



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

August 14, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank
Charter Number 23530**

**106 West 6th Street
Mountain View, Missouri 65548**

**Comptroller of the Currency
Kansas City North Field Office
6700 Antioch Road Suite 450
Merriam, Kansas 66204**

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.

DESCRIPTION OF INSTITUTION

First National Bank (FNB) is a \$177 million community bank with its main office and a teller-service branch in Mountain View in Southern Missouri. The bank also has five other branches in Missouri located in the towns of Houston, Licking, Raymondville, West Plains, and Willow Springs. Since our last evaluation of the Community Reinvestment Act (CRA), the bank opened the branch in West Plains in 1999, and acquired the branches in Houston, Licking, and Raymondville in 2001 through a merger with an affiliate bank. The bank's former holding company, Jack's Fork Bancorporation, merged with The Landrum Company in 2002. The Landrum Company, which is a multi-bank holding company headquartered in Columbia, Missouri, now owns the majority of FNB's common stock.

FNB is primarily a residential real estate lender based upon dollar volume of loans originated during the evaluation period. The bank offers a variety of consumer and commercial real estate products, as well as, agricultural and other consumer loans. Consumer credits represent the majority of the bank's loans by number of loans originated. The bank has no legal, financial, or other factors impeding its ability to meet the credit needs of its assessment area.

Banking hours are reflective of customers needs, and after hour appointments are available as needed. All locations are full-service centers with ATMs except for the bank's downtown Mountain View and Raymondville offices, which services are limited to deposit-taking activities. The bank also has an ATM at a local store in Caulfield, Missouri, which is location in southwest Howell County.

DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area meets regulatory requirements and does not arbitrarily exclude low- or moderate-income areas. The bank's assessment area covers portions of 11 counties and consists of 22 block-numbering areas. Of the 22 block numbering areas, 11 are moderate-income tracts and 11 are middle-income tracts. The tracts are noted below:

- Howell County: 9901, 9902, 9903, 9904, 9905, 9906, 9907, 9908
- Texas County: 9801, 9802, 9803, 9804
- Oregon County: 9801, 9802, 9803
- Shannon County: 9701, 9702
- Pulaski County: 9702.85
- Phelps County: 9906
- Dent County: 9602
- Douglas County: 9501
- Ozark County: 9702

The bank's Mountain View, West Plains, and Willow Springs offices are in Howell County. The bank's Houston, Licking, and Raymondville offices are in Texas County. Refer to the bank's CRA Public File for additional information about the bank and its assessment area.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory."

FNB has a good record of lending to individuals of different income levels and to businesses of different sizes. Based on a review of originations since the last CRA evaluation, the bank's primary products by dollar volume are residential real estate and commercial loans, and by number are consumer loans. We reviewed a sample of loans in each category. The findings were as follows:

Commercial

The bank's revenue distribution for business loans is excellent. Our sample of 29 loans showed that all of the loans were to businesses with revenues less than \$1 million, with 83 percent to businesses with revenues less than \$100 thousand. According to the 2002 Business Geo-demographic Data, 89 percent of the area businesses that reported income information have revenues less than \$500 thousand.

Residential Real Estate

Our sample of 30 residential real estate loans showed that the bank's distribution of loans by income level is below area demographic data for the low-income category, but exceeds area demographic data for the moderate-income category. Area demographic data reflects 27 percent of the families are at the low-income level and 21 percent of the families are at the moderate-income level. The loan sample showed that 10 percent of the loans were made to low-income families and 33 percent were made to moderate-income families by number of loans. Although the bank's low-income category is below area demographics, this is not a concern according to the 1990 United States Census Bureau (Census) since 19.5 percent of the families live below the poverty level and would not be creditworthy.

Consumer

The bank's distribution of consumer loans by income level is reasonable given the high poverty level of the assessment area. According to the 1990 Census, 25 percent of the households live below the poverty level, which is higher than the poverty level for families. Our sample of 29 consumer loans showed 4 percent of the loans were made to low-income households and 14 percent of the loans were made to moderate-income households. Area demographic data shows 30 percent and 19 percent in the low- and moderate-income categories, respectively.

Demographic information for families and households was obtained from 1990 Census Data. The income levels are based upon the updated 2002 HUD median family income of \$40,600.

The geographic distribution of FNB's lending activity reflects reasonable dispersion of loans in the bank's assessment area.

- The geographic distribution of loans is strong in the counties where the bank has an office (Howell and Texas). Most areas of low penetration are due to natural geographic barriers. For example the Mark Twain National Forest covers most of tract 9701, and agricultural properties cover a large area. Some areas with low penetration also had competition from local financial institutions.

FNB originated the majority of its loans to borrowers with properties within the bank's assessment area.

- Our sample consisted of a total of 88 loans. The analysis showed that 99 percent by number and dollar volume were originated in the bank's assessment area.

The bank's loan-to-deposit ratio is reasonable based upon local economic conditions and the lending opportunities available in the bank's assessment area.

- The bank's quarterly average loan-to-deposit ratio of 80 percent, for June 1998 through June 2003, compares favorably to similarly situated financial institutions. The quarterly ratios for three local competitors ranged from 72 percent for a \$182 million bank to 88 percent for a \$78 million financial institution.
- In addition to loans originated internally by the bank, FNB has provided customers access to fixed-rate mortgages through the secondary market. Another institution actually originates the loans. Loan officers assist customers during the application and settlement process. For year-to-date 2003, the bank assisted with the sale of 118 mortgages totaling \$9.3 million.
- The bank's secondary market program includes participation in flexible loan programs, such as the USDA Rural Development program, which provides 103 percent financing for low- and moderate-income first time home buyers. The bank also participates in the Fannie Mae "My Community" loan program, which provides 100 percent financing for low- and moderate-income families.

Additional information:

- The bank has not received any complaints about its performance in helping to meet assessment area credit needs during this evaluation period.
- An analysis of public comments and consumer complaint information was performed according to the OCC's risk-based fair lending approach. Based on an analysis of the information, the OCC determined that a comprehensive fair lending examination would not be performed in connection with this CRA evaluation.