



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 19, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community National Bank
Charter Number 24347

901 Highway 60
Monett, Missouri 65708

Office of the Comptroller of the Currency

Kansas City South Field Office
1710 East 32nd Street, Suite H
Joplin, Missouri 64804

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.

Community National Bank (CNB) lending performance helps meet the community credit needs.

We based the bank's CRA rating on the following primary factors:

- Management originated a substantial majority of the bank's lending activity inside its assessment area (AA).
- CNB's loan-to-deposit ratio reflects reasonable responsiveness to the credit needs of the community.
- Lending activities show a reasonable penetration among individuals of different income levels and businesses of different sizes.
- The bank received no complaints concerning its performance in meeting the community's credit needs.

Scope of Examination

CNB was evaluated under the Small Bank CRA examination procedures, which focuses primarily on the lending test. Our objectives were to assess the bank's ability to serve and meet the community's needs within its AA. We based our analysis and conclusions on bank-provided data, which we verified during our review. CNB's primary loan products since the last CRA examination are consumer loans by number and business loans by dollar. Our loan sample included originations from January 1, 2007 through November 30, 2009. To evaluate the bank's consumer and business lending performance, we selected a random sample of 20 consumer and 20 business loans originated during the evaluation period.

Description of Institution

CNB is a \$71 million community bank headquartered in Monett, Missouri, with one branch in Aurora, Missouri. The bank operates two full service facilities. In addition to the two ATMs at the main facility, CNB operates one non-deposit taking ATM.

The bank offers a full range of deposit and loan products and services. As of September 30, 2009, CNB reported net loans of \$47 million, equating to 61 percent of total assets. There are no legal or financial circumstances that impede the bank's ability to help meet the credit needs of its AA.

CNB received a Satisfactory rating at its last CRA examination dated August 2, 2004.

Description of Assessment Area

CNB has one AA which is comprised of Barry and Lawrence counties. These counties are located in southwest Missouri and are not part of a metropolitan statistical area. CNB's AA consists of eight middle income census tracts with a population of 49,508. Demographic data shows the 2009 median family income (MFI) is \$35,821 and the average median housing value is \$68,997. Approximately 15 percent of households have income below the poverty level. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

The local economy has remained relatively stable, with no significant lay-offs from large companies in the area. Economic activity in the area is diverse, with industrial services and manufacturing representing the primary economic activities. Average unemployment for the area is low at 2.10 percent.

Major competitors in the AA include several local community banks and a few branches of a large regional institution. Competition from the other financial institutions is strong.

We conducted one community contact during this examination. The contact indicated the community's primary need is low- to moderate-income housing units including multifamily housing. There is also a need for revitalization of the downtown area in Monett. The contact indicates that financial institutions in the area work to meet the credit needs of the community.

Conclusions with Respect to Performance Criteria

Loan-to-Deposit (LTD) Ratio

CNB's LTD ratio is reasonable given the bank's size and financial condition. The bank's net LTD ratio averaged 78 percent over the 20 quarters from September 30, 2004 to September 30, 2009. The bank's net LTD ratio is comparable with other community banks of similar size, location, and product offerings that reported an average of 77 percent. CNB ranks second among a total of five similarly situated banks serving its AA. The other four banks had LTD ratios ranging from 60 percent to 102 percent.

Lending in Assessment Area

CNB originated a substantial majority of its loans inside the bank's AA. For the loans sampled, the bank originated 95 percent by number and dollar within its AA. Refer to Table 1 below.

Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Consumer Installment	18	90.00%	2	10.00%	20	\$282	89.50%	\$33	10.50%	\$315
Business	20	100%	0	0%	20	\$4,637	100.00%	\$0	0%	\$4,637
Totals	38	95.00%	2	5.00%	40	\$4,919	94.75%	\$33	5.25%	\$4,952

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

CNB has a good record of lending to borrowers of different income levels within its AA. The distribution of loans reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.

Consumer Loans

The distribution of consumer loans to borrowers with low and moderate income is reasonable. While the bank's lending is slightly below demographics, this is reasonable given 15 percent of households in the AA have income below poverty level. Refer to Table 2A.

Table 2A - Borrower Distribution of Consumer Loans in CNB AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Consumer Installment	18.56%	10.00%	18.87%	15.00%	25.07%	20.00%	37.50%	55.00%

Business Loans

The distribution of loans to businesses is more than reasonable for lending to businesses of different sizes. A majority of the bank's originated or purchased loans to businesses during our evaluation period were made to businesses with revenues less than \$1 million. Refer to Table 2B below.

Table 2B - Borrower Distribution of Loans to Businesses in CNB AA				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	70.94%	3.29%	25.77%	100%
% of Bank Loans in AA by #	85.00%	15.00%	0%	100%
% of Bank Loans in AA by \$	85.00%	15.00%	0%	100%

Geographic Distribution of Loans

An analysis of CNB's geographic distribution of loan is not meaningful. All census tracts in the bank's AA were designated as middle-income tracts.

Responses to Complaints

CNB did not receive any complaints about its performance in helping to meet the credit needs in the AA during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

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