



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 07, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank Of Clinton
Charter Number 14532**

**2nd and Jefferson Street
Clinton, MO 64735**

**Comptroller of the Currency
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1710 East 32nd Street, Suite H
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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.

COMMUNITY REINVESTMENT ACT (CRA) RATING

This institution is rated Outstanding.

The First National Bank of Clinton's (FNB) CRA performance is considered "outstanding", and the bank is helping to meet the credit needs of its assessment areas (AAs). Loans are originated in the AAs and to borrowers of different income levels and businesses of different sizes above the population demographics of the AAs. A sample of loans made within the AAs for each of the major product types since the last CRA examination was compared to the demographic data of the AA compiled from the 2000 United States Census.

- The distribution of consumer installment loan borrowers reflects excellent penetration of borrowers of different incomes considering that 15% of the households in the Henry County AA are below poverty level. Based on the consumer loans sampled, the lenders originated 20% by number and 11.1% by dollar to low-income borrowers and 30% by number and 18.1% by dollar to moderate-income individuals. Demographic data from the 2000 census indicates 22.6% and 16.3% of households in the AA are designated as low- and moderate-income, respectively.
- FNB's lending performance to commercial borrowers in the Henry County AA is excellent. Based on the commercial loans sampled, the lenders originated 90% by number and 95% by dollar to borrowers with annual revenues under \$1 million. Demographic data from the 2000 census indicate 77% of non-farm businesses in the Henry County AA have revenues less than \$1 million.
- Management also demonstrates good lending performance to small businesses as a substantial majority of commercial real estate loans are originated to businesses with annual revenues below \$1 million in the Springfield AA. Based on a sample of commercial real estate borrowers, the lenders originated 83% by number and 90% by dollar to commercial real estate borrowers. Demographic data from the 2000 census indicates 76% of non-farm businesses in the Springfield AA have revenues less than \$1 million.
- Overall, FNB's distribution of loans among the various geographies in the Springfield AA is excellent. The penetration of low- and moderate-income geographies for commercial real estate loans exceeds demographics, and is excellent given the location of the bank's office, the number and location of other financial institutions in the AA in relation to these geographies, and the length of time this branch has been open. Lenders originated 25% by number and 34% by dollar to borrowers in low-income tracts and 8% by number and 12% by dollar to borrowers in moderate-income tracts. Demographic data indicates 3% and 15% of non-farm businesses in the AA are located in low- and moderate-income tracts, respectively. We did not perform an analysis of the geographic distribution of loans in the Henry County AA, as it is not meaningful because the AA consisted entirely of middle and upper-income block numbering areas.
- A substantial majority of loans are originated within the AA. Based on our sample of the

major loan categories of consumer installment, commercial, and commercial real estate, management originates 83% of loans by number and 90% of loans by dollar amount within the AA.

- FNB's average loan-to-deposit ratio of 63.92% over the past sixteen quarters is good. While the ratio is below the 80.15% average loan-to-deposit ratio of ten banks of similar size, location, and customer demographics, it is still considered good for the highly competitive market in which the bank operates and has increased since the last evaluation. The quarterly average loan-to-deposit ratios of these similarly situated banks ranges from a low of 51.03% to a high of 103.52%.

FNB made a qualified investment of \$86 thousand in the Henry County Community Development Corporation (CDC). The investment will primarily benefit low- and moderate-income individuals and areas targeted for redevelopment by local, state, or federal government. The purpose of the investment is to attract industrial businesses that will provide jobs to low- and moderate-income individuals in Henry County, Missouri, and the surrounding counties by building a spec commercial building. Non-bank community support is demonstrated by the Henry County CDC's involvement with Henry County Water Company, a local utility corporation. The area is targeted for redevelopment by the government and supports the area revitalization or stabilization requirement. The building sold in the summer of 2003 to Schrieber Foods. The sale immediately opened up 50 new jobs for the area, and Schrieber estimates the facility will employ 150 people when operations are up and running.

An analysis of the 1999, 2000, 2001, and 2002 public comments and complaint information was performed according to the OCC's risk based fair lending approach. The OCC found no evidence of illegal discrimination or other illegal credit practices and decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation.

First National Bank has not received any consumer complaints regarding performance in helping to meet the credit needs of the AAs during the evaluation period.

DESCRIPTION OF INSTITUTION

FNB has \$70 million in total assets, of which net loans were \$42 million (60% of total assets), according to the June 30, 2003 Report of Condition. FNB is headquartered in Clinton, Missouri, has 3 branches, and operates two depository ATMs. Management opened a branch in Springfield, Missouri in January 2002, which houses one of the ATMs. The bank offers a full range of personal and commercial banking services, including Internet Banking. Consumer installment and commercial lending is the primary focus of the Clinton location's loan portfolio, and commercial real estate loans are the primary focus at the Springfield branch. FNB received a satisfactory rating at its last CRA examination dated April 13, 1999. The bank is a wholly-owned subsidiary of Financial Enterprises, Inc., which is also headquartered in Clinton, Missouri. There are no legal or financial constraints that impede the bank's CRA efforts.

DESCRIPTION OF THE ASSESSMENT AREA

The bank has two AAs. One encompasses all of Henry County, Missouri, is comprised of six block-numbering areas, and consists of five middle- and one upper-income tracts. The other encompasses all of Greene, Christian, and Webster Counties, in the Springfield, Missouri MSA. This AA is comprised of two low-, fifteen moderate-, 42 middle-, and 19 upper-income tracts. This designation meets the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income geography. Total population of the Henry County AA according to the 2000 U.S. Census is 21,997, and 325,721 for the Springfield AA. According to Census data for the Henry County AA, 19% of the families are designated as low-income, 19% moderate-income, 24% middle-income and 38% are upper-income. The 2002 nonmetropolitan median family income figure was \$43,000. According to Census data for the Springfield AA, 17% of the families are designated as low-income, 20% moderate-income, 24% middle-income and 39% are upper-income. The 2002 nonmetropolitan median family income figure was \$49,400.

We conducted a community contact during this examination. The contact indicated all financial institutions in the area were helping to meet the primary credit needs and services for continued growth within the assessment area.