



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

February 13, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Condon National Bank of Coffeyville
Charter Number 6797**

**814 Walnut Street
Coffeyville, Kansas 67337**

**Comptroller of the Currency
Kansas City South Field Office
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 Satisfactory.

Condon National Bank's (CNB) has an outstanding record of lending to borrowers of different income levels.

Lending to borrowers of different incomes and small businesses is excellent. Given the demographics of the assessment area (AA), the bank's distribution of loans reflects more than reasonable penetration among individuals of different income levels, as well as businesses of different sizes. Examiners reviewed a sample of at least 20 loans for each of the bank's primary product types originated in the AA since the previous CRA examination through December 2005.

Performance for consumer lending to low-income individuals is more than reasonable given the demographics. Based on the sample of 20 consumer loans, 15% by number and 6% by dollar were made to low-income borrowers, while 45% by number and 52% by dollar were made to moderate-income borrowers. Demographic data from the 2000 census indicates 26% and 17% of households in the AA are designated low- and moderate-income, respectively. Approximately 13% of households in the AA are below poverty level.

CNB's lending for commercial loans is good. Based on the sample of 20 commercial loans, 70% by number and 55% by dollar were made to small businesses with revenues less than \$1 million. Demographic data for 2005 indicates 54% of the businesses in the AA have revenues less than \$1 million.

CNB's geographic distribution of loans within the assessment area is satisfactory.

CNB's geographic distribution of credit reflects satisfactory penetration throughout the AA. Lending in moderate-income areas was close to or exceeded demographics in moderate-income areas. There are no low-income tracts in the AA. Penetration of commercial loans in moderate-income tracts is more than reasonable at 35% by number and 38% by dollar. Demographic data indicates 22% of all businesses in the AA are located in moderate-income census tracts. Penetration of consumer loans in moderate-income tracts is reasonable at 20% by number and 22% by dollar. Demographic data indicates that 20% of all households in the AA are located in moderate-income census tracts.

CNB average quarterly loan-to-deposit ratio since the last examination is satisfactory.

CNB's average loan-to-deposit (LTD) ratio reflects adequate responsiveness to the credit needs of the AA given the level of local public funds deposits. The quarterly average LTD ratio since the last CRA examination was 48%, based on the last 20 quarters, and is currently at 50%. Once public funds deposits are netted, the current LTD ratio is 62% and reasonable when compared to the one similarly situated bank with an average LTD ratio for the last 20 quarters of 69%. Additionally, CNB's one banking facility has low loan demand.

CNB originated a majority of its loans in its assessment area.

The bank's record of lending within its AA is satisfactory. For consumer and commercial loans sampled, the bank originated 78% by number and 68% by dollar amount within its AA.

CNB did not receive any complaints about its performance in helping to meet credit needs in the assessment area during the evaluation period.

We found no evidence of illegal discrimination or other illegal credit practices.

DESCRIPTION OF INSTITUTION

CNB is a \$92 million institution located in Coffeyville, Kansas and is owned 98% by Coffeyville FC, a one-bank holding company. The bank is headquartered and operates one full service facility, including an ATM, in Coffeyville, Kansas. Consumer installment and commercial/industrial loans are the primary focus of the bank's loan portfolio.

CNB received a "Satisfactory" CRA rating at the last examination dated April 9, 2001. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA.

DESCRIPTION OF ASSESSMENT AREA

CNB's AA includes all of Montgomery County, Kansas, the southwest census tract of Labette County, Kansas and the two northern census tracts of Nowata County, Oklahoma. The AA contains 4 moderate- and 12 middle-income tracts and meets the requirements of the regulation. The tracts are contiguous, include geographies where the bank and ATMs are located, and represent where a substantial majority of the bank's loans are originated. There are eleven banks with 21 banking offices within the AA.

We made one community contact during this examination, which indicated all financial institutions in the area assist in meeting the primary credit needs of the surrounding communities.

Please refer to the bank's CRA Public File for more information.