



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 10, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Louisburg
Charter Number 11798

1201 W. Amity
Louisburg, Kansas 66053

Office of the Comptroller of the Currency
Kansas City Duty Station
6700 Antioch Road, Suite 450
Merriam, Kansas 66204-1277

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 The First National Bank of Louisburg (FNB) prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of July 10, 1996. 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 : “Satisfactory record of meeting community credit needs.”

First National Bank of Louisburg, Kansas is helping to meet the credit needs of its assessment area. The bank's loan to deposit ratio is reasonable, with a majority of loans being made in its assessment area. Lending efforts penetrate all segments of the assessment area and are dispersed to borrowers of all income levels.

The following table indicates the performance levels of the First National Bank of Louisburg with respect to the five performance criteria:

SMALL INSTITUTION ASSESSMENT CRITERIA	THE FIRST NATIONAL BANK OF LOUISBURG PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans	Analysis not meaningful.		
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

The First National Bank (FNB) is a \$42 million independent community bank located in Louisburg, Kansas which is 30 miles south of Kansas City in Miami County. The bank has one office and an automated teller machine. The bank's primary lending focus is residential real estate loans, which represented 49% of outstanding loans on March 31, 1996. The remainder of the bank's loan portfolio comprises small farm/commercial loans (29%), municipal leases (15%), and consumer instalment loans (7%). There are no financial or legal impediments to the bank's ability to help meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low or moderate income areas. The bank's assessment area consists of four census tracts in Miami County (1002, 1003, 1004, and 1005). This assessment area includes all of Miami County east of U.S. Highway 169 and is in the southern portion of the Kansas City Kansas-Missouri Metropolitan Statistical Area (MSA). The assessment area consists of three middle income and one upper income census tracts. According to 1990 Census statistics, the population of the assessment area is 8,485 and is characterized by a moderate senior citizen population (12%) and a low unemployment rate (2%).

The 1990 median family income for the MSA is \$37,652. Within the assessment area, 17% of families are low-income, 22% moderate-income, 25% middle income, and 36% upper-income. The average housing cost in the assessment area is \$57,500, with 78% of the housing units owner occupied. The local economy is good and prospers from the migration of people from the Kansas City metropolitan area who prefer the lifestyle of Miami County. Major employers in the area include the school district, service companies, and retail businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

FNB's eight quarter average loan-to-deposit ratio is reasonable; an average of 56% of its deposits are reinvested in loans, according to reliable bank information. Four other banks in or near FNB's assessment area compete directly for loan customers. The competitors' loan-to-deposit ratios range from 51% to 75%, as of March 31, 1996.

Lending in Assessment Area

The bank originates a majority of its loans within its assessment area. Our analysis of the Home Mortgage Disclosure Act Loan Application Register (HMDA-LAR) indicates that 77 of the 103 residential real estate loans (home purchase, home improvement, and refinance loans) originated during 1995, or 75% were in the bank's assessment area. Year-to-date 1996 information indicates a ratio of 70% (21 of 30 loan originations).

We also randomly sampled 47 consumer loans on the bank's books that were originated in the last six months. Consumer loans represent only 7% of total loans, but comprise 43% of the total number of loans on the bank's books. We determined 72% of these loans are in the bank's assessment area.

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

The distribution of lending reflects reasonable penetration among individuals of different income levels. The table below shows the distribution of HMDA reportable loans originated among borrowers of different income levels with the assessment area.

	1995		Year to Date 1996		Income designation of families within assessment area
	#	%	#	%	
Low	10	13%	2	10%	17%
Moderate	16	21%	5	24%	22%
Middle	20	26%	5	24%	25%
Upper	31	40%	9	42%	36%
Total	77	100%	21	100%	

FNB also has a good distribution of loans among businesses/farms of different sizes. March 1996 regulatory-related reports show FNB originated all, or substantially all, of its business/farm loans at varying amounts less than \$100M. Management reports verify this concentration of loans among small businesses/farms. Management stated the sizes of these loans reflect the credit needs of agricultural and commercial businesses in the area.

Geographic Distribution of Loans

Although the bank's assessment area contains three middle income census tracts and one upper income census tract, an analysis of the distribution of loans within the area is not meaningful. All census tracts are similar in geography as the income as a percent of the MSA median family income ranges from 92% to 121% for all census tracts.

Compliance with Antidiscrimination Laws and Regulations

We identified three violations of a technical provision of the Equal Credit Opportunity Act. We did not identify any substantive violations or evidence of discrimination.