



**SMALL BANK**

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

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## **PUBLIC DISCLOSURE**

**August 02, 2004**

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

**Community National Bank  
Charter Number 24347**

**901 Highway 60  
Monett, Missouri 65708**

**Comptroller of the Currency  
Kansas City South  
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 CRA RATING:** This institution is rated Satisfactory.

**Community National Bank's (CNB) average quarterly loan-to-deposit ratio since opening in September 2002 is satisfactory.**

- The bank's loan-to-deposit (LTD) ratio reflects reasonable responsiveness to the credit needs of its assessment area (AA). The bank's quarterly average LTD ratio since opening in September 2002 is 60.29% based on the last seven quarters. Although the LTD ratio is the lowest for the six similarly situated banks in the AA and below the average of 72.21%, this is considered reasonable as the bank opened in the 3rd quarter of 2002 with no deposits. The average LTD ratio of 74.67% for the five quarters from January 1, 2003 through March 31, 2004, is slightly above the average of 73.75% for the similarly situated banks over the same period.

**CNB's record of lending within its AA is satisfactory.**

- A substantial majority of all loans originated are located in the AA. For consumer and commercial/industrial loans sampled, the bank originated 83% by number and 85% by dollar amount within the AA.

**CNB's performance of lending to borrowers of different incomes, and loans to small businesses is satisfactory.**

- The distribution of loans reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels, as well as businesses of different sizes. Examiners reviewed a sample of 20 loans for each of the bank's primary product types originated in the AA for the period January 1, 2003 through June 30, 2004.

Performance for consumer lending to low- and moderate-income individuals is reasonable. Loans to low-income individuals are slightly below demographics by number and dollar amount, with loans to moderate-income individuals being slightly above demographics. Based on the sample of 20 consumer loans, 15% by number and 13% by dollar were made to low-income borrowers, while 20% by number and 13% by dollar were made to moderate-income borrowers.

Demographic data from the 2000 census indicates 21% and 17% of households in the AA are designated low- and moderate-income respectively. This is reasonable given that 14% of households in the AA are below poverty level.

Lending for commercial loans is excellent as loans originated are well above demographics by number and dollar. Based on the sample of 20 commercial loans, 80% by number and 84% by dollar were made to small businesses (revenue less than \$1 million). Demographic data from the 2000 census indicates 68% of the businesses in the AA have revenues less than \$1 million.

**An analysis of CNB's geographic distribution of credit is not meaningful. All census tracts in the bank's AA were designated as middle-income tracts.**

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

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

## **DESCRIPTION OF INSTITUTION**

CNB is a \$42 million institution headquartered in Monett, Missouri. The bank operates two full service facilities and two ATM facilities in Monett and Aurora, Missouri. Consumer installment and commercial/industrial loans are the primary focus of the bank's loan portfolio. This is CNB's first CRA examination. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA.

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

## **DESCRIPTION OF ASSESSMENT AREA**

CNB's AA consists of eight middle-income census tracts located in Lawrence and Barry counties in Missouri. The AA meets the requirements of the regulation, as the census tracts are contiguous, include geographies where the bank, all branches, and ATMs are located, and where a substantial majority of the bank's loans are originated. The AA consists of the appropriate census tracts, does not reveal discrimination and does not arbitrarily exclude any low- or moderate-income areas. The area that includes the Aurora branch was excluded from this review, as this branch was purchased in April 2004. Adequate information has not been accumulated since the purchase to make a review of this area meaningful. There are five other independently owned banks, which provide competition in CNB's AA. Competition includes Security Bank with \$54 million in total assets, First Independent Bank with \$83 million in total assets, The Community Bank of Shell Knob with \$17 million in total assets, Security bank of Southwest Missouri with \$57 million in total assets, and Freedom Bank of Southern Missouri with \$52 million in total assets.

We conducted one community contact during this examination. The contact was an area real estate agent who deals with both residential and commercial properties. The contact indicates all financial institutions in the area assist in meeting the primary credit needs of the surrounding communities.