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Comptroller of the Currency  
Administrator of National Banks

**Large Bank**

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Washington, DC 20219

## **Public Disclosure**

October 01, 2001

# **Community Reinvestment Act Performance Evaluation**

**The Third National Bank of Sedalia  
Charter Number: 2919**

**301 West Broadway  
Sedalia, MO 65301**

**Office of the Comptroller of the Currency**

**St. Louis Field Office  
13 Executive Drive, Suite 7  
Fairview Heights, IL 62208**

**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, and should not 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.**

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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated “**Satisfactory**”.

The following table indicates the performance level of **The Third National Bank of Sedalia** with respect to the Lending, Investment, and Service Tests:

<b>Performance Levels</b>	The Third National Bank of Sedalia Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The distribution of loans based on borrower income of the bank’s residential real estate loans is good. The bank’s loans to moderate-income borrowers exceed the demographics by 9.3 percent. The bank’s borrower distribution of consumer loans is also good, with loans in the moderate-income category exceeding demographics by 8.1 percent.
- The volume of community development lending is excellent, and had a positive impact on the bank’s lending test rating.
- Third National Bank’s delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution’s assessment areas.
- A majority of the bank’s loans were made to borrowers within its Assessment Area.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate** - Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. The U.S. Census Bureau has established BNAs in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the U.S. Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-year census and an average population of 4,000.

**Community Development (CD)** - Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA)** - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Full-Scope Review** - Performance under the lending, investment, and service tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography** - A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA)** - The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

**Home Mortgage Loans** - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Limited-Scope Review** - Performance under the lending, investment, and service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

**Low-Income** - Income levels that are less than 50 percent of the median family income.

**Median Family Income (MFI)** - The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Statistical Area (MSA)** - Area defined by the director of the U.S. Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80 percent and less than 120 percent of the MFI.

**Moderate-Income** - Income levels that are at least 50 percent and less than 80 percent of the MFI.

**Small Loans to Businesses** - Loans with original amounts of \$1 million or less that are: (1) secured by non-farm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Loans to Farms** - Loans with original amounts of \$500,000 or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

**Tier 1 Capital** - The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income** - Income levels that are 120 percent or more of the MFI.

## **Description of Institution**

The Third National Bank of Sedalia (TNB) is a \$243 million institution located in Sedalia, Missouri. The bank is an intrastate bank with all of its branches located in Sedalia. The bank primarily serves Pettis County, Missouri. TNB is wholly owned by Central Banccompany, Inc., a \$5.4 billion holding company located in Jefferson City, Missouri. Central Banccompany owns 12 other banks, all located in Missouri.

Third National Bank had \$243 million in total assets, \$163 million in total loans, and \$21 million in Tier 1 capital as of June 30, 2001. A significant portion of the bank's loan portfolio is real estate secured. Almost 27 percent of the portfolio are 1-4 family residential loans, 12 percent is commercial real estate loans, 7 percent is construction and land development loans and 6 percent is multifamily loans. The remainder of the portfolio is consumer loans (20 percent), commercial loans (19 percent), agricultural loans (8 percent), and 1 percent in municipal loans and lease financing. The bank is a primary consumer lender, with 43 indirect dealers in central Missouri. TNB is also a leader in real estate lending in its assessment area. The bank sells a majority of its residential real estate loans on the secondary market.

There are no financial, legal or other factors to impede the bank's ability to meet its communities' credit needs. Third National Bank's last CRA evaluation, performed by the OCC dated March 18, 1997, rated the bank "Satisfactory".

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We reviewed home mortgage, small business, and small farm loans originated from April 1, 1997 to June 30, 2001, and community development loans from March 18, 1997 to September 30, 2001. At the bank's request, we also reviewed consumer loans from January 1, 1998, to June 30, 2001. Because of a change in its computer program, the bank was unable to provide information for consumer lending during 1997. However, bank management stated that their consumer lending practices had not changed. A comparison of the four years reviewed showed there was a consistency in the consumer loans, both geographic and borrower distribution. For the Investment and Services tests, we evaluated TNB's activities from March 18, 1997, to September 30, 2001.

### **Data Integrity**

We performed a data integrity examination and found that Third National Bank has adequate systems and controls to ensure the accuracy of reported data. To ensure data integrity, examiners sampled residential real estate, small business, small farm, and consumer loan information. We also reviewed community development loans, investments, and services for data integrity. We did not detect any material errors in the loans, investments and services reviewed, and we consider the data used in the evaluation to be accurate. The bank is not a HMDA reporter, so we also verified the accuracy of the bank's reporting systems to insure accuracy of loan reports. Bank reports were determined to be accurate and were used in the analysis portion of this evaluation.

## **Selection of Areas for Full-Scope Review**

The bank has one assessment area that includes all of Pettis County. We assigned the bank's CRA rating based on its lending, investment, and service tests performance within the AA. The AA is comprised of one moderate-, six middle- and four upper-income geographies. There are no low-income geographies in Pettis County.

## **Ratings**

All ratings assigned to the bank for each test were based on information derived from the Pettis County assessment area.

We weighted the bank's residential real estate loans and consumer loans most heavily among the loan product types since they represent the bank's primary focus and an identified credit need in the bank's assessment area. Based on the communities' need for business development and the bank's ratio of small loans to businesses (19 percent), we also considered these types of loans. Small loans to farms were given less weight, as they represent only 8 percent of the bank's lending portfolio.

Our lending analysis placed more weight on the bank's borrower distribution than its geographic distribution, since there are no low-income geographies and only one moderate-income geography in the bank's assessment area.

## **Other**

We reviewed the information previously gathered from the local community by bank regulators during the evaluation period. Organizations previously contacted included local government, small businesses, and economic development organizations. All agreed that local financial institutions were very supportive of the community needs, and Third National Bank was specifically mentioned as a leader in small business and real estate lending. We contacted two additional local organizations during the evaluation, one that represents small businesses and one that provides housing for low- and moderate-income people. Both organizations mentioned the need for small business loans, consumer loans and real estate loans to low- and moderate-income people. Both contacts also expressed the need for new housing in the \$50,000 to \$75,000 range.

## **Fair Lending Review**

We performed an analysis of recent small business and small farm loans, and public comments and consumer complaint information 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 last comprehensive fair lending review was completed during the March 18, 1997 CRA evaluation.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

##### **Lending Activity**

The bank's performance under the lending test is rated "High Satisfactory". The bank's overall lending activity is good. We weighted borrower distribution of real estate, small loans to businesses and consumer loans more heavily, as these types of lending are the focus of the bank and have been identified as community needs. We also considered small loans to farms in determining the bank's performance.

Refer to Table 1 in appendix C for the facts and data used to evaluate the bank's lending activity.

The bank originated 8,905 loans totaling \$212,469 million in its assessment area during the evaluation period. Of that amount, 20 percent by number and 50.7 percent by dollar were real estate loans, 8.5 percent and 17.6 percent, (number and dollar), were small business loans, 6 percent and 7.1 percent (number and dollar) were small farm loans, and 65.5 percent and 24.6 percent (number and dollar) were consumer loans. Third National Bank's market share of deposits is 33.8 percent, ranking the bank first among deposit-taking institutions in its assessment area. TNB ranks first in market share for both small business and small farm loans, with 47.4 percent and 69.2 percent, respectively.

Since the bank is not a HMDA reporter, market share information for home mortgage loans was not available. Market share information was also not available for consumer loans, since these loan types are not required to be reported. However, according to records received from Pettis County of home mortgage loans, TNB ranked first 2 out of 5 years in mortgage lending in Pettis County, and was a close second in the other 3 years of the evaluation period. They were also the leading small business lender for the first four years of the evaluation period. Information is not available for aggregate small business lending for 2000.

##### **Distribution of Loans by Income Level of the Geography**

Refer to Tables 2, 5, 6 and 14 in appendix C for the facts and data used to evaluate the geographic distribution of the loans originated by the bank during this evaluation.

TNB's distribution of loans by geography overall is good. Geographic distribution for small businesses is excellent, consumer lending is good, and real estate and small farm loans are adequate. We did not identify any conspicuous gaps in the bank's lending patterns.



### ***Home Mortgage Loans***

Refer to Table 2 in appendix C for the facts and data used to evaluate the geographic distribution of home mortgage loans originated by the bank during this evaluation.

The bank's lending in the moderate-income geography is less than demographics. The bank's loans in this area totaled 2.3 percent of its real estate portfolio, and 6 percent of the housing in the moderate-income area is owner-occupied. According to community contacts, there is little demand for home purchase loans in this area, which is an older part of the AA, with virtually no housing construction. There are limited opportunities for lending in moderate-income geographies as only six percent of housing in the moderate-income area is owner-occupied.

The bank was unable to provide information regarding its home improvement and refinance loans, due to the bank not being a HMDA reporter. Any loans the bank originated of these types are included in the residential real estate portfolio. However, the bank primarily makes home purchase loans for sale on the secondary market, and loans for home improvement and home refinance in are a small percentage of their portfolio.

### ***Small Loans to Businesses***

Refer to Table 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination of small loans to businesses.

The geographic distribution of small loans to businesses is excellent in the AA. Third National Bank's lending in the moderate-income geography (3.2 percent) exceeds the percentage of businesses located in this tract (2.7 percent). TNB's ranks first in market share of small loans to businesses with 47.4 percent of all loans originated. The bank has a 50 percent market share of small loans to businesses in the moderate-income geography, which exceeds its overall market share.

Bank management and the community contact stated that the number of businesses in this area has decreased considerably since the demographic data was compiled, but specific data was not available.

### ***Small Loans to Farms***

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The geographic distribution of small loans to farms is adequate. The bank's loan penetration in the moderate-income area (0.1 percent) is below the demographics (1 percent). However, there are only three farms located in the moderate-income area. TNB's ranks first in originating small loans to farms with a market share of 69.1 percent in its assessment area.

### ***Consumer Loans***

Refer to Table 14 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations.

The geographic distribution of consumer loans is adequate. The percentage of loans is less than demographics (4.9 percent to 6.8 percent); however, it does demonstrate the bank's efforts in lending in all geographies.

### **Lending Gap Analysis**

There were no lending gaps identified. The bank has only one moderate-income, and no low-income geographies in its AA. The bank originated loans of all types in all geographies.

### ***Inside/Outside Ratio***

A substantial majority of the bank's loans originated within the bank's AA. The bank originated 89.3 percent of its mortgage loans, 75.1 percent of small business loans, and 77 percent of small farm loans inside its assessment area. The bank also originated 66.6 percent of consumer loans inside the bank's AA. The bank has 43 active dealers, located throughout central and southern Missouri, but was still able to maintain the majority of consumer lending within the AA by concentrating their efforts of this type of business. This performance was positively factored into the geographic distribution.

### **Distribution of Loans by Income Level of the Borrower**

Refer to tables 7, 10, 11, and 14 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's lending.

Third National Bank's distribution of lending to borrowers of different income levels is good. Home mortgage and consumer lending to low-income families and for moderate-income families is excellent. Lending is adequate to both loans to small farms and loans to small businesses. Borrower distribution was given the most weight in this evaluation.

### ***Home Mortgage Loans***

Refer to Tables 7 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

The distribution of home mortgage loans by borrower income is excellent. The bank's percentage of home mortgage lending to low-income borrowers is 3.3 percent less than demographics in the AA. However, 20.6 percent of households are low-income and 14.3 percent of families live below poverty level. Median housing costs in the AA are \$41,351, and a low-income person earns less than \$19,800, based on the HUD updated median family income information. These factors make it extremely difficult to originate home purchase loans to low-income families.

The distribution of home mortgage loans to moderate-income borrowers is also excellent. The bank's loan originations to persons in this income category exceed the area demographics by 9.3 percent.

### ***Small Loans to Businesses***

Refer to Table 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

Distribution of small loans to business is adequate. The portion of TNB's loans to small businesses (businesses with revenues of \$1 million or less) is lower than the percentage of small businesses in the AA. However, a substantial majority (86.7 percent) of the bank's small loans to businesses is for an amount of \$100 thousand or less, which demonstrates the bank's commitment to small businesses.

### ***Small Loans to Farms***

Refer to Table 11 in the appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

Distribution of small loans to farms is good. Almost all farms in the AA (99.4 percent) have revenues of less than \$1 million and the bank originated 93.5 percent of its small farm loans to these farms. Of these small farm loans, 94.3 percent were less than \$100 thousand. Although agricultural lending is not a major loan product for TNB, the bank remains committed to assisting small farms in their AA.

### ***Consumer Loans***

Refer to Table 14 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The bank does an adequate job of lending to low-income borrowers and demonstrates excellent performance in lending to moderate-income borrowers in consumer lending. The bank's loan originations were below demographics for low-income individuals. However, the bank exceeded demographics by 8.1 percent for loans to moderate-income individuals. Consumer lending as been recognized as a credit need by the community contacts. TNB has recognized this need and has established a wide variety of dealers that provide consumer products to assist the bank in meeting this need.

### **Community Development Lending**

Refer to Table 1 in appendix C for the facts and data used to evaluate the bank's level of community development lending.

Third National Bank's level of community development lending (CD) is excellent. The bank's CD lending has a positive impact on the banks overall Lending Test conclusions. The bank's CD loans are targeted at affordable housing for low- and moderate-income families. Information about some of these loans is listed below.

- 1) Two loans totaling \$2.5 million to provide housing for low-income people.
- 2) \$494 thousand to provide services to children from low- and moderate-income families.

The bank also originated almost \$8.5 million to businesses in the empowerment zone that provides jobs to low- and moderate-income people and that revitalize and stabilize the area. These loans demonstrate the bank's strong commitment to small businesses in its assessment area. These loans are included in small loans to businesses.

In addition, the bank originated nine loans totaling \$161 thousand to a local contractor to purchase and rehabilitate houses for low- and moderate-income people. These loans are reflected in the real estate lending portfolio.

## **Product Innovation and Flexibility**

Third National Bank offers a number of flexible lending programs to serve its community's credit needs. These include products that offer low or no down payments, minimal closing costs, and small farm and small business assistance programs. The bank designed these programs to assist low- and moderate-income people to purchase homes or small farms or to start a business. The bank also works with borrowers under less restrictive credit qualifications.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test is rated "Low Satisfactory." Based on a full-scope review, the bank's performance in the Pettis County assessment area is adequate.

Refer to Table 12 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Third National Bank (TNB) provides an adequate level of qualified investments. Opportunities for investment are limited to primarily grants, donations, or in-kind contributions to organizations that have as its primary purpose community development, as defined in the CRA regulation. We did not identify any opportunities for the bank to participate in qualified investments in Pettis County.

During the evaluation period, TNB's investments totaled \$101 thousand, which represents .51% of Tier 1 capital as of June 30, 2001. A majority of donations assist low- and moderate-income individuals. Donations also help revitalize and stabilize enterprise zone areas.

Significant contributions include:

- Center for Human Services - \$23 thousand  
Supports low- and moderate-income individuals with disabilities
- Sedalia - Pettis County Community Development Corporation - \$13 thousand  
Economic development corporation that primarily assists with bringing small business development in to enterprise zone areas.
- Sedalia - Pettis County United Way - \$11 thousand  
The bank's donation was used to benefit organizations that primarily serve low- and moderate-income individuals.

## **SERVICE TEST**

The bank's performance under the Service Test is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in its defined assessment area is adequate.

## **Retail Banking Services:**

Refer to Table 13 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Third National Bank's (TNB) delivery systems are reasonably accessible to low- and moderate-income individuals. The AA has one moderate-income tract and no low-income tracts. The main bank and two of its branch locations are in middle-income geographies. One branch is in an upper-income tract. The census tract location of the main bank and one branch is contiguous to the moderate-income tract and is accessible to low- and moderate-income individuals. Since the last evaluation, TNB opened one branch and closed one branch in 1998. Both branches are in middle-income tracts. The closed branch did not negatively impact the community since it was located in close proximity to the main bank.

Hours of operation and services offered are tailored to meet customer needs. The bank offers a full range of both loan and deposit services at its main bank location. With the exception of accepting and processing loan applications, branches offer most of the retail banking services offered at the main bank. Loan officers are available to meet with customers at branch locations as necessary. TNB has a network of seven ATMs, which are all located in middle-income tracts. All branch locations have deposit-taking ATMs. Other ATM locations do not accept deposits.

All bank lobbies open at 8:30 a.m. and drive-up facilities open at 7:30 a.m. On Monday - Thursday at the main bank, the lobby closes at 3:00 p.m. and the drive-up closes at 4:00 p.m. On Friday, the lobby and drive-up closes at 6:00 p.m. at the main bank. At branch locations, the lobby and drive-up facility is open until 6:00 p.m. on Monday - Friday and closes at 5:00 p.m. on Saturdays. The main bank is not open on Saturday. All locations are closed on Sunday.

TNB offers online and telephone banking to individuals with a checking account. Bank customers can check balances and transfer funds between accounts. Online, customers can also review statement activity and pay bills. TNB charges a fee for the bill payment option. Customers can also make deposits by mail to checking accounts. Significant weight was not given for this service, as no data was available to judge its significance to low- and moderate-income customers of the bank.

TNB offers a low-cost checking account, which includes a free ATM card, to individuals. Customers must deposit \$50 to open the account. However, there are no minimum balance requirements and no maintenance fees. Subject to credit approval, customers can also receive overdraft access, a debit card, and a credit card with no annual fee. The debit card is optional and, if approved, customers are charged \$1 per month.

TNB employs three bilingual individuals. Two of the employees speak Spanish and one employee speaks Ukrainian. These employees work in the teller area and assist with translation in all areas of the bank, as needed. The AA has a large population of Spanish speaking individuals and a growing population of Ukrainians. The bank also has brochures and fliers available in both Spanish and Ukrainian languages.

## **Community Development Services:**

TNB's performance in providing CD services is adequate.

Bank employees are involved in and provide financial services to several organizations that have a community development purpose. Services target low- and moderate-income individuals and the Sedalia Enterprise Zone in effect through 2006. Enterprise zones focus on revitalization efforts and bring communities together through public and private partnerships to attract the investment necessary for sustainable economic and community development.

Specific services include:

- Speaking to welfare recipients and at-risk children about checking accounts, budgeting, and loan products.
- Participating in welfare-to-work programs by being a mentor and educating individuals about banking.
- Serving as treasurer of an affordable housing organization.
- Helping administer tax levy's for low- and moderate-income disabled employees.
- Providing financial advise to organizations that help underprivileged children and serve low- and moderate-income families.
- Providing financial advise to organizations that help with revitalization efforts in the Sedalia Enterprise Zone.

TNB cashes all government checks at no charge for both customers and non-customers. Non-customers must provide proper identification. This service is available at all bank locations. TNB also honors all electronic benefit transfer (EBT) cards. Individuals use these cards to obtain access government benefits such as food stamps and other recurring types of government payments.

TNB serves as a collection point for the American Red Cross Disaster Relief Fund. The bank collects donations and remits a weekly check for the total proceeds along with documentation of the individual contributions. This service supports recovery efforts in communities affected by the terrorist attacks that occurred on September 11, 2001.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, and loan products considered. The table also reflects the non-metropolitan areas that received comprehensive examination review.

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): April 1, 1997 to June 30, 2001 Consumer Loans: January 1, 1998 to June 30, 2001 Investment and Service Tests and CD Loans: March 18, 1997 to September 30, 2001	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Third National Bank (TNB) Sedalia, MO	Real Estate, small business, small farm, consumer loans, and community development loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Pettis County	Full Scope	

# Appendix B: Market Profiles for Full-Scope Areas

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<b>Market Profiles for Areas Receiving Full-Scope Reviews</b>	
<b>Sedalia AA .....</b>	<b>B-2</b>



## PETTIS COUNTY ASSESSMENT AREA

Demographic Information for Full-Scope Area: Pettis County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	11	0	9.1%	54.5%	36.4%	0
Population by Geography	35,437	N/A	6.2%	55.4%	38.4%	0
Owner-Occupied Housing by Geography	10,465	N/A	6.0%	56.2%	37.8%	0
Businesses by Geography	1669	N/A	2.7%	58.9%	38.4%	0
Farms by Geography	319	N/A	1.0%	24.9%	74.1%	0
Family Distribution by Income Level	9,976	N/A	6.1%	55.3%	38.6%	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	9,976	15.6%	16.5%	22.4%	45.5%	0
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$27,953 = \$39,600 = 14.3%	Median Housing Value Unemployment Rate		= \$41,351 = 5.4%*		

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2001 HUD updated MFI.

\* As of July, 2001

Third National Bank's Assessment Area includes all of Pettis County, Missouri, which is located in a Non metropolitan area. Sedalia is the largest town in Pettis County, with a little over 20,000 people.

Competition is very strong with 9 institutions and 20 banking offices in the AA competing for loans and deposits. TNB has 100 percent of its offices in Pettis County and has a 33.8 percent of all deposits, making it the leader in the AA. The local economy is suffering from the loss of 3 major businesses in the past two years, as reflected in the rising unemployment rate. Area banks are working with local government agencies to replace this lost business. TNB is assisting businesses in the downtown Enterprise Zone by originating loans to businesses that employ low- and moderate-income people.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.

- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.
- Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MSA/assessment area.

**Table 1. Lending Volume**

LENDING VOLUME												State: Missouri Evaluation Period: April 1, 1997 TO June 30, 2001	
MSA/Assessment Area:	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)		
Full-Review:													
Pettis County	100%	1777	\$107,627	761	\$37,440	530	\$15,172	4	\$2,794	3072	163,033	100%	

(\*) Rated area refers to the AA rating area.

(\*\*) The evaluation period for Community Development Loans is March 10, 1997 to October 1, 2001

(\*\*\*) Deposit data as of June 30, 2001. Rated area refers to the state rating area.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE											State: Missouri Evaluation Period: April 1, 1997 TO June 30, 2001				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***				
	#	% of Total*	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	Over All	Low	Mod	Mid	Upp
Full-Review:															
Pettis County	1777	100%	N/A	N/A	6.0%	2.3%	56.2%	60.3%	37.9%	37.4%	N/A				

(\*) Home purchase loans originated and purchased in the AA as a percentage of all home purchase loans originated and purchased in the rated area.

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Bank is not a HMDA reporter.

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												State: Missouri Evaluation Period: April 1, 1997 TO June 30, 2001				
MSA/Assessment Area:	Total Small Loans To Businesses		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***					
	#	% of Total*	% of Businesses **	% BANK Loans	% of Businesses **	% BANK Loans	% of Businesses **	% BANK Loans	% of Businesses **	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full-Review:																
Pettis County	761	100%	N/A	N/A	2.7%	3.2%	58.9%	59.1%	38.4%	37.7%	47.4%	N/A	50%	35.7	31%	

(\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

(\*\*) Source of Data-Dunn and Bradstreet.

(\*\*\*) Based on 1999 Aggregate Small Business Data only.

**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS												State: Missouri Evaluation Period: April 1, 1997 TO June 30, 2001				
MSA/Assessment Area:	Total Small Loans To Farms		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***					
	#	% of Total*	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Over all	Low	Mod	Mid	Upp	
Full-Review:																
Pettis County	530	100%	N/A	N/A	1.0%	.1%	24.9%	13.4%	74.1%	86.5%	69.1%	N/A	0%	72.2%	69.3%	

(\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

(\*\*) Source of Data-Dunn and Bradstreet.

(\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE												State: Missouri Evaluation Period: April 1, 1997 TO June 30, 2001				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****					
	#	% of Total*	% of Families**	% BANK Loans***	% of Families**	% BANK Loans***	% of Families**	% BANK Loans***	% of Families**	% BANK Loans***	Over All	Low	Mod	Mid	Upp	
Full-Review:																
Pettis County	1729	100%	15.6%	12.3%	16.5%	25.8%	22.4%	27.2%	45.5%	34.7%	N/A					

(\*) Home purchase loans originated and purchased in the AA as a percentage of all home purchase loans originated and purchased in the rated area.

(\*\*) Percentage of Families is based on 1990 Census information.

(\*\*\*) As a percentage of loans with borrower income information available. No information was available for 2.7% of loans originated and purchased by the bank.

(\*\*\*\*) Bank is not a HMDA reporter..

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES										State Missouri Evaluation Period: April 1, 1997 TO June 30, 2001	
	Total Small Loans to Businesses		Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share****			
	#	% of Total*	% of Businesses**	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less		
Full-Review:											
Pettis County	761	100%	93.4%	75.1%	86.7%	7.7%	5.6%	34.2%	41.7%		

(\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

(\*\*) Businesses with revenues of \$1 million or less as a percentage of all businesses.

(\*\*\*) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for [Percent] of small loans

to businesses originated and purchased by the bank.  
(\*\*\*\*) Based on 1999 Aggregate Small Business Data only.

**Table 11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS State Missouri Evaluation Period: April 1, 1997 TO June 30, 2001									
	Total Small Loans to Farms		Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share****	
	#	% of Total*	% of Businesses**	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less
Full-Review:									
Pettis County	530	100%	99.4%	93.5%	94.3%	4.9%	.8%	52.5%	53.4%

(\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

(\*\*) Farms with revenues of \$1 million or less as a percentage of all businesses.

(\*\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for [Percent] of small loans to businesses originated and purchased by the bank.

(\*\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS State: Missouri Evaluation Period: March 18, 1997 TO September 30, 2001									
MA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
Full-Review:									
Pettis County	0	0	40	101	40	101	100	0	0

(\*) "Prior Period Investments" means investments made in a previous evaluation period that are outstanding as of the examination date.

(\*\*) "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.



**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS														State: Missouri		Evaluation Period: March 18, 1997 TO September30, 2001			
MSA/Assessment Area:	Deposits		Branches					Branch Openings/Closings				Population							
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography					
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp		
Full-Review:																			
Pettis County	100	4	100	0	0	3	1	1	1	0	0	0	0	0	6.17	55.37	38.45		

**Table 14. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)**

Geographic and Borrower Distribution: CONSUMER LOANS										State: Missouri		Evaluation Period: January 1, 1998 TO June 30, 2001							
MSA/Assessment Area:	Total Consumer Loans		Geographic Distribution								Borrower Distribution***								
			Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
	#	% of Total**	% of Hhlds*	% BANK Loans	% of Hhlds*	% BANK Loans	% of Hhlds*	% BANK Loans	% of Hhlds*	% BANK Loans	% of Hhlds*	% BANK Loans	% of Hhlds*	% BANK Loans	% of Hhlds*	% BANK Loans	% of Hhlds*	% BANK Loans	
Full-Review:																			
	5837	100%	N/A	N/A	6.8%	4.9%	57.1%	60.1	36.1%	35.0%	20.6%	15.1%	15.6%	23.7%	17.5%	25.2%	36.0%	36.0%	

(\*) Percentage of Households (Hhlds) is based on 1990 Census information.

(\*\*) Consumer loans originated and purchased in the MSA/AA as a percentage of all consumer loans originated and purchased in the rated area, during 1998, 1999, 2000, and 2001.  
(\*\*\*) **Borrower Distribution for 1999, 2000, and 2001 only. (4262 loans)** Income information was not available for 3.8% of these consumer loans.

