



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**January 27, 2010**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Audrain County  
Charter Number 2881

203 East Liberty Street  
Mexico, MO 65265

Office of the Comptroller of the Currency

St. Louis Field Office  
2350 Market Street, Room 100  
St. Louis, MO 63103

**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.

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

All of the lending performance criteria meet or exceed the standards for satisfactory performance. The major factors that support the Satisfactory rating are:

- FNB's lending distribution to borrowers of different income levels and to farms and businesses of different sizes meets the standards for satisfactory performance.
- The bank's loan-to-deposit (LTD) ratio is reasonable. The bank's average quarterly LTD ratio since the last examination is 82%.
- Based on our review of 1,348 loans, a majority of loans by number (82%) are made in the assessment area (AA).

**SCOPE OF EXAMINATION**

This Performance Evaluation of The First National Bank of Audrain County (FNB) assesses FNB's record of meeting the credit needs of the community in which it operates. We evaluated FNB under the Small Bank performance criteria. The evaluation period covers loans originated or purchased from January 1, 2007 through December 31, 2009. Conclusions regarding the bank's lending performance are based on FNB's primary loan products, which include agricultural loans, commercial loans, and residential real estate loans. We conducted a data integrity review of agricultural and commercial loans reported in your internally prepared CRA Reports for the years 2007, 2008 and 2009. We compared information from these reports to the loan files. We found the agricultural and commercial loan data to be accurate and reliable for use in this examination. We also reviewed a sample of 20 residential real estate loans for our evaluation.

**DESCRIPTION OF INSTITUTION**

The First National Bank of Audrain County is a wholly owned subsidiary of Central Banccompany Inc., a multi-bank holding company headquartered in Jefferson City, Missouri. As of December 31, 2009, FNB had total assets of \$152 million. The bank's main office is located in Mexico, with branches in Laddonia and Vandalia, Missouri. In July 2009, the bank opened a web branch, which is actually the bank's website, through which customers can open accounts, apply for loans, and complete electronic transactions. The address of the web branch is listed as Columbia, MO, because that is the location of the holding company's operations center which performs the back room operations associated with web activity. FNB has depository automated teller machines (ATMs) at the main office in Mexico and at both branches. Two cash-dispensing ATMs are located in a grocery store and a gas station in Mexico.

FNB offers a full range of retail and commercial banking products normally associated with a community bank. As of December 31, 2009, net loans total \$86 million, or 57% of total assets. The composition of the loan portfolio is 32% commercial, 32% residential real estate, 25% agriculture-related, 9% consumer, and 2% other loans. Total Risk Based Capital as of December 31, 2009 is \$12 million.

There are no legal or financial impediments to the bank's ability to meet the credit needs of the AA. FNB was rated Outstanding at its last CRA evaluation dated March 12, 2002.

## **DESCRIPTION OF ASSESSMENT AREA**

Bank management has identified the AA as all of Audrain County in Missouri. Audrain County is a non-Metropolitan Statistical Area (non-MSA). Based on the 2000 Census median family income of \$35,821, this AA consists of five middle- and two upper-income census tracts (CTs). This AA is a contiguous area and meets the requirements of the regulation.

Based on loans originated during the assessment period, the primary products in the Audrain County AA are agricultural loans, commercial loans, and residential real estate loans.

Competition for financial services in Audrain County is moderate, with eleven branches of five institutions in the AA competing for market share. FDIC deposit market share data as of June 30, 2009 indicates FNB had deposits of \$114 million in Audrain County, ranking it second out of the five banks in this AA, with a 32% market share.

Economic conditions in the AA are somewhat unfavorable due to the national recession. However, Audrain County's unemployment rate of 8.3% for November 2009 compares favorably to the state of Missouri average of 9.1% and the national average of 9.4%. The local economy is largely supported by agriculture. Major employers in Audrain County are the Audrain Medical Center, True Manufacturing, and the Mexico School District.

As of the 2000 Census, the population in Audrain County totaled 25,853. The median housing value in 2000 was \$68,125, and the median age of the housing stock was 36 years. Owner-occupied units represented 61% of the housing stock.

The 2000 Census data indicates 13% of households in this AA live below the poverty level. The same data also shows that 16% of the families were classified as low-income, 17% as moderate-income, 21% as middle-income, and 46% as upper-income. The Department of Housing and Urban Development (HUD) 2009 updated non-MSA median family income is \$45,400.

Farm data as of 2009 shows 296 farms in Audrain County: 294 (99%) have revenues of \$1 million or less, none reported revenues over \$1 million, and 2 (1%) did not report revenues. Business data as of 2009 shows 1,906 businesses in the AA; 1,428 (75%)

report revenues of \$1 million or less, 70 (4%) report revenues over \$1 million, and 408 (21%) did not report revenues.

To further our understanding of the county’s credit needs, we contacted an economic development organization. Our contact indicated FNB has assisted with affordable housing efforts for low-income families in the community.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

FNB’s performance is reasonable in meeting the credit needs of its AA, including those of low- and moderate-income borrowers, given the performance context, demographics, economic factors, and competitive pressures faced by the bank.

**Loan-to-Deposit Ratio**

FNB’s loan-to-deposit (LTD) ratio is reasonable given the institution’s size, its financial condition, and the needs of the AA. As of December 31, 2009, the bank’s LTD ratio is 72%. The average quarterly LTD ratio since the last examination is 82%. This ratio is above that of two comparable banks and below that of three other comparable banks, based on size and location. Competitor average quarterly ratios range from 58% to 88% for the same time period.

**Lending in Assessment Area**

Lending in the AA is satisfactory. Based on all farm and business loans and a sample of 20 residential real estate loans originated or purchased in 2007, 2008 and 2009, a majority of loans by number (82%) and by dollar volume (84%) are made in the AA.

<b>Lending in Audrain County</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Farms	725	79%	193	21%	918	37,656	81%	8,987	19%	46,643
Businesses	606	86%	99	14%	705	38,289	88%	5,468	12%	43,757
Residential Real Estate	17	85%	3	15%	20	1,512	71%	625	29%	2,137
Totals	1,348	82%	295	18%	1,643	77,457	84%	15,080	16%	92,537

*Source: Bank-prepared CRA reports for 2007-2009 farm and business loans, and a sample of 20 residential real estate loans.*

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

FNB’s lending distribution to borrowers of different income levels and businesses of different sizes is reasonable.

Small Farm Loans

The distribution of the bank’s loans to small farms is reasonable. The percentage of

loans to farms with revenues of \$1 million or less is near the market demographics for number and dollar amount of loans.

<b>Borrower Distribution of Loans to Farms in Audrain County</b>				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	99%	0%	1%	100%
% of Bank Loans in AA by #	99%	1%	0%	100%
% of Bank Loans in AA by \$	94%	6%	0%	100%

Source: Bank-prepared CRA reports.

**Small Business Loans**

The distribution of the bank’s loans to small businesses is reasonable. The percentage of loans to businesses with revenues of \$1 million or less exceeds the market demographics for number of loans. With regard to the dollar amount of loans, the percentage of loans to businesses with revenues of \$1 million or less (56%) falls below the market demographics (75%).

<b>Borrower Distribution of Loans to Businesses in Audrain County</b>				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	75%	4%	21%	100%
% of Bank Loans in AA by #	80%	18%	2%	100%
% of Bank Loans in AA by \$	56%	43%	1%	100%

Source: Bank-prepared CRA reports.

**Residential Real Estate Loans**

The bank’s distribution of residential real estate loans to borrowers of different income levels is reasonable. FNB’s lending to moderate-income borrowers (25%) exceeds the percentage of moderate-income families (17%) in the AA. Although lending to low-income borrowers (0%) is significantly below the percentage of low-income families in the AA (16%), this is considered reasonable given that 13% of the households in the AA live below the poverty level.

<b>Borrower Distribution of Residential Real Estate Loans in Audrain County</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Real Estate	16%	0%	17%	25%	21%	25%	46%	50%

Source: Loan sample of 20 residential real estate loans, 2000 U.S. Census information, and 2009 HUD updated non-MSA median family income.

### **Geographic Distribution of Loans**

An analysis of the geographic distribution of loans in the AA would not be meaningful as there are no low- or moderate-income CTs in the AA.

### **Responses to Complaints**

No CRA-related complaints have been received by the bank or the OCC since the prior CRA evaluation.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.