



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 18, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**American State Bank & Trust Company, National Association
Charter Number 24183**

**1321 Main Street
Great Bend, KS 67530**

**Office of the Comptroller of the Currency
Wichita Field Office
3450 North Rock Road, Suite 505
Wichita, KS 67226**

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.

DESCRIPTION OF INSTITUTION

American State Bank & Trust Company, N.A. (ASB), is a \$65 million financial institution headquartered in Great Bend, Kansas. In addition to its main office, ASB maintains a branch office in Great Bend, Kansas. ASB operates a drive-up facility and a deposit-taking automated teller machine at the main office and branch office. American State Bancshares, Inc., a one-bank holding company, owns 100% of ASB's common stock. The \$7 million holding company is located in Great Bend, Kansas. ASB does not have any other significant affiliates or subsidiaries. ASB was chartered in April 2001. This is the bank's first CRA examination.

ASB is a full service bank offering a variety of loan products. ASB is primarily a commercial lender. As of December 31, 2002, net loans represent 62% of the bank's total assets. The bank's \$41 million loan portfolio has the following composition: commercial 44%, agriculture 34%, 1-4 family residential real estate 9%, real estate construction 7%, and consumer 6%.

ASB's primary loan products, as determined by calculating the number and dollar amount of loans originated between January 1, 2002, and December 31, 2002, are consumer and commercial loans. ASB's financial condition, size, and local economic conditions allow it to help meet the credit needs of the assessment area.

DESCRIPTION OF ASSESSMENT AREA

ASB's assessment area (AA) is all of Barton County, which contains 8 Block Numbering Areas. Seven, or 88%, of the Block Numbering Areas are middle-income tracts and one, or 12%, is an upper-income tract. Barton County is not located in a Metropolitan Statistical Area. The AA complies with regulation and does not arbitrarily exclude any low- or moderate-income areas.

Located in west central Kansas, Great Bend is the county seat of Barton County. Agriculture and oil and gas drilling/service companies dominate the local economy. Small retail businesses and light industry in Great Bend provide diversification. Economic conditions have been poor due to a depressed agriculture economy. The 2000 population of the AA was 28,205. The Kansas 2002 statewide non-metropolitan median family income is \$44,200. The AA has the following income distribution for families: low-income 16%, moderate-income 19%, middle-income 24%, and upper-income 41%. Unemployment in the AA is low at 1.71%. Great Bend does not have a major employer. Competition in the area is strong. There are ten banks with offices in the AA, which are comprised of seven national banks, two state banks, and one savings bank. ASB has 9% of the market share.

Examiners reviewed a community contact performed in the previous six months. The community professional is in the economic growth and development area. The professional stated the primary credit need of the community is small business loans and that the local financial institutions are meeting the credit needs. Our sample of commercial loans indicates 70% of the loans were to businesses with revenues less than \$1 million.

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

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

ASB has a good record of lending to individuals of different incomes and to businesses of different sizes.

The distribution of consumer borrowers of different income levels is excellent. The sample consisted of 20 direct automobile loans. The bank's distribution of loans to individuals in the low- and moderate-income categories exceeds the demographic data used for comparison. Thirty percent of the bank's loans are to low-income borrowers compared to 21% low-income households in the AA. Thirty percent of the bank's loans are to moderate-income borrowers compared to 16% moderate-income households in the AA. Demographic information was obtained from the 1990 United States Census.

The distribution of commercial borrowers reflects satisfactory penetration of businesses of different sizes. The sample consisted of 20 commercial loans. The bank's distribution of loans to businesses with revenues less than \$1 million approximates demographic information. The sample shows 70% of the bank's loans are to businesses with revenues less than \$1 million compared to demographics of 75%. Demographic information was obtained from the 1990 United States Census.

Lending in the Assessment Area

ASB's lending in its AA is satisfactory. We used the bank's CRA report to determine the loan distribution. The report consists of all loan originations from January 2002 to December 2002. The report indicates 63% of the number and 39% of the dollar amount of loans were originated in the AA. The dollar percentage is low because the bank has a considerable dollar amount of participations purchased.

Loan-to-Deposit Ratio

ASB's quarterly average loan-to-deposit ratio is reasonable. ASB's quarterly average loan-to-deposit ratio over the past 7 quarters, ending December 31, 2002, is 59% compared with 61% for peer banks. Peer banks are comprised of four banks that derive the majority of their deposits from the AA. ASB's quarterly average loan-to-deposit ratio has demonstrated an improving trend since the bank was chartered, increasing from 47% on June 30, 2001, to 70% on December 31, 2002.

Geographic Distribution of Loans

An analysis of the bank's geographic distribution of loan would not be meaningful. The bank's AA contains no low- or moderate-income tracts.

Responses to Complaints

ASB has not received any consumer complaints regarding its CRA performance during the evaluation period.

Fair Lending Review

An analysis of 2001, 2002, and year-to-date 2003 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluations this year.