



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**February 13, 2006**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Hometown Bank, National Association  
Charter Number 23603**

**312 West Central  
Carthage, Missouri 64836**

**Comptroller of the Currency  
Kansas City South Field Office  
1710 East 32nd Street, Suite H  
Joplin, Missouri 64804**

**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 COMMUNITY REINVESTMENT ACT (CRA) RATING:**

This institution is rated outstanding.

### **Hometown Bank, National Association's (HBNA) average quarterly loan-to-deposit ratio is excellent.**

HBNA's average loan-to-deposit (LTD) ratio is excellent and reflects more than reasonable responsiveness to the assessment area's (AA) credit needs. The bank's quarterly average LTD ratio since the last CRA examination is 111% based on the last twenty-three quarters. This is the highest average LTD ratio of the four similarly situated banks in the AA and well above the average of 91%.

### **HBNA has an outstanding record of lending to borrowers of different income levels.**

Lending to borrowers of different incomes and small businesses is outstanding. Given the demographics of the AA, the distribution of loans reflects more than reasonable penetration among individuals of different income levels, as well as businesses of different sizes. Examiners reviewed a sample of at least 20 loans for each of the bank's primary product types originated in the AA since the previous CRA examination through December 2005.

Performance for consumer lending to low- and moderate-income individuals is more than reasonable given the demographics. Based on the sample of 20 consumer loans, 25% by number and 24% by dollar were made to low-income borrowers, while 25% by number and 24% by dollar were made to moderate-income borrowers. Demographic data from the 2000 census indicates 22% and 17% of households in the AA are designated low- and moderate-income, respectively. Approximately 13% of households in the AA are below poverty level.

Performance for residential real estate lending to low- and moderate-income individuals is more than reasonable given the demographics. Based on 2005 Home Mortgage Disclosure Act reportable loans, 11% by number and 6% by dollar were made to low-income borrowers, while 20% by number and 16% by dollar were made to moderate-income borrowers. Demographic data from the 2000 census indicates 18% and 19% of families in the AA are designated low- and moderate-income, respectively. Approximately 10% of families in the AA are below poverty level.

HBNA's lending for commercial real estate loans is excellent. Based on the sample of 20 commercial real estate loans, 80% by number and 62% by dollar were made to small businesses (revenues less than \$1 million). Demographic data for 2005 indicates 63% of the businesses in the AA have revenues less than \$1 million.

**HBNA's geographic distribution of loans within the AA is satisfactory.**

HBNA's geographic distribution of credit reflects satisfactory penetration throughout the AA. The volume of commercial real estate lending in moderate-income census tracts is satisfactory. Residential real estate lending in moderate-income areas is adequate. There are no low-income tracts.

Penetration of commercial real estate loans in moderate-income tracts is reasonable at 25% by number and 9% by dollar. Demographic data indicates 20% of all businesses in the AA are located in moderate-income census tracts.

Penetration of residential real estate lending in moderate-income areas is reasonable at 3% by number and 2% by dollar. Demographic data indicates 8% of owner-occupied housing in the AA is in moderate-income areas, while only 39% of homes in moderate-income census tracts are owner-occupied.

While our sample of consumer loans did not identify any in a moderate-income census tract, consumer lending is considered satisfactory given the demographics of the area. Demographic data indicates that only 13% of households are located in moderate-income census tracts. The lack of penetration of consumer lending is further mitigated by the fact that 22% of households in moderate-income census tracts are below poverty level.

All of the moderate income-census tracts are located in the city of Joplin with an approximate population of 45M people and are served by 12 banks with 35 banking locations. The lack of penetration into the moderate-income census tracts is further mitigated, as HBNA's Joplin Branch is not located in these tracts.

**HBNA originated a majority of its loans in its AA.**

- The bank's record of lending within its AA is excellent. For consumer, residential real estate and commercial real estate loans sampled, the bank originated 81% by number and dollar amount within its AA.

**HBNA did not receive any complaints about its performance in helping to meet credit needs in the AA during the evaluation period.**

**We found no evidence of illegal discrimination or other illegal credit practices.**

## **DESCRIPTION OF INSTITUTION**

HBNA is a \$215 million institution located in Carthage, Missouri that is owned 100% by Hometown Bancshares, a one-bank holding company. The bank is headquartered in Carthage and operates six full service facilities, including ATMs, in Jasper, Newton, and McDonald Counties, Missouri. Consumer installment, commercial real estate, and residential real estate loans are the primary focus of the bank's loan portfolio.

HBNA received an "Outstanding" CRA rating at the last examination dated July 12, 2000. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA.

## **DESCRIPTION OF ASSESSMENT AREA**

HBNA's AA is the Joplin, Missouri Metropolitan Statistical Area (all of Jasper and Newton Counties), and all of McDonald County, Missouri. However, for the purposes of this review McDonald County was excluded. The branch servicing this county was opened November 28, 2005. Due to the lack of adequate loan originations as of the date of this review, an analysis including this area would not be meaningful. Therefore, the AA for this CRA review is defined as all of Jasper and Newton Counties.

The AA consists of 4 moderate-, 26 middle-, and 2 upper-income census tracts and meets the requirements of the regulation. The tracts are contiguous, include geographies where the bank and ATMs are located, and represent the area where a substantial majority of the bank's loans are originated. There are 16 banks with 80 banking offices within the AA.

We made one community contact during this examination, which indicated all financial institutions in the area assist in meeting the primary credit needs of the surrounding communities.

Please refer to the bank's CRA Public File for more information.