



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**March 11, 2002**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank In Pratt  
Charter Number 6229**

**223 South Main Street  
Pratt, KS 67124**

**Comptroller of the Currency  
Wichita Field Office  
Assistant Deputy Comptroller C. Scott Schainost  
3450 North Rock Road Suite 505  
Wichita, KS 67226**

**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.**

## TABLE OF CONTENTS

<u>INSTITUTION'S CRA RATING</u> .....	2
<u>DESCRIPTION OF INSTITUTION</u> .....	2
<u>DESCRIPTION OF ASSESSMENT AREA</u> .....	2
<u>CONCLUSIONS ABOUT PERFORMANCE CRITERIA</u> .....	3

## **INSTITUTION'S CRA RATING**

**This institution is rated Satisfactory.**

- The First National Bank's average quarterly loan-to-deposit ratio of 74% is good compared to the 61% for peer banks.
- A majority of the bank's primary loan products were granted to borrowers in the assessment area. Examiners' loan sample indicated 68% of the number and 61% of the dollar volume were in the assessment area.
- The bank's overall lending to borrowers of different income levels and businesses and farms of different sizes is satisfactory. Examiners' sample indicated a good penetration of consumer loans to low- and moderate-income borrowers and a satisfactory distribution of farm loans.

## **DESCRIPTION OF INSTITUTION**

The First National Bank in Pratt (FNB) is a \$79 million bank located in Pratt, Kansas. The bank is a wholly owned subsidiary of First Pratt Bancshares, Inc., a \$7.5 million, holding company also located in Pratt, Kansas. The bank is affiliated with INTRUST Financial Corp., INTRUST Bank, N.A., First Marketing, and The Six, Inc. The bank's office features an attached drive-up facility and an automated teller machine (ATM). The bank has two other ATMs in Pratt.

FNB offers a full range of traditional commercial and personal banking services. The bank's primary loan products granted since the last examination, in terms of the number and the dollar volume of loans, are consumer and agricultural loans, respectively. As of December 31, 2001, the bank's \$58 million loan portfolio had the following composition: 43% commercial and commercial real estate, 27% agricultural and agricultural real estate, 18% residential real estate, and 12% consumer. Net loans represent 73% of the bank's total assets.

There are no legal, economic, or financial impediments that limit the bank's ability to help meet the credit needs of its community. The bank has not made any changes in the corporate structure since the last CRA examination. At the last CRA examination dated February 17, 1998, we assigned a "Satisfactory" rating.

## **DESCRIPTION OF ASSESSMENT AREA**

The bank's assessment area (AA) is Pratt County and contains three middle-income block numbering areas (9686, 9687 and 9688). The AA meets the regulatory requirements and does not arbitrarily exclude low- or moderate-income areas. Pratt County has a population of 9,647 based on 2000 census. The population has been declining since the last CRA examination. The city of Pratt is the county seat and the largest city in the county.

The statewide non-metropolitan median family income for 2001 is \$43,200. The distribution of family income in the AA is shown in the table below:

<b>Distribution of Family Income in the Assessment Area</b>	
<b>Income Level</b>	<b>Percentage</b>
Low-income families	17%
Moderate-income families	19%
Middle-income families	20%
Upper-income families	44%
<b>Total</b>	<b>100%</b>

1990 census data indicates 11% of the households have income below the poverty level, 33% receive social security, and 4% are on public assistance. Other demographic data indicates 28% of the population is not in the work force and 19% is over the age of 65. The median housing value is \$35,542 and 63% of the housing units are owner-occupied.

The economic condition of the AA is stable. The bank's trade area is dominated by agriculture, primarily cattle and grain. The local economy has benefited from growth in healthcare and retail services. Major employers in the area include Pratt Regional Medical Center, Pratt County Community College, local governments, and school districts. The U.S. Department of Labor indicates the Kansas unemployment rate for February 2002 was 4.7%.

There are five financial institutions in the AA, three banks and two credit unions. FNB is the second largest bank in the AA and has the second largest deposit market share with 31% of the deposits on June 30, 2001.

Examiners contacted one economic development group. The contact stated the credit needs of the community are primarily agricultural, small business, and home loans. The contact indicated the credit needs are being met by the financial institutions in the area.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

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

FNB's lending level is good. The bank's average quarterly loan-to-deposit ratio for the last 12 quarters ended December 31, 2001, was 74%, compared to 61% for the other two area banks. The bank's loan-to-deposit ratios trended upwards during this period.

### **Lending in Assessment Area**

The bank's lending in the AA is satisfactory. A majority of the bank's primary loan products were granted to borrowers in the area. To determine the distribution, we selected a sample of 40 loans granted since the last CRA examination. The sample consisted of 20 agricultural and 20 consumer loans, the bank's primary loan products. The table below depicts the bank's lending within the AA.

<b>Percentage of Sampled Loans Granted Within the Assessment Area</b>	
<b>Percentage by Number</b>	<b>Percentage by Dollar</b>
68%	61%

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

FNB's lending to borrowers of different income levels and businesses and farms of different sizes is satisfactory. Examiners analyzed samples of the bank's primary loans products, agricultural and consumer loans.

The bank's lending to borrowers of different income levels is good. To determine the distribution, examiners selected a sample of 20 consumer loans granted since the previous CRA examination. The table below indicates the bank had good penetration of low- and moderate-income borrowers in relation to the percentage of households in each income category.

<b>Distribution of Consumer Loan Sample By Borrower Income</b>			
<b>Income Distribution</b>	<b>Percentage of Number</b>	<b>Percentage of Dollar Amount</b>	<b>Percentage of Households in Income Category</b>
Low-income	40%	26%	19%
Moderate-income	35%	33%	17%
Middle-income	20%	32%	20%
Upper-income	5%	9%	44%

The bank has a satisfactory record of lending to farms of different sizes. Examiners reviewed a sample of 20 agricultural loans granted since the last CRA examination. Agricultural lending was identified by the community contact as one of the primary credit needs of the AA. As the table below shows, 60% of the number of agricultural loans were granted to farms with less than \$100,000 in annual gross farm revenues. The 1997 Agriculture Census data indicated 65% of the AA farms reported product sales of less than \$100,000.

<b>Distribution of Agricultural Loan Sample By Annual Gross Revenues</b>		
<b>Gross Farm Revenues</b>	<b>Percentage of Number of Loans</b>	<b>Percentage of Dollar Amount of Loans</b>
<\$25,000	25%	9%
\$25,000 - \$49,999	15%	1%
\$50,000 - \$99,999	20%	8%
\$100,000 - \$250,000	25%	68%
>\$250,000	15%	14%

### **Geographic Distribution of Loans**

An analysis of the geographic distribution of the bank's credit extension would not be meaningful since the assessment area does not have any low- or moderate-income tracts.

### **Responses to Complaints**

The bank has not received any CRA-related complaints since the last CRA examination.

### **Fair Lending Review**

An analysis 1998, 1999, 2000, and 2001 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1997.