The bank does not have any subsidiaries or affiliates and is not part of a holding company. FNB received a "Satisfactory Record of Meeting Community Credit Needs" rating at the last CRA examination, January 31, 1994.

DESCRIPTION OF FORD, HODGEMAN, AND EDWARDS COUNTIES.

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 areas 9616 through 9621, 9696, 9697, and 9611. The assessment area contains seven middle-income tracts and two upper-income tracts. There are no low- or moderate-income tracts in the assessment area. The assessment area complies with the regulation and does not arbitrarily exclude any low- or moderate-income areas.

Located in southwestern Kansas the three-county assessment area has a population of more than 33,000 with several small towns. Dodge City is the largest town in the area with a population of 20,000. Spearville, population approximately 700, is 17 miles northeast of Dodge City. 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

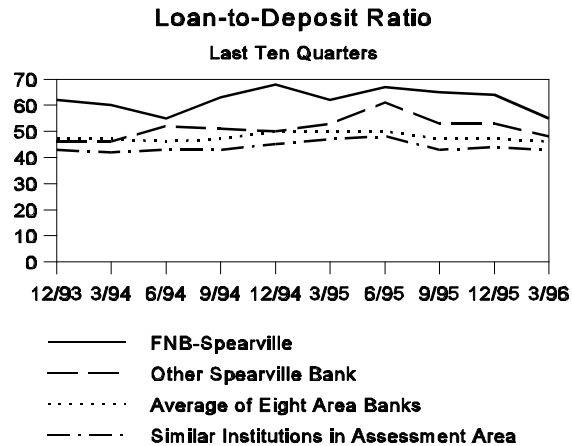
meat-packing plants.

Of all households in the assessment area, 16% are low-income, 19% are moderate-income, 23% are middle-income, and 42% are upper-income. The Kansas statewide nonmetropolitan median family income is \$34,300 for 1996. Unemployment for the area is low at only 2%.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

The bank's lending level is good compared to banks of similar asset size in the assessment area. During the last ten quarters the bank's average loan-to-deposit ratio was 62%. This compares very favorably to the average loan-to-deposit ratio of 44% for four banks of similar asset size within the assessment area.



FNB's loan-to-deposit ratio is higher than all but one of the other seven banks in the assessment area. Average loan-to-deposit ratios for other banks in the assessment range from 26% to 70% over the same ten-quarter time period. Combined, the other banks have an average loan-to-deposit ratio of 48%. The other bank in Spearville has a lower average loan-to-deposit ratio at 51%.

Lending in Assessment Area

The bank extends a substantial majority of its loans within the assessment area. Examiners determined that 85% of the number and 91% of the dollar volume of loans originated in the one-year period ending July 16, 1996, were in the bank's assessment area.

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

Lending levels to borrowers of different incomes and to businesses of different sizes are satisfactory. Examiners randomly sampled 29 agricultural or business borrowers with loans granted in the one-year period ending July 16, 1996. This represented approximately 30% of the borrowers during this one-year period. We found that all borrowers in the sample met the definition of small businesses. The following table shows the gross annual revenue distribution of the sample borrowers:

Gross Annual Revenue Distribution	
\$0 to \$50,000	8
\$50,001 to \$100,000	10
\$100,001 to \$200,000	7
\$200,001 to \$300,000	1
\$300,001 to \$400,000	0
\$400,001 to \$500,000	1
\$500,001 and above	2

Geographic Distribution of Loans

An analysis of the distribution of credit within the assessment area would not be meaningful as the assessment area includes only middle- and upper-income tracts.

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 did not find any evidence of disparate treatment.