



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

June 27, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Louisburg
Charter Number 11798

1201 West Amity
Louisburg, KS 66053

Office of the Comptroller of the Currency

Kansas City South Field Office
7101 College Boulevard Suite 1600
Overland Park, KS. 66210

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.

Lending performance for First National Bank of Louisburg (FNB) is outstanding. Major factors that support this rating are:

- FNB originated a majority of its loans within its assessment area (AA);
- The loan-to-deposit (LTD) ratio reflects reasonable responsiveness to the credit needs of the community; and
- Lending activities represent excellent penetration among individuals of different income levels and businesses of different sizes.

SCOPE OF EXAMINATION

FNB was evaluated under the Small Bank CRA examination procedures, which focus primarily on lending performance. Our objectives were to assess the bank's ability to serve and meet the community's needs within its AA. We based our analysis and conclusions on bank-provided data, which we verified during our review. FNB's primary loan products are consumer loans based on number; and 1-4 family residential real estate (RRE) home finance and business loans based on dollar volume. To evaluate performance, we selected a random sample of 20 consumer and 20 business loans originated from January 1, 2009 through June 30, 2011. We also reviewed the Home Mortgage Disclosure Act (HMDA) loan data for calendar years 2009 and 2010.

DESCRIPTION OF INSTITUTION

FNB is a \$76 million community bank headquartered in Louisburg, Kansas. The bank operates two full service facilities; both include ATMs. In addition, FNB operates a loan production office in Ottawa, Kansas.

The bank offers a full range of deposit and loan products and services. As of March 31, 2011, FNB reported net loans of \$36 million, equating to 48 percent of total assets. The loan portfolio is comprised primarily of RRE and commercial loans by dollar amount of loans outstanding. There are no legal or financial circumstances that impede the bank's ability to help meet the credit needs of its AA.

FNB received a Satisfactory rating at its last CRA examination dated July 7, 2006.

DESCRIPTION OF ASSESSMENT AREA(S)

FNB has one AA which is comprised of certain census tracts within Johnson and Miami counties. These counties are located in southern Kansas and are part of the Kansas City, Missouri-Kansas metropolitan statistical area (MSA). FNB's AA consists of five middle-income and nine upper-income census tracts with a population of 54,457. Demographic data shows the 2010 median family income (MFI) is \$70,500 and the average median housing value is \$184,537. Approximately 3 percent of households are below the poverty level. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

The local economy has remained relatively stable since 2009. As of April 2011, the unemployment rate for Miami and Johnson counties is 7.0 percent and 5.6 percent, respectively. This compares to an unemployment rate of 6.6 percent for the state of Kansas as of May 2011.

Competition from other financial institutions is strong and includes several local community banks, as well as branches of a large regional institution.

We made one community contact with a local business organization during this examination. The contact indicated that opportunities exist for financial institutions to serve local community development organizations and provide grant funding.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB's LTD ratio is reasonable given the bank's size and financial condition. The bank's quarterly net LTD ratio averaged 52 percent since the last CRA examination. This compares to a quarterly net LTD ratio for similarly situated banks of 67 percent. FNB ranks fourth among a total of five similarly situated banks serving its AA. The other four banks had quarterly average net LTD ratios ranging from 38 percent to 85 percent.

Lending in Assessment Area

A substantial majority of all loans originated are located within the AA. For the loans sampled, the bank originated 64 percent by number and 59 percent by dollar volume within its AA. Refer to Table 1 below.

Table 1 – Lending in FNB’s AA										
Loan Type	Number of Loans					Dollars of Loans (000’s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Consumer Installment	18	90.00%	2	10.00%	20	\$151	92.07%	\$13	7.93%	\$164
1-4 Family Refinance	55	55.56%	44	44.44%	99	\$4,281	53.33%	\$3,746	46.67%	\$8,027
Business	16	80.00%	4	20.00%	20	\$1,806	76.66%	\$550	23.34%	\$2,356
Totals	89	64.03%	50	35.97%	139	\$6,238	59.15%	\$4,309	40.85%	\$10,547

Source: Loan sample – consumer and business loans. HMDA data – refinance loans.

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

The distribution of loans reflects excellent penetration among individuals of different income levels and businesses of different sizes.

Consumer Loans

The distribution of consumer loans to low- and moderate-income borrowers is excellent. The percentage of bank loans to these borrowers significantly exceeds demographics. Refer to Table 2A for detail.

Table 2A - Borrower Distribution of Consumer Loans in FNB AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Installment	9.13%	15.00%	10.77%	25.00%	18.97%	30.00%	61.14%	30.00%

Source: Loan sample.

Home Loans – 1-4 Family Home Refinance Loans

The distribution of home refinance loans to low- and moderate-income borrowers is excellent. The percentage of bank loans to these borrowers exceeds demographics. Refer to Table 2B for detail.

Table 2B - Borrower Distribution of RRE Loans in FNB AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Consumer Installment	6.21%	24.07%	10.42%	20.37%	20.35%	14.85%	63.02%	38.89%

Source: HMDA loan data

Business Loans

The distribution of loans to small businesses with gross annual revenues of \$1 million or less is reasonable. The percentage of bank loans to small businesses is lower than demographics. Refer to Table 2C for detail.

Table 2C - Borrower Distribution of Loans to Businesses in FNB AA				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	86.80%	3.04%	10.16%	100%
% of Bank Loans in AA by #	81.83%	18.17%	0%	100%
% of Bank Loans in AA by \$	81.83%	18.17%	0%	100%

Source: Loan sample.

Geographic Distribution of Loans

An analysis of the geographic distribution of loans is not applicable. There are no low- or moderate-income census tracts in the AA.

Responses to Complaints

This criterion is not applicable. Neither the bank nor the OCC has received written complaints about FNB’s performance in helping to meet the credit needs of its AA.

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.

