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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

November 4, 1997

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank and Trust - Phillipsburg, Kansas  
Charter Number 3601**

**225 State Street - Post Office Box 627  
Phillipsburg, Kansas 67661**

**Office of the Comptroller of the Currency  
Kansas City North - Salina  
Post Office Box 616  
Salina, Kansas 67402-0616**

**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 Community Reinvestment Act (CRA) performance of **First National Bank and Trust, Phillipsburg, Kansas (FNB&T)** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of November 4, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

**INSTITUTION'S CRA RATING:** This institution is rated Outstanding Record of Meeting Community Credit Needs.

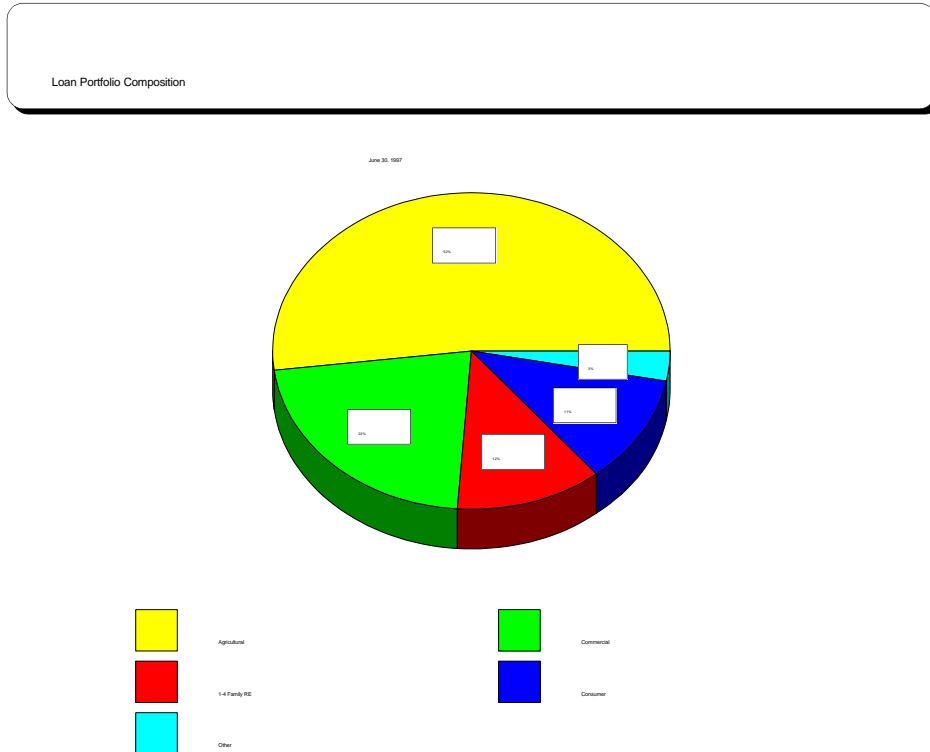
First National Bank and Trust's CRA rating is based on the following factors:

- C The bank has a strong record of extending credit to farms and businesses of different sizes. The bank also has a good record of lending to individuals.
- C The average loan-to-deposit ratio is the highest of the three banks headquartered in Phillips County.
- C The percentage of loans within the bank's assessment area is reasonable.

## DESCRIPTION OF INSTITUTION

FNB&T is a \$115 million bank with its main office located in Phillipsburg, Kansas. The bank operates two branches in the nearby communities of Long Island and Logan. Full-service banking is offered at each of these locations. The bank also operates a drive-up facility and two automated teller machines in Phillipsburg. The institution is a subsidiary of a one-bank holding company, Golden Plains Bancshares, Inc. The bank received a rating of “Outstanding Record of Meeting Community Credit Needs” at its last CRA examination dated November 14, 1995. No legal constraints, financial conditions, or other factors prevent the bank from helping to meet the credit needs of its assessment area.

The bank’s loan portfolio is diversified with the largest concentrations in agricultural and commercial credits. Net loans represent 64 percent of the bank’s total assets as of June 30, 1997. The following chart shows the composition of the bank’s loan portfolio:



## **DESCRIPTION OF PHILLIPS COUNTY ASSESSMENT AREA**

The bank's assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The assessment area includes all of Phillips County which is comprised of three block numbering areas (BNA). Each of the BNA's is designated as middle-income based on respective family income levels as a percentage of the 1997 Kansas statewide median family income figure of \$36,100. BNA 9751 includes the eastern portion of the county and has median family income of 84 percent of the statewide non-metropolitan average. BNA 9752 is primarily comprised of the western portion of the county and includes the towns of Logan and Long Island. Median family income of this BNA is 85 percent of the statewide average. BNA 9753 is in the center of the county and includes the city of Phillipsburg. Median family income for this BNA represents 103 percent of the statewide average.

The assessment area includes 1,831 families with a total population of 6,590. Twenty-three percent of the population is 65 years of age or older. Approximately 22 percent of the families are designated as low-income, 20 percent are moderate-income, 25 percent are middle-income, and 33 percent are upper-income. The largest employers in the assessment area are Tamko Roofing, Phillips County Hospital, and the Phillipsburg School District.

The primary credit needs of the assessment area are mainly for agricultural purposes. There is also a demand for small business and consumer purpose loans. Individuals contacted within the community indicated there are no unmet credit needs. Competition for loans is provided by two other banks headquartered in Phillips County, a credit union, and a savings and loan located in Phillipsburg, and numerous other financial institutions in the surrounding counties.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

### **Loan-to-Deposit Ratio**

The bank's loan-to-deposit (LTD) ratio is strong. FNB&T's average LTD ratio since its last CRA examination is 71 percent. The other two banks headquartered within the assessment area have average LTD ratios of 63 percent and 61 percent. FNB&T has the largest lending market share of any financial institution in its trade territory. Out of nineteen banks headquartered in the counties of Phillips, Smith, Norton, Rooks, Graham, or Osborne, FNB&T has a market share of approximately 18 percent of the total loans. The bank has

over twice the market share of any other bank in these counties and has maintained this market share since its last CRA examination.

## Lending in Assessment Area

The bank's record of lending to borrowers within its assessment area (AA) is reasonable. Examiners sampled 298 agricultural loan originations totaling \$11.6 million and 239 commercial loan originations totaling \$11.2 million. This sample represented approximately 60 percent, by number, of the bank's agricultural and commercial loan originations from January 1, 1997, to August 31, 1997. We found approximately 80 percent, by number, and 70 percent, by dollar volume, of these originations were to borrowers living within the bank's assessment area. The following table shows the results of our analysis:

<b>Assessment Area Analysis</b> <b>(Sample of 298 Agricultural and 239 Commercial Originations)</b>						
	<b>Agricultural Loans</b>		<b>Commercial Loans</b>		<b>Total Loans Reviewed</b>	
	<b>Number</b>	<b>Dollars (millions)</b>	<b>Number</b>	<b>Dollars (millions)</b>	<b>Number</b>	<b>Dollars (millions)</b>
<b>In AA</b>	235	\$7.96	196	\$8.14	431	\$16.10
<b>Percent</b>	79%	69%	82%	72%	80%	70%
<b>Out of AA</b>	63	\$3.66	43	\$3.09	106	\$6.75
<b>Percent</b>	21%	31%	18%	28%	20%	30%

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

### Farm and Business Lending:

FNB&T's distribution of loans to businesses and farms of different sizes is good. We analyzed the revenue distribution of 43 agricultural borrowers and 50 commercial borrowers located within the bank's assessment area. The sample of agricultural borrowers represented 16 percent of all borrowers with agricultural originations in 1997. Our sample of commercial borrowers represented 36 percent of the bank's commercial borrowers for 1997. Overall, 87 percent of the entities we reviewed had gross annual revenues of less than \$500,000. The largest portion of both agricultural and commercial borrowers in our sample had gross annual revenues of less than \$100,000. The table on the following page shows a detailed breakdown of this revenue distribution:

**Lending to Borrowers of Different Incomes and to Businesses of Different Sizes  
(continued)**

<b>FARM AND BUSINESS REVENUE DISTRIBUTION</b> (Sample of 93 Loans Originated 1/1/97 - 8/31/97)				
Revenue Category	Distribution of Loans in OCC's Agricultural Sample (by Number)		Distribution of Loans in OCC's Commercial Sample (by Number)	
	Number	Percentage	Number	Percentage
<b>\$0 - \$100,000</b>	16	37%	19	38%
<b>\$100,001 - \$250,000</b>	15	35%	12	24%
<b>\$250,001 - \$500,000</b>	10	23%	9	18%
<b>Over \$500,000</b>	2	5%	10	20%
<b>TOTALS</b>	<b>43</b>	<b>100%</b>	<b>50</b>	<b>100%</b>

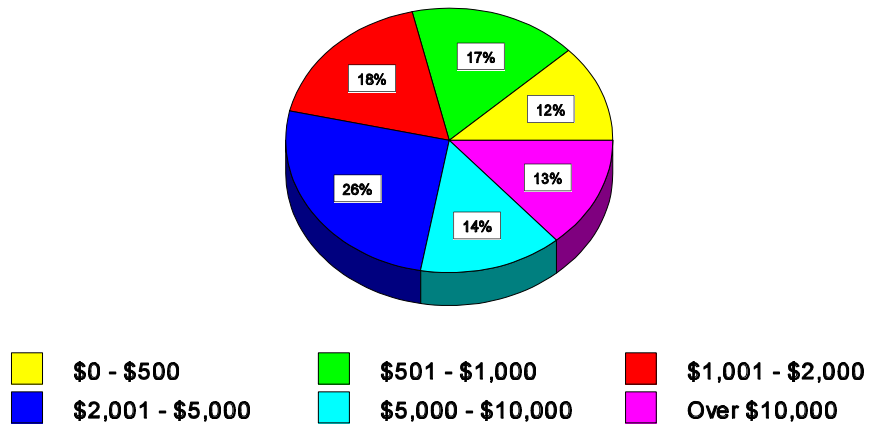
Consumer Lending:

We did not perform an analysis of individual income distribution because the bank does not routinely collect income information from consumer borrowers. In place of this analysis, we reviewed the distribution of consumer loans according to loan size. Management indicated the bank does not have a minimum loan amount despite the fact that small loans are unprofitable. We reviewed a sample of 519 recent consumer loan originations. This sample represented 53 percent, by number, of the bank's consumer originations from January 1, 1997, to August 31, 1997. Approximately 47 percent of the consumer loans in our sample were for amounts of less than \$2,000 and 73 percent were for amounts of less than \$5,000. The chart on the following page depicts the distribution of consumer loan size:

**Lending to Borrowers of Different Incomes and to Businesses of Different Sizes  
(continued)**

**Consumer Loan Size Distribution**

(Sample of 519 loans originated 1/1/97 - 8/31/97)



**Geographic Distribution of Loans**

Examiners did not conduct an analysis of the geographic distribution of loans since all three BNA's in the bank's assessment area are designated as middle-income.

**Compliance with Anti-discrimination Laws and Regulations**

The bank's compliance with anti-discrimination laws and regulations is satisfactory. We found no evidence of discriminatory practices and did not identify any substantive violations in this area.