



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 13, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The St. John National Bank
Charter Number 7844**

**Third and Broadway
St. John, Kansas 67567**

**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 St. John National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of April 13, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

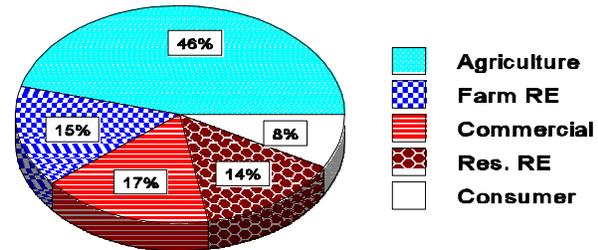
INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The St. John National Bank has a satisfactory record of meeting the credit needs of its assessment area. Average loan-to-deposit ratios are comparable to other banks in the assessment area. The bank's performance of lending to customers located inside the assessment area is good. Management has responded favorably to the credit needs of the assessment area by originating loans to businesses of different sizes, especially loans to small farms. Lending to borrowers of different income levels in the assessment area is satisfactory, with a reasonable number of loans to low- and moderate-income borrowers.

DESCRIPTION OF INSTITUTION

The St. John National Bank (SJNB), a \$30 million financial institution, is one of four banks headquartered in the bank's assessment area. SJNB is located in St. John, Kansas, and has no branches. St. John is a small rural community whose economy is agricultural based. SJNB is a full service bank and offers a variety of loan products with an emphasis on agricultural loans. As of December 31, 1997, agricultural and farm real estate loans comprised 61% of the bank's \$17 million loan portfolio. Commercial, residential real estate, and consumer loans represented 17%, 14%, and 8%, respectively.

Loan Portfolio Composition
December 31, 1997



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. We assigned a rating of "Outstanding Record of Meeting Community Credit Needs" at the previous October 12, 1995, CRA examination.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is all of Stafford county, which includes block numbering areas (BNAs) 9706 and 9707. Both BNAs are middle-income tracts. The Kansas 1998 statewide non-metropolitan median family income is \$38,200. The assessment area does not arbitrarily exclude any low- or moderate-income areas.

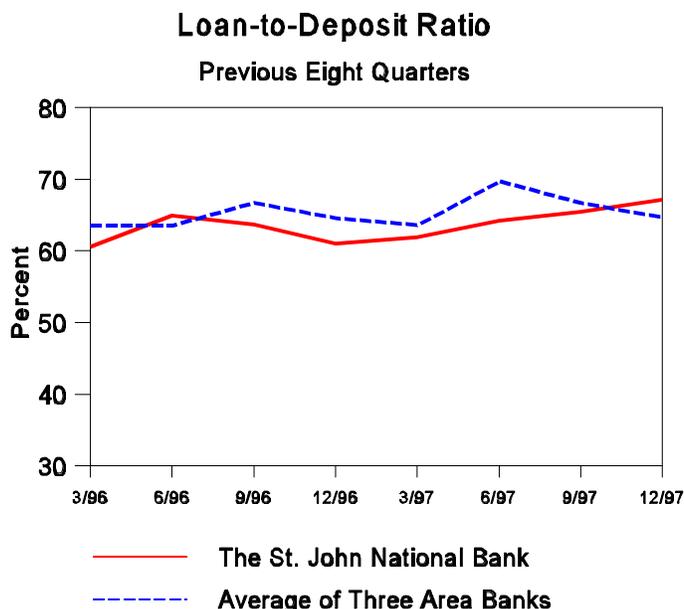
The assessment area is located in south central Kansas, approximately 100 miles northwest of Wichita. Stafford county has a stable population of roughly 5,400, with about 1,350 persons in St. John. Agriculture dominates the local economy, with the primary products being wheat, irrigated corn, and cattle. Area economic conditions are good, due to above average summer and fall crop revenues for 1997. Conditions are favorable for 1998 summer crops. Other significant employment in St. John is provided by the school district and various small businesses. Seven banks in and around the assessment area provide strong competition to SJNB.

Examiners made community contacts with two local business owners. The contacts revealed no unmet credit needs or discriminatory practices within the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

The bank's level of lending is satisfactory compared to other banks in the assessment area. Based on the previous eight quarters ending December 31, 1997, SJNB's average loan-to-deposit ratio is 65%. This is comparable to the average loan-to-deposit ratio of 64% for the three commercial bank competitors located in Stafford county. Loan-to-deposit ratio averages for these banks range from 61% to 67% over the same eight quarters. SJNB also has a good presence in the local market, controlling an estimated 20% of the total insured deposits in Stafford county.



Lending in Assessment Area

The bank's performance of lending to customers located inside the assessment area is good. Based on examiner samples, SJNB extends an overwhelming majority of its loans to customers within Stafford county. Examiners reviewed a large majority of agriculture purpose loans granted to customers during the first quarter of 1998. Additionally, examiners sampled nearly all residential real estate loans made in 1997 and during the first quarter of 1998. Only one credit in each category was extended to customers outside SJNB's assessment area. The following table illustrates the bank's lending within the assessment area.

New Loans Granted Within the Assessment Area		
Type of Loan	Number / Sample Size	Percentage
Agriculture Purpose	28 of 29	97%
Residential Real Estate	14 of 15	93%

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

Lending to borrowers of different income levels in the assessment area is satisfactory. Examiners reviewed a sample of 14 residential real estate originations extended in 1997 and during the first

quarter of 1998. Based on our sample, the bank extended 50% of loans (by number) to low- and moderate-income borrowers. The percentage of loans granted to low-income borrowers compares favorably to the demographic composition of low-income families. Loans to moderate-income borrowers were in line with the demographic composition of moderate-income families. Below is a breakdown of SJNB's residential real estate lending by income level.

Distribution of Residential Real Estate Loans by Income Levels			
Income Level	Residential Loan Sample		Percent of Stafford County Families in Each Income Category
	Number	Percent	
Low	4	29%	21%
Moderate	3	21%	23%
Middle	1	7%	24%
Upper	6	43%	32%

The bank's record of lending to farms of different sizes is good, with a large number of loans made to small farms. Agriculture lending is the bank's primary financing product. Examiners sampled 28 agriculture purpose loans extended during the first quarter of 1998. Management estimates that average farms in the area have gross annual revenues of less than \$400,000. Based on our sample, SJNB made approximately 82% of loans to farms with gross annual revenues under \$400,000. 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	11	39%
\$100,001 to \$250,000	7	25%
\$250,001 to \$400,000	5	18%
Over \$400,000	5	18%

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 anti-discrimination laws and regulations. Examiners found no evidence of discriminatory treatment.