



SMALL BANK

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

PUBLIC DISCLOSURE

July 24, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**University National Bank
Charter Number 23731**

**1206 South Broadway
Pittsburg, KS 66762**

**Comptroller of the Currency
Kansas City South
1710 East 32nd Street Fountainside Plaza, Suite H
Joplin, MO 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 CRA RATING: This institution is rated Outstanding.

The major factors supporting the institution's rating are:

- University National Bank's lending level is strong in relation to its size, financial condition, and credit needs of the assessment area.
- The bank's record of lending to borrowers of different incomes is excellent.
- A substantial majority of loans and other lending related activities are in the institution's assessment area.

DESCRIPTION OF INSTITUTION

University National Bank (UNB) is a \$99.7MM institution located in Pittsburg, Kansas that is owned 100 percent by University National Bancshares, a one-bank holding company. The bank is headquartered in Pittsburg and operates two full service facilities and an ATM in Crawford County, Kansas. The bank has \$91MM in total loans (91 percent of total assets) according to the June 30, 2006 Report of Condition. The bank offers a variety of loan products including consumer, commercial, and agricultural loans, as well as residential, commercial, and farmland real estate loans. Residential real estate and consumer loans are the primary focus of the bank's loan portfolio. Conclusions are based on a sample of these loan types originated from January 1, 2001 through June 30, 2006.

UNB received a "Satisfactory" CRA rating at the last examination dated January 24, 2001. There are no legal or financial factors that impede the bank's ability to meet the credit needs of the assessment area (AA).

DESCRIPTION OF Crawford County, Kansas

UNB has designated all of Crawford County, Kansas as the AA, which consists of two moderate-, eight middle-, and one high-income census tracts, and meets the requirements of the regulation. The tracts are contiguous, include geographies where the bank and ATMs are located, and represent the area in which a substantial majority of the bank's loans are originated. The moderate census tracts are located within the city of Pittsburg. There are 14 banks with 20 banking offices within the AA.

We made one community contact during this examination, which indicated all financial institutions in the area provide assistance in meeting the primary credit needs of the surrounding communities. The contact identified a growing need for housing for low- and moderate-income families as availability is impacted by the high volume of rental properties used for housing university students. Demographic data shows 37 percent of available housing is rentals.

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

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

UNB's average loan-to-deposit (LTD) ratio is excellent and reflects more than reasonable responsiveness to the assessment area's credit needs. The bank's quarterly average LTD ratio since the last CRA examination is 106 percent based on the last twenty-two quarters. This is the highest average LTD ratio of the six similarly situated banks in the AA and well above the average of 78 percent.

Lending in Assessment Area

The bank's record of lending within its AA is excellent. A substantial majority of all loans made are located in the AA. The primary credit products were determined to be consumer and residential real estate loans. We pulled samples of 20 loans for each loan type originated from January 1, 2001 through June 30, 2006. The samples indicate that 80 percent by number and 86 percent by dollar of these loans were originated in UNB's AA.

Lending to Borrowers of Different Incomes

Lending to borrowers of different incomes is outstanding. Given the demographics of the AA, the distribution of loans reflects more than reasonable penetration among individuals of different income levels. 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 June 2006.

Performance for consumer lending to low-income individuals is more than reasonable given the demographics. Based on the sample of 20 consumer loans, 20 percent by number and 13 percent by dollar were made to low-income borrowers, while 25 percent by number and 34 percent by dollar were made to moderate-income borrowers. Demographic data from the 2000 census indicates 29 percent and 18 percent of households in the AA are designated low- and moderate-income, respectively. Approximately 17 percent of the households in the AA are below poverty level.

Performance for residential real estate lending to low- and moderate-income individuals is more than reasonable given the demographics. Based on the sample of 20 residential real estate loans, 10 percent by number and 6 percent by dollar were made to low-income borrowers, while 35 percent by number and 30 percent by number were made to moderate-income borrowers. Demographic data from the 2000 census indicates 21 percent and 20 percent of families in the AA are designated low- and moderate-income, respectively. Approximately 17 percent of families in the AA are below poverty level.

Geographic Distribution of Loans

UNB's geographic distribution of credit reflects reasonable penetration throughout the AA. The volume of consumer lending activity in moderate-income census tracts is satisfactory. Residential real estate lending in moderate-income tracts is adequate. There are no low-income tracts.

Penetration of consumer loans in moderate-income tracts is more than reasonable at 15 percent by number and 10 percent by dollar. Demographic data indicates that 12 percent of all households in the AA are located in moderate-income census tracts.

Penetration of residential real estate loans in moderate-income tracts is reasonable at 25 percent by number and 20 percent by dollar. Demographic data indicates that 36 percent of all homeowners in the AA are located in moderate-income census tracts, and 17 percent of families fall below the poverty level.

Responses to Complaints

UNB did not receive any complaints about its performance in helping to meet credit needs in the AA 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.