

# **Small Bank Performance Evaluation**

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## **PUBLIC DISCLOSURE**

**March 10, 1997**

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

**First National Bank and Trust Company of Leavenworth  
Charter Number 182**

**7th & Delaware  
Leavenworth, Kansas 66048**

**Office of the Comptroller of the Currency  
6700 Antioch Road, Suite 450  
Merriam, Kansas 66204-1200**

**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 helping to meet 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 First National Bank and Trust Company of Leavenworth prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of March 10, 1997. The OCC 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:** This institution is rated "Satisfactory Record of Meeting Community Credit Needs."

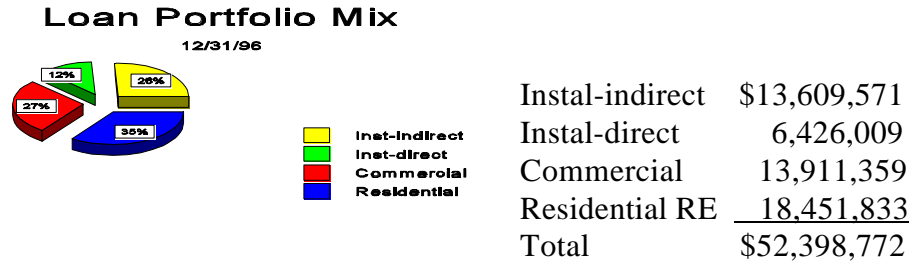
First National Bank and Trust Company of Leavenworth's loans expressed as a percent of deposits continue to exceed peer levels. The geographic distribution of the bank's loans is reasonable. The distribution of the bank loans reaches a broad range of borrowers and businesses of varying income and revenue levels.

The following table indicates the performance level of First National Bank and Trust Company of Leavenworth with respect to each of the five performance criteria:

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST NATIONAL BANK AND TRUST COMPANY OF LEAVENWORTH 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 Areas		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	First National has not received any complaints relating to its CRA performance.		

**DESCRIPTION OF INSTITUTION**

First National Bank and Trust Company of Leavenworth (First National) is a full service \$73 million dollar financial institution. The bank is a subsidiary of Exchange Bankshares Corp. of Kansas, a two-bank holding company. First National’s main office, south branch, and drive-up facility are located in Leavenworth, Kansas. The bank also has three automatic teller machines (ATM) in Leavenworth and a branch in Easton, Kansas. As of December 31, 1996, total loans represent 71% of total assets. Figure 1 shows the bank’s loan portfolio mix.



**Figure 1**

The bank’s financial condition is sound. Several local financial institutions provide strong competition. No legal impediments or other factors hinder the bank’s ability to serve its community’s credit needs. Our agency last evaluated First National’s CRA performance June 13, 1994 and assigned a rating of “Satisfactory Record of Meeting Community Credit Needs.”

**DESCRIPTION OF FIRST NATIONAL’S ASSESSMENT AREA**

First National’s assessment area (AA) consists of Leavenworth County, Kansas. This includes Fort Leavenworth. Leavenworth County has a population of 64,371. The AA census tracts’ income characteristics are as follows: 0 tracts low-income, 3 tracts moderate-income, 10 tracts middle-income, and 1 tract upper income. The AA census tracts family income levels are as follows: 16% low-income, 20% moderate, 29% middle, and 35% upper. About 8% of the households are below the poverty level and 5% receive public assistance. Based on updated 1990 census data, the county median family income is \$47,700.

During the examination, we contacted two community development organizations for information about the assessment area. The contacts identified affordable housing and small business loans as primary credit needs. We also reviewed community contact summaries provided by other regulators.

The local economy is stable with about a 4% unemployment rate. Primary employers include the following government entities: Fort Leavenworth, the federal, state, and military prisons, and the Department of Veterans Affairs Medical Center.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan to Deposit Analysis

First National's loan-to-deposit ratio represents a significant portion of the bank's deposit base. See Figure 2. The bank's average loan-to-deposit ratio of 82% exceeds peers' average of 68% for the eight quarters between December 31, 1994 to September 30, 1996.

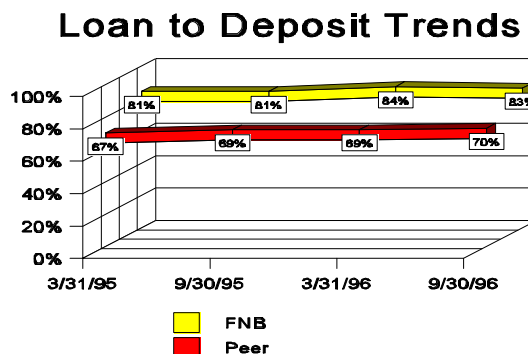


Figure 2

### Comparison of Credit Extended Inside and Outside of the Assessment Area

Most of First National's loans are within its assessment area. We reviewed the bank's 1995 and 1996 Home Mortgage Loan Application Registers (HMDA-LAR), a sample of 206 instalment, and 19 commercial loans for a total of 463 loans. This analysis indicated the bank originated 65% of its loans by number within its assessment area.

### Distribution of Credit within the Assessment Area by Borrower Income

First National's distribution of credit to borrowers and businesses of different income and revenue levels is good. We reviewed a sample of 19 loans representing 27% of the commercial portfolio by dollar and a sample of 281 consumer loans. Approximately 74% of the commercial and 35% of the consumer loans reviewed were to businesses with annual gross revenues of \$250 thousand or less and individuals within the low- and moderate-income ranges, respectively. The tables below show the income distribution of loans included in our sample:

#### *Income Distribution of Sample Business Loans*

Annual Gross Revenue Levels	# of Sample Loans	% of Sample Loans at each Level
less than \$100,000	5	26%
\$100,000 - \$249,999	9	48%
\$250,000 - \$499,999	5	26%
\$500,000 - \$999,999	0	0%
\$1,000,000 and greater	0	0%

<b>Total</b>	19	100%
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***Income Distribution of Sample Consumer Loans***

<b>Borrower Income Levels</b>	<b>% of Families in AA at each Income Level</b>	<b># of Sample Loans</b>	<b>% of Sample Loans at each Income Level</b>
<b>Low</b>	16%	32	11%
<b>Moderate</b>	20%	67	24%
<b>Middle</b>	29%	68	24%
<b>Upper</b>	35%	114	12%
<b>Total</b>	100%	281	100%

Note: The HUD estimated 1996 median family income is \$47,700.

**Distribution of Credit within the Assessment Area by Geography**

The geographic distribution of First National’s loans originated within the assessment area is reasonable. Our review of the bank’s HMDA-LARs showed the following distribution.

***Geographic Distribution of 1995 and 1996 Residential Real Estate Loans Originated within the Bank’s AA***

<b>Income Characteristics of AA census Tracts</b>	<b>% of Census Tracts at each income level</b>	<b># of Sample Loans</b>	<b>% of Sample Loans at each income level</b>
<b>Low</b>	0%	0	0%
<b>Moderate</b>	21%	22	12%
<b>Middle</b>	72%	147	82%
<b>Upper</b>	7%	11	6%
<b>Total</b>	100%	180	100%

Note: The HUD estimated 1996 median family income is \$47,700.

**Response to Complaints**

First National has not received any complaints relating to its CRA performance.

**Compliance with Antidiscrimination Laws and Regulations**

First National’s level of compliance with antidiscrimination laws and regulations is good, based on our review of 62 approved and 25 denied consumer applications. We found no evidence of disparate treatment.