



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

APRIL 16, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank & Trust Company of Junction City, Kansas
Charter Number 3543**

**Post Office Box 348
Junction City, Kansas 66441-0348**

**Office of the Comptroller of the Currency
Salina Duty Station
Post Office Box 616
Salina, Kansas 67402-0616**

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 Community Reinvestment Act (CRA) performance of **The First National Bank & Trust Company of Junction City, Kansas (FNB)** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of April 16, 1997. 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: This institution is rated “Satisfactory”.

FNB’s rating is based on the following factors:

- The bank has a reasonable record of extending credit to individuals of different income levels and to businesses of different sizes.
- The geographic distribution of loans is reasonable.
- The average loan-to-deposit ratio is reasonable, with a majority of loans being made within its assessment areas.

The following table indicates the performance level of *The First National Bank & Trust Company of Junction City, Kansas* with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	THE FIRST NATIONAL BANK & TRUST COMPANY OF JUNCTION CITY, KANSAS 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		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

FNB is a \$42 million institution with its main office in Junction City, Kansas. Branches are in west Junction City and in Herington. Each facility has drive-up facilities and ATM's. Two additional ATM's are in retail establishments within Junction City.

FNB is a full service lending institution. Loans represent 52% of the bank's total assets. The bank's loan portfolio mix is 62% real estate, 20% commercial, 11% consumer, 2% agriculture, and 5% other. Junction City First National Company, a one bank holding company, owns the bank. No financial conditions, legal constraints, or other factors prevent FNB from helping to meet the credit needs of its assessment areas. The bank received a Satisfactory rating at its last CRA examination dated March 16, 1995.

DESCRIPTION OF NAME OF ASSESSMENT AREA

FNB has two assessment areas. One assessment area consists of Geary County and Morris County (less the town of Council Grove), and has a population of 34 thousand. The second assessment area consists of a portion of Dickinson County and has a population of six thousand. The assessment areas consists of 11 Block Numbering Areas. According to 1990 statistics, 27% of the tracts are moderate-income, 55% are middle, and 18% are upper. All moderate income tracts are in Geary County. Geary County also contains the residential area of a military fort. Although the assessment areas are not contiguous, they are in close proximity. The assessment areas are fairly homogeneous and were combined for our analysis.

The Department of Housing and Urban Development's 1996 statewide non-metropolitan Median Family Income is \$34,300. Local economic conditions are stable and diverse. The local economy is being expanded in both industrial and retail areas to become less reliant upon the military fort. Unemployment is low at 4%. Business demographic data shows 73% of the businesses have revenues less than \$500,000. We also noted 40% of the housing units are occupied rentals within the assessment areas. This large volume of rentals is supported by the demand from the fort. Management stated the average soldier is stationed at the fort for two years and typically do not purchase housing.

We reviewed a recent community contact with the economic development commission. We also made a new contact with a local Realtor. According to these contacts, credit needs are diverse and include loans for homes, small businesses, and consumer purposes.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio (LTD)

The bank's eight quarter average LTD ratio of 54% is reasonable. This is for the time period December 31, 1994 through December 31, 1996. FNB ranked fifth among the nine comparable banks in the assessment areas. The LTD for the other banks ranged from 24% to 85%.

Lending in the Assessment Area

The bank originates a majority of its loans to borrowers located inside its assessment areas. We reviewed a sample of loan originations for 1996 for the bank's primary product lines, consumer and residential real estate. Of the 25 consumer loans sampled, 88% by number and 89% by dollar are within the assessment areas. Of the 45 residential real estate loans sampled, 89% by number and 88% by dollar are within the assessment areas.

Lending to Borrower's of Different Incomes and to Businesses of Different Sizes

FNB's penetration to borrowers of different incomes and businesses of different sizes is reasonable. We sampled 25 consumer loans (11% by number), 45 real estate loans (58% by number), and 20 commercial loans (31% by number) originated within the assessment areas in 1996.

The following table indicates the bank's lending to low- or moderate-income borrowers is higher than local demographics in the *consumer* area.

Family Income Level	% of Population	# of loans	% by number	\$ of loans	% by dollar
Low-Income	21%	8	32%	44,749	39%
Moderate-Income	23%	9	36%	38,933	34%
Middle-Income	23%	7	28%	26,353	23%
Upper-Income	33%	1	4%	5,748	4%
Total	100%	25	100%	115,783	100%

Lending to Borrower's of Different Incomes and to Businesses of Different Sizes

(continued)

The following table shows the bank's lending to low- or moderate-income borrowers is lower than local demographics with *residential real estate* lending. Management stated housing loan demand is minimal for low- or moderate-income borrowers, and there are few listings for houses selling for less than \$50,000. The large volume of loans in the middle- and upper-income categories are attributed to two new housing developments. Both of these developments are in upper income tracts. Of the loans sampled, we noted 85% of the purchasers in these tracts were middle- and upper-income families.

Family Income Level	% of Population	# of loans	% by number	\$ of loans	% by dollar
Low-Income	21%	2	4%	49	2%
Moderate-Income	23%	6	14%	321	13%
Middle-Income	23%	20	44%	1,095	44%
Upper-Income	33%	17	38%	1,021	41%
Total	100%	45	100%	2,486	100%

The following table represents the bank's penetration to *businesses* of various sizes based on gross annual revenues. Based on business demographic data, this penetration is consistent with business revenues within the assessment areas.

Annual Revenues	Commercial Borrowers	
	Number	Dollars
Less than \$100,000	50%	39%
\$100,001-\$250,000	25%	18%
\$250,001-\$500,000	0	0
\$500,001-\$1,000,000	0	0
Greater than \$1,000,000	25%	43%

Geographic Distribution of Loans

FNB’s geographic distribution of loans shows a reasonable dispersion throughout the assessment areas. To determine geographic distribution, we sampled consumer and real estate loans originated in 1996 from the Junction City location. We excluded loans originated outside Geary County since all geographies around Herington are middle-income. The following tables show the bank’s penetration in the tracts of various income levels. The loan distribution of consumer loans closely matches the moderate-income household distribution in the various tracts, while the most of the real estate loans were in the upper-income tract. The concentration of real estate loans in the upper-income tract is due to the two new housing developments in upper-income tracts.

Tract Characteristics	BNA Income Level		Low Income Households	Real Estate % of Loans		Consumer % of Loans	
	by #	by %		by %	by #	by \$	by #
Moderate-Income	3	27%	43%	22%	19%	40%	35%
Middle-Income	6	55%	46%	16%	10%	40%	46%
Upper-Income	2	18%	11%	62%	71%	20%	19%

Compliance with Antidiscrimination Laws and Regulations

We did not identify any violations of antidiscrimination laws or regulations.