



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 31, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank In Belleville
Charter Number 3779**

**1205 18th Street
Belleville, KS 66935**

**Comptroller of the Currency
Kansas City North
6700 Antioch Road Suite 450
Merriam, KS 66204**

NOTE: This document is an evaluation of this 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. 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.

TABLE OF CONTENTS

INSTITUTION'S CRA RATING.....	2
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA	3
CONCLUSIONS ABOUT PERFORMANCE CRITERIA.....	3

INSTITUTION'S CRA RATING

➤ **This institution is rated Satisfactory.**

Major factors supporting this rating are:

- The bank has a good distribution of consumer auto loans among all income levels, including low- and moderate-income borrowers. The bank has a good distribution of loans to businesses and farms with revenues of less than \$1 million
- The bank's quarterly loan to deposit (LTD) ratio of 70% is satisfactory considering the bank's size, condition, credit needs, and the level of competition within the Assessment Area (AA).
- The bank's level of lending inside its AA exceeds the standard. The bank originated 80% by number and 68% by dollar volume of its loans to borrowers within the AA.

DESCRIPTION OF INSTITUTION

First National Bank in Belleville (FNB) had \$82 million in total assets as of September 30, 2002. FNB is an intrastate bank based in Belleville, Kansas. FNB also operates a full-service branch in Abilene and Chapman, Kansas. These full service branches were recently acquired on June 21, 2002 from Community Bank, Chapman, Kansas and increased the bank's assets by approximately \$30 million. As a result, the bank has an additional AA. Since there has been an insufficient amount of time to assess the bank's performance, the new AA is not included in the evaluation.

FNB is owned by First Belleville Bancshares, Inc., Belleville, Kansas, a two-bank holding company with total assets of \$12 million. Scandia State Bank, Scandia, Kansas has total assets of \$21 million, and is the affiliate bank.

FNB is a full-service bank with drive-up facilities and an automatic teller machine (ATM). An additional ATM is available at a retail establishment within the AA. FNB offers a broad range of loan and deposit products. Its lending focus is primarily agricultural and commercial. As of September 30, 2002, net loans totaled \$39 million and represented 48% of the bank's total assets. Tier one capital is \$7 million. By dollar volume, the loan portfolio is comprised of the following: agricultural (36%), commercial (30%), conventional 1-4 family residential real estate (23%), consumer (10%), and other (1%).

There are no financial conditions, legal constraints, or other factors that impede the bank's ability to meet the credit needs of its AA. The bank received a Satisfactory rating at its last CRA evaluation dated June 8, 1998.

DESCRIPTION OF ASSESSMENT AREA

FNB has designated all of Republic County as its AA. This designation meets the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income geographies. Financial institutions within Republic County are competitive for deposits and loans. Competition includes a branch office of two national banks and three state banks. All but one of the competing banks within the AA has assets exceeding \$50 million.

FNB's AA comprises all of Republic County. Republic County is divided into three block numbering areas (BNA). All three BNAs are middle-income. The bank is located in BNA 9783, and neighboring BNAs are 9781 and 9782. U.S. Highway 81 divides Republic County into western and eastern sections. The local economy is heavily dependent on agriculture. Major employers include Precision Dynamics, Inc., Scott Specialties, Republic County Hospital, city and county government, and the Belleville Unified School District 427. Per the Bureau of Labor Statistics as of November 30, 2002, the unemployment rates in Republic County are 3.2%. This compares favorably to that of the State of Kansas at 4.6%, and the national rate of 6.0% for this same time period.

The 1990 median family income for the AA was \$28,067. The 2002-updated statewide non-metropolitan median family income is \$44,200. Total population of the AA based on 1990 U.S. Census information is 6,482, and consists of 1,893 families. Low-, moderate-, middle-, and upper-income families represent 18%, 23%, 30%, and 29%, respectively, of the AA population.

One community contact was made with the coordinator of the Republic County Economic Development. The contact felt the greatest credit needs were for farming, consumer, and commercial purposes. The contact stated that all the banks within the county do a good job of providing funds. He stated bank involvement has been good considering the opportunities that exist. A recent contact within the community also stated the financial institutions in the area do a good job of meeting credit needs. This individual represented the county office of a state agency.

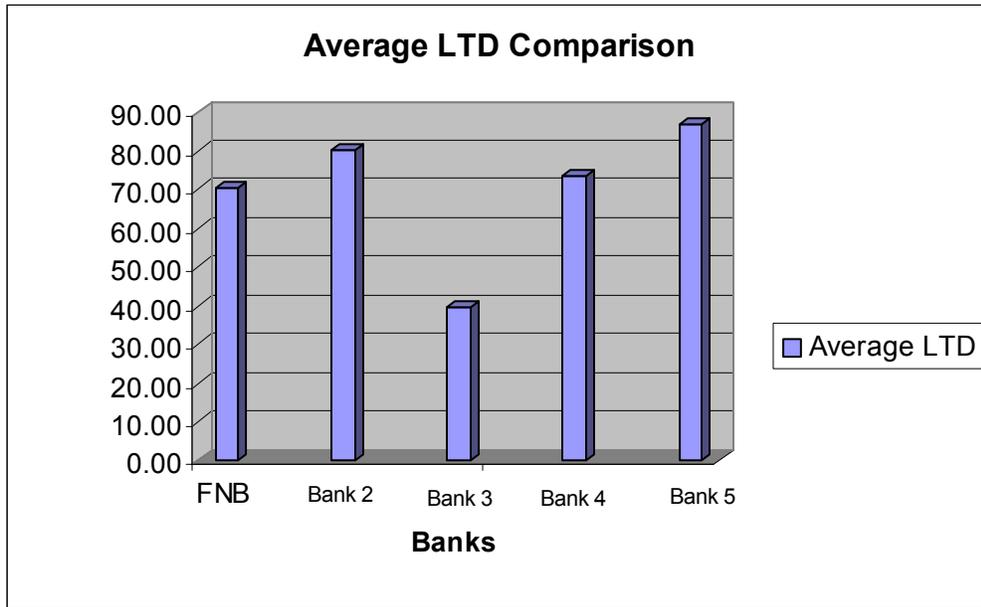
CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan to Deposit Ratio

The bank's 18-quarter average LTD ratio of 70% is satisfactory considering the bank's size, condition, credit needs, and the level of competition within the AA. The LTD is calculated for the time period of June 30, 1998 to September 30, 2002. The quarterly average LTD during the current examination period has fluctuated from a high at 77% as of March 31, 2002 to a low at 59% as of September 30, 2002. The recent decrease in the LTD ratio is attributed to the June 21, 2002 acquisition of Community Bank, Chapman, Kansas.

The four comparable banks are similarly situated as they are headquartered in Kansas, they have a limited branch structure, and offer similar products. As the chart below illustrates, the quarterly average LTD ratios ranged from 40% to 87%. FNB ranked fourth among the

comparable banks.



Lending in Assessment Area

The bank's lending in their AA is outstanding. The bank originates a majority of its loans to borrowers located inside its AA. OCC examiners tested an internally generated report that was sorted by BNA. The report enabled us to determine whether loans made since April 1998 (the prior CRA evaluation evaluated performance through March 1998), were either inside or outside the AA. The report indicates that 80% by number and 68% by dollar volume are within the AA of the bank.

We determined the primary product types using bank prepared reports of loans originated since the previous CRA examination. The primary product types by number of loans are agricultural (35%), and consumer-auto (21%). The primary product types by dollar volume are agricultural (36%) and commercial (non-real estate) loans (24%).

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

Loan distribution shows FNB has a good record of lending to borrowers of different incomes, including low-and moderate-income individuals, and a good record of lending to businesses and farms of different sizes.

We evaluated the bank's performance by sampling 25 loans of each of the following loan types: agricultural, consumer-auto, and commercial (non-real estate). Our sample period focused on loans originated in the current period and the prior two years.

Agricultural

FNB has a good record of lending to small farms within its AA. Ninety-five percent of the loans sampled reflected farm revenue of less than \$1 million. The 2002 Dun & Bradstreet Business

demographic information indicates that 96% of the farms in the AA have revenues of less than \$1 million. Of the 25 agricultural loans sampled, five did not have revenue information noted in the file.

Consumer-auto

Borrower Income	% of loans by #	% of loans by \$	% of households
Low-income	19%	22%	26%
Moderate-income	37%	35%	18%
Middle-income	31%	29%	22%
Upper-income	13%	14%	34%

FNB has a good record of making auto loans to consumers of different income levels. We compared the bank’s performance with the household distribution from the 1990 U.S. Census information. Of the loans sampled, 19% were made to low-income households and 37% were made to moderate-income households. This is slightly below the AA demographics that reflect low-income households of 26%; however, performance exceeds the AA demographics in the moderate-income households of 18%. Of the 25 loans sampled, nine did not have revenue information noted in the file.

Commercial (non-real estate)

FNB has a good record of lending to small businesses within its AA. The 2002 Dun & Bradstreet demographic information indicates 67% of the businesses in the AA have revenues of less than \$1 million, 4% have revenue greater than \$1 million, and 29% did not report revenue information. Loan sampling yielded the following results:

- Eighty-one percent of the loans sampled for non-real estate commercial loans reflected business revenues of less than \$1 million. Of the 25 loans sampled, nine did not have revenue information noted in the file.

Geographic Distribution of Loans

We did not perform an analysis of the geographic distribution of loans. There are no low- or moderate-income block numbering areas in FNB’s AA.

Reponses to Complaints

FNB has not received any written complaints regarding its CRA performance since the previous CRA examination dated June 8, 1998.

Fair Lending Review

An analysis of 2001-2002 public comments and consumer complaint information was performed according to the OCC’s risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.