



## **PUBLIC DISCLOSURE**

February 19, 2013

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Girard  
Charter Number 3216

205 South Summit  
Girard, Kansas 66743

Office of the Comptroller of the Currency

1027 South Main Street, Suite 405  
Joplin, Missouri 64801

**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.

## **INSTITUTION'S CRA RATING: Satisfactory**

### **The Lending Test rating is Satisfactory.**

The major factors supporting this rating for The First National Bank of Girard (FNB) are:

- FNB originated a majority of its loans within its assessment area (AA).
- The loan-to-deposit (LTD) ratio reflects reasonable responsiveness toward meeting the credit needs of the community.
- FNB's distribution of loans to borrowers of different income levels is reasonable.
- The bank received no consumer complaints concerning its performance in meeting the community's credit needs.

## **SCOPE OF EXAMINATION**

The scope of the examination included evaluating FNB based on the small bank CRA examination procedures and focused primarily on the lending test. Our objective was to assess the bank's ability to serve and meet the community's needs within its AA. FNB's primary loan products are 1-4 family residential real estate (RRE) loans (24 percent by dollar amount) and consumer loans (50 percent by number). To assess the bank's performance, we selected a random sample of 20 loans from each primary loan product. Our loan sample included originations from January 1, 2010 through December 31, 2011. We expanded 1-4 family RRE to include all loans originated during this period. We used the sample to determine the bank's lending record to individuals of different income levels, the bank's lending record within low- and moderate-income geographical census tracts, and the percent of the bank's loan originations extended to individuals located within the AA.

## **DESCRIPTION OF INSTITUTION**

FNB is a \$76 million national bank headquartered in Girard, Kansas. FNB is wholly owned by Mid-America Bancshares, Inc, a one-bank holding company. The bank has no other branch locations and has one automated teller machine located at the main location.

FNB offers customers a full range of loan and deposit products. As of December 31, 2012, net loans represented 56% of the bank's total average assets. The composition of the bank's \$45 million loan portfolio included: 57% real estate, 20% agriculture, 17% commercial and industrial, 5% consumer, and 1% other.

## DESCRIPTION OF ASSESSMENT AREA

FNB has one AA consisting of three census tracts in Crawford County, Kansas. The AA includes three middle-income census tracts. The AA does not include a metropolitan statistical area. Demographic data shows the 2011 median family income is \$40,394. The AA has 4,683 households, of which 35 percent receive social security, 2 percent receive public assistance, and 12 percent are below the poverty level. The AA meets the regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies.

We made one community contact with a local community business organization during this examination. Our community contact identified the primary needs of the community as increased high quality affordable housing and increased middle- to upper-income jobs.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

FNB's average quarterly LTD ratio reflects reasonable responsiveness toward meeting the credit needs of the community. The bank's LTD ratio over the 19-quarter evaluation period averaged 70 percent. The quarterly average LTD ratio for similarly situated institutions ranged between 79 percent and 94 percent, with an average of 87 percent.

### Lending in Assessment Area

The bank's record of lending to borrowers within its AA is more than reasonable. A majority of all loans originated are located within the AA. For loans sampled, the bank originated 65 percent of loans by number and 69 percent of loans by dollar amount inside its AA. Refer to Table 1 for more details.

Table 1 - Concentration of Loans Originated Inside and Outside the Assessment Area								
Loan Type	Number of Loans				Dollars of Loans			
	Inside		Outside		Inside		Outside	
	#	%	#	%	\$ (000)	%	\$ (000)	%
Mortgage Loans	12	60%	8	40%	\$709	69%	\$317	31%
Consumer Loans	14	70%	6	30%	\$128	75%	\$53	25%
Totals	26	65%	14	35%	\$837	69%	\$370	31%

Source: Loan Sample

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

FNB’s lending to borrowers of different income levels is reasonable. The bank’s consumer loan distribution among low- and moderate-income borrowers is above the demographic data. Refer to Table 2 for details.

Based on the 70 loans originated during our review period, FNB’s 1-4 family RRE distribution is below the aggregate industry distribution for both low- and moderate-income borrowers. For moderate-income borrowers it is only slightly lower and considered reasonable. The bank’s borrower distribution data for 1-4 family RRE lending is below the demographic data for low-income families within the AA. However, 12 percent of households in the bank’s AA are below the poverty level, which helps to explain the lower level of lending compared to the demographic data. Refer to Table 3 for details.

<b>Table 2 - Distribution of FNB’s Consumer Loans By Borrower Income Level in the Assessment Area</b>			
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume</b>	<b>% Household Distribution</b>
Low	25%	16%	23%
Moderate	25%	23%	18%
Middle	20%	27%	21%
Upper	30%	35%	37%
Unknown	N/A	N/A	N/A

*Source: Loan Sample and 2000 U.S. Census Data.*

<b>Table 3 - Distribution of FNB’s Mortgage Loans By Borrower Income Level in the Assessment Area</b>			
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume</b>	<b>% Family Distribution</b>
Low	7%	5%	18%
Moderate	20%	15%	22%
Middle	26%	17%	27%
Upper	47%	64%	33%
Unknown	N/A	N/A	N/A

*Source: Loan Sample and 2000 U.S. Census Data.*

**Geographic Distribution of Loans**

FNB’s assessment area is located exclusively in middle income tracts.

**Responses to Complaints**

FNB did not receive any written complaints regarding its CRA performance during the evaluation period.

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Pursuant to 12 C.F.R. § 25.28(c), or 12 C.F.R. § 195.28(c), in determining the CRA rating of a national bank (bank) the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or in any AA by an affiliate whose loans have been considered as part of the bank’s lending performance.

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this institution.