



PUBLIC DISCLOSURE

May 17, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank and Trust Company
Charter Number 1951
1900 Main Street
Parsons, KS 67357**

**Comptroller of the Currency
Kansas City South Field Office
1710 East 32nd Street Suite H
Joplin, MO 64804**

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 Company prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of May 17, 1999. 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: The First National Bank and Trust Company (FNBT) is rated "Satisfactory." The main factors contributing to this rating are:

- < Lending to borrowers of different income levels and businesses of different sizes is reasonable. The volume of consumer loans to low-income persons exceeds demographics. A majority of business and farm loans are originated to borrower's with gross annual revenues of less than \$1 million.
- < A substantial majority of loans are made within the bank's assessment area.
- < Lending volumes are good.

DESCRIPTION OF INSTITUTION

FNBT is a \$62 million institution owned by Team Financial, Inc., a multi-bank holding company with total assets of \$433 million. Net loans as a percent of total assets is 64% as of March 31, 1999. FNBT is located in Parsons, Kansas (Labette County), and the bank offers a full range of financial services and products. The bank has one branch, three 24-hour automated teller machines, and one cash dispensing machine in Parsons.

There are no impediments which hamper FNBT's ability to help meet the credit needs in its assessment area. As of March 31, 1999 the dollar volume of FNBT's loan portfolio consists of real estate loans (52.5%), commercial loans (16%), agricultural loans (15.5%), individual loans (13%), and other miscellaneous loans (3%). Home purchase loans make up the majority of the bank's real estate loans.

Our conclusions are based on a review of FNBT's CRA efforts from July 1, 1996 through March 31, 1999. Emphasis is placed on the bank's performance in 1997 and 1998. The following table details loan originations by loan type for 1997 and 1998:

LOAN TYPE	#	%	\$ in (000s)	%
Real Estate	342	11%	25,460	54.22%
Commercial*	1008	32%	12,519	26.66%
Consumer	1766	57%	8,981	19.12%
Totals	3116	100%	46,960	100%

* The report generated by the bank was not able to segregate commercial and agricultural loans. The commercial category includes commercial loans, commercial real estate, and agricultural loans.

Our review focused on a sample of home purchase, commercial, agricultural, and consumer loans. FNBT received a "Satisfactory" rating at the last CRA examination conducted in September, 1996.

DESCRIPTION OF THE ASSESSMENT AREA

FNBT has one assessment area (AA) consisting of five Kansas counties (Labette, Cherokee, Crawford, Neosho, and Montgomery). The five counties are contiguous and are not a part of a metropolitan statistical area. The AA meets all regulatory requirements and does not arbitrarily exclude low or moderate-income geographies.

The assessment area contains the following number of geographies, or block numbering areas (BNA), by aggregate income level:

<u>Income Level</u>	<u>Number of Tracts in BNA</u>	<u>% of Families in BNA</u>
Low-income	0	21.53%
Moderate-income	10 (23%)	19.54%
Middle-income	30 (70%)	23.85%
Upper-income	3 (7%)	35.08%

The above information is based on the Department of Housing and Urban Development 1998 updated median family annual income of \$38,200. Based on 1990 census information 17.96% of the households within the AA fall below the poverty level.

A substantial majority of businesses in the AA have annual gross revenues of less than \$1 million. Unemployment is low and the economy is in good shape. Medical, manufacturing, and agriculture are the primary industries within the community. FNBT competes against twenty-six banks within the AA ranging from \$7 million to \$169 million in total assets.

We made two community contacts during the course of the examination. One with a local trade association and the other with a city government official. Both contacts stated local banks do a good job in meeting community credit needs and FNBT is a leader in the community. The primary credit need in the AA is real estate loans for low- and moderate-income borrowers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

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

FNBT’s lending among borrowers of different income levels is reasonable. Consumer lending to low-income persons is above demographics and home purchase lending to moderate income persons is comparable to demographics. The table below shows the number of sampled home purchase and consumer loans among various income levels for 1997 and 1998.

Income Level	Home Purchase		Consumer		% of Families in AA
	#	%	#	%	
Low-income	2	10	6	30	21.53%
Moderate-income	4	20	3	15	19.54%
Middle-income	5	25	7	35	23.85%
Upper-income	9	45	4	20	35.08%

The bank is doing a very good job of lending to businesses of different sizes. Based on our sample of twenty commercial loans and twenty-two agricultural loans, the volume of loans made to small businesses is above demographics. The volume of small farm loans is comparable to demographics.

Business Revenue	Commercial		Agricultural	
	% of Sampled Bank Loans	% of Businesses in AA	% of Sampled Bank Loans	% of Businesses in AA
Sales < million	100%	77.29%	95.45%	95%
Sales > million	0%	6.84%	4.55%	0%
Revenue not reported	0%	15.87%	0%	5%

The bank makes a high percentage of commercial and agricultural loans to small businesses and farms. The following table further segregates the bank's loans based on different revenue levels:

Business Revenue	Commercial	Agricultural
under \$250 thousand	75%	86.36%
\$250 - \$500 thousand	15%	9.09%
\$500 - \$750 thousand	5%	0%
\$750 thousand - 1 million	5%	0%
over \$1 million	0%	4.55%

Geographic Distribution of Loans

FNBT's geographic distribution of loans is reasonable. The following tables reflect the loan dispersion by the income level of the BNA:

Home Purchase and Consumer Loans

Income Level of Tract	Home Purchase Loans		% of Owner Occupied Housing in AA	Consumer Loans		% of Population in each Tract
	#	%		#	%	
Low-income	0	0%	0%	0	0%	0%
Moderate-income	5	12.82%	16.29%	0	0%	17.67%
Middle-income	33	84.62%	73.78%	20	100%	71.72%
Upper-income	1	2.56%	9.93%	0	0%	10.61%

Home purchase loans are compared to the % of owner occupied housing in the AA.

Consumer loans are compared to the % of the population in each tract.

Our sample of consumer loans does not show any activity in moderate income tracts. Management stated that although the bank makes some consumer loans to persons in moderate-income tracts, the volume is probably not significant. Management indicated several other bank's in the AA are aggressive in pursuing consumer loans and rates are very competitive. FNBT is willing to make consumer loans; however, the bank is not willing to aggressively compete on interest rates. Community contacts did not identify consumer loans as a specific credit need. While the bank may not make many consumer loans in moderate-income tracts, our analysis of lending to borrowers of different incomes shows the bank is making 30% of its consumer loans to low-income people compared to demographics of 21.53%.

Based on our loan sample, the bank's lending volume to commercial borrowers in moderate-income tracts is below demographics. This is somewhat outweighed by the fact that our analysis of lending to businesses of different sizes shows 100% of commercial loans we sampled are to small businesses compared to demographics of 77%. FNBT's lending volume to agricultural borrowers in moderate-income tracts is comparable to demographics. Details of the bank's performance are reflected in the following table:

Commercial and Agricultural Loans

Income Level of Tract	Commercial		% of Business in each Tract	Agriculture		% of Farms in each Tract
	#	%		#	%	
Low-income	0	0%	0%	0	0%	0%
Moderate-income	2	10%	23%	2	9.5%	10%
Middle-income	18	90%	55%	19	90.5%	73%
Upper-income	0	0%	6%	0	0%	12%
Revenue not Reported	0	0%	16%	0	0%	5%

Commercial loans are compared to the % of Businesses in each tract.

Agricultural loans are compared to the % of Farms in each tract.

Loan-to-Deposit Ratio

Lending volumes are good. The bank's net loan-to-deposit ratio is 73.6% as of March 31,1999. The bank's average loan-to-deposit ratio is 75.81% since the last CRA examination dated September 1996. We compared this ratio with the averages of twenty-seven competing banks located within the assessment area. Based on our analysis, FNBT has the fifth highest ratio. The national peer average, which uses similar sized banks from across the country, is 64.72%.

Comparison of Credit Extended Inside and Outside of the Assessment Area

The bank is doing a good job lending within its AA. Our findings are summarized in the following tables based on our review of a sample of the bank’s main product lines.

Number of loans

	Home Purchase		Consumer		Commercial		Agriculture		Totals	
	#	%	#	%	#	%	#	%	#	%
Loans Made within AA	19	95%	19	95%	20	100%	21	95.5%	79	96%
Loans Made Out of AA	1	5%	1	5%	0	0%	1	4.5%	3	4%
Totals	20	100%	20	100%	20	100%	22	100%	82	100%

Dollar of loans in (000s)

	Home Purchase		Consumer		Commercial		Agriculture		Totals	
	\$	%	\$	%	\$	%	\$	%	\$	%
Loans Made Within AA	849	92%	109	96%	265	100	663	97%	1,886	95%
Loans Made Out of AA	69	8%	5	4%	0	0%	20	3%	94	5%
Totals	918	100%	114	100%	265	100%	683	100%	1,980	100%

Community Development Lending

The bank provided \$272,228 in home purchase loans to low-income borrowers during 1997 and 1998 through the American Dream program. All the loans were originated to borrowers within the bank’s assessment area. Community development loans must meet the community development definition as stated in the CRA regulation.

Response to Complaints

The bank has not received any complaints during this evaluation period.

Compliance with Antidiscrimination Laws and Regulations

Based on the results of our fair lending examination, we did not find any evidence of disparate treatment or discrimination. The bank complies with all provisions of the anti-discrimination laws and regulations.

The fair lending examination included a comparison of applicants for unsecured consumer loans. Our file sample compared five denied loan applications to females against twenty approved loan applications to males. All applications in our sample were dated after August 1998.