



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**July 07, 2006**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank of Louisburg  
Charter Number 11798**

**1201 West Amity  
Louisburg, Kansas 66053**

**Comptroller of the Currency  
Kansas City South Field Office  
7101 College Boulevard, Suite 1600  
Overland Park, Kansas 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, 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 COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution is rated Satisfactory.**

The First National Bank (FNB) of Louisburg's performance of lending to borrowers of different incomes and small commercial businesses is satisfactory. The distribution of loans, given the demographics of the assessment area (AA), reflects good penetration among individuals of different income levels, as well as commercial business of different sizes.

We identified the bank's primary products based on the dollar volume or number of loans made since the last CRA examination. We selected business loans, which included commercial real estate, construction and development purpose lending, and consumer loans as the bank's primary loan types. Based on the composition of the loan portfolio as reported on the March 31, 2006 Call Report, commercial loans represented 45% of loans by dollar. Examiners reviewed a sample of 22 business loans originated in the period of January 2004 through May 2006. Based on bank reports, consumer loans represented 66% of the number of loans originated since 2004. We also reviewed the Home Mortgage Loan Data for the calendar years of 2004, 2005, and year-to-date May 2006.

Lending for commercial purposes exceeds the demographics of the AA by number and dollar. Demographic data from the 2000 census indicates 65% of the nonfarm businesses in the AA have revenues less than \$1 million. Based on the sample of sixteen commercial purpose related loans in the AA, all were made to nonfarm operations with revenues less than \$1 million.

While not representing a significant dollar volume of the loan portfolio, management originates a large number of consumer loans. The bank's performance for consumer lending to low- and moderate-income individuals reflects its commitment to meet the credit needs of its AA. From a sample of 40 loans, officers originated 12 of the loans outside of the AA and ten of the loans were made without documented income information to existing bank customers. From the 28 consumer loans originated in the AA, 43% by number and 16% by dollar were made to low-income borrowers, and 18% by number and 31% by dollar were made to moderate-income borrowers. Demographic data from the 2000 census indicates 8.1% and 9.8% of households in the AA are designated low- and moderate-income respectively.

While not a primary product based on the small number of loans originated for the twenty-nine months reviewed, management has a good record for purchase money or refinancing real estate lending to low- and moderate-income individuals. Of the total 118 residential real estate related loans originated since 2004, fifty of the originations were to individuals reporting incomes under the thresholds for low- or moderate-income families. Demographic data from the 2000 census indicates 6% and 10% of families in the AA are designated low- and moderate-income, respectively.

**FNB's average quarterly loan-to-deposit ratio is satisfactory.**

The bank's loan-to-deposit (LTD) ratio reflects reasonable responsiveness to the credit needs of its AA. The bank's quarterly average LTD ratio since its last CRA examination is 53.82% based on seventeen quarters. The bank's LTD ratio is below the 84.61% average of the three other independent banks in the AA and the 88.03% average of the one similarly sized and situated bank over the same period.

**FNB's record of lending within its AA is good.**

A substantial majority of all loans originated are located in the AA. From the sample of commercial purpose, real estate, and consumer loans, the bank originated 67% by number and 61% by dollar amount within the AA.

**An analysis of FNB's geographic distribution of credit is not meaningful. All census tracts in the bank's AA were designated as middle- or upper-income tracts.**

**FNB did not receive any complaints about its performance in helping to meet the credit needs in the AA during the evaluation period.**

**We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.**

**DESCRIPTION OF INSTITUTION**

FNB is a \$64 million institution located in Louisburg, Kansas. The bank also operates a full service facility in Stilwell, Kansas, and also has ATM facilities in both cities. The bank continues to offer the traditional types of credit including commercial related, residential real estate, and consumer lending. FNB received a "Satisfactory" CRA rating at the last examination dated January 14, 2002. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA.

Since the last CRA examination, the bank is now offering Internet banking and an overdraft protection program which has been well received by the bank's customers.

**DESCRIPTION OF ASSESSMENT AREA**

FNB's AA consists of four census tracts in northern Miami County and nine census tracts in southern Johnson County. The AA meets the requirements of the regulation, as the tracts are contiguous and includes geographies where the bank, its branch, and ATMs are located. This is also the area where a substantial majority of the bank's loans are originated. There are three other independently owned banks, as well as branches of large and other community banks, within FNB's AA that provide strong competition.

We reviewed one community contact during this examination. This contact indicated all financial

institutions in the area assist in meeting the primary credit needs of the surrounding communities.

Please refer to the bank's CRA Public File for more information.