



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

May 2, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Western National Bank
Charter Number 10971**

**401 Main Street
Summerfield, KS 66541**

Office of the Comptroller of the Currency

**Kansas City North Field Office
7101 College Boulevard, Suite 1600
Overland Park, Kansas 66210-2077**

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 “Satisfactory”.

- Western National Bank (WNB) lends to individuals of all income levels and businesses of different sizes.
- The bank’s average quarterly loan-to-deposit ratio is reasonable at 77 percent.
- The bank’s record of lending in the Assessment Area (AA) is reasonable.

SCOPE OF THE EXAMINATION

We performed an evaluation of WNB’s CRA performance using Small Bank CRA Procedures to assess the bank’s ability to serve and meet the credit needs of the community within the AA. Based on originations, the bank’s primary credit products are agricultural loans and 1-4 family residential real estate loans. This Performance Evaluation is an assessment of the bank’s CRA performance from July 1, 2005 through April 30, 2011. Our loan sample included originations from January 1, 2009 to April 30, 2011. We reviewed a sample of 31 agriculture loans and 29 1-4 family residential real estate loans

DESCRIPTION OF INSTITUTION

The Western National Bank (WNB) is a \$27 million single-branch community bank in Summerfield, Kansas. WNB is 100 percent owned by Summerfield Financial Services, LLC, a single-bank holding company. The bank is a full-service bank offering a variety of loan and deposit services. The primary loan focus is on agricultural lending and 1-4 family residential lending. Nine other financial institutions compete for deposits in the bank’s AA. As of June 30, 2010, the bank held 3 percent of deposits with the AA.

WNB received a "Satisfactory" rating at the last CRA examination dated July 11, 2005. There are no legal constraints, financial conditions, or other factors that would inhibit the bank's ability to help meet the credit needs of its AA. Refer to the bank's CRA Public File for more information.

DESCRIPTION OF ASSESSMENT AREA

WNB designates all of Marshall County as its AA. This designation meets the requirement of the regulation and does not arbitrarily exclude any low- or moderate-income geography. The county consists of four Census Tracts, all designated middle income. There are no low- or moderate-income tracts. The AA’s 2010 non-MSA updated median family income is \$52,800. 2000 U.S. Census data shows the AA population of 10,965 persons with 3,026 families and 4,465 households. Data show 18 percent of the families are low-income, 24 percent moderate-income, 25 percent middle-income, and 34 percent upper-income. Six percent of these families

have income below the poverty level. The median housing value is \$51,555, and 71 percent of the housing units are owner-occupied.

Competition in the AA includes several state and nationally chartered banks, savings and loans, and Farm Credit Services. Examiners made one community contact during the examination. The contact said the local economy is stable and identified small business, agricultural, residential, and consumer purpose loans as the credit needs in the community. The contact noted that area financial institutions are meeting those needs.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio (LTD)

WNB's LTD ratio is reasonable given the bank's size, financial condition, AA credit needs, and atypical deposit activity. The bank's quarterly average loan-to-deposit (LTD) ratio for the past 24 quarters was 77 percent. Quarterly average LTD ratios of similarly situated banks ranged from 60 percent to 124 percent. Western National's ratio ranked second highest among the five banks reviewed.

Lending in Assessment Area

WNB's record of lending to borrowers in the AA is reasonable given the bank's size, financial condition, and AA credit needs. A majority of the bank's loan originations are extended to borrowers living within the AA. The combined sample showed 67 percent of the loan originations by number and 59 percent by dollar volume made during the sample period originated to customers within the bank's AA. By individual category: residential real estate home purchase originations within the AA were 75 percent by the number of originations and 61 percent by the dollar volume and agricultural loan originations were 58 percent by number and 56 percent by dollar volume.

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

WNB's overall lending patterns reflect reasonable penetration among individuals of different income levels and farms of different sizes.

Bank management is active in meeting the agricultural credit needs with the community. We found loans made within the AA to agricultural borrowers with revenues of less than \$1 million represent 96 percent by number and 100 percent by dollar volume which is comparable to 99 percent of farmers within the AA with revenues of less than \$1 million.

The bank's 1-4 family residential home purchase loans to borrowers with low- and moderate-incomes exceeds the community demographics. We found 50 percent of the number 1-4 family residential home purchase loans within the AA were made to low- and moderate-income borrowers, comparable to the census data of the AA which showed 40.47 percent of families are low and moderate-income.

Geographic Distribution of Loans

An analysis of the geographic distribution of loans would not be meaningful because there are no low- and moderate-income geographies in WNB's AA.

Responses to Complaints

WNB has not received any consumer complaints regarding its CRA performance during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices inconsistent with helping to meet community credit needs. Analysis of recent public comments, consumer complaints, and HMDA information was performed according to the OCC's risk-based fair lending approach. Based on analysis of this information, the OCC determined a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.