



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

Date of Evaluation: June 5, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Exchange National Bank
Charter Number 18165**

**823 Broadway
Marysville, Kansas 66508**

**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 **Exchange National Bank, Marysville, Kansas** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of June 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.**”

Exchange National Bank is helping to meet the credit needs of the customers in its assessment areas. The bank consistently maintains a high loan to deposit ratio, with a majority of loans being made within its assessment areas. Lending efforts penetrate all segments of the assessment area and are dispersed to borrowers of all income levels.

DESCRIPTION OF INSTITUTION

Exchange National Bank (ENB), a subsidiary of Gold Bancshares, Inc., is a \$174 million institution that operates its main bank and a branch facility in Marysville, Kansas. ENB also has branch locations in Leawood (opened 1995) and Shawnee, Kansas. Each facility has “drive-thru” service and the bank serves customers with ATMs at all locations.

ENB offers a full range of commercial, agricultural, real estate and consumer credit products, in addition to traditional deposit services. Commercial loans dominate the loan portfolio, representing 71% of the outstanding dollar amount of total loans as of March 31, 1997. 1-4 family residential construction and development loans comprise 30% of total commercial loans. The remaining portfolio mix consists of 1-4 family residential loans (15%), farm real estate and agriculture production (9%), and consumer loans (5%). No financial or legal impediments prevent ENB from helping to meet the credit needs of its assessment areas.

DESCRIPTION OF ASSESSMENT AREA

ENB’s assessment areas (AA) meet the requirements of the CRA regulation and do not arbitrarily exclude low- or moderate-income areas. The bank has two assessment areas in the state of Kansas: all of Marshall County and all of Johnson County. The Johnson County assessment area is a part of the Kansas City, Missouri-Kansas Metropolitan Statistical Area (Kansas City MSA). According to 1990 Census statistics, the population of Marshall County and Johnson County is 11,705 and 355,054, respectively.

Marshall County The 1997 Kansas non-MSA statewide median family income is \$36,100. Marshall County has one moderate-income and three middle-income block numbering areas. Within the assessment area, 28% of families are low-income, 17% moderate, 22% middle, and 33% upper. The average housing cost in Marshall County is \$18,950, with 69% of the housing units owner occupied. Major employers include the agriculture industry, Union Pacific Railroad, and several light manufacturing companies.

Johnson County The 1997 HUD MSA median family income for the Kansas City MSA is \$50,200. Johnson County does not have any low- or moderate income census tracts. Within the assessment area, 11% of families are low-income, 13% moderate, 19% middle, and 57% upper. The average housing cost in Johnson County is \$89,300 with 65% of the housing units owner occupied. Numerous employers offer diverse employment opportunities.

The primary credit need of Marshall County remains affordable housing. Johnson County continues to experience excellent growth in population and commercial businesses. Credit needs include housing and small business loans. These needs were obtained from community contacts performed by other Agencies within the last year.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

ENB's eight-quarter average loan-to-deposit ratio is more than reasonable. An average of 78% of its deposits are reinvested in loans, according to reliable bank information. This ratio consistently ranks above the 71% average for the bank's peer group average (a national group of banks of similar size and characteristics).

Seven other banks in ENB's Marshall County assessment area compete directly for loan customers. The competitors' loan-to-deposit ratios range from 50% to 68%, as of March 31, 1996. The Johnson County assessment area has several competing banks. ENB's ratio ranks higher than the 65% average of the 20 banks with assets under \$500 million that operate within the area.

Lending in Assessment Areas

The bank originates a majority of its loans within its assessment areas. Based on reports prepared by the bank using outstanding loan totals as of December 31, 1996, 70% (by dollar volume) of the bank's total outstanding loans are within the assessment area. Separately, for the Marshall County, 72% of loans outstanding are within the assessment area. For Johnson County, 70% of loans are within the assessment area.

The following chart summarizes our analysis of the bank's Home Mortgage Disclosure Act Loan Application Register (HMDA-LAR). This shows that a majority of the bank's mortgage loan originations (home purchase, home improvement, and refinance loans) were within the bank's assessment area.

Mortgage Loan Originations						
	1997 (year to date)		1996		1995	
	#	\$	#	\$	#	\$
In AA	36	\$1,273	71	\$4,335	63	\$1,919
Outside AA	2	\$101	23	\$1,969	4	\$190
Total Originations	38	\$1,374	94	\$6,304	67	\$2,109
% in AA	95%	93%	76	69%	74%	91%

Note: Chart analyzes number of loan originations and the dollar volume (000's) of those originations.

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

The distribution of business loans originated in 1996 and 1997 (year to date) reflects good service to businesses of different sizes. The following chart shows that a majority of small business loans originated in 1996 and 1997 were for amounts less than \$100,000. This analysis uses loan size as a proxy. The CRA regulation assumes gross annual revenues generally correlates with the size of the business.

Distribution of Business Loans by Size of the Loan								
Original Balance of Business Loans	Johnson County AA				Marshall County AA			
	1996		1997		1996		1997	
	#	%	#	%	#	%	#	%
< \$10,000	49	14%	44	14%	112	28%	54	30%
\$10,000 - \$24,999	84	24%	81	25%	160	41%	53	29%
\$25,000 - \$99,999	125	36%	119	37%	77	19%	50	27%
\$100,000 - \$249,000	45	13%	38	12%	27	7%	13	7%
\$250,000 - \$499,000	26	8%	20	6%	11	3%	9	5%
\$500,000 - \$999,999	13	4%	12	4%	5	1%	2	1%
> \$1,000,000	4	1%	5	2%	2	1%	1	1%
Total Loans Originated	346	100	319	100	394	100	182	100

The distribution of farm loans originated in 1996 and 1997 (year to date) shows excellent representation of farms of different sizes. Analysis shows 96% of small farm loans originated in both 1996 and 1997 were for amounts less than \$100,000. All farm loans were originated in the Marshall County assessment area. Demographic information shows all farms in Marshall County are considered small, with total annual sales less than \$1 million.

Distribution of Farm Loans by Size of the Loan				
Original Balance of Farm Loans	Marshall County AA			
	1996		1997	
	#	%	#	%
< \$25,000	529	82%	353	79%
\$25,001 - \$50,000	62	9%	51	11%
\$50,001 - \$100,000	31	5%	26	6%
\$100,001 - \$250,000	16	3%	13	3%
\$250,001 - \$500,000	2	1%	3	1%
> \$500,000	0	0%	0	0%
Total Loans Originated	640	100	446	100

The distribution of mortgage lending reflects reasonable penetration among individuals of different income levels. The tables below show the distribution of HMDA reportable (home

purchase, home improvement, and refinance loans) loans originated among borrowers of different income levels within the bank's two assessment areas.

Marshall County AA - Mortgage Loan Originations							
	1995		1996		1997 year to date		Income designation of families within assessment area
	#	%	#	%	#	%	
Low	2	4%	6	11%	1	4%	28%
Moderate	6	13%	6	11%	4	16%	17%
Middle	5	11%	18	33%	2	8%	22%
Upper	33	72%	25	45%	18	72%	33%
Total Originations	46	100	55	100	25	100	

Johnson County AA - Mortgage Loan Originations							
	1995		1996		1997 year to date		Income designation of families within assessment area
	#	%	#	%	#	%	
Low	4	25%	1	7%	0	0%	11%
Moderate	1	6%	1	7%	1	9%	13%
Middle	2	13%	1	7%	7	64%	19%
Upper	9	56%	12	79%	3	27%	57%
Total Originations	16	100	15	100	11	100	

Geographic Distribution of Loans

A detailed analysis of the bank's geographic distribution of loans is not meaningful. The Johnson County assessment area does not contain any low- or moderate-income geographies. The Marshall County assessment area includes only one moderate-income block numbering area (income is 78% of median family income). We could not verify the number of loans made in this one area. However, bank reports show that ENB has made loans in this geography.

Compliance with Antidiscrimination Laws and Regulations

Examiners did not identify any substantive violations or evidence of discrimination.