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Comptroller of the Currency  
Administrator of National Banks

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**SMALL BANK**

## **PUBLIC DISCLOSURE**

**June 12, 2002**

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

**First National Bank  
Charter Number 15471**

**1009 North Douglass  
Malden, MO 63863**

**Comptroller of the Currency  
Memphis Field Office  
57 Germantown Court, Suite 309  
Memphis, TN 38108-4268**

**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.**

## 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 **First National Bank, Malden, MO** as prepared by the **Comptroller of the Currency**, the institution's supervisory agency, as of June 12, 2002. 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.**”  
The conclusion is based on the following:

- **A substantial majority of loans are made in the bank's assessment area.**
- **The bank has a good distribution of loans to borrowers of different income levels as well as to small businesses and farms.**
- **The loan-to-deposit ratio is good given the bank's size, financial condition, and assessment area credit needs.**
- **The geographic distribution of lending is satisfactory.**

## DESCRIPTION OF INSTITUTION

First National Bank, Malden (FNB) had total assets of \$108.9 million as of March 31, 2002. The bank is located in the Missouri bootheel approximately 140 miles north of Memphis, TN. The bank's primary business focus is residential real estate and agricultural loans with the loan portfolio representing approximately 68% of total assets. As a percentage of Tier 1 Capital, real estate loans totaled 582%, agricultural 222%, commercial 181%, with consumer and others 151%. The loan portfolio composition as of March 31, 2002 was as follows:

Loan Type	\$ Volume (000)	% Of Portfolio
Real Estate	\$37,951	51%
Agricultural	\$14,443	20%
Commercial	\$11,798	16%
Consumer & Other	\$ 9,826	13%
<b>Total</b>	<b>\$74,018</b>	<b>100%</b>

FNB operates only in Missouri, with three branches located in Dexter, Clarkton, and Kennett. The bank has one stand alone ATM in Dudley, MO. The main facility is located in Malden, MO. The bank offers a full range of banking services that are accessible at all locations. The bank is a subsidiary of First Malden Bancshares, Inc., a one-bank holding company. The bank comprises substantially all of the holding company's assets. They are not an interstate bank and are not in a MSA. The bank is affiliated with First Missouri Savings Bank in Poplar Bluff, MO, Piggott Savings Bank in Piggott, AR and Farmers Bank & Trust in Blytheville, AR. There are no legal, merger and acquisition, or financial constraints that prohibit the bank from meeting assessment area credit needs. The bank received a "Satisfactory" rating at the last CRA examination dated March 16, 1998.

Within their assessment area, the bank's deposit competition consists of five regional banks and thirteen local state and national banks. See the table below for a breakdown of the deposit market share as of June 30, 2001.

Deposit Market Share Within Assessment Area			
	FNB	Five Regional Banks	Thirteen Local Banks
As of 6/30/01	8.77%	15.10%	76.13%

## DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area consists of the contiguous counties of Dunklin, Stoddard, and New Madrid. The 1990 U.S. Census median family income for non-Metropolitan Statistical Areas in Missouri, including the assessment area for the three counties was \$21,286. This number is used to determine the income level of the block numbering areas (BNAs) in the assessment area. FNB's assessment area is comprised of eighteen (75%) middle-income, five (21%) moderate-income, and one (4%) upper-income BNA. None of the BNAs in the assessment area are considered low-income. The bank's assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude any low and moderate-income geography.

According to the 1990 U.S Census demographic data, the reported population of the assessment area was 83,925. Ten percent of the households showed income below the poverty level. The

2000-updated median family income is \$37,400. This income figure is updated annually and is used to determine the income level of individual applicants. There are 23,657 families in the assessment area of which: 6,478 (27%) are low-income, 4,256 (18%) are moderate-income, 4,701 (20%) are middle-income and 8,222 (45%) are upper-income families. The average cost of housing in the assessment area is \$31,247, with owner occupied housing representing 26% of the population.

The assessment area has a history of high unemployment, compared to the State of Missouri and national averages. Unemployment data as of April 2002 shows the national unemployment average of 6%. The state of Missouri shows 5.2%, with the assessment area of Dunklin County showing 7.4%, New Madrid County 8% and Stoddard County 6.3%. The high unemployment can best be explained by the lack of employment opportunities in these markets.

The bank's assessment area is primarily agricultural, manufacturing, retail trade, and services related. Major employers within the assessment area consist of Mirada Aluminum (1,000 employees) and Federal Mogul (375 employees), with several smaller businesses located in the area such as Tyson and Circle D Pipe.

As part of the evaluation of FNB's lending performance, we contacted a community development organization to determine opportunities for financial institutions to help meet local credit needs and to understand community perceptions of local financial institutions' performance in meeting those needs. No salient, unaddressed community credit needs were identified during this contact.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

For purposes of the loan-to-deposit ratio, the quarterly loan-to-deposit ratio was calculated for the fifteen quarters since the last CRA review. When compared to other banks in the assessment area, the calculated loan-to-deposit ratio of 74.47% is reasonable. The bank's capacity to lend is good.

### **Lending in the Assessment Area**

A substantial majority of loans are in the bank's assessment area, with the level of lending inside the assessment area exceeding the standards outlined in the regulation. From March 1, 1998 to June 12, 2002, 85% of the loans made were to individuals or businesses inside the bank's assessment area.

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

A sample analysis of 80 loans was performed. Twenty loans from each primary loan type were selected. Sample results reflected a lower percentage of lending to low-income borrowers, based on demographic information. Lending to moderate-income borrowers compares favorably to demographic information. Overall, the distribution of loans reflects reasonable penetration among individuals in all income levels (including low and moderate income), given the demographics of the assessment area. The following table compares sample distribution results

to assessment area population distribution.

<b>Distribution of Consumer and Real Estate Loans in Assessment Area by Borrower Income</b>										
	Lower		Moderate		Middle		Upper		Total	
	#	%	#	%	#	%	#	%	#	%
Family within BNAs	6,478	27%	4,256	18%	4,701	20%	8,222	35%	23,657	100%
Borrower Distribution of Loans	5	13%	11	27%	12	30%	12	30%	40	100%

Sample results indicate FNB has a good record of making loans to small businesses and small farms of different sizes. The farm and commercial loans reviewed showed that the bank makes loans to both categories; revenues and loan size of under \$1 million and over \$1 million.

<b>Distribution of Business and Farm Loans in Assessment Area by Revenue and Loan Size</b>										
	Revenue Under \$1 Million		Revenue Over \$1 Million		Loan Size Under \$1 Million		Loan Size Over \$1 Million		Total	
	#	%	#	%	#	%	#	%	#	%
Business & Farm Loans	26	65%	14	35%	38	95%	2	5%	40	100%

### **Geographic Distribution of Loans**

FNB's lending performance reflects a reasonable distribution of loans throughout the AA and favorably compares to the income levels of the 24 block numbering areas in Dunklin, Stoddard and New Madrid Counties. The assessment area consists of 3 counties, Dunklin (10 Census Tracts with 4 moderate income and 6 middle income) Stoddard, (8 Census Tracts with 1 moderate 6 middle and 1 upper income) and New Madrid with 6 middle income BNAs.

We assessed this performance by utilizing a sample of 40 consumer installment loans and residential consumer loans. We compared the lending patterns of the sample to the block numbering areas. The analysis showed that 3 or 8% were upper income, 25 or 63% middle and 12 or 30% were moderate. There were no low income BNA's and no conspicuous gaps were identified.

### **Responses to Complaints**

No complaints have been received from the public specifically related to the bank's performance in helping to meet community credit needs.

### **Fair Lending Review**

An analysis of three years public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1998.