



PUBLIC DISCLOSURE

July 5, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Louisburg
Charter #11798
1201 West Amity
Louisburg, KS 66053

Office of the Comptroller of the Currency
7101 College Blvd., 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, and should not 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.

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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The lending test is rated Satisfactory.

The major factors that support this rating include:

- Satisfactory performance on the Lending Test in the AA.
- A reasonable LTD performance.
- FNB originated a majority of its loans by number and by dollar in its AA.

Loan-to-Deposit Ratio

The First National Bank of Louisburg's (FNB) loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and credit needs of its assessment area (AA).

FNB's quarterly average LTD ratio is acceptable at 52.9 percent. The Office of the Comptroller of the Currency (OCC) calculated FNB's quarterly average LTD ratio using information from the Consolidated Reports of Condition from March 31, 2018 to December 31, 2021. FNB's average LTD peaked at 60 percent compared to a low of 40.4 percent. The quarterly average LTD ratio for similarly situated financial institutions during the same period is 54.8 percent. The peer group peak is 74.9 percent compared to a low of 27.6 percent. By asset size, FNB ranked 3rd out of five similarly situated financial institutions. These financial institutions ranged in asset size from \$61 million to \$193 million with an average asset size of \$152 million.

Lending in Assessment Area

A majority of the bank's loans are inside its AA.

The bank originated and purchased 73.3 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Residential Real Estate	44	73	16	27	60	11700	74	4149	26	15848
Total	44	73	16	27	60	11700	74	4149	26	15848

*Source: Bank Data
Due to rounding, totals may not equal 100.0%*

Description of Institution

FNB is a \$175 million bank headquartered in Louisburg, KS. FNB does not have a holding company. The bank operates in east-central Kansas and has three total branches: the primary branch in Louisburg and additional branches in Stilwell and Prairie Village, KS. FNB has not added or closed a branch location since the previous full-scope examination.

The bank offers traditional, non-complex products in its AA. As of December 31, 2021, net loans total \$65 million. The bank's net loans and leases to total assets ratio is 36.4 percent. The loan portfolio is comprised of 76.6 percent real estate loans, 13.3 percent commercial loans, 1.4 percent loans to individuals, and 0.37 percent agricultural loans by dollar amount outstanding. Primary products based on originations for the evaluation period are 1 to 4 family real estate by dollar and by number. Deposit products and services include basic checking and savings accounts, money market accounts, and certificates of deposit. Core deposits account for 85.1 percent of total assets. Tier 1 capital is \$17.5 million for a tier 1 leverage ratio of 10 percent.

FNB has the financial capacity to assist in meeting the credit needs of its AA. The bank received a satisfactory rating from the last small bank Community Reinvestment Act (CRA) evaluation dated February 7, 2018.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The OCC used small bank examination procedures to evaluate FNB's record of meeting the credit needs of its community through its lending activities. The lending test review period is January 1, 2019 through December 31, 2021. The bank has one AA located in Johnson and Miami Counties in Kansas. Conclusions were based on FNB's residential real estate lending, the primary product by number and by dollar. Examiners sampled 60 residential real estate loans originated or purchased by FNB.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank's overall rating is a blend of the state ratings, and where applicable, multistate ratings.

The MMSA rating and state ratings are based on performance in all bank AAs. Refer to the “Scope” section under each state and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank’s or federal savings association’s (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank’s lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution’s lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution’s next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Kansas

CRA rating for the State of Kansas¹: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- Reasonable lending to borrowers of different incomes.

Description of Institution's Operations in Kansas

FNB's AA is within the Kansas City MSA and consists of 46 census tracts within Miami and Johnson Counties in Kansas. The AA does not include any tracts outside of the state of Kansas. The AA includes 31 high-income tracts and 15 middle-income tracts. There are no low or moderate-income tracts within the AA. There are no distressed or underserved middle-income census tracts in the AA. The main branch location operates in a middle-income tract, while both other locations operate in upper-income tracts.

The AA has a population of 197,646. The Census MSA Median family income is \$72,623. Families and households below the poverty level within the AA are 2.8 and 5.5 percent respectively. The unemployment rate within the Kansas City MSA is 2.7 percent compared to 2.3 percent for the state of Kansas and 3.6 percent nationally as of June 2022.

Primary industries within the AA include trade, transportation, & utilities; professional & business services; and education & health services. Major employers include Cerner, Black & Veatch, Garmin International, Hallmark, and several federal and municipal organizations.

The AA is highly competitive with 67 competing financial institutions (including larger national and regional banks) with combined deposits of \$27 billion. FNB ranks 30th in market share, accounting for 0.5 percent of the market. Capitol Federal Savings Bank has the highest amount of market share at 11.01 percent. The top ten institutions in the AA have a combined 62 percent of market share. 47 of the 67 financial institutions have less than a full percentage point of total market share.

The OCC reviewed one community contact made on January 26, 2021. The organization aids with housing-related services for low- and moderate-income individuals and families via several programs. Affordable housing remains a concern given high construction costs and greater builder incentives towards projects targeting high-income households. Banks potentially have opportunities to lend to affordable housing projects provided additional developer incentives develop. The contact expressed an opinion that generally the financial industry needs to be more involved in the development of affordable housing in Johnson County.

¹ This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within a MMSA.

Kansas City MMSA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Kansas City MMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	46	0.0	0.0	32.6	67.4	0.0
Population by Geography	197,646	0.0	0.0	30.2	69.8	0.0
Housing Units by Geography	83,999	0.0	0.0	35.4	64.6	0.0
Owner-Occupied Units by Geography	59,507	0.0	0.0	28.7	71.3	0.0
Occupied Rental Units by Geography	20,090	0.0	0.0	53.0	47.0	0.0
Vacant Units by Geography	4,402	0.0	0.0	45.0	55.0	0.0
Businesses by Geography	22,310	0.0	0.0	28.4	71.6	0.0
Farms by Geography	661	0.0	0.0	25.0	75.0	0.0
Family Distribution by Income Level	52,884	9.9	11.5	17.9	60.7	0.0
Household Distribution by Income Level	79,597	13.4	13.0	15.4	58.2	0.0
Median Family Income MSA - 28140 Kansas City, MO-KS MSA		\$72,623	Median Housing Value			\$256,498
Median Household Income: \$89,697 Households Below Poverty Level: 5.5%			Median Gross Rent			\$1,026
			Families Below Poverty Level			2.8%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Kansas

The OCC used small bank examination procedures to evaluate FNB's record of meeting the credit needs of its community through its lending activities. The lending test review period is January 1, 2019 through December 31, 2021. The bank has one AA located in Johnson and Miami Counties in Kansas. Conclusions were based on FNB's residential real estate lending, the primary product by number and by dollar. Examiners sampled 60 residential real estate loans originated or purchased by FNB for the review period to determine the bank's lending inside and outside of its AA. Examiners reviewed 44 out of those 60 loans that FNB originated inside of its AA for the review period to assess the bank's overall performance under the Lending Test.

LENDING TEST

The bank's performance under the Lending Test in Kansas is rated Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Kansas City full-scope AA is adequate.

Distribution of Loans by Income Level of the Geography

There are no low- or moderate-income census tracts located in the bank's AA and so a meaningful analysis cannot be performed.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

Home Mortgage Loans

Refer to Table P in the state of Kansas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution is reasonable. The distribution of FNB's home mortgage loans for calendar years 2019, 2020, and 2021 to LMI borrowers is reasonable.

Aggregated for all calendar years in the evaluation period, the borrower distribution of bank loans to low-income borrowers of 4.5 percent was above the industry aggregate of 2.9 percent but below the 9.9 percent proportion of low-income families in AA. The distribution of bank loans to moderate income borrowers of 6.8 percent was somewhat below the industry aggregate of 11.3 percent and the 11.5 percent portion of moderate-income borrowers in the AA. High home prices and a lack of affordable housing impacted bank and industry performance. The bank's AA experienced significant growth in home prices during the COVID-19 pandemic.

Data published by the Kansas City Regional Association of Realtors for the Miami County AA reflects declining housing inventories and rising average sales prices. The average sales price in the Miami County AA was \$244 thousand in 2019, \$276 thousand in 2020, and \$305 thousand in 2021. This was a 25 percent increase in average sales price over the assessment period. Housing inventory at YE19 was 96 homes which was a 19 percent decline from YE18 inventory. Inventory further declined to 60 homes at YE20 and 53 homes at YE21, representing a 45 percent decrease in inventory over the assessment period.

Data published by the Kansas City Regional Association of Realtors for the Johnson County AA reflects declining housing inventories and rising average sales prices. The average sales price in the Johnson County AA was \$348 thousand in 2019, \$382 thousand in 2020, and \$430 thousand in 2021. This was a 24 percent increase in average sales price over the assessment period. Housing inventory at YE19 was 1,543 homes which was a 20 percent decline from YE18 inventory. Inventory further declined to 753 homes at YE19 and 641 homes at YE21. This represents a 58 percent decrease in inventory over the assessment period.

Moderate income levels were \$66,079 in 2019, \$68,719 in 2020, and \$69,039 in 2021. The average sales price to moderate income borrower income ratio in Miami County was 3.7x, 4x, and 4.4x in 2019, 2020, and 2021, respectively. Average sales price to moderate income borrower income ratio in Johnson County was 5.3x, 5.6x, and 6.2x in 2019, 2020, and 2021, respectively. The high ratios reflect a lack of affordable properties for low- and moderate-income borrowers.

During the assessment period the bank originated 129 1-4 family loans. All loans were variable rate which limited the number of loans the bank was able to write given a high demand for fixed rate loans during the assessment period. The bank faces significant loan competition with 60 other banks within the assessment area. Competitors include credit unions and a significant number of banks advertising and competing for mortgage loans. The bank does not advertise and relies on word of mouth to acquire customers. The bank's branches are all located in middle- and upper-income census tracts.

Responses to Complaints

FNB received no CRA or Fair Lending complaints during its evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	1/1/2019 to 12/31/2021	
Bank Products Reviewed:	Home mortgage	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
MMSA(s)		
Kansas City	Small Bank	
States		
Kansas	Small Bank	

Appendix B: Summary of MMSA and State Ratings

RATINGS	FNB Louisburg
Overall Bank:	Lending Test Rating
MMSA or State: Kansas	Satisfactory

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2019-21	
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Kansas City MSA	44	11700	100.0	16,109	9.9	4.6	2.9	11.5	6.8	11.3	17.9	6.8	17.4	60.7	81.8	53.9	0.0	0.0	14.6	
Total	44	11700	100.0	16,109	9.9	4.6	2.9	11.5	6.8	11.3	17.9	6.8	17.4	60.7	81.8	53.9	0.0	0.0	14.6	

*Source: 2015 ACS Census ; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*