

PUBLIC DISCLOSURE

September 27, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Security National Bank
Charter Number 23038**

**800 Poyntz
Manhattan, Kansas 66502-0308**

**Office of the Comptroller of the Currency
Kansas City North - Salina Office
Post Office Box 616
Salina, Kansas 67402-0616**

NOTE: 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.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **Security National Bank, Manhattan, Kansas, (SNB)** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of September 27, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

Institution's CRA Rating: This institution is rated **Satisfactory**.

SNB's overall CRA ratings are based on the following factors:

- C SNB has a reasonable record of lending to businesses, which include farms, in the lower revenue categories within its assessment areas. SNB's record of lending to residential real estate borrowers of different income levels within the assessment areas is also reasonable.
- C The geographic distribution of SNB's commercial/agricultural loans is reasonable, as is the geographic distribution of SNB's residential real estate loans.
- C A majority of SNB's loan originations are extended to borrowers living within its three assessment areas.

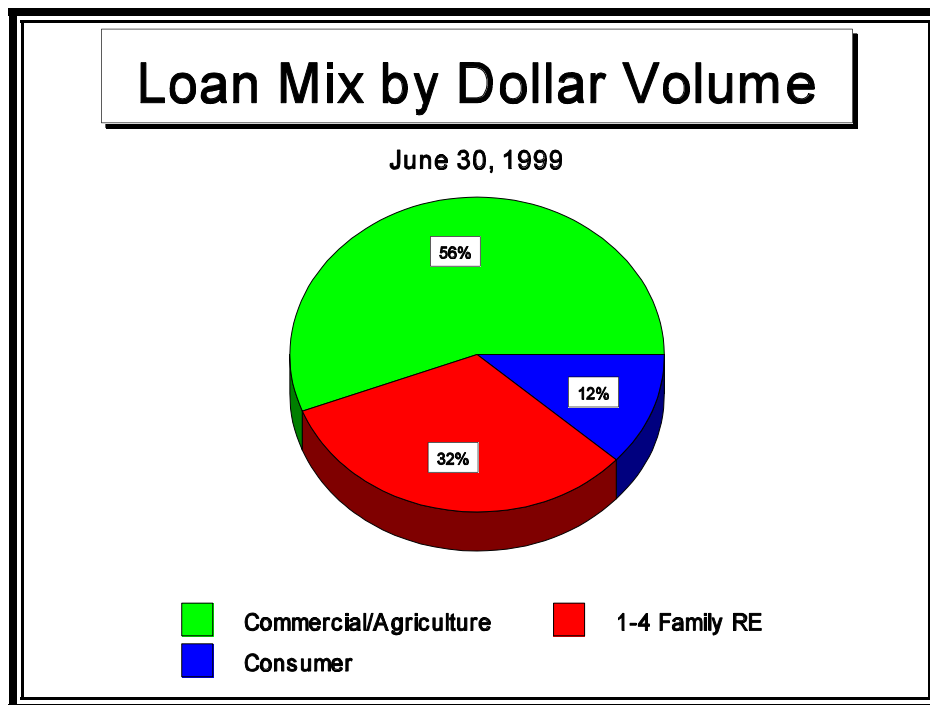
Bank

Security National Bank, Manhattan, KS

DESCRIPTION OF INSTITUTION

SNB is a \$137 million institution based in Manhattan, Kansas. The bank is wholly-owned by MNB Bancshares, Inc., a second-tier holding company. This one-bank holding company is publicly traded in the NASDAQ Small-Cap Issues. The bank has three full service branches which are located in Auburn, Osage City, and Topeka, Kansas. SNB acquired the Osage City branch on December 31, 1997. The bank acquired a branch in Beloit on the same date, and subsequently sold it to a state bank on June 5, 1998. SNB also has six limited service automated teller machines. No legal constraints, financial conditions, or other factors inhibit the bank's ability to help meet the credit needs of its assessment areas. The institution received a "Satisfactory" rating at its last CRA examination dated May 13, 1997.

SNB's net loans total \$80 million as of June 30, 1999, and represent 58 percent of its total assets. The bank's primary credit products by dollar volume are commercial loans, which include loans for agricultural purposes. Since the bank's last CRA examination, loan volume has increased approximately \$15 million. The growth has primarily resulted from an increase in commercial loans. The following table shows the bank's loan portfolio composition as a percentage of gross loans.



Community Reinvestment Act Performance Evaluation

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DESCRIPTION OF INSTITUTION - Continued

SNB originates 1-4 family residential mortgages that are sold in the secondary market. Because the mortgages are sold, they are not included in the bank's loan portfolio, and, therefore, are not reflected in the graph on the previous page. The following table details the number of mortgages SNB originated and sold each year.

Mortgage Loans Originated by SNB and Sold in the Secondary Market Loans Originated Between 1/1/97 and 8/31/99		
Year	Number of Loans Sold	\$ of Loans Sold (000s)
1997	172	\$14,161
1998	353	\$30,773
1999	96	\$9,119

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DESCRIPTION OF ASSESSMENT AREA

SNB has designated three separate assessment areas (AA). The Manhattan Assessment Area (MAA) includes all of Riley County and a portion of Pottawatomie County. The Topeka Assessment Area (TAA) includes the majority of Shawnee County and a portion of Wabaunsee County. The Osage Assessment Area (OAA) includes all of Osage County. The AAs meet the requirements of the CRA regulation and do not arbitrarily exclude any low- or moderate-income geographies.

SNB's main office is located in Riley County. The bank has two branch offices in Shawnee County, and another branch office in Osage County. Strong competition within the AAs is provided by numerous financial institutions, which include state and nationally chartered banks, branch offices of regional banks, savings banks, credit unions, Farm Credit Services, and mortgage companies. The asset sizes of these institutions range from \$6 million to \$244 billion.

Manhattan Assessment Area (MAA)

Total population of the MAA is 76,418, based on 1990 U.S. Census information. The MAA is divided into twelve census tracts (CTs). Ten census tracts are located in Riley County and two in Pottawatomie County. SNB's main office is located in CT 8 in Riley County. One of the 12 census tracts, representing eight percent, is designated as low-income; two, or 17 percent, are moderate-income; six, or 50 percent, are middle-income; and three, or 25 percent, are upper-income. Designations are based on the 1990 U.S. Census median income of the families living within each census tract.

The Manhattan Assessment Area includes 16,205 families, of which 11 percent are below poverty level. Seventeen percent of all the MAA's families are designated low-income; 20 percent are moderate-income; 22 percent are middle-income; and 41 percent are upper-income. Income designations are based on median family income levels as a percentage of the 1999 non-metropolitan updated median family income figure of \$38,700. The median family income figure is estimated by the Department of Housing and Urban Development on an annual basis. The Census data also reports the median housing value for the MAA as \$53,629. The median year houses in the assessment area were built is 1967. Forty-five percent of the MAA's housing units are owner occupied.

The Manhattan economic environment is strong, and unemployment is low. Riley County's economy is heavily dependent upon Kansas State University (KSU) and the Fort Riley Military Base. KSU employs 4,468, and has a student population of approximately 21,000. The 1998 Economic Impact Summary estimates 3,700 Fort Riley personnel reside in Manhattan. Affordable rental housing units are in demand to meet the needs of the large military and student population. Other major employers include: Kansas Farm Bureau, Mercy Health Center,

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DESCRIPTION OF ASSESSMENT AREA - Continued

Manhattan Medical Center, McCall Pattern Company, and Idelman Telemarketing. Service and retail sectors provide additional opportunities for employment. According to the Kansas Department of Human Resources, the estimated August 1999 unemployment rates for Riley and Pottawatomie Counties are 3.1 percent and 2.0 percent, respectively.

We contacted one individual within the community to discuss Manhattan's unique housing situation and the performance of financial institutions in the area. This individual works for a local governmental agency. Our contact did not identify any unmet credit needs in the MAA.

Topeka Assessment Area (TAA)

The Topeka Metropolitan Statistical Area (MSA) includes all of Shawnee County. An MSA is a geographic entity used by Federal statistical agencies to define a core area that contains a large population, surrounded by adjacent communities that share a high degree of economic and social integration. Topeka's MSA is divided into 44 CTs. The Kansas River separates five CTs from the other 39.

The TAA includes 38 CTs in Shawnee County, and one Block Numbering Area (BNA) in Wabaunsee County. SNB excluded six of the Shawnee County CTs from its assessment area. Five of the CTs are north of the Kansas River, which represents a significant geographic barrier. The other CT is in the northeastern portion of the county, which is some distance from both branches. SNB's branches are located in CTs 36.01 and 36.02. Two of the 39 CTs/BNAs, representing five percent, are designated as low-income; ten, or 26 percent, are moderate-income; 20, or 51 percent, are middle-income; and six, or 15 percent, are upper-income. The remaining CT, representing 3 percent, does not have an income designation.

Total population of the TAA, based on 1990 U.S. Census information, is 133,277. The Topeka Assessment Area includes 35,214 families, of which eight percent are below poverty level. Nineteen percent of all the TAA's families are designated low-income; 18 percent are moderate-income; 26 percent are middle-income; and 37 percent are upper-income. Income designations are based on median family income levels as a percentage of the 1999 combined Topeka MSA and Kansas non-metropolitan updated median family income figure of \$50,879. The Census data also reports the median housing value for the TAA as \$54,258. The median year houses in the assessment area were built is 1959. Fifty-eight percent of the TAA's housing units are owner occupied.

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DESCRIPTION OF ASSESSMENT AREA - Continued

The Topeka economic environment is considered strong. As the State Capitol, the Topeka economy is heavily dependent upon numerous state governmental agencies. The State of Kansas is the area's largest employer with approximately 8,800 employees. Operations of several major corporations provide diverse private employment opportunities. Major employers include: Goodyear Tire & Rubber, Payless Shoe Source, Jostens Printing and Publishing, Stormont-Vail Regional Medical Center, St. Francis Hospital and Medical Center, Colmery-O'Neil VA Hospital, Menninger Foundation, Blue Cross Blue Shield of Kansas, and Burlington Northern Sante Fe Railroad, as well as local governmental agencies. August 1999 estimated unemployment rates for Shawnee and Wabaunsee County are 3.3 percent and 3.2 percent, respectively.

Recent community contacts conducted by the regulatory agencies confirmed one of the primary credit needs of the area as small business loans. The contacts also indicated the credit needs are being satisfied by the large number of financial institutions.

Osage Assessment Area (OAA)

Total population of the OAA, based on 1990 U.S. Census information, is 15,248. The OAA is divided into five CTs, all of which are designated middle-income. SNB's branch office is located in CT 104. The Osage Assessment Area includes 4,380 families, of which nine percent are below poverty level. Eighteen percent of all the OAA's families are designated low-income; 17 percent are moderate-income; 25 percent are middle-income; and 40 percent are upper-income. Income designations are based on median family income levels as a percentage of the 1999 non-metropolitan updated median family income figure of \$38,700. The Census data also reports the median housing value for the OAA as \$36,764. The median year houses in the assessment were built is 1964. Seventy-three percent of the OAA's housing units are owner occupied.

The Osage County economic environment is good. Although heavily dependent upon agriculture, its proximity to Topeka, Emporia, Lawrence, and the Wolf Creek Nuclear Power Plant provide diversification and employment opportunities. Our community contact estimated that one-third of Osage County residents commute out of the county for employment. The area's largest employers include: KanBuild, Inc., Jerry's Thriftway, and various state and local governmental agencies. Service and retail sectors provide some additional opportunities for employment. According to the Kansas Department of Human Resources, the estimated August 1999 unemployment rate for Osage County is 4.3 percent.

We contacted one individual within the community to discuss local credit needs and the performance of financial institutions in the area. This individual works for a county/state governmental agency. Our contact confirmed a primary credit need of the area as small business loans. Our contact indicated

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credit needs are being satisfied in the OAA.

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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**Lending to Businesses of Different Revenue Sizes and Borrowers of Different Income Levels**

Our review identified the bank's primary credit product as commercial loans, which includes agricultural loans. We also reviewed all loans reported on the bank's Home Mortgage Disclosure Act Loan Application Register (HMDA-LAR). SNB is required to maintain a HMDA-LAR since it has an office in an MSA, it originates home purchase or home improvement loans, and it exceeds the asset threshold of \$29 million. The HMDA-LAR records all applications, loans, and refinances with the proceeds used to purchase single or multifamily dwellings or for home improvement.

The analyses and conclusions drawn during our review are based upon data provided by the bank. We selected our commercial/agricultural loan sample from those borrowers whose files contained revenue information, and loans were originated between January 1, 1997 and September 30, 1999. We included agricultural loans in our commercial loan sample since the bank was unable to produce data segregating these loans. We included agricultural demographics in the business demographic comparison to parallel the bank's data. We also analyzed the loans identified on the bank's HMDA-LARs from January 1, 1997 through September 16, 1999.

Commercial/Agricultural Lending:

SNB has a reasonable record of lending to businesses/farms in the lower revenue categories within its assessment areas. We reviewed the revenue distribution of 62 commercial/agricultural borrowers in the assessment areas with loan originations between January 1, 1997 and September 30, 1999. Our sample represented seven percent by number and six percent by dollar volume of all commercial/agricultural loan originations within the three assessment areas during this time period. Of the 62 loans we reviewed, 29 were located in the MAA, 27 were located in the TAA, and 6 were in the OAA.

We compared the revenue distribution of SNB's commercial/agricultural loan customers in each assessment area to demographic information as compiled by Dun & Bradstreet. The tables on the following pages show more detailed analyses of the commercial/agricultural borrower revenue distribution.

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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA - Continued

Commercial/Agricultural Loan Customer Revenue Distribution Manhattan Assessment Area (MAA) Sample of 29 Commercial/Agricultural Loan Customers with Loan Originations Between 1/1/97 and 9/30/99				
Business/Farm Revenue Category	Distribution of SNB's Commercial/Agricultural Loan Customers		Revenue Distribution of Businesses/Farms in MAA*	
	Number	Percentage	Number	Percentage
\$0-\$499,999	19	66%	1,336	81%
\$500,000-\$999,999	3	10%	139	8%
\$1,000,000-\$24,999,999	7	24%	158	10%
\$25,000,000 and Over	0	0%	9	1%
Total	29	100%	1,642	100%

*Does not include 292 businesses/farms which did not report revenue data.

SNB's proportion of small business/farm borrowers is reasonable in relation to local business/farm demographics. Based on our limited sample, we determined 76 percent of SNB's commercial/agricultural customers in the MAA had gross annual revenues of less than \$1 million. Dun & Bradstreet's research indicates 89 percent of the businesses/farms in the MAA had revenues of less than \$1 million.

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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA - Continued

Commercial/Agricultural Loan Customer Revenue Distribution Topeka Assessment Area (TAA) Sample of 27 Commercial/Agricultural Loan Customers with Loan Originations Between 1/1/97 and 9/30/99				
Business/Farm Revenue Category	Distribution of SNB's Commercial/Agricultural Loan Customers		Revenue Distribution of Businesses/Farms in Topeka Assessment Area*	
	Number	Percentage	Number	Percentage
\$0-\$499,999	21	78%	3,525	80%
\$500,000-\$999,999	2	7%	355	8%
\$1,000,000-\$24,999,999	4	15%	464	11%
\$25,000,000 and Over	0	0%	41	1%
Total	27	100%	4,385	100%

*Does not include 1,271 businesses and farms which did not report revenue data.

SNB's proportion of small business/farm borrowers is reasonable in relation to local business/farm demographics. Based on our limited sample, we determined that 85 percent of SNB's commercial/agricultural customers in the TAA had gross annual revenues of less than \$1 million. Dun & Bradstreet's research indicates 88 percent of the businesses/farms in the TAA had revenues of less than \$1 million.

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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA - Continued

Commercial/Agricultural Loan Customer Revenue Distribution Osage Assessment Area (OAA) Sample of 6 Commercial/Agricultural Loan Customers with Loan Originations Between 1/1/97 and 9/30/99				
Business/Farm Revenue Category	Distribution of SNB's Commercial/Agricultural Loan Customers		Revenue Distribution of Businesses/Farms in Osage Assessment Area*	
	Number	Percentage	Number	Percentage
\$0-\$499,999	5	83%	376	92%
\$500,000-\$999,999	1	17%	14	3%
\$1,000,000-\$24,999,999	0	0%	19	5%
\$25,000,000 and Over	0	0%	0	0%
Total	6	100%	409	100%

*Does not include 67 businesses and farms which did not report revenue data.

SNB's proportion of small business/farm borrowers exceeds local business/farm demographics. Based on our limited sample, we determined that 100 percent of SNB's commercial/agricultural customers in the OAA had gross annual revenues of less than \$1 million. Dun & Bradstreet's research indicates 95% percent of the businesses/farms in the OAA had revenues of less than \$1 million.

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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA - Continued**HMDA Reportable Loans:**

SNB has a reasonable record of lending to residential real estate (RRE) borrowers of different income levels within the assessment areas. We compared the income distribution of all RRE borrowers as reported on the bank's HMDA-LARs for 1997, 1998, and year-to-date 1999 to U.S. Census data. The following tables provide more detailed analyses of the income distribution of SNB's customers within each assessment area as compared to area demographics.

Income Distribution of all HMDA Reportable Loans Manhattan Assessment Area (MAA) HMDA Loans Reported 1/1/97 to 9/16/99					
Income Designation	No. of Loans	Percentage	\$ Amount of Loans (000s)	Percentage	Percent of Families
Low	11	3%	\$387	1%	17%
Moderate	56	12%	\$2,867	7%	20%
Middle	109	23%	\$7,207	19%	22%
Upper	291	62%	\$28,546	73%	41%
Total	467	100%	\$39,007	100%	100%

SNB's record of lending to RRE borrowers of different income levels within the MAA is reasonable given the external factors limiting the bank's opportunities to lend to low- and moderate-income families.

Our review indicates 15 percent of SNB's RRE customers in the MAA are designated low- or moderate-income. The 1999 non-metropolitan updated median family income figure for the MAA is \$38,700. Based on this income figure, a low-income applicant would make up to \$19,350 and a moderate-income applicant, \$30,960. Using RRE market underwriting guidelines, these applicants would qualify for home loans of approximately \$45,000 and \$75,000, respectively.

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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA - Continued

The Riley County Appraiser’s Office states the average sale price of a home in 1999 was \$102,824. Low- and moderate-income applicants would not qualify for homes in this price range. Sales of homes in the lower price ranges are limited. Only 77 homes sold for less than \$45,000 so far this year; another 216 were priced below \$75,000. In 1998, those numbers were 116 and 288, respectively. In 1997, those numbers were 115 and 260, respectively.

Our community contact and public officials indicate there is a shortage of lower-priced homes available for purchase. The large military and student population have created a high demand for rental property. Officials estimate rental property now accounts for 60 percent of occupied housing units. Landlords have purchased a significant portion of the lower-priced homes for rental purposes. Public officials estimate 30 percent of the lower-priced homes are purchased by landlords even before they are marketed or listed with a Realtor. Therefore, the housing stock available for purchase by lower income families is limited. In addition, forty additional lenders are competing with SNB to make loans on this scarce housing stock.

Income Distribution of all HMDA Reportable Loans Topeka Assessment Area (TAA) HMDA Loans Reported 1/1/97 to 9/16/99					
Income Designation	No. of Loans	Percentage	\$ Amount of Loans (000s)	Percentage	Percent of Families
Low	12	7%	\$374	2%	19%
Moderate	34	18%	\$1,823	12%	19%
Middle	47	26%	\$3,315	21%	26%
Upper	91	49%	\$10,122	65%	36%
Total	184	100%	\$15,634	100%	100%

SNB’s record of lending to RRE borrowers of different income levels in the TAA is reasonable when compared to demographics of the census tracts encompassing the bank’s branches and the branches’ lending patterns.

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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA - Continued

The TAA includes 38 census tracts and one block numbering area. The Topeka branch is located in CT 36.02; the Auburn branch is in CT 36.01. We analyzed the branches' lending patterns and found nearly half of all RRE loans are originated in these two census tracts. However, only five percent of the TAA's 13,174 low- or moderate-income families live in these two CTs. SNB originated 14 percent of its 86 RRE loans to low- and moderate-income families living in CTs 36.01 and 36.02.

Competition for loans is strong. There were 115 financial institutions which filed HMDA-LARs in 1998. This is a 26 percent increase over 1997's HMDA filers.

Income Distribution of all HMDA Reportable Loans					
Osage Assessment Area (OAA)					
HMDA Loans Reported 1/1/97 to 9/16/99					
Income Designation	No. of Loans	Percentage	\$ Amount of Loans (000s)	Percentage	Percent of Families
Low	1	2%	\$15	1%	18%
Moderate	5	12%	\$220	7%	17%
Middle	12	27%	\$542	18%	25%
Upper	26	59%	\$2,192	74%	40%
Total	44	100%	\$2,969	100%	100%

SNB's records of lending to RRE borrowers of different income levels within the OAA is reasonable given the external factors limiting the bank's opportunities to lend to low- and moderate-income families.

Our review indicates 14 percent of SNB's RRE customers in the OAA are designated low- or moderate-income. The 1999 non-metropolitan updated median family income figure for the OAA is \$38,700. Based on this income figure, a low-income applicant would make up to \$19,350 and a moderate-income applicant, \$30,960. Using RRE market underwriting guidelines, these applicants would qualify for home loans of approximately \$45,000 and \$75,000, respectively.

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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA - Continued

The Osage County Appraiser's Office stated the average sale price of a home in 1999 was \$69,584. Low-income applicants would not qualify for homes in this price range. Sales of homes in the lower price ranges are limited. Only 20 homes sold for less than \$45,000 so far this year; another 44 were priced below \$75,000. In 1998, those numbers were 42 and 68, respectively; and 70 and 75, respectively, in 1997. Landlords have purchased many of the lower-priced homes for rental purposes.

Our community contact indicated the OAA is experiencing a severe shortage of suitable housing. New home construction is on the rise, but the homes are priced over \$100,000. Low- and moderate-income applicants would not qualify for homes in this price range. The housing shortage is compounded by the exodus from cities to the rural areas of Osage County. The county ranks eighth in the state for population growth for the period of April 1, 1990 to July 1, 1998. The county's proximity to large employment centers such as Topeka and Lawrence ensure its "bedroom community" status well into the next century.

Another factor impacting the bank's opportunities to lend to low-income families is the high percentage of families under the poverty level of \$11,610. The 1990 Census data shows approximately 394 families in the OAA are below the poverty level. These families account for more than half of the 771 families designated as low-income. Families below the poverty level typically cannot afford to purchase a home.

Geographic Distribution of Loans

The geographic distribution of loans originated by SNB reflects reasonable dispersion throughout the designated assessment areas. We reviewed the geographic distribution of 62 commercial/agricultural borrowers located in the assessment areas with loan originations between January 1, 1997 and September 30, 1999. We also analyzed all HMDA reportable loans with originations between January 1, 1997 and September 16, 1999.

Commercial Lending:

The geographic distribution of SNB's commercial/agricultural loans is reasonable. We compared the location of SNB's commercial/agricultural loan customers to area demographic information as compiled by Dun & Bradstreet. The following tables show more detailed analyses of the commercial/agricultural borrower distribution.

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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA - Continued

Geographic Distribution of Commercial/Agricultural Loan Customers Manhattan Assessment Area (MAA) Sample of 29 Commercial/Agricultural Loan Originations Between 1/1/97 and 9/30/99						
Census Tract Income Designation	Distribution of SNB's Commercial/Agricultural Loans				Distribution of Businesses/ Farms in MAA	
	Number	Percentage	\$ Amount (000s)	Percentage	Number	Percentage
Low	1	3%	\$90	4%	15	1%
Moderate	13	45%	\$474	22%	603	31%
Middle	6	21%	\$316	14%	777	40%
Upper	9	31%	\$1,325	60%	539	28%
Total	29	100%	\$2,205	100%	1,934	100%

The geographic distribution of SNB's commercial/agricultural loans exceeds area demographics. SNB originated 48 percent of its commercial/agricultural loans in low- or moderate-income census tracts in the MAA. Dun & Bradstreet's research indicates 32 percent of the businesses/ farms in the MAA operate in low- or moderate-income census tracts.

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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA - Continued

Geographic Distribution of Commercial/Agricultural Loan Customers Topeka Assessment Area (TAA) Sample of 27 Commercial/Agricultural Loan Originations Between 1/1/97 and 9/30/99						
Census Tract Income Designation	Distribution of SNB's Commercial/Agricultural Loans				Distribution of Businesses/ Farms in TAA	
	Number	Percentage	\$ Amount (000s)	Percentage	Number	Percentage
Low	0	0%	\$0	0%	757	13%
Moderate	1	4%	\$44	4%	1,330	24%
Middle	18	66%	\$335	29%	2,152	38%
Upper	8	30%	\$758	67%	1,404	25%
No Designation	0	0%	\$0	0%	13	0%
Total	27	100%	\$1,137	100%	5,656	100%

SNB's geographic distribution of commercial/agricultural loans in the TAA is reasonable when compared to demographics of the area immediately surrounding the bank's branch locations, and the branches' lending patterns.

As previously noted, SNB's two branches in the TAA are located in CTs 36.01 and 36.02. These two CTs are large; covering the western third of Shawnee County south of the Kansas River. CT 36.01 is designated middle-income; CT 36.02 is upper-income. All contiguous census tracts south of the river are also designated middle- or upper-income. The low- and moderate-income CTs of the TAA are in proximity to the State Capitol Building and the rest of downtown Topeka. Downtown Topeka is saturated with financial institutions. Community contacts indicate those financial institutions located downtown meet the credit needs of that area.

We analyzed the assessment area lending patterns of both branches in the TAA. These branches originated 81 percent of the TAA's loans to borrowers in CTs 36.01, 36.02, and the nine contiguous CTs. Loan penetration into the TAA's other 28 CTs is minimal; their income designations are as follows: two low-income; ten moderate-income; fourteen middle-income;

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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA - Continued

and two upper-income. The branches have made four percent of the TAA's loan originations in these twelve low- or moderate-income tracts, and twelve percent in these sixteen middle- or upper-income tracts. Two middle-income CTs near the downtown area have no loan penetration.

HMDA Reportable Loans:

The geographic distribution of SNB's RRE loans is also reasonable. We compared the location of the bank's RRE loan customers to U.S. Census data. The following tables show more detailed analyses of the SNB's RRE borrower distribution.

Geographic Distribution of all HMDA Reportable Loans					
Manhattan Assessment Area (MAA)					
HMDA Loans Reported 1/1/97 to 9/16/99					
Census Tract Income Designation	Number of Loans	Percentage	\$ Amount of Loans (000s)	Percentage	% of Owner Occupied Housing
Low	1	0%	\$110	0%	0%
Moderate	33	7%	\$2,039	5%	7%
Middle	179	39%	\$13,463	35%	56%
Upper	254	54%	\$23,395	60%	37%
Total	467	100%	\$39,007	100%	100%

The geographic distribution of SNB's RRE loans in the Manhattan Assessment Area matches area demographics. SNB originated seven percent of its HMDA reportable loans in low- or moderate-income census tracts in the MAA. Seven percent of the MAA's owner occupied housing is located in low- or moderate-income census tracts, as reported by the U.S. Census.

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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA - Continued

Geographic Distribution of all HMDA Reportable Loans Topeka Assessment Area (TAA) HMDA Loans Reported 1/1/97 to 9/16/99					
Census Tract Income Designation	Number of Loans	Percentage	\$ Amount of Loans (000s)	Percentage	% of Owner Occupied Housing
Low	0	0%	\$0	0%	2%
Moderate	8	4%	\$331	2%	19%
Middle	98	53%	\$7,517	48%	54%
Upper	77	42%	\$7,676	49%	25%
No Designation	1	1%	\$110	1%	0%
Total	184	100%	\$15,634	100%	100%

The factors affecting SNB's geographic distribution of TAA commercial/agricultural loans also affect the distribution of HMDA loans. Please refer to the geographic distribution of commercial/agricultural loan customers in the Topeka Assessment Area for information.

Osage Assessment Area

We did not perform an analysis of the geographic distribution of the 44 HMDA loans or the six commercial/agricultural loans originated in the Osage Assessment Area. This analysis is only performed if one or more of the block numbering areas in the bank's assessment area is designated as a low- or moderate-income geography. There are no low- or moderate-income BNAs in this assessment area.

Loan-to-Deposit Ratio

SNB's loan-to-deposit (LTD) ratio is reasonable. We compared its quarterly average LTD ratio to ten other financial institutions with offices in the assessment areas. Each of these banks had total assets between \$45 million and \$229 million. The majority of the banks have multiple branch locations and/or a branch in the Topeka MSA. SNB's quarterly average LTD ratio for the past ten quarters was 70 percent. The overall quarterly average LTD ratio for the eleven banks in our comparison was 72

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percent. Quarterly average LTD ratios ranged from 50 percent to 95 percent. SNB's quarterly average LTD ratio ranked seventh among the eleven banks.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA - Continued**Lending in the Assessment Area**

A majority of SNB's loan originations are extended to borrowers living within its assessment areas. Bank personnel generated reports during the examination which showed the borrower's location for commercial/agricultural, RRE, and consumer loans originated between January 1, 1997 and September 30, 1999. We sampled the bank's data to verify its accuracy. We then analyzed these reports to determine which borrowers were located within the assessment areas. SNB originated 1,095 commercial/agricultural loans totaling \$67 million, 855 RRE loans totaling \$69 million (including HMDA reportable loans), and 1,543 consumer loans totaling \$17 million. On a combined assessment area basis, we determined approximately 80 percent of these loan originations, by number, and 71 percent, by dollar volume, were to borrowers located within the assessment area. The table below details our analysis of the bank's record of lending in the assessment areas.

Combined Assessment Area Analysis				
Based on 3,493 Loan Originations Between 1/1/97 and 9/30/99				
Type of Loan	Number of Loans in AAs	Percentage of Loans in AAs by Number	\$ Volume of Loans in AAs (000s)	Percentage of Loans in AAs by \$ Volume
1-4 Residential RE	661	77%	\$55,297	80%
Commercial	911	83%	\$39,810	60%
Consumer	1,230	80%	\$13,246	79%
Total	2,802	80%	\$108,354	71%

We also reviewed the data collected on the HMDA-LARs. Based on the reported census tract, we determined the dollar volume and number of loans originated within the bank's assessment areas. SNB originated 806 HMDA reportable loans totaling \$68 million from January 1, 1997 to September 16, 1999. We determined approximately 86 percent of these originations by number, and 85 percent by dollar volume, were to borrowers within the assessment areas. The table on the following page details

Bank

Security National Bank, Manhattan, KS

our analysis of the bank's record of HMDA reportable lending in the assessment area.

Bank

Security National Bank, Manhattan, KS

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA - Continued

HMDA Loan Assessment Area Analysis				
Based on 806 Loan Originations Between 1/1/97 and 9/16/99				
Type of Loan	Number of Loans in AAs	Percentage of Loans in AAs	\$ Volume in AAs (000s)	Percentage of Loans in AAs
Home Purchase	311	84%	\$26,760	83%
Home Improvement	20	95%	\$567	97%
Refinance	364	88%	\$30,283	88%
Multifamily	0	0%	\$0	0%
Total	695	86%	\$57,610	85%

Other Activities

SNB originated two construction loans totaling \$1.6 million for the construction of a low-income housing project and low-income apartments. Both projects are located in SNB's assessment areas and are eligible for low-income housing tax credits. SNB also provided substantial equity funds as well as the term loan for one of the projects.

Compliance with Antidiscrimination Laws and Regulations

SNB has a satisfactory record of compliance with antidiscrimination laws and regulations. During our consumer compliance examination, we found no substantive violations of fair lending laws or evidence of discriminatory practices.

Response to Complaints

SNB has not received any written complaints regarding its CRA performance since the previous examination dated May 13, 1997.