

PUBLIC DISCLOSURE

May 3, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Twin Lakes National Bank
Charter Number 22766**

**2150 Woodrow
Wichita, Kansas 67204**

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

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 Twin Lakes National Bank, Wichita, Kansas, prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of May 3, 1999. 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 “**Satisfactory.**”

- < The bank has a good loan-to-deposit ratio.
- < Sixty-four percent of the number of loans originated are within the assessment area.
- < Penetration to low- and moderate-income borrowers is satisfactory.
- < Lending to businesses of different sizes and borrowers of different income is satisfactory. A sample of automobile loans indicated 57 percent were advanced to low- and moderate-income individuals.

DESCRIPTION OF INSTITUTION

Twin Lakes National Bank is a \$127 million bank located in Wichita, Kansas. The main office and its one branch office are located in Wichita. The bank provides automated teller machines (ATMs) at both locations. The bank has not opened or closed any offices since the previous examination. The bank is a subsidiary of Republic Financial Corporation, a multibank holding company. Southwest National Bank in Wichita is the only significant affiliate of the bank. Twin Lakes National Bank is a full service bank and offers a variety of loan products with an emphasis on individual loans, and more specifically automobile loans. As of December 31, 1998, the bank's loan portfolio totaled \$99 million. Net loans equal 77% of the total assets of the bank. A breakdown of the loan portfolio is shown below.

Loan Distribution by Type				
Portfolio	12/31/98	Percent of portfolio	12/31/97	Percent of Portfolio
Individual Loans	\$76,196	77%	\$68,376	77%
Real Estate Loans	\$13,258	13%	\$13,743	16%
Commercial Loans	\$ 9,544	10%	\$ 6,505	7%

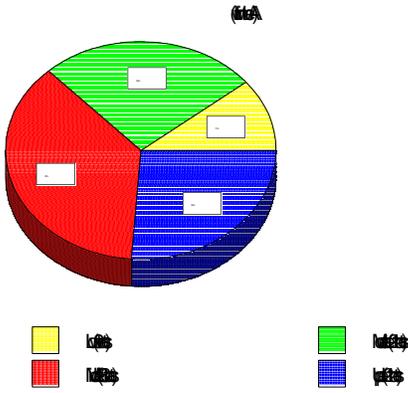
The bank's financial condition, size, local economic conditions, and other factors allow it to help meet the community credit needs. At the previous CRA examination on March 21, 1996, the bank received a "Satisfactory" rating of meeting the community credit needs.

Examiners conducted an interview with one community contact which was a local non-profit organization. The contact did not identify a specific credit need in the area but did indicate that the local banks were effectively meeting the credit needs and were actively involved in the community.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

The bank has designated one assessment area (AA) which includes all census tracts within the city limits of Wichita. The city is designated a Metropolitan Statistical Area (MSA). Wichita is located in south central Kansas and has a population of 305,000 making it the largest city in the area and state. The local economy is good with diversification in retail trade, services, government, and manufacturing (primarily aircraft manufacturing). The largest employers in the area include Boeing, Raytheon, Cessna, Learjet and Koch Industries. Unemployment is low and stable. Twin Lakes is one of 40 financial institutions in the AA. These institutions consist of twenty-two commercial banks, fourteen credit unions and four savings banks.

The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or



moderate-income areas. The AA consists of 81 census tracts which are broken down by number and percentage in the chart below.

The Kansas statewide nonmetropolitan median family income is \$35,931 for 1998, while the Wichita MSA has a median family income of \$49,000. The percent of households in the AA living below the poverty level is 15.62%. The distribution of income levels for families in the AA shows low-income families make up 27% while moderate-income families equal 23% of the

population. Middle-income families comprise 26% with upper-income families making up the final 24% of the population in the AA. The median housing value for the AA is \$44,509 with 50.54 percent of homes being owner occupied.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's lending level is good with an average quarterly loan-to-deposit ratio of 82% since the last examination. The ratio compares favorably to the other twelve banks in the AA that the bank considers competition. These banks have a combined average quarterly loan-to-deposit ratio of 77%. The average quarterly loan-to-deposit ratio for these banks ranged from 64% to 92% since the last examination.

Lending in the Assessment Area

The bank extends a majority of its loans within its assessment area. Examiners reviewed management reports showing all loans generated since the previous examination. A sample review of consumer loans originated in the same time frame show similar results. The following table depicts the new loan distribution by number and dollar amount:

Percentage of New Loans Granted Within the Assessment Area	
Percentage by Number	Percentage by Dollar
64%	61%

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

The bank’s primary product line is loans to individuals, primarily for the purchase of automobiles. Residential real estate and commercial loans are the two other significant product lines. The bank’s lending to borrowers of different income levels for the primary product line is good. Examiners sampled twenty-eight individual automobile loans originated since the last examination, taking a sample from each year. The following table displays the distribution of loans to borrowers of different income levels.

Distribution of Automobile Loan Originations by Income Levels			
Income Levels	Number of Customers	Percent of sample	Percent of families in category
Low	7	25%	27%
Moderate	9	32%	23%
Middle	2	7%	26%
Upper	10	36%	24%
Total	28	100%	100%

Examiners reviewed the bank’s residential real estate loan originations, compiled by management under the Home Mortgage Disclosure Act, since the previous examination. The bank’s distribution to different income levels for residential real estate loans is satisfactory. This takes into consideration the volume of residential real estate loans originated as a percentage of the overall loan portfolio. Examiners performed a judgmental sample of residential real estate loans that showed similar results. The following table shows the distribution.

Distribution of Residential Real Estate Originations by Income Levels		
Income Levels	Percent of Originations	Percent of families in category
Low	15%	27%
Moderate	18%	23%
Middle	26%	26%
Upper	41%	24%
Total	100%	100%

Examiners selected a sample of twenty-one commercial loans originated since the last examination. The following table indicates good distribution of loans to businesses of different sizes. The bank considers businesses with gross revenues more than \$1 million to be large. The following table shows the distribution.

Distribution of Loans to Businesses of Different Sizes		
Gross Revenues	Number of loans	Percent of loan sample
< = \$1 Million	13	62%
> \$1 Million	8	38%

Geographic Distribution of Loans

An analysis of the geographic distribution of credit within the assessment area indicates the bank has adequate penetration of all tracts in the AA. Management reports indicate that since the previous examination 23% of the number of loans originated and 20% of the dollar amount is to low-or moderate-income borrowers. Management compiles and reviews geographic distribution on a regular basis. A judgmental sample taken by examiners of consumer loans in the same time period shows similar results.

Record of Compliance with Antidiscrimination Laws and Regulations

Based on our review, the bank is in substantial compliance with all provisions of antidiscrimination laws and regulations. Examiners did not find any evidence of disparate treatment.

Response to Complaints

The bank has not received any complaints since the prior examination.