



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

June 25, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank Of Anthony
Charter Number 3385**

**Main And Bluff Streets
Anthony, KS 67003**

**Comptroller of the Currency
Wichita Field Office
3450 North Rock Road Suite 505
Wichita, KS 67226**

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.

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INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

- FNB's average loan-to-deposit ratio of 66% is comparable to the average of 70% for eighteen other banks in the assessment areas.
- A majority of the bank's major loan products have been granted in the assessment areas. The examiner's loan sample indicated 75% of the number and 84% of the dollar volume were in the assessment areas.
- The bank demonstrated excellent lending levels to low- and moderate-income consumers. The examiner's consumer loan sample indicated the bank's level of lending to these borrowers was more than three times the demographics of the area. Lending to businesses of different sizes was satisfactory. The commercial loan sample indicated over 50% were to businesses with annual gross revenues under \$1 million. The agricultural loan sample indicated over 90% were to borrowers with annual gross revenues under \$1 million.

DESCRIPTION OF INSTITUTION

The First National Bank of Anthony (FNB) is an \$80 million bank headquartered in Anthony, Kansas. In addition to its main office, the bank has a branch in Wichita, Kansas. Since the last CRA examination the bank added branches in Harper, Kansas and Mayfield, Kansas with the purchase of those locations from Hillcrest Bank during the fourth quarter of 1999. The bank operates ATMs at the Anthony, Wichita, and Harper bank locations. First SCK Financial Corporation, a \$7.8 million one-bank holding company located in Anthony, Kansas, owns 100% of the bank.

FNB is a full-service bank offering a variety of loans. Net loans represent 68% of the bank's total assets. As of December 31, 2000, the bank's \$55 million loan portfolio had the following composition: 38% agricultural, 36% commercial, 16% residential real estate, 9% consumer, and 1% other.

The bank's primary lending products, by number and dollar amount of loans granted since the last examination, were real estate construction loans to commercial borrowers, loans to purchase feeder cattle, and consumer loans to purchase vehicles.

The bank's financial condition, size, local economic conditions, and other factors allow it to help meet the credit needs of its assessment area. We assigned a "Satisfactory" rating at the February 27, 1997, examination.

DESCRIPTION OF ASSESSMENT AREAS

The bank has two assessment areas (AAs). One AA consists of the entire county of Harper, Kansas (9916, 9917, and 9918), two Block Numbering Areas (BNAs) in Sumner County Kansas (9922, 9923), and two BNAs in Grant County, Oklahoma (9561, 9562). Six of the tracts (86%) are middle-income and one (14%) is upper-income. The AA has a population of 18,641 and is not in a Metropolitan Statistical Area (MSA). Kansas and Oklahoma statewide non-metropolitan median family income for 2000 is \$41,100 and \$33,300, respectively. The AA has the following income distribution for families:

Distribution of Family Income in non-MSA Assessment Area	
Income Level	Percentage
Low-income Families	16%
Moderate-income Families	20%
Middle-income Families	24%
Upper-income Families	40%

Thirteen percent of the households have incomes below the poverty level, 37% receive social security, and 4% receive public assistance. Thirty-one percent of the population is not in the work force and 21% is over the age of 65.

The median housing value is \$32,798 and 66% of the housing units are owner occupied. The trade area is dependent on the agriculture economy, which has not been strong for the last 2 to 3 years. Major employers include Dewey's Manufacturing, Morrison's, and CELCO. The unemployment rate for May in Kansas was 3.5%.

The other AA contains nine census tracts (CTs) in the northwest part of the Wichita MSA. The CTs are 93.01, 93.02, 94.01, 94.02, 95, 95.01, 95.02, 102, and 105. Four of the tracts (44%) are middle-income and five (56%) are upper-income. The AA has a population of 48,173. The HUD median family income in 2000 for the Wichita MSA was \$55,100 while the 1990 census median family income was \$35,931. The AA has the following income distribution for families:

Distribution of Family Income in Wichita Assessment Area	
Income Level	Percentage
Low-income Families	7%
Moderate-income Families	12%
Middle-income Families	22%
Upper-income Families	59%

Five percent of the households have incomes below the poverty level, 16% receive social security, and 2% receive public assistance. Sixteen percent of the population is not in the work force and 7% is over the age of 65.

The median housing value is \$76,498 and 72% of the housing units are owner occupied. The Wichita MSA economy is strong, but appear to show signs of weakening in the housing market and aircraft industry. Major employers include Boeing, Cessna Aircraft, Learjet Inc, Raytheon Aircraft, Coleman, and Koch Industries. The May 2001 unemployment level for the Wichita MSA was 3.3%

FNB faces strong competition in both AAs. In addition to FNB, eighteen banks have offices in one of the two AAs. Seven banks are in the AA that is part of the Wichita MSA and 11 banks are in the non-MSA AA. The asset sizes of these banks range from \$11 million to \$2.2 billion. FNB ranks as the 8th largest bank of these banks.

The assessment areas comply with the regulation and do not arbitrarily exclude any low- or moderate-income areas.

Examiners contacted two community professionals. The contacts indicated the credit needs of the community are being met adequately by the local financial institutions.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB's lending level is satisfactory. The average loan-to-deposit ratio for the last sixteen quarters was 66% and in line with peer's. The average loan-to-deposit ratio over the same period for eighteen banks with offices in the AA was 70%. Average loan-to-deposit ratios for these eighteen banks range from 41% to 90%.

Lending in Assessment Areas

FNB's lending in its AAs is reasonable as it extended a majority of its major loan products in its AA. To determine the loan distribution examiners selected a sample of 60 loans granted since the last examination. This sample consisted of 20 construction loans granted to commercial borrowers, 20 purchase feeder cattle loans granted to agricultural borrowers, and 20 purchase vehicle loans granted to consumers. The following table depicts the distribution of these loans by number and dollar amount.

Percentage of Sample Loans Granted Within the Assessment Area	
Percentage by Number	Percentage by Dollar
75%	84%

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

Lending to borrowers of different incomes and businesses of different sizes is satisfactory. Examiners analyzed samples of consumer purchase vehicle loans, construction loans to commercial borrowers, and purchase feeder cattle loans to agricultural borrowers as those loan products represent the majority of loans originated since the last examination.

Lending to borrowers of different income levels is excellent. Examiners selected a sample of 12 consumer loans granted in the AAs since the last exam. The following table indicates the bank's lending to low-income and moderate-income borrowers is more than three times the percentage of households in those income categories.

Sample of Consumer Loans Granted Between January 1, 1997 and May 31, 2001			
	Consumer Purchase Vehicle Loans		Households in Income Category
Income Level	% of #	% of #	%
Low-income	36	42	11
Moderate-income	36	37	11
Middle-income	18	7	18
Upper-income	9	14	60
Total	100	100	100

Lending levels to businesses of different sizes are satisfactory. Examiners selected a sample of 16 business and 18 agricultural loans granted since the last examination. The business loan table indicates that 50% of the loans in the sample and 55% of the dollar amount of those loans were granted to small businesses with annual gross revenues less than \$1 million. The agricultural loan table indicates 89% of the loans in the sample and 96% of the dollar amount of those loans were granted to small agricultural operations with annual gross revenues less than \$1million.

Sample of Business Loans Granted Between January 1, 1997 and May 31, 2001		
Annual Gross Revenues	Percentage of Number of Loans	Percentage of Dollar Amount of Loans
Less than \$100,000	31%	34%
\$100,000 to \$500,000	0%	0%
\$500,000 to \$1,000,000	19%	11%
Over \$1,000,000	50%	55%

Sample of Agricultural Loans Granted Between January 1, 1997 and May 31, 2001		
Annual Gross Revenues	Percentage of Number of Loans	Percentage of Dollar Amount of Loans
Less than \$100,000	17%	6%
\$100,000 to \$200,000	38%	23%
\$200,000 to \$500,000	17%	11%
\$500,000 to \$1,000,000	17%	56%
Over \$1,000,000	11%	4%

Geographic Distribution of Loans

An analysis of the geographic distribution of credit would not be meaningful. The bank does not have any low- or moderate-income areas within its assessment area.

Responses to Complaints

The bank has not received any CRA related complaints since the previous CRA examination.

Fair Lending Review

An analysis of 1997, 1998, 1999, 2000, and year-to-date 2001 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 that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1997.