



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

March 16, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Malden
Charter Number - 15471**

**1009 North Douglas
Malden, Missouri 63863**

**Office of the Comptroller of the Currency
80 Monroe Avenue, Suite 505
Memphis, Tennessee 39103**

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 of Malden** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of March 16, 1998. 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 conclusion is based on the following:

- ▶ A substantial majority of loans are made in the assessment area.
- ▶ The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the assessment area credit needs.
- ▶ The bank has a reasonable distribution of loans to borrowers of different income levels and businesses of different sizes.
- ▶ The geographic distribution of loans reflects good dispersion throughout the assessment area.

DESCRIPTION OF INSTITUTION:

First National Bank of Malden (FNB) is a \$43 million institution located in the bootheel of Missouri approximately 140 miles north of Memphis, TN. It competes locally with two other community banks and one branch of a regional bank.

FNB operates a depository facility in Clarkton, MO. A wide variety of banking services are available from the bank including a full-service ATM at the main office and two cash dispensing machines in convenience stores in Bernie and Holcomb, MO. In addition to traditional consumer, farm, and business loans, the bank offers credit cards, home equity lines of credit, and residential home mortgages. The loan portfolio composition as of December 31, 1997 is as follows:

Loan Type	\$ Volume (000)	% of Portfolio
Farmland & Agricultural	6,505	26%
Installment	3,870	15%
Commercial	8,119	32%
1-4 Family Residential	6,799	27%
TOTAL	\$25,293	100%

DESCRIPTION OF ASSESSMENT AREA:

FNB's assessment area consists of Dunklin, New Madrid, and Stoddard Counties, Missouri. The median family income for non-metropolitan statistical areas in Missouri, including the assessment area, is \$24,325. This income level is used to determine the income level of the block numbering areas (BNAs) in the assessment area. FNB's assessment area is comprised of five (5) moderate, eighteen (18) middle and one (1) upper income BNA. None of the BNAs are considered low-income.

According to the 1990 U.S. Census demographic data, the three counties that comprise the bank's assessment area reported a population of 82,935. The city of Malden has a population of 5,125. The Department of Housing and Urban Development (HUD) 1997 updated median family income is \$31,900. This income figure is used to determine the income level of individual applicants and is updated annually. There are 23,657 families in the assessment area of which 6,478 (27%) are low-income, 4,256 (18%) are moderate-income, 4,704 (20%) are middle-income and 8,222 (35%) are upper-income.

Local economic conditions are depressed. The economy is centered in agriculture. Cotton production dominates the area, but soybean, rice and corn production is increasing. Government assistance programs are vital to the area's viability with 53% of all households in the assessment area dependent on Social Security or public assistance.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. FNB's loan-to-deposit ratio has fluctuated since the November 18,1994 evaluation due to the seasonality of agricultural lending. The ratio has averaged 62% from December 31, 1994 to December 31, 1997. Over this 13-quarter period, the loan-to-deposit ratio has been as low as 57% and as high as 68%.

The bank's primary competitor, First Community Bank, a \$127MM community bank headquartered in nearby Bernie, MO, shows similar characteristics. Their loan-to-deposit ratio fluctuated from a low of 55% to a high of 75% from December 31, 1994 to December 31, 1997. The average loan-to-deposit ratio for the period was 68%.

Lending in Assessment Area

A substantial majority of loans are originated within the assessment area. Since our last review, 2,654 loans out of 2,722 made, or 98% of the bank's loans were originated within their assessment area. In terms of dollar volume, FNB originated \$16,631,206 out of \$19,148,279, or 87% within the assessment area.

Lending to Borrowers of Different Incomes

<i>Distribution of Loans in Assessment Area by Borrower Income</i>								
Income Levels	Low		Moderate		Middle		Upper	
	%		%		%		%	
Family Characteristics	6,478	27%	4,256	18%	4,704	20%	8,222	35%
Number of Loans	4	24%	2	12%	2	12%	9	53%
Dollar Volume	\$16,674	7%	\$1,013	1%	\$25,366	11%	\$191,214	81%

We took a judgmental sample of 21 loans made during 1998. The distribution of borrowers reflects, given the demographics of the assessment area, good penetration among individuals of different income levels (including low- or moderate-income individuals).

A review of business loans and farm loans was used to determine if FNB is making loans to entities of different sizes. FNB has a good record of making loans to small businesses and farms and to businesses of different sizes.

Geographic Distribution

Distribution of Home Loan Originations Within the Assessment Area By Income Level of the BNA								
Assessment Area Data	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
BNAs	0	0%	5	21%	18	75%	1	4%
Number of Households	0	0%	7,319	23%	24,008	74%	1,130	3%
Year Originated	#	%	#	%	#	%	#	%
1995	0	0%	23	31%	49	66%	2	3%
1996	0	0%	31	41%	40	53%	4	5%
1997	0	0%	31	40%	43	55%	4	5%

Total Loans During Evaluation Period	0	0%	85	37%	132	58%	10	4%
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The geographic distribution of loans reflects a good dispersion throughout the assessment area. As reflected in the chart above, 37% of home loans made since the last evaluation date have been made in moderate-income BNAs. This compares favorably with the percentage of households within moderate-income BNAs (23%).

Response to Complaints

No complaints have been received from the public in the prior two years that specifically relate to the bank's performance in helping to meet community credit needs.

ADDITIONAL INFORMATION

Discrimination or Other Illegal Credit Practices

A fair lending review was conducted in conjunction with the bank's CRA evaluation. The sample criteria included loans to purchase residential real estate. No evidence of discrimination or disparate treatment was noted during this review. FNB is in technical compliance with fair lending laws and regulations.