



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**April 28, 2008**

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

First National Bank & Trust Company of Leavenworth  
Charter Number 182

630 Delaware Street  
Leavenworth, Kansas 66048

Office of the Comptroller of the Currency

Kansas City South 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 Outstanding.**

The First National Bank and Trust Company (FNBT) helps meet the community credit needs of its assessment area.

- The bank's loan-to-deposit ratio is excellent. FNBT's average ratio exceeded all comparative institutions in our review.
- The bank's geographic distribution of residential real estate refinancing loans in low- and moderate-income level census tracts exceeds standards.
- The bank has a satisfactory record of lending within the assessment area.
- The bank has received no consumer complaints concerning its performance in meeting the community's credit needs.

## **SCOPE OF EXAMINATION**

Our objectives were to assess the bank's ability to serve and meet the community's needs within their assessment area. We based our analyses and conclusions on data provided by the bank, which we verified during our review. We identified the bank's primary products as consumer loans and 1-4 family residential real estate by the number of loans originated. We reviewed a random loan sample of consumer loans originated between January 1, 2002 and December 31, 2007. We reviewed real estate loans originated after December 31, 2005. We reviewed bank reported information from the Home Mortgage Disclosure Act Loan Application Register (HMDA LARs) for reporting years 2005 through March 2008.

## **DESCRIPTION OF INSTITUTION**

FNBT is a wholly owned subsidiary of Exchange Bankshares Corporation of Kansas (EBCK), Atchison, Kansas. The bank has \$104 million in total assets, of which net loans were \$77 million (74 percent of total assets), according to the December 31, 2007 Report of Condition. It is headquartered in Leavenworth, Kansas. In addition to headquarters, the bank operates four full service branches (one in Easton, one in Lansing, and two in Leavenworth, Kansas), and four automatic teller machines that accept deposits. The bank offers a full range of traditional personal and commercial banking services. Consumer lending and 1-4 family residential mortgages are the primary focus of the bank's loan portfolio. There are no legal or financial circumstances that impede the bank's ability to help meet the credit needs of its assessment area.

The bank received a rating of outstanding at its last CRA examination dated February 11, 2002. Please refer to the bank's Public File for more details.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

FNB has designated all of Leavenworth County as its assessment area (AA). Leavenworth County is included in the Kansas City MO-KS Metropolitan Statistical Area (MSA) 28140. This designation meets the requirements of the CRA regulation and does not arbitrarily exclude any low or moderate income geographies. A number of financial institutions in Leavenworth County compete for deposits and loans.

The AA's 2007 MSA updated median family income is \$67,600. The 2000 U.S. Census data of the AA reflects a total population of 68,691; median housing value of \$89,824; median year for housing of 1969; median family income of \$55,893; and 17,301 families. Households below the poverty level total 6.76 percent. Approximately 16.57 percent of families are low-income, 19.87 percent are moderate-income, 25.92 percent are middle income, and 37.65 percent are upper-income. Leavenworth County is divided into 15 census tracts (CT). One CT, representing 6.67 percent of the AA, is low income. Two CTs, representing 13.33 percent of the AA, are moderate income. Nine CTs, representing 60 percent of the AA, are middle income, and three CTs, representing 20 percent of the AA, are upper income.

The AA's economy is stable. The cities of Leavenworth and Lansing are home to five prisons and Fort Leavenworth, a military base. A majority of the private sector provides goods and services to these governmental entities. Major employers include Fort Leavenworth, Eisenhower Veterans Affairs Medical Center, Hallmark Cards, Inc., Leavenworth Public Schools, and the various correctional facilities located in the Leavenworth and Lansing areas. The U.S. Department of Labor, Bureau of Labor Statistics, reports the February 2007 preliminary unemployment rate for Leavenworth County at 5.6 percent. This is slightly higher than the State of Kansas at 4.4 percent, and the national rate of 4.8 percent.

During the evaluation, we made one community contact with a not-for-profit community development agency. According to the contact, the AA's primary needs are home mortgages, small business, and consumer loans. The contact stated financial institutions in the area are meeting the needs of the community.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

The bank’s loan-to-deposit (LTD) ratio is excellent. We compared FNBT’s quarterly average LTD ratio to two similarly situated institutions in Leavenworth County. Each of the banks in our comparison had assets of less than \$170 million and had operations at a minimum of two branches. Since the last CRA examination, the bank’s quarterly loan-to-deposit averaged 88 percent based on 20 quarters and exceeded the average ratio of the two similarly situated banks, which ranged from 48 to 69 percent.

### Lending in Assessment Area

The bank’s record of lending to borrowers in the AA is satisfactory. We tested and verified bank-generated reports and the HMDA LAR information to evaluate the level of lending inside the AA by both number and dollar volume. Our review found the bank originated 59 percent by number and 56 percent by volume in loans to borrowers inside the AA.

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

FNBT has a good record of lending to borrowers of different income levels within its AA. We reviewed the revenue distribution of 60 consumer borrowers and found 18 percent were low-income and 12 percent were moderate-income. This performance met the AA demographics of both income categories. The table below provides a more detailed analysis of the consumer borrower income distribution.

Borrower Distribution of Consumer Loans									
Income Level	Low		Moderate		Middle		Upper		Unavailable
	% of AA Households	% by # of Loans	% of AA Households	% by # of Loans	% of AA Households	% by # of Loans	% of AA Households	% by # of Loans	
% of Total	22.14%	17.65%	20.04%	11.76%	22.43%	29.41%	35.11%	38.24%	2.94%

FNBT’s record of originating home refinancing loans to low- and moderate-income borrowers is excellent. Our review indicates twelve percent of the bank’s home refinance customers are low-income, which approximates AA demographics, given the poverty rate in the AA. Twenty-four percent of the bank’s home refinance customers are moderate-income; which exceeds demographics. The table below provides a more detailed analysis of the income distribution of these customers as compared to area demographics.

<b>Borrower Distribution of Residential Real Estate Refinancing Loans</b>									
Income Level	Low		Moderate		Middle		Upper		Unavailable
	% of AA Families	% by # of Loans	% of AA Families	% by # of Loans	% of AA Families	% by # of Loans	% of AA Families	% by # of Loans	% by # of Loans
% of Total	16.57%	11.76%	19.87%	23.53%	25.92%	23.53%	37.65%	29.41%	11.76%

**Geographic Distribution of Loans**

FNBT's geographic distribution of residential real estate refinance loans in low and moderate income level census tracts exceeds standards. During the examination, we reviewed 27 residential real estate refinance loans, of which 17 were within FNBT's AA. From our sample, we found that 5.88 percent of the loans in the AA were in the low income level CT. Owner-occupied housing in the low income level census tract makes up only 1.64 percent of the AA's total owner-occupied housing. We found that 23.53 percent of the loans in the AA were in moderate income level CTs. Owner-occupied housing in moderate-income level CTs represents 10.39 percent of the AA's total owner-occupied housing.

FNBT's geographic distribution of consumer loans in low level income tracts is reasonable. During the examination, we reviewed 60 consumer loans, of which 34 were within FNBT's AA. From our sample, we found that 15.15 percent of the loans in the AA were in the low-income level CT. Households in the low-income level CTs make up 22.42 percent of households in the AA. In addition, households below the poverty level represent 6.76 percent of the households in the AA. The geographic distribution of the bank’s consumer loans in moderate-income level tracts exceeds standards. We found 18.18 percent of the loans in the AA were in the moderate-income level CT. Households in the moderate-income level CT represent 20.04 percent of the households in the AA.

**Responses to Complaints**

FNBT has not received any written complaints regarding its CRA performance during the evaluation period.

### **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.