



## **PUBLIC DISCLOSURE**

November 10, 2014

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

The First National Bank of Nevada, Missouri  
Charter Number 3959

100 West Walnut  
Nevada, MO 64772

Office of the Comptroller of the Currency  
Kansas City Field Office  
1027 South Main Street, Suite 405  
Joplin, MO 64801

**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**

Summarize the major factors supporting the institution's rating.

- FNB's record of lending in the assessment area (AA) is good.
- A substantial majority of the bank's loans are in the AA.
- First National Bank of Nevada's (FNB's) dispersion of loans in moderate-income geographies is excellent.

## **SCOPE OF EXAMINATION**

The scope of the examination included evaluating FNB using small bank CRA examination procedures. Our objectives were to assess the bank's ability and record to serve and meet the community's credit needs within its AA. We based our analyses and conclusions on bank-provided data, which we verified during our review.

We identified the bank's primary product as 1-4 family residential lending by dollar and number of loans originated during the evaluation period. To evaluate bank performance under the lending test, we used lending data from January 1, 2012 through September 30, 2014. We selected a random sample of 21 residential real estate loans from FNB's loan trial for our evaluation.

## **DESCRIPTION OF INSTITUTION**

FNB is an intrastate bank headquartered in Nevada, Missouri. As of September 30, 2014, FNB had total assets of \$99 million and tier 1 capital of \$12.9 million. FNB is a wholly owned subsidiary of 1889 Bancshares, a one-bank holding company. In addition to the main office, FNB operates one deposit-taking ATM located at the bank and two non-deposit taking ATMs offsite. Management has not opened or closed any branches since the last CRA examination. FNB is located in a moderate-income nonmetropolitan geography. There has not been any significant change to FNB's corporate structure, including merger or acquisition activities.

As of September 30, 2014, total loans represented 48 percent of total assets. The loan portfolio by dollar volume consists of 38 percent home mortgage loans, 30 percent commercial loans, 29 percent agriculture loans, and 3 percent consumer loans.

The bank offers a full range of deposit and loan products and services. Residential mortgage and agricultural lending are the bank's primary business focus. Deposit products and services include basic banking accounts.

There are no legal or financial circumstances that impede FNB's ability to meet the credit needs of its AA. The bank received a Satisfactory rating at its last CRA

examination dated November 5, 2008. The bank is not required to file Home Mortgage Disclosure information. Please refer to the bank's Public File for more details.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

FNB's AA consists of Vernon County, Missouri. The AA has a population of 21,000, with more than 9,000 housing units, more than 8,000 households, and more than 1,800 businesses and farms. The AA has no low-income, two moderate-income, four middle-income, and no upper-income census tracts. Approximately, 20 percent of households are below the poverty level. The updated 2014 median family income for the AA is \$48,800, which is an increase from the updated 2013 median family income of \$48,200 and updated 2012 median family income of \$47,800. The median housing value is \$82,521, and approximately 62 percent of housing units are owner-occupied.

Manufacturing, health care and social assistance, education, agricultural, and retail services make up the majority of the area's economic base. Major employers include 3M Corporation - Graphic Designs, American Standards Brands, Cottey College, Heartland Behavioral Services, Murphy Family Ventures, Nevada R-5 School System, Nevada Regional Medical Center, and Wal-Mart Super Center. As of September 2014, the unemployment rate for the AA was 5.0 percent. The state of Missouri unemployment rate was 6.3 percent, and the national unemployment rate was 5.9 percent.

FNB has one banking facility in the AA. The main branch is located in a moderate-income census tract.

Deposit competition from other financial institutions is strong. There are 7 financial institutions with 9 offices within the AA, holding deposits ranging from \$6 million to \$85 million. Additional competition comes from credit unions, financial advisors, and Internet-banking organizations that are not included in the FDIC Market Share report. FNB ranks first with 27.27 percent of the deposit market share.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

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

FNB's loan-to-deposit (LTD) ratio is reasonable given the bank's size and financial condition and the credit needs of the AA. The bank's net LTD ratio averaged 50 percent over 24 quarters from September 30, 2008 to June 30, 2014, with a quarterly low of 47 percent and a quarterly high of 53 percent.

FNB has historically maintained a low LTD ratio, due primarily to management's conservative control of loan growth. The bank's net LTD ratio is lower than other community banks of similar size, location, and product offerings. FNB ranks last compared to three other similarly situated banks serving the AA. These banks had an

average LTD ratio of 84 percent, with a range from 71 percent to 102 percent over the same 24 quarters. There are branches of several larger multi-state banks and credit unions in the AA.

### **Lending in Assessment Area**

A substantial majority of FNB's loans are inside its designated AA. Approximately 95 percent by number and 96 percent by dollar are inside the AA. Residential real estate by number and dollar are FNB's primary product, based on our review of loans originated and purchased during the evaluation period.

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

FNB's lending to borrowers of different income levels within its AA reflects reasonable penetration. FNB's home lending to low-income borrowers, at 15.00 percent, is below demographics of 22.53 percent. The level of lending to moderate-income borrowers, at 40.0 percent, significantly exceeds area demographics of 20.59 percent. The household poverty rate in the AA is 20.37 percent. FNB shows a favorable level of lending to low-income borrowers given the high poverty rate in the AA.

### **Geographic Distribution of Loans**

FNB's residential lending in moderate-income census tracts in its AA shows excellent dispersion. The bank's performance in lending to moderate-income borrowers exceeds the percentage of moderate-income households. The bank had 35 percent of bank loans to 28.95 percent of households in the AA.

### **Responses to Complaints**

FNB has no complaints related to its CRA performance since its last CRA evaluation.

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

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any AA by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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