



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**January 25, 2008**

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

The First National Bank of Girard  
Charter Number 3216

205 S. Summit  
Girard, Kansas 66743

Office of the Comptroller of the Currency

Kansas City South Field Office  
1710 East 32nd Street, Suite H  
Joplin, Missouri 64804-4100

**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.

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

- FNB's loan-to-deposit ratio is reasonable considering the level of competition in its assessment area.
- Management originated a significant majority of the bank's lending activity within its assessment area.
- Lending to borrowers of different incomes is excellent and to businesses of different sizes is adequate.
- The geographic distribution of both business and consumer loans reflect penetration throughout the assessment area and meet the demographic data in moderate-income tracts.
- We found no legal or financial circumstances that impede the bank's ability to help meet the credit needs in its assessment area.

## SCOPE OF EXAMINATION

We performed a full-scope evaluation of FNB's performance using small bank CRA procedures. Our objectives were to assess the bank's ability to serve and meet the community's needs within their assessment area (AA). We used outstanding loans as of December 31, 2007, in selecting the sample for our evaluation. The sample was taken exclusively from loans with current outstanding balances as FNB was unable to produce a report of all originations. The bank's primary lending products, by number and dollar amount, granted since the last CRA examination were commercial loans and consumer loans. To assess the bank's performance, examiners selected a sample of twenty consumer loans, and twenty commercial loans from the bank's AA.

## DESCRIPTION OF INSTITUTION

FNB is a \$83 million bank, headquartered in Girard, Kansas. The bank is 100% owned by Mid-America Bancshares, Inc., a one-bank holding company. The bank has an automated teller machine (ATM) located at the main location. FNB has no other branches.

FNB is a full-service bank offering a variety of loans. Net loans represent 62% of the bank's total assets. As of September 30, 2007, the composition of the bank's \$47 million loan portfolio included: 51% real estate, 23% agricultural, 15% commercial, 10% individual, and 1% other.

FNB's competition includes nine banks that are similarly situated with one or two branch locations within the AA. While four of the banks are larger with numerous branches outside the AA, management considers these institutions similarly situated as they directly compete for business within the AA. The other five institutions are comparable in size, market share, and number of branch locations.

The bank's financial condition, size, local economic conditions, and other factors allow it to meet the credit needs of its AA. We assigned a Satisfactory rating at the June 17, 2003 CRA examination.

## DESCRIPTION OF ASSESSMENT AREA

The bank's AA includes all of Crawford County, Kansas. The 2000 U.S. Census population of the AA was 38,242. The AA complies with the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. The AA is comprised of one upper-income census tract, eight middle-income census tracts, and two moderate-income census tracts and is not in a Metropolitan Statistical Area (MSA).

The 2007 Housing and Urban Development (HUD) median family income of the AA was \$49,800. The AA has the following income distribution for families: 21% low-income, 20% moderate-income, 24% middle-income, and 35% upper-income. Of the 15,516 households in the AA, 30% receive social security and 17% are below the poverty level. The median housing value is \$58,480, and 58% of the housing units are owner-occupied.

The AA is dependent on the various manufacturing firms in nearby Pittsburg, Kansas as well as agriculture in the surrounding rural communities. Major employers in the AA include Pittsburg State University, Mt. Carmel Regional Medical Center, and Superior Industries; all located in Pittsburg. Major employers in Girard include Unified School District 248, Crawford County Courthouse, and Girard Medical Center. The December 2007 unemployment rate for Kansas was 4.4%, and the November 2007 unemployment rate for Crawford County was 4.2%.

Examiners contacted one local government official in the AA. The contact indicated the primary credit needs of the community are agriculture, residential housing, and small commercial businesses, and that these needs are being adequately met by the local financial institutions. The contact noted all of the local financial institutions are well represented at various community related functions.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

The bank's loan to deposit ratio reflects good responsiveness towards meeting the credit needs of the community. The average quarterly loan-to-deposit ratio since the last CRA examination was 79%, as compared to 78% for the nine other similarly situated banks with locations in the AA.

### **Lending in Assessment Area**

The bank's record for lending to borrowers within its AA is satisfactory, as the majority of the loans the bank originated were in the AA. For loans in the evaluation period, management originated 83% by number and 94% by dollar within its AA.

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

FNB's level of lending to borrowers of different incomes and to businesses of different sizes is good. To assess the bank's performance, examiners selected a sample of twenty consumer loans, and twenty commercial loans from the bank's AA, which represents the primary loan types originated since the last CRA examination.

FNB's level of consumer lending to low- and moderate-income consumers is excellent. The bank granted 45% of the number of loans in the sample to low-income households, a group that represents 29% of the total households in the AA. The level of consumer lending to moderate-income consumers is excellent. The bank granted 30% of the number of loans to borrowers in moderate-income households as this group represents 18% of the total households in the AA.

The volume of lending to businesses of different sizes in the AA is reasonable. The commercial loan sample had 50% of the number and 12% of the dollar amount of loans granted in the AA to businesses with revenues less than one million dollars. Demographics indicate 57% of the businesses in the AA have gross annual revenues less than one million dollars.

### **Geographic Distribution of Loans**

The geographic distribution of credit within the AA is reasonable. The bank had loan originations penetrating all parts of the AA. The bank's geographic distribution does not arbitrarily exclude any low- or moderate-income census tracts. The bank's AA includes two moderate-income tracts located in Crawford County Kansas (census tracts 9571 and 9575).

FNB's level of consumer lending in the moderate-income census tracts in the AA is good. Management granted 15% of the loans in the consumer loan sample to borrowers in the moderate-income tracts. This compares favorably considering 16% of the total households in the AA are located within moderate-income tracts.

The geographic distribution of business loans in the AA is adequate. The bank extended 10% of the number of commercial loans in the sample to businesses in the moderate-income tracts located within the city limits of Pittsburg, Kansas. The moderate-income tracts represent 21% of all non-farm businesses in the AA. FNB's percentage of loans granted in the moderate-income tracts is low due to the financially competitive market in Pittsburg, and the 15 miles of separation between these tracts and the bank's only location.

### **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**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.