

PUBLIC DISCLOSURE

June 2, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**People's National Bank
Charter Number - 22892**

**1114 Cherokee Street
Seneca, Missouri 64865**

**Office of the Comptroller of the Currency
Midwestern District**

**Kansas City South Field Office
1710 East 32nd Street, Suite H
Joplin, Missouri, 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 Peoples National Bank (PNB), Seneca, Missouri prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of June 2, 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.**”

- C PNB is doing a very good job of lending to borrowers of different income levels and businesses of different sizes. Based on our sample, the volume of consumer and real estate loans to low- and moderate-income people is above demographics. The volume of loans to businesses with gross annual revenues of less than \$1 million is also above demographics.
- C PNB's geographic distribution of loans is good. Lending in moderate-income tracts is comparable to demographics based on our sample real estate and consumer loans. Lending to businesses in moderate-income tracts is above demographics.
- C Loan volumes are reasonable.
- C A majority of loans are made within the bank's assessment area.

DESCRIPTION OF INSTITUTION

PNB is a \$13.6 million bank with one office location and two ATM's located in Seneca, Missouri. Net loans as a percent of total assets is 58% as of March 31, 1999. PNB offers a wide variety of financial services and products as described in its public file. The bank opened for business on March 15, 1996. PNB is not a subsidiary of a bank holding company.

There are no financial or legal impediments which prevent the bank from helping to meet assessment area credit needs. PNB's primary product lines are real estate, consumer, and commercial loans. As of March 31, 1999, the dollar volume of PNB's loan portfolio consists of real estate loans (68%), consumer loans (19%), and commercial loans (13%). A majority of the real estate category are one-to-four family residential real estate loans.

Our conclusions are based on the review of PNB's efforts from March 3, 1997 to June 7, 1999. Emphasis is placed on the bank's performance in 1997 and 1998. The following table details loan originations by loan type from March 1, 1997 through April 30, 1999.

Loan type	#	%	\$ (in 000's)	%
Real Estate	92	21%	\$3,806	43%
Consumer	297	67%	\$2,221	25%
Commercial	51	12%	\$2,853	32%
Totals	440	100%	\$8,880	100%

Our review focused on a sample from all three of the above loan categories. The bank does not make agricultural loans. PNB received a "Satisfactory" rating at the last CRA examination on March 3, 1997.

DESCRIPTION OF ASSESSMENT AREA

PNB's assessment area (AA) includes all of the Joplin, Missouri Metropolitan Statistical Area (MSA). The Joplin MSA includes Jasper and Newton Counties. The AA meets regulation requirements and does not arbitrarily exclude low- and moderate-income areas.

The AA population is approximately 135 thousand. The percentage of owner-occupied housing is 66% and the median housing value is \$40,312. Approximately 16% of the households within the assessment area fall below the poverty income level.

The following table illustrates the number of census tracts by aggregate income level and the percent of families by income level:

INCOME LEVEL	# AND % OF TRACTS	% OF FAMILIES
Low-income	0	19%
Moderate-income	3 (9%)	19%
Middle-income	24 (75%)	24%
Upper-income	5 (16%)	38%

The above information is based on the Department of Housing and Urban Development 1998 updated median family annual income of \$37,500.

PNB primarily competes with seven other banks in the assessment area which range in size from \$11 million to \$322 million in average assets. Economic conditions in the AA are stable. The unemployment rate is less than 3%. Major employers include the school district (education), Eagle-Picher (manufacturing), and Milnot (manufacturing).

We made two community contacts during this examination. These contacts included a trade association representative and local government official. Both contacts stated banks are significant contributors to the community and are doing a good job meeting community credit needs. Based on information from community contacts, the primary credit needs in the AA are residential housing, consumer, and small business loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Our conclusions are based on a sample of 20 residential mortgage loans, 20 consumer loans, and 20 commercial loans originated since March 1, 1997.

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

PNB's lending penetration among borrowers of different income levels and businesses of different sizes is very good. Lending to low- and moderate-income persons in all three of the bank's primary product lines is above demographics. The following tables reflect the percent of loan originations among various income levels compared to demographics, from our sample of residential mortgage, consumer, and commercial loans.

Income Level	Residential Mortgage Loans	Consumer Loans	% of Families in AA
Low-income	20%	35%	19%
Moderate-income	20%	30%	19%
Middle-income	25%	25%	24%
Upper-income	35%	10%	38%

Business Revenue	Commercial Loans	% of Businesses in AA
Sales < \$1 million	90%	77%
Sales > \$1 million	10%	7%
Revenue not reported	0	16%

Based on our sample, sales < \$1 million to commercial borrowers is further segregated as follows:

<u>Business Revenue</u>	<u>% of loans</u>
under \$100 thousand	33%
\$100-250 thousand	50%
\$250-500 thousand	6%
\$500 thousand-\$1 million	11%

Geographic Distribution of Loans

PNB’s geographic distribution of loans is good. Based on our sample, the percentage of real estate and commercial loans in moderate-income tracts is above demographics. The percentage of consumer loans in moderate-income tracts is comparable to demographics. Our specific findings are summarized in the following tables.

Income Level of Tract	Real Estate Mortgage Loans		% of Owner Occupied Housing in AA	Consumer Loans		% of Population in each Tract
	#	%		#	%	
Low-income	0	0%	0%	0	0%	0%
Moderate-income	2	10%	8%	2	10%	10%
Middle-income	17	85%	76%	15	75%	74%
Upper-income	1	5%	16%	3	15%	16%

Real estate mortgage loans are compared to the % of owner occupied housing in the AA.
 Consumer loans are compared to the % of population in each tract.

Income Level of Tract	Commercial Loans		Percentage of Business in each Tract
	#	%	
Low-income	0	0%	0%
Moderate-income	5	25%	20%
Middle-income	13	65%	60%
Upper-income	2	10%	20%

Loan to Deposit Ratio

PNB’s lending volumes are adequate. Since the bank opened, the loan-to-deposit (LTD) ratio has steadily increased. The quarterly average net LTD ratio for PNB is 63% since the last CRA examination. We compared the bank’s ratio to seven independently owned banks in the AA. Ratios ranged from 84% to 45%. PNB has the sixth lowest ratio.

Based on asset size, PNB is the second smallest bank. In addition, PNB does not have any branch locations. Other banks in the AA, except for one, have offices located in the City of Joplin which has a much larger population.

Lending in Assessment Area

PNB's lending within its AA is reasonable. A majority of its loans are originated within the bank's AA.

Based on our sample of loan originations, 83% by number, and 75% by dollar amount are within the bank's AA. The following tables reflect our specific findings.

Number of Loans

	Real Estate Mortgage Loans	Consumer Loans	Commercial Loans	Totals
Loans made within AA	80%	87%	83%	83%
Loans made out of AA	20%	13%	17%	17%

Dollar amount of loans

	Real Estate Mortgage Loans	Consumer Loans	Commercial Loans	Totals
Loans made within AA	69%	73%	78%	75%
Loans made out of AA	31%	27%	22%	25%

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 is in compliance with all provisions of the anti-discrimination laws and regulations.

The scope of our fair lending examination included a comparison of applicants for automobile loans. Our file sample compared five denied loan applications to females to twenty approved loan applications to males. All applicants in our sample applied for credit individually from May 1998 to May 1999.

Response to Complaints

The bank has not received any complaints from the public since the last CRA examination.