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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

May 8, 1997

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank  
Charter Number 14163**

**202 East Eleventh  
Goodland, Kansas 67735**

**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 **First National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of May 8, 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 **Outstanding**.

The bank lends to borrowers of different income levels, making a vast majority of its agricultural loans to borrowers with lower incomes. The bank makes a substantial majority of loans within the assessment area.

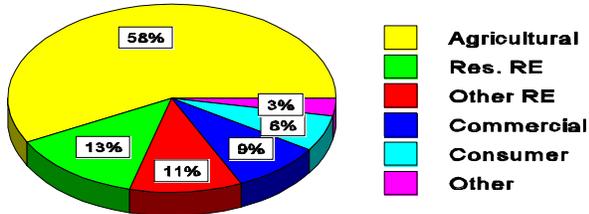
The following table indicates the performance level of First National Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST 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

First National Bank, a \$168 million financial institution, is one of ten banks headquartered in the bank's six-county assessment area. First National Bank has its main office in Goodland,

**Loan Portfolio Composition**  
As of December 31, 1996



Kansas, and one branch each in Colby, St. Francis, and Sharon Springs, Kansas. First National Bancshares, Inc. owns 100% of the bank's common stock. First National Bank is a full service bank and offers a variety of loan products with an emphasis on agricultural lending. As of December 31, 1996, agricultural loans accounted for 58% of the bank's \$104 million loan portfolio. Residential real estate loans totaled 13%, and other real estate loans represent 11%. Commercial loans totaled 9% of the loan portfolio, with consumer and other loans totaling 6% and 4%, respectively.

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 opened one branch since the last CRA examination. The bank opened the branch in April of 1995. At the last CRA examination dated March 28, 1995, First National Bank received an outstanding rating.

## DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of Cheyenne, Rawlins, Sherman, Thomas, and Wallace counties in Kansas and Kit Carson county in Colorado. The assessment area includes block numbering areas 9501 and 9502 in Cheyenne county; 9506 and 9507 in Rawlins county; 9536 and 9537 in Sherman county; 9531, 9532, and 9533 in Thomas county; and 9541 in Wallace county, all of Kansas. The assessment area also includes block numbering areas 9921, 9922, and 9523 of Kit Carson county in Colorado. The assessment area contains no low- or moderate-income areas. All thirteen block numbering areas in the assessment area are middle-income. The assessment area complies with the regulation and does not arbitrarily exclude any low- or moderate-income areas.

The assessment area is located in northwestern Kansas and northeastern Colorado. The assessment area has a combined population of nearly 31,000. Goodland, population approximately 5,500, is approximately 17 miles east of the Colorado state line, and 50 miles south of Nebraska. The local economy is dominated by agriculture with reliance on wheat, corn, and cattle production. Small businesses offer limited diversification. Several area banks provide moderate competition.

Examiners made community contacts with two local groups. The contacts revealed no unmet credit needs within the assessment area.

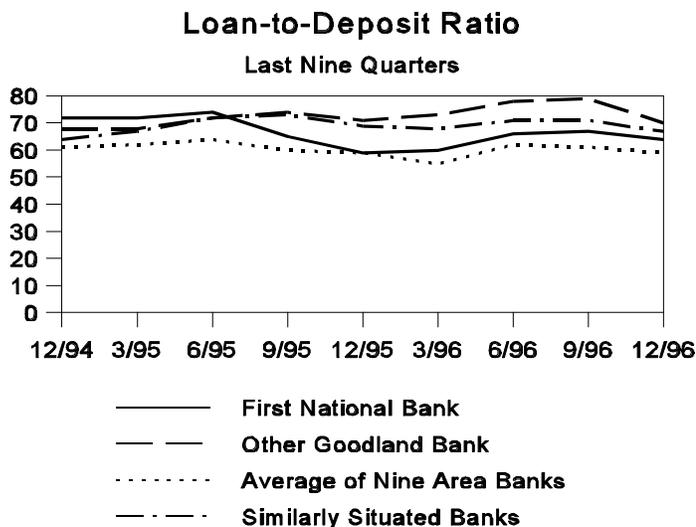
Of all households in the assessment area, 19% are low-income, 21% are moderate-income, 26% are middle-income, and 34% are upper-income. The 1996 statewide nonmetropolitan median family incomes for Kansas and Colorado are \$34,300 and \$36,300, respectively.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :**

***Loan-to-Deposit Ratio***

The bank’s level of lending is reasonable compared to other banks in the assessment area. During the nine quarter period ending December 31, 1996, the bank’s average loan-to-deposit ratio is 67%. This compares favorably to the average loan-to-deposit ratio of 60% for the other nine banks headquartered within the assessment area.

Average loan-to-deposit ratios for other banks in the assessment area range from 37% to 83% over the same nine quarter time period. The only other bank headquartered in Goodland has a higher average loan-to-deposit ratio, 73%.



The bank’s loan-to-deposit ratio is also comparable to other agricultural banks of similar size. The average of six banks located in the smaller communities in the Midwest equals 69%, compared to First National Bank’s 67%.

***Lending in Assessment Area***

First National Bank extends a substantial majority of its loans within the assessment area. Bank compiled information indicates the bank made 93% of the number of its loans during the period from January 1, 1996, to March 31, 1997, within the assessment area. These loans represented 88% of the dollar volume of credit extended during that period. The information also shows the bank made 91% of the number and 87% of the dollar volume of all loans within its assessment area. Examiners verified the accuracy of the bank’s information.

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

The bank makes loans to borrowers of different incomes and businesses of different sizes. Examiners focused on the bank's primary line of business: agricultural loans. Based on a sample of 50 agricultural loans, the bank lends to borrowers of various income levels and does not arbitrarily exclude any group of applicants. Bank management estimates the average farm in the area has gross annual revenues of approximately \$300,000. A significant portion of the bank's loans, 68%, were made to borrowers who fall below the average farm size. This included 30% of loans to agricultural borrowers with gross revenues under \$100,000. Below is a breakdown of the bank's agricultural loan originations by income level.

Gross Revenues	# of Loans	Percent
\$100,000 and less	15	30%
From \$100,001 to \$200,000	12	24%
From \$201,001 to \$300,000	7	14%
From \$300,001 to \$500,000	7	14%
Over \$500,000	9	18%
TOTAL	50	100%

### ***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-income block numbering areas.

### ***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.