

# **PUBLIC DISCLOSURE**

**September 9, 2003**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The Farmer's State Bank  
Certificate Number 17984**

**P.O. Box 128  
Hazelton, Kansas 67061-0128**

**Federal Deposit Insurance Corporation**

**Division of Supervision and Consumer Protection  
1910 Pacific Avenue, 19th Floor  
Dallas, Texas 75201**

**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.

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## 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 Community Reinvestment Act (CRA) performance of **The Farmer's State Bank**, prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **September 9, 2003**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

The FDIC rated the institution "Satisfactory" at its previous January 21, 1999 evaluation.

For this one-office, \$4.9 million bank headquartered in south-central, largely rural community of Hazelton, Kansas, examiners applied those performance factors applicable to CRA small banks: loan-to-deposit ratio, lending inside the assessment area, lending to farms and borrowers of different sizes and incomes, the geographic distribution of loans, and response to complaints. Examiners reviewed samples of agricultural/farm loans and consumer loans to determine the bank's record. Investment and services were not reviewed.

When arriving at the overall rating, examiners put less weight on the bank's record regarding the geographic distribution of loans due to the absence of any low- or moderate-income geographies. Similarly, since there were not any complaints received after the last evaluation, this factor also played no part in the assignment in the overall rating. Each of the reviewed factors supports the assigned rating. Individual conclusions for the factors reviewed are summarized below. Performance for each test is detailed elsewhere in this evaluation.

- The bank's average net loan-to-deposit ratio of 36 percent is considered reasonable based on the local economy, area competition, and the credit needs of the local area and demonstrates the bank's willingness to extend credit.

- The loan analysis indicated that a substantial majority of the institution's lending is within the assessment area, demonstrating a strong commitment to meeting the credit needs of the assessment area.
- An analysis of agricultural loans and consumer loans representing 72 percent and 14 percent of the dollar volume within the bank's loan portfolio, respectively, revealed that overall the bank has achieved a reasonable lending pattern to borrowers of different income levels and to farm operations of different sizes.
- Geographic dispersion of loans extended within the assessment area is considered reasonable and demonstrates that the bank has an adequate lending pattern within the assessment area.
- No CRA-related complaints have been received since the previous evaluation, dated January 21, 1999.

## DESCRIPTION OF INSTITUTION

The Farmer's State Bank is located in Hazelton, Kansas. The city of Hazelton is located in the southeast portion of Barber County, and Barber County is in the south-central portion of the state of Kansas.

The institution offers a variety of credit products, including agricultural loans, residential real estate loans (typically 1-4 family home purchase, home improvement and home equity loans), commercial loans, and consumer loans. Loan products offered by the bank appear to meet the credit needs of the individuals and businesses within the bank's assessment area. In addition, there are no legal or financial impediments that would prohibit the bank from meeting the credit needs of the assessment area. The bank is wholly owned by Hazelton Bancshares, Inc., a one-bank holding company.

As of June 30, 2003, total bank assets equaled \$4,962,000 and gross loans equaled \$1,153,000. The table below illustrates the loan portfolio composition as of June 30, 2003, based on dollar volume. The table presents the four major loan categories, which are residential real estate loans, commercial loans, agricultural loans, and consumer loans, divided into more defined classifications. As Table 1 illustrates, agricultural loans (rows 5 & 6) represent 72 percent of the portfolio, and consumer loans (row 7) represents 14 percent of the portfolio, with residential real estate loans (rows 1 and 2), and commercial loans (row 3 & 4) representing 12 percent and 2 percent of the portfolio, respectively.

**Table 1**

<b>LOAN PORTFOLIO COMPOSITION – AS OF JUNE 30, 2003</b>		
<b>Loan Type</b>	<b>Dollar Volume</b>	<b>Percent of Total Loans (rounded)</b>
1 – Loans Secured by First Lien on 1 to 4 Family Residential Properties	\$125,000	11%
2- Loans Secured by Junior Lien on 1 to 4 Family Residential Properties	\$13,000	1%
3 – Commercial and Industrial Loans	\$0	0%
4 – Loans Secured by Nonfarm Nonresidential Properties (i.e. commercial property)	\$20,000	2%
5 – Loans to Finance Agricultural Production and Other Loans to Farmers	\$715,000	62%
6 – Loans Secured by Farmland	\$120,000	10%
7 – Loans to Individuals for Household, Family, and Other Personal Expenditures (i.e. consumer loans)	\$160,000	14%
<b>Totals</b>	<b>\$1,153,000</b>	<b>100%</b>

Note: Information on the bank's loan portfolio composition was obtained from reports entitled Consolidated Reports of Condition and Income filed by financial institutions with federal banking regulators.

## DESCRIPTION OF ASSESSMENT AREA

*The Community Reinvestment Act (CRA) requires financial institutions to identify one or more “assessment areas” within which the appropriate regulatory agency will evaluate CRA performance. Typically, an institution’s assessment area will include towns, cities, counties, or other political subdivisions in which the bank’s facilities are located and where a significant portion of the bank’s loans are originated. Assessment areas consist of one or more census tracts, which are statistical subdivisions of a county.*

*Each census tract within the bank’s assessment area is classified as low, moderate, middle, or upper income. The classification is based on the following definitions in relation to the 2000 Census Bureau median family income (MFI) figure of \$42,116, for census tracts within the non-metropolitan areas of Kansas.*

<i>Low Income -</i>	<i>Income of less than 50 percent of the area median family income (MFI)</i>
<i>Moderate Income -</i>	<i>Income of at least 50 percent and less than 80 percent of the area MFI</i>
<i>Middle Income -</i>	<i>Income of at least 80 percent and less than 120 percent of the area MFI</i>
<i>Upper Income -</i>	<i>Income of 120 percent or more of the area MFI</i>

*In addition, a standard procedure of a CRA evaluation is for FDIC examiners to contact and interview a member of the community (community contact) to help gain insight into the area economy, demographics, business environment, and the credit needs within the local community. The following section includes observations made by the individual contacted for this evaluation.*

The bank’s assessment area remains unchanged from the previous CRA evaluation of January 21, 1999. The assessment area consists of all of Barber County and a portion of Harper County, and is comprised of three middle-income census tracts. Barber County consists of census tracts 9681 and 9682, with Hazelton located in 9682. The Harper County portion of the assessment area consists of census tract 9917 (Harper County has a total of three census tracts).

The Barber County portion of the assessment area includes the communities of Hazelton (population 144), Kiowa (population 1,055), Hardtner (population 199), Medicine Lodge (population 2,193), Sharon (population 210), Isabel (population 108), and Sun City (population 81). The Harper County portion of the assessment area includes the communities of Attica (population 636), Bluff City (population 80), and Waldron (population 17). The bank’s assessment area consists largely of rural countryside and farmland, and has a total population of 6,868.

Within the bank’s total assessment area, there are 2,189 owner occupied homes and 690 rental homes. Within the more immediate area of Hazelton, census tract 9682 (contains Hazelton, Kiowa, Hardtner, and Medicine Lodge) there are 638 owner occupied homes and 194 rental homes, with a median age of 51 years and a median value of \$21,000. Within census tract 9681 (contains Sharon, Isabel, and Sun City) there are 1,134 owner occupied homes and 392 rental homes, with a median age of 42 years and a median value of \$31,700. Within census tract 9917 (contains Attica, Bluff City, and Waldron) there are 544 owner occupied homes and 210 rental homes, with a median age of 51 years and a median value of \$24,000.

The local economy relies on agriculture, area manufacturing companies, and service and retail employers. Within Barber County, 30 of the largest 50 employers are within the city of Medicine Lodge. Within census tract 9682 of Barber County, businesses within the city of Kiowa are the primary employers, with 13 of the largest 50 employers within the county located in Kiowa. The Kiowa District Hospital with 52 employees; Kiowa Service Inc., (a farm

machinery business) with 25 employees; and Custom Rope (industrial supplies) with 20 employees are the largest employers within the community of Kiowa.

The community contact noted that the economy within Barber County is heavily reliant on agriculture. The contact indicated that the agricultural economy has experienced some improvement over the harsh conditions experienced in recent years, but indicated the economy would still be characterized as weak. The contact also noted that local populations have been decreasing, due in large part to a lack of available jobs in the small communities in Barber County. The contact indicated that due to the decreasing populations that housing is not in demand.

The unemployment rate for Barber County is 2.6 percent, which is significantly below the state of Kansas unemployment rate of 5.1 percent. The unemployment rate for Harper County is 4.0 percent (unemployment figures are as of June 2003).

The Farmer's State Bank is the only financial institution within Hazelton, but the bank does have local competition within Kiowa from two other financial institutions – First State Bank, and The Peoples Bank (branch of Pratt). Within Medicine Lodge, the bank has competition from two other financial institutions. The Farmer's State Bank also has competition from banks in other nearby communities.

*(Note: The unemployment figures quoted are Kansas Labor Force Estimates obtained from the Kansas Department of Human Resources, and the population figures are based on 2000 census. The industry employment figures are obtained from Dun & Bradstreet.)*

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

*The Community Reinvestment Act (CRA) establishes evaluation criteria to be used in CRA evaluations of "Small Banks," which is generally defined as a bank with total assets less than \$250 million that is independent or is affiliated with a holding company with total assets of less than \$1 billion as of the two preceding year ends. The criteria are designed to evaluate a small bank's record of helping to meet the credit needs of its assessment area.*

The bank's performance was evaluated with respect to the following criteria to determine the overall CRA rating. The scope of a CRA evaluation normally includes home mortgage, small business, and small farm lending. While The Farmer's State Bank is involved with lending in these three areas, this CRA evaluation reviewed the bank's performance in providing agricultural loans and consumer loans. Home mortgage and small business loans were not included in the review as this segment of lending represents only a small percentage of the bank's total lending activity.

The conclusions regarding several criteria are based on the analysis of a review of outstanding agricultural loans and consumer loans provided to customers from January 1, 2001 through June 30, 2003. The agricultural loan review consisted of 28 loans with original balances totaling \$607,363, and represented all outstanding loans originated during the review period. The consumer loan sample was 19 loans totaling \$83,480, and was selected from a total of 38 outstanding loans with original balances totaling \$252,627. The consumer loan sample was selected statistically based on a 90 percent confidence level with 15 percent precision level (i.e., a 90 percent certainty that the sample is representative of the loan portfolio).

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

*A bank's loan-to-deposit ratio represents the volume of loans in relation to the bank's deposit base. Because a bank's deposit base generally represents those funds that a bank may reinvest in the form of loans, the loan-to-deposit ratio is an indicator of how actively the bank is providing loans.*

The bank's net loan-to-deposit ratio is considered reasonable, and reflects the bank's willingness to lend to residents and businesses. The institution's average quarterly net loan-to-deposit ratio is 36 percent for the 17 quarters from March 31, 1999, to June 30, 2003 (representing the time period since the institution's previous CRA evaluation). The bank's current average quarterly net loan-to-deposit ratio represents an increase from the 27 percent average quarterly net loan-to-deposit noted at the previous January 21, 1999, CRA evaluation. During this period, the bank has experienced sizeable changes in the level of net loans, from a low of \$969,000, as of September 30, 2001, to a high of \$1,526,000, as of March 31, 2001, representing a change of 57 percent. The bank has also seen a more modest fluctuation in the level of deposits from a low of \$3,430,000, as of March 31, 2001, to a high of \$4,046,000, as of December 31, 2000, representing a change of 18 percent. These changes in the levels of net loans and deposits has resulted in fluctuations in the bank's quarterly net loan-to-deposit ratios, which have fluctuated between the low of 28 percent, as of June 30, 2003, to a high of 41 percent, as of March 31, 2002. Because the bank's loan portfolio is largely focused on agricultural lending, bank management attributed the swings in loans and deposits to the agricultural cycle. Loans typically increase during the times of the year for planting crops or purchasing cattle, and decrease when

farmers sell the harvested crops or cattle ready for market and then pay down loans and deposit money into their bank accounts.

The following table illustrates how The Farmer’s State Bank compares to other financial institutions located in communities within the local area and which offer similar loan products. Banks are listed alphabetically by city with no inference to ranking or preference.

**Table 2**

<b>NET LOAN-TO-DEPOSIT COMPARISON</b>			
<b>INSTITUTION</b>	<b>TOTAL ASSETS (000's) June 30, 2003</b>	<b>NET LOAN-TO- DEPOSIT RATIO June 30, 2003</b>	<b>AVERAGE NET LOAN-TO- DEPOSIT RATIO</b>
The Farmers and Merchants State Bank, Argonia, KS (population 534)	\$17,269	64%	59%
The Caldwell State Bank, Caldwell, KS (population 1,284)	\$29,417	81%	78%
The Stock Exchange Bank, Caldwell, KS (population 1,284)	\$29,325	47%	46%
The Freeport State Bank, Harper, KS (population 1,567)	\$13,195	57%	53%
<b>Farmers State Bank, Hazelton, KS (population 144)</b>	<b>\$4,962</b>	<b>28%</b>	<b>36%</b>
The First State Bank, Kiowa, KS (population 1,055)	\$33,303	67%	62%

Note: The loan-to-deposit ratios and information on loan and deposit growth was obtained from Consolidated Reports of Condition and Income. The average ratio for noted institutions was calculated for the period of March 31, 1999, to June 30, 2003.

Table 2 illustrates that The Farmer’s State Bank has an average net loan-to-deposit ratio that is lower than those of other banks located in the surrounding area. However, the population of Hazelton is significantly less than the other noted communities, and Hazelton only has two businesses within the local area. In addition, bank management indicated that the bank does have loan relationships with many of the local farm operations, but that the remaining farm operations already have banking relationships with other financial institutions within the area. These factors restrict the availability for additional lending opportunities for the bank. Based on these considerations, the bank’s average net loan-to-deposit ratio is considered reasonable based on the current economic conditions, the level of local competition, and area business opportunities.

### **Lending In the Assessment Area**

*This factor evaluates whether the institution is meeting local credit needs by determining if the majority of the bank’s loans are provided to residents and businesses within the assessment area.*

The analysis of the agricultural and consumer loan reviews indicates that the bank originates a substantial majority of its loans within the assessment area, demonstrating a strong commitment by the bank to meeting the credit needs of the assessment area.

Of the 28 agricultural loans reviewed, 27 loans, totaling \$604,363, were provided to customers with farms within the designated assessment area, representing 96 percent of the total number of loans and 99 percent of the dollar volume. The 1 loan provided to a customer with a farm outside of the assessment area totaled \$3,000, and represents 4 percent of the total number of loans and 1 percent of the total dollar volume.

Of the 19 consumer loans sampled, 18 loans, totaling \$81,347, were provided to customers located within the assessment area, representing 95 percent of the total number of loans and 97 percent of the dollar volume. The 1 loan provided to a customer residing outside of the assessment area totaled \$2,133, and represents 5 percent of the total number of loans and 3 percent of the total dollar volume.

### **Lending To Borrowers of Different Income Levels and To Farms of Different Sizes**

*This factor evaluates the bank's record of lending to borrowers of different income levels and to businesses and farms of different sizes to ascertain how effectively the institution is meeting the credit needs of different types of borrowers.*

The results from the agricultural and consumer loan reviews demonstrate that the bank has achieved an overall reasonable distribution among borrowers of different income levels and farm operations of different sizes.

#### **Agricultural Loans**

The institution's lending pattern among farms of different sizes demonstrates a reasonable distribution. The results from the loan sample show that the bank is lending to farms operations of different sizes, including smaller farms.

In order to determine the distribution of agricultural loans among farms of different sizes, the level of sales income was obtained from Schedule F of the Federal Income Tax form in the loan file of the borrower. It is assumed for the purposes of this analysis that the level of sales income is an indicator of the size of the farm operation. The results of the analysis were compared to information obtained from the 1997 Census of Agriculture for Kansas to determine if the bank's lending pattern is reasonable. Because the 1997 agricultural census compiled data at the county level, the following information is compared to the total number of farms and farm sizes within all of Barber and Harper counties. However, as the bank's assessment area represents all of Barber and roughly two-thirds of the area within Harper County, the combined county data is considered valid for approximating the distribution of the various sized farm operations within the assessment area. The results of the analysis are displayed in Table 3.

**Table 3**

<b>AGRICULTURAL LOANS</b>						
<b>LOANS IN THE ASSESSMENT AREA TO FARMS OF DIFFERENT SIZES</b>						
<i>Gross Revenue of Farm Operation</i>	<i>Percentage of Farms in Barber &amp; Harper County*</i>	<i>Percentage of Farms in Barber County*</i>	<i>Number of Loans</i>	<i>Percent of Loans</i>	<i>Dollars of Loans</i>	<i>Percent of Volume</i>
Under \$50,000	56%	56%	15	56%	\$173,575	29%
\$50,000 to \$100,000	16%	17%	10	37%	\$368,188	61%
Over \$100,000	28%	27%	2	7%	\$62,600	10%
<b>Totals</b>	100%	100%	27	100%	\$604,363	100%

(\* As reported in the 1997 Census of Agriculture for the State of Kansas representing 962 farms within Barber and Harper Counties combined, and 433 farms for Barber County. ) Note: Of the 28 reviewed loans, 1 loan totaling \$3,000 was outside of the assessment area and has been excluded from the displayed results.

The table reveals that the majority of the bank's agricultural loans (56 percent of the reviewed loans) are to farm operations with gross revenue under \$50,000, representing the smaller operations, which also is the predominant size of farms within the bank's assessment area. In addition, the bank is lending to mid-sized farms, as represented by the revenue category of \$50,000 to \$100,000, and also to larger farm operations. It was determined that the bank's lending distribution among the various sized farms within the assessment area is reasonable.

### Consumer Loans

The institution's lending pattern for consumer loans demonstrates a reasonable distribution among borrowers of various income levels. The results from the loan sample, as illustrated in Table 4, illustrates that the bank is showing good performance in lending to low- and moderate-income individuals.

In order to determine the distribution of consumer loans to borrowers of different income levels, the annual gross income of borrowers, as provided on loan applications, was compared to HUD's Adjusted Median Family Income (MFI) Figure for the non-metropolitan portions of Kansas. Because the consumer loan sample spanned several years, the borrower's income was compared to the appropriate MFI for the year the bank originated the loan, as detailed here:

- 2001 Adjusted MFI - \$43,200
- 2002 Adjusted MFI - \$44,200
- 2003 Adjusted MFI - \$44,900

After the correct Adjusted MFI was identified for each borrower, the borrower income levels were determined as follows:

*Low Income - Income of less than 50 percent of the area median family income MFI*  
*Moderate Income - Income of at least 50 percent and less than 80 percent of the area MFI*

*Middle Income - Income of at least 80 percent and less than 120 percent of the area MFI*  
*Upper Income - Income of 120 percent or more of the area MFI*

The following table illustrates the income categories used in the analysis and the number and dollar volume of the sampled loans made within each category. The demographic information for the assessment area is based on 2000 census information.

**Table 4**

<b>CONSUMER LOANS</b>					
<b>LOANS IN THE ASSESSMENT AREA TO BORROWERS OF DIFFERENT INCOME LEVELS</b>					
<i>Income Classification</i>	<i>Percent of Families in Assessment Area</i>	<i>Number of Loans</i>	<i>Percentage of Loans (rounded)</i>	<i>Dollars of Loans</i>	<i>Percentage of Volume (rounded)</i>
Low-Income	18%	5	28%	\$13,750	17%
Moderate-Income	22%	7	39%	\$32,962	40%
Middle-Income	28%	6	33%	\$34,635	43%
Upper-Income	32%	0			
<b>Total Sample Size</b>	<b>100%</b>	<b>18</b>	<b>100%</b>	<b>\$81,347</b>	<b>100%</b>

Note: Of the 19 reviewed loans, 1 loan totaling \$2,133 was outside of the assessment area and has been excluded from the displayed results.

When reviewing consumer loans for this performance factor, the data is typically skewed toward the lower income categories. This skewing is due to the greater need for these loans by these lower income groups and the more numerous sources of funding that the higher income groups have for these small dollar, short term credits. This skewing is usually very visible in the moderate-income category.

Table 4 illustrates that the bank has done a good job of providing loans to low-income families with 28 percent of the sampled loans provided to low-income individuals. This performance is 1.5 times better than the percent of low-income families (18 percent). Lending to moderate-income families (39 percent of the sampled loans) surpasses the demographic percentages for the assessment area by 1.7 times and is considered satisfactory performance. The community contact noted that the community of Hazelton is generally recognized within Barber County as having a population that is more concentrated in low- and moderate-income families than other communities within the county. Information from the 2000 census shows that the median family income for Hazelton is \$33,750, which is at the bottom portion of the adjusted MFI middle-income range for 2000.

Because the specific focus of this rating factor is to determine the bank's lending performance in meeting the credit needs of low- and moderate individuals, it is not considered negatively that the sampled loans did not include any loans to upper-income individuals. Based on the analysis of the sampled loans, the bank's loan distribution among borrowers of different income levels is

considered reasonable, with the bank showing good performance in lending to low-income and satisfactory performance in lending to moderate-income individuals.

### **Geographic Distribution of Loans**

*This factor evaluates whether the institution is lending to borrowers throughout the assessment area, including low- and moderate-income neighborhoods.*

The bank has achieved a reasonable dispersion of loans throughout the assessment area, demonstrating that the bank is providing credit to loan customers throughout the assessment area. As previously discussed, for the purposes of this CRA evaluation, the bank’s assessment area is represented by Barber and a portion of Harper Counties. The Barber County portion consists of two census tracts, with both areas classified as middle-income geographies, and the Harper County portion of the assessment area consists of one middle-income census tract, therefore, none are classified as low- or moderate-income geographies. As the particular focus of this rating factor is to determine the bank’s effectiveness in lending within low- and moderate-income geographies within the bank’s assessment area, in this evaluation this factor has been assigned reduced consideration in determining the overall rating. The following tables illustrate the geographic distribution of the 27 reviewed agricultural loans, and the 18 sampled consumer loans that were originated within the assessment area.

### **Agricultural Loans**

**Table 5**

<b>Agricultural Loan Distribution Within Assessment Area</b>				
<b>Census Tracts</b>	<b>Number of Loans</b>	<b>Percent of Loans</b>	<b>Dollar Volume</b>	<b>Percent of Volume</b>
9681 – Barber Co.	18	67%	\$313,663	52%
9682 – Barber Co.	8	29%	\$270,700	45%
9917 – Harper Co.	1	4%	\$20,000	3%
<b>Totals</b>	<b>27</b>	<b>100%</b>	<b>\$604,363</b>	<b>100%</b>

Note: Of the 28 reviewed loans, 1 loan totaling \$3,000 was outside of the assessment area and has been excluded from the displayed results.

The distribution of the reviewed agricultural loans shows that The Farmer’s State Bank is providing loans to farm operations located in all three of the census tracts within the assessment area, and this distribution is considered reasonable.

## Consumer Loans

**Table 6**

<b>Consumer Loan Distribution Within Assessment Area</b>				
<b>Census Tracts</b>	<b>Number of Loans</b>	<b>Percent of Loans</b>	<b>Dollar Volume</b>	<b>Percent of Volume</b>
9681 – Barber Co.	2	11%	\$14,004	17%
9682 – Barber Co.	14	78%	\$65,043	80%
9917 – Harper Co.	2	11%	\$2,300	3%
<b>Totals</b>	<b>18</b>	<b>100%</b>	<b>\$81,347</b>	<b>100%</b>

Note: Of the 19 reviewed loans, 1 loan totaling \$2,133 was outside of the assessment area and has been excluded from the displayed results.

Table 6 illustrates that a substantial majority of the consumer loans are provided to customers living in census tract 9682, which includes the city of Hazelton, and it is understandable that a majority of consumer loans are provided to local residents and where the sole office of the institution is located. However, the bank is providing consumer loans to residents in all three census tracts within the assessment area, and this loan distribution is considered reasonable.

### **Response to CRA-Related Complaints**

*This factor evaluates how effectively bank management addresses CRA-related complaints regarding the institution's efforts to meet the credit needs of the assessment area.*

Management has not received any CRA-related complaints since the previous evaluation of January 21, 1999.

### **Compliance With Anti-Discrimination Laws and Regulations**

The institution's record of complying with anti-discrimination laws was also considered in the overall rating. No violations of the substantive provisions of the anti-discriminatory laws and regulations were identified during the evaluation.