



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

October 29, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community First National Bank of West Plains
Charter Number 23481

1330 Southern Hills Center
West Plains, Missouri 65775

Office of the Comptroller of the Currency

Kansas City South Field Office
1710 East 32nd Street, Suite H
Joplin, Missouri 64804-4100

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.

The major factors supporting this rating for Community First National Bank of West Plains (CFNB) are:

- CFNB's average quarterly loan-to-deposit ratio is more than reasonable considering the bank's size and level of competition in its assessment area.
- Management originated a significant majority of the bank's lending activity within its assessment area.
- CFNB's geographic distribution of credit reflects satisfactory penetration. The volume of lending activity in moderate-income areas is reasonable.
- The bank received no consumer complaints concerning its performance in meeting the community's credit needs.

SCOPE OF EXAMINATION

Examiners evaluated CFNB by using a scope based on the small bank CRA examination procedures focusing primarily on the lending test. Our objectives were to assess the bank's ability to serve and meet the community's needs within their assessment area (AA). Our loan sample included originations from January 1, 2006 through October 29, 2008. CFNB's primary lending products, by number and dollar amount since the last CRA examination, were 1-4 family residential real estate (RRE) and commercial loans. To assess the bank's performance, examiners selected a random sample of twenty 1-4 family RRE loans and twenty commercial loans from January 1, 2006 to October 29, 2008.

DESCRIPTION OF INSTITUTION

CFNB is a \$128 million community bank located in south central Missouri and north central Arkansas. The bank is wholly owned by a one-bank holding company (Community Bancshares of West Plains, Inc.). CFNB has branches in Mountain Grove and West Plains, Missouri, as well as one branch in Mountain Home, Arkansas. Net loans represent 78 percent of total assets. CFNB is a full-service bank offering a variety of loans with 1-4 family RRE and commercial loans as its primary product lines. CFNB received a "Satisfactory" rating at the last CRA examination dated March 24, 2004.

DESCRIPTION OF ASSESSMENT AREA(S)

CFNB has two AAs that we labeled as the Missouri AA and the Arkansas AA. The Missouri AA consists of the contiguous counties of Douglas, Howell, Oregon (only census tract 9802), Ozark, Texas (only census tracts 9802 and 9803), and Wright. The counties of Baxter and Fulton are located in the Arkansas AA. The AAs meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income geographies. The Missouri AA includes 6 moderate- and 14 middle-income census tracts. The Arkansas AA consists of 11 middle-income census tracts.

We conducted one community contact during this examination. The contact indicated the area's economy has experienced slowed growth over the past year, but continues to attract new residents and businesses to the area. He said they are not considered a retirement community, but he sees a lot of people attracted to the area who are approaching retirement. Both commercial and residential building permits have slowed from \$20 million on average each year to only \$6 million this year. Bank involvement within the community is strong through committee work and supporting the credit needs of the area. He added he was impressed with how many bankers are interested and involved in the community with an active willingness to serve the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank’s average quarterly loan-to-deposit ratio shows strong responsiveness towards meeting the credit needs of the community. For the 18 quarters since the last CRA examination, CFNB’s average quarterly loan-to-deposit ratio is 100.14 percent, as compared to the 86.11 percent of seven similarly situated banks within the bank’s lending area. The average loan-to-deposit ratios ranged from 66.81 percent to 96.61 percent.

Lending in Assessment Area

The bank’s record for lending to borrowers within its AA is excellent. For loans in the evaluation period, management originated 92.5 percent by number and 97 percent by dollar within its AA. See Table 1 for details.

Table 1 - Lending in CFNB’s AAs										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	19	95%	1	5%	20	\$2,985,124	96%	\$131,886	4%	\$3,117,010
1-4 Family RRE	18	90%	2	10%	20	\$1,435,943	94%	\$91,389	6%	\$1,527,332
Totals	37	92.5%	3	7.5%	40	\$4,474,553	97%	\$126,814	3%	\$4,601,367

Source: Loan sample.

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

CFNB’s lending to borrowers of different income levels and to businesses of different sizes is satisfactory. To assess the bank’s performance, examiners selected a sample of twenty commercial and 1-4 family RRE loans within each AA. We found commercial lending to be reasonable as 80 percent of our loans in the Missouri AA and 100 percent of our loans in the Arkansas AA were to businesses with revenues below \$1 million. Demographics indicate 3 percent of the businesses in the Missouri AA and 2 percent of the businesses in the Arkansas AA have gross annual revenues greater than \$1 million.

CFNB’s level of 1-4 family RRE lending to low- and moderate-income consumers is reasonable. We found a majority of the lending to consumers within the bank’s Missouri AA are to middle-income families as illustrated in Table 2A. Still, 30 percent of the bank’s 1-4 family RRE loans are made to low- and moderate-income families. This is reasonable considering the bank’s market area and competitive pressures within the AA. The bank also sells 1-4 family RRE loans to the secondary market, which are not included in our sample. Management said the bank recently added two new loan products, USDA and VA loans, targeted toward low-income families, which should increase the amount of 1-4 family RRE loans that stay in the bank.

Table 2A - Borrower Distribution of Residential Real Estate Loans in Missouri AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
1-4 Family RRE	25%	20%	23%	10%	24%	45%	28%	25%

Source: Loan sample and 2000 U.S. Census Data.

Lending within the bank’s Arkansas AA is also satisfactory, as illustrated by the bank’s lending practices in the past three years. Table 2B shows the bank’s lending to families within the bank’s Arkansas AA. The bank made 30 percent of its 1-4 family RRE loans to low- and moderate-income families, with demographics showing the AA reports a total 37 percent of the families meet the definition of low- and moderate-income families. These figures are reasonable given the demographic data for the AA and the lending characteristics of the bank.

Table 2B - Borrower Distribution of Residential Real Estate Loans in Arkansas AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
1-4 Family RRE	16%	15%	21%	15%	25%	50%	38%	20%

Source: Loan sample and 2000 U.S. Census Data.

Geographic Distribution of Loans

CFNB’s geographic distribution of credit reflects satisfactory penetration throughout the Missouri AA. This AA does not have any low-income census tracts.

The volume of commercial lending activity in moderate-income areas is reasonable. The loan sample showed reasonable penetration of commercial loans given the local competitors in the moderate-income census tracts. See Table 3A for details.

Table 3A - Geographic Distribution of Loans to Businesses in Missouri AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	0%	0%	32%	25%	68%	75%	0%	0%

Source: Loan sample and 2000 U.S. Census Data.

Geographic distribution among 1-4 family RRE loans in moderate-income tracts is reasonable given the bank’s competition and branch locations. Management said a competitor bank targets advertising toward low- and moderate-income households through certain product offerings. The bank has three branch locations in Missouri with only one located in a moderate-income census tract and the remaining two in middle-income census tracts. See Table 3B below.

Table 3B - Geographic Distribution of Residential Real Estate Loans in Missouri AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
1-4 Family RRE	0%	0%	26%	20%	74%	80%	0%	0%

Source: Loan sample and 2000 U.S. Census Data.

An analysis of CFNB’s geographic distribution of credit in the Arkansas AA is not meaningful. There are no low- or moderate-income geographies in the Arkansas AA.

Responses to Complaints

CFNB did not receive any written complaints about its CRA performance in the AA during the evaluation period. No further follow up or response is necessary.

Fair Lending or Other Illegal Credit Practices Review

Compliance with fair lending laws and regulations is satisfactory, as we found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community’s credit needs.