



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**April 21, 2003**

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

**The Girard National Bank  
Charter Number 13347**

**100 E. Forest  
Girard, Kansas 66743**

**Comptroller of the Currency  
Dan L. Gipple, Assistant Deputy Comptroller - Kansas City South  
1710 East 32nd Street, Fountainside Plaza, Suite H  
Joplin, Missouri 64804**

**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 COMMUNITY REINVESTMENT ACT (CRA) RATING:**

This institution is rated Outstanding.

- The Girard National Bank’s (GNB) loan-to-deposit (LTD) ratio reflects excellent responsiveness to the credit needs of the bank’s assessment areas (AA). The bank’s quarterly average LTD ratio since the last CRA examination is 87% based on sixteen quarters. This is the second highest average LTD ratio for the six similarly situated banks in the AA and significantly above the average of 78%.
- GNB’s record of lending within its AA is excellent. A substantial majority of all loans made are located in the AA. For consumer and agriculture loans sampled, the bank originated 83% by number and 93% by dollar amount within its AA.
- GNB’s performance of lending to borrowers of different incomes and loans to small farms is excellent. The distribution of loans reflects, given the demographics of the AA, excellent penetration among individuals of different income levels and farms of different sizes. Examiners reviewed a sample of 20 loans for each of the bank’s primary product types originated in the AA since the previous CRA examination through December 2002.

Performance for consumer lending to low-income individuals is more than reasonable, considering that 16% of the households in the AA are below poverty level. In addition, loans to moderate-income individuals exceed demographics by number of loans. Based on the sample of 20 consumer loans, 15% by number, or 10% by dollar, were made to low-income borrowers and 25% by number, or 7% by dollar, were made to moderate-income borrowers. Demographic data from the 1990 census indicates 25% and 17% of households in the AA are designated low- and moderate-income respectively.

Lending for agriculture pursuits is excellent as loans originated meet demographics by number and exceed demographics by dollar. Based on the sample of 20 agriculture loans, 95% by number and 96% by dollar were made to small farms (revenue less than \$1 million). Demographic data from the 1990 census indicates 95% of the farms in the AA have revenues less than \$1 million.

- The bank’s geographic distribution of credit reflects excellent penetration throughout the AA. The volume of consumer and agriculture lending activity in moderate-income areas is strong. GNB’s performance for the primary products is excellent as loans originated in the moderate-income tracts significantly exceed demographics by number and dollar amount. There are no low-income tracts in the bank’s AA.

The following tables illustrate the bank’s performance in its AA compared to demographics:

<b>Consumer Installment Loans</b>			
<b>Tract Designation</b>	<b>% of Households</b>	<b>% by Number</b>	<b>% by Dollar</b>
<b>Low - income Tract</b>	0.00%	0.00%	0.00%
<b>Moderate - income Tract</b>	11.84%	25.00%	20.50%
<b>Middle - income Tract</b>	69.56%	70.00%	70.33%
<b>Upper - income Tract</b>	18.60%	5.00%	9.17%

<b>Agricultural Loans</b>
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<b>Tract Designation</b>	<b>% of Farms</b>	<b>% by Number</b>	<b>% by Dollar</b>
<b>Low - income Tract</b>	0.00%	0.00%	0.00%
<b>Moderate - income Tract</b>	2.72%	10.00%	9.48%
<b>Middle - income Tract</b>	91.85%	90.00%	90.52%
<b>Upper - income Tract</b>	5.43%	0.00%	0.00%

- GNB did not receive any complaints about its performance in helping meet credit needs in the AA during the evaluation period.
- GNB is in compliance with applicable antidiscrimination laws. An analysis of 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 a comprehensive fair lending examination would not be conducted in connection with the CRA evaluation this year.

## **DESCRIPTION OF INSTITUTION**

GNB is a \$268 million institution located in Girard, Kansas. While headquartered in Girard, it operates nine branches with offices in Yates Center, Bucklin, Offerle, Clay Center, Horton, Hiawatha, Wetmore and two in Holton, Kansas. GNB has nine full service facilities and one walk up facility located in a convenience store. Eight branches offer drive up facilities and non-deposit taking ATMs are located at six of the branches, including the convenience store location. Consumer installment and agriculture loans are the primary focuses of the bank’s loan portfolio. GNB received a “Satisfactory” CRA rating at the last examination dated March 29, 1999. There are no legal or financial factors that impede the bank’s ability to help meet the credit needs of the AA. Please refer to the bank’s CRA PUBLIC FILE for more information.

## **DESCRIPTION OF ASSESSMENT AREA**

GNB’s AA includes 9 counties in Kansas: Crawford, Woodson, Hodgeman, Ford, Clark, Edwards, Kiowa, Comanche and Clay counties. Although these counties are not contiguous, they have been combined into one AA for analysis purposes based on the similarity of the markets. All are non-MSA primarily rural agricultural communities with predominately middle-income census tracts. The AA has 27 BNA/Census Tracts, which include 4 moderate-income, 20 middle-income, and 3 upper-income tracts. There are no low-income tracts in the AA. One area, which included branches in Holton, Horton, Hiawatha and Wetmore, Kansas, was excluded as these branches were purchased in 2002. Adequate information has not been accumulated to make a review of this area meaningful.