



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 5, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Western National Bank
Charter Number 22906**

**95th & Lackman
P.O. Box 14608
Lenexa, Kansas 66285-4608**

**Office of the Comptroller of the Currency
Kansas City Duty Station
6700 Antioch Road, Suite 450
Merriam, Kansas 66204-1277**

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 CRA performance of **Western National Bank** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of December 5, 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 Record of Meeting Community Credit Needs

Western National Bank is meeting the commercial credit needs of small businesses within its community. The bank's loan-to-deposit ratio is reasonable given its size and financial condition. Its distribution of borrowers reflects reasonable penetration among businesses of different sizes when considering the bank's size.

DESCRIPTION OF INSTITUTION

Western National Bank is a \$19 million bank located in Lenexa, Kansas. It is owned by Unison Bancorp, Inc., a one-bank holding company. The bank has one ATM and no branches. Western National Bank's primary lending focus is small business lending. Consumer and residential real estate lending are available on an accommodation basis for its business customers. As of September 30, 1997, the bank's loan portfolio totaled \$12 million and consisted of 48% industrial, 32% commercial real estate, 15% 1-4 family residential, and 5% consumer installment.

Western National Bank faces strong competition. The bank is one of twenty-one active banks with headquarter offices within Johnson County, Kansas (peers). Based on total assets as of September 30, 1997, the bank ranked twentieth among its peers. In addition to its peers, branches of regional banks and numerous mortgage companies within the Kansas City Metropolitan Statistical Area (MSA) provide additional competition.

Western National Bank's size impairs its ability to lend to middle market and large commercial businesses. However, there are no other factors or legal impediments, including the financial condition of the bank, which hinder its ability to fulfill its CRA obligation.

Western National Bank opened for business on October 30, 1995. This examination represents the first evaluation of the bank's CRA performance since its inception; thus, no prior CRA rating exists. We focused our analysis at this examination on industrial and commercial real estate lending since this is the bank's primary focus and their loan portfolio is heavily concentrated in this type of lending (80%).

DESCRIPTION OF ASSESSMENT AREA

Western National Bank's assessment area complies with the CRA regulation; it does not arbitrarily exclude low-or moderate-income census tracts or illegally discriminate. The bank's assessment area is Johnson County, Kansas. Johnson County is located in the southwest portion of the Kansas City MSA and has no low- or moderate-income census tracts. The county has 75 census tracts with tracts 29 and 46 designated as middle-income and upper-income, respectively.

Business demographic data from the 1990 census shows Johnson County consists primarily of small businesses with sales less than \$1 million. For businesses that reported gross revenue information, the assessment area's business breakdown by sales levels includes: 57% with sales <\$500 thousand, 9% with sales from \$500 thousand to \$1 million, 12% with sales from \$1 million to \$24 million, 0% with sales from \$25 million to \$49 million, and 1% with sales > \$50 million. The percentage of businesses that did not report any gross revenue information was 21%. The economy is good with low unemployment of 2%. Johnson County's population totals 355,054. The largest employers in Johnson County include J.C. Penny, Sprint, Shawnee Mission School District, Black & Veatch, and United Parcel Service.

Based on 1990 census data, the median family income for the bank's assessment area is \$52,338 compared to the median family income for the entire Kansas City MSA of \$37,652. The family breakdown by income levels is 8% low income, 13% moderate, 22% middle, and 57% upper.

Four community contacts were provided to us by regulators from the Federal Reserve Bank. The contacts identified residential real estate, commercial real estate, and small business lending as the assessment area's primary credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

Western National Bank's average loan-to-deposit ratio is reasonable given its size and financial condition. The bank's quarterly average loan-to-deposit ratio equaled 65% for the period December 30, 1995 to September 30, 1997. While the bank ranked twentieth in total assets when compared to its twenty one peers, its 65% loan-to-deposit ratio at June 30, 1997 ranked thirteenth versus its peers. Peer loan-to-deposit ratios ranged from 32% to 88%.

Lending in Assessment Area

Western National Bank originates less than a majority of its loans within its assessment area. For the period of October 30, 1995 to September 30, 1997, the bank originated 133 industrial and commercial real estate loans. We sampled 100% of the loan originations and 46% were located within the bank's assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Western National Bank's distribution of borrowers reflects reasonable penetration among businesses of different sizes. We analyzed gross revenue information on all 61 industrial and commercial real estate loans originated by the bank for the period October 30, 1995 to September 30, 1997. This sample represented 100% of the loans originated by the bank within its assessment area. The following table shows the results of our analysis.

<i>Gross Revenue Designation of the Borrower</i>	<i>Revenue Distribution of Industrial and Commercial Real Estate Loans Originated within the assessment area (AA)</i>		<i>Revenue Distribution of Businesses within the AA</i>
	<i>#</i>	<i>%</i>	<i>%</i>
< \$500,000	27	44%	57%
\$500,000-999,999	5	8%	9%
\$1,000,000-24,999,999	28	46%	12%
\$25,000,000-49,999,999	0	0%	0%
\$50,000,000 >	1	2%	1%
Totals	61	100%	

21% of businesses within the bank's assessment area did not report any revenue information

Geographic Distribution of Loans

An analysis of the geographic distribution of loans would not be meaningful. All of the census tracts within the bank's assessment area are middle income or upper income.

Response to Complaints

Western National Bank has not received any CRA complaints since its inception.

Compliance with Antidiscrimination Laws and Regulations

Western National Bank is in compliance with the substantive provisions of antidiscrimination laws and regulations. We found no evidence of discrimination or disparate treatment in our review of the bank's lending practices.