



PUBLIC DISCLOSURE

July 15, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank and Trust
Charter Number 3601

225 State Street
Phillipsburg, KS 67661

Office of the Comptroller of the Currency

7101 College Boulevard
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, 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 CRA RATING: This institution is rated Outstanding

Major factors that support this rating include:

- Lending to consumers with different income levels is excellent. Lending to farms of different sizes is good.
- First National Bank and Trust's (FNB&T) community development (CD) activities demonstrate an excellent responsiveness to the community development needs in its assessment area (AA). This had a significantly positive impact on the lending test rating.
- A majority of FNB&T's loans are within its AA.
- The loan-to-deposit (LTD) ratio is reasonable.

SCOPE OF EXAMINATION

We evaluated FNB&T's CRA performance under the small bank examination procedures, which includes a lending test. The lending test evaluates the institution's record of meeting the credit needs of its AA through its lending activities. The evaluation period for this examination is from January 1, 2006 to December 31, 2011, which includes Community Development Services. The lending test covered FNB&T's performance from January 1, 2010 through December 31, 2011, as this is representative of its lending strategy since the prior CRA examination.

Based on the number and dollar volume of loans originated during this period, we determined that primary products are consumer and agriculture loans, respectively. To evaluate performance, we reviewed a sample of 20 agriculture and 20 consumer loans originated during the evaluation period.

DESCRIPTION OF INSTITUTION

FNB&T is a \$191 million financial institution located in Phillipsburg, Kansas. The bank is a subsidiary of Golden Plains Bankshares, Inc., a one-bank holding company. FNB&T is a full-service bank offering a variety of loan and deposit products and trust services. FNB&T operates three branches in the nearby communities of Long Island, Logan, and Smith Center, Kansas. All facilities offer a full range of products including trust services. The bank also has drive-up facilities and two ATMs in Phillipsburg, and Smith Center, Kansas. Other delivery systems include telebanking, internet banking, mobile banking, and online bill pay. FNB&T's locations and retail services meet the needs of its AA. Hours of operations satisfactorily serve the community. Employees and officers are also willing to meet with customers outside of normal operating hours as needed. FNB&T opened a full service branch in Beloit, Kansas October 2012, which is outside the performance period we analyzed. As a result, we did not include the Mitchell County tracts in our analysis. The performance analyzes the AA as of December 31, 2011, which included Phillips and Smith Counties.

According to the December 31, 2011 Call Report, the bank's loan portfolio includes agricultural (50 percent), residential real estate (18 percent), commercial (21 percent), and consumer (11 percent) loans based on outstanding dollars. As of this same date, total loans were \$82.1 million. As of December 31, 2011, total loans represent 46 percent of the institution's total assets.

There are no legal or financial constraints that impede the institution's CRA efforts. The last CRA examination dated March 1, 2006 rated the institution's performance as "Outstanding". Refer to the institution's CRA Public File for more information. There have not been any significant changes to FNB&T's corporate structure, including merger or acquisition activities since the prior CRA examination. They have expanded their AA and opened two additional branches; however, the branch in Mitchell County was opened outside of our evaluation period.

DESCRIPTION OF ASSESSMENT AREA

As of December 31, 2011, FNB&T has one contiguous AA that incorporates both Phillips and Smith Counties. The Federal Financial Institutions Examination Council (FFIEC) has designated all of Phillips and Smith Counties as underserved rural middle-income tracts. There are a total of five census tracts and all are designated as middle-income. The AA does not arbitrarily exclude any low- or moderate-income areas.

The following information is based on 2000 Census data: The population of the bank's AA, which includes Phillips, and Smith counties was 10,537 with 3,066 families and 4,448 households. Eleven percent of the households are below the poverty level and 2 percent receive public assistance. A high percentage of households, 40 percent, are on social security.

The economy is primarily agricultural, consisting of livestock and grain products. Light industry offers some diversification. Farms have been successful and profitable during the evaluation period, which has reduced borrowing needs.

Individuals contacted within the community indicated there are no unmet credit needs and needs focus on agriculture. A credit union, a savings and loan association, and three commercial banks headquartered in Phillipsburg provide strong competition for loans and deposits. In addition, Smith County has two local banks headquartered in Smith Center that provide competition as well.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB&T's average LTD ratio is reasonable at 59 percent since the prior CRA examination. This ratio is lower than the average at the prior CRA examination, but given economic and demographic factors, similarly situated banks have also seen a decline. We compared FNB&T to seven other similarly situated banks. The average ratio for similarly situated banks is 65.63 percent, with the highest ratio at 81.26 percent and the lowest ratio at 46.10 percent.

Lending in Assessment Area

A substantial majority of FNB&T’s lending activity is inside the AA. Based on our sample, the bank granted a majority of loans inside the AA comprising 87 percent by dollar amount and 75 percent by number. We reviewed agriculture loans and consumer loans.

Lending in Phillips and Smith County Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agricultural	16	80	4	20	20	981,369	90	103,688	10	1,085,057
Consumer	14	70	6	30	20	37,945	46	45,418	54	83,363
Totals	30	75	10	25	40	1,019,314	87	149,106	13	1,168,420

Source: loan sample

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The borrower distribution of loans reflects reasonable penetration in the Phillips and Smith Center counties. FNB&T made approximately 95 percent of its farm loans in amounts less than \$100 thousand. In addition, since FNB&T did not collect revenue information on 25 percent of farm loans, we also placed weight on performance to different loan sizes. Overall performance, including loan size, is good.

Borrower Distribution of Loans to Farms in Phillips and Smith County AA				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	98	2	0	100
% of Bank Loans in AA by #	70	5	25	100
% of Bank Loans in AA by \$	27	69	4	100

Source: Loan sample and 2000 U.S. Census Data.

The distribution of consumer loans to borrowers reflects an excellent penetration among borrowers of different income levels. FNB&T’s lending to low-and moderate-income individuals exceed demographic data. The demographics show that nearly 24 percent of the households are low-income and nearly 20 percent of the households are moderate-income.

Borrower Distribution of Consumer Loans in Phillips and Smith County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer	23.81	75	19.76	15	18.79	10	37.63	0

Source: Loan sample and 2000 U.S. Census data.

Geographic Distribution of Loans

We did not perform an analysis of the geographic distribution of loans. The AA does not contain any low- or moderate-income census tracts. Therefore, this analysis would not be meaningful.

Flexible Loan Programs

FNB&T participates in the First Time Home Owner Program. The primary purpose of the program is encouraging home ownership for qualified participants by providing considerable income tax savings for first time homeowners. Participants in the program are also required to attend an initial consumer credit counseling seminar which the bank has hosted when possible. FNB&T originated 33 loans totaling \$972 thousand during the review period. The loans were small to moderate in size, ranging from \$8 thousand up to \$66 thousand in size. FNB&T is the only bank participating in this program within the AA and has had customers referred to the bank from other financial institutions in the area. The bank actively advertises this program in the community.

Qualified Investments and CD Services

The FFIEC designates the AA as a distressed or underserved area. In these underserved areas, CD loans and investments can meet a broader objective, and qualification does not need to directly tie to meeting needs of a specific percentage of low- or moderate-income populations. CD activity will qualify if the loan and investments help to meet essential community needs, including financing the construction or improvement of essential infrastructure or facilities for health services and education, as long as low- and moderate-income populations are not excluded from the benefits.

FNB&T's community development activities demonstrate excellent responsiveness to community development needs in its AA. FNB&T had 19 qualified investments totaling \$1.7 million during the evaluation period, which provided financing to renovate local hospitals, schools, and other infrastructure. FNB&T also provided the AA with 13 community development loans totaling \$2 million. The loans partially funded improvements for a local school, the courthouse, hospitals, and other equipment upgrades. The excellent level of CD investments and loans provided a significantly positive impact on the lending test performance.

Responses to Complaints

FNB&T did not receive any written complaints regarding its CRA performance during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR § 25.28(c), in determining a national bank's 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. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.