



Comptroller of the Currency
Midwestern District

SMALL BANK

PUBLIC DISCLOSURE

January 4, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank
Charter Number 7684**

**1105 Gulf
Lamar, Missouri 64759**

**Comptroller of the Currency
Midwestern District
Joplin Field Office
1710 East 32nd Street
Joplin, Missouri 64804**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of The First National Bank, prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of January 4, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

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

- ▶ Loans are reasonably distributed to borrowers of various income levels.
- ▶ A substantial majority of the bank's loans are made within its assessment area.
- ▶ The bank's loan-to-deposit ratio is strong.

DESCRIPTION OF INSTITUTION

The First National Bank (FNB) is a \$45 million bank located in Lamar, Missouri. The bank has a small number of stockholders and is controlled by Marshfield Investment Company, a multibank holding company located in Marshfield, Missouri. The First National Bank has one branch in Golden City, Missouri. FNB has two Automated Teller Machines, one located at the main bank and one off premise in Lamar. FNB was rated Outstanding at the last CRA examination dated March 11, 1996. There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its assessment area.

The bank's lending strategy focuses on 1-4 family residential, agricultural, and commercial loans. The loan portfolio represents 79% of total assets, distributed as follows: 1-4 family residential (29%), agricultural (28%), and commercial (24%). The total number of loans is distributed as follows: 1-4 family residential (19%), agricultural (15%), and commercial (17%).

DESCRIPTION OF FIRST NATIONAL BANK'S ASSESSMENT AREA

FNB's assessment area (AA) meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income neighborhoods. FNB's assessment area includes all three Block Numbering Areas (BNA) in Barton County, the west BNA of Dade County, and one census tract in northeastern Jasper County. These areas and tract represent a contiguous area. According to 1990 census data, each BNA and the census tract in this area is designated middle-income. FNB is one of four banks in the assessment area. There are also three branch banks in the assessment area.

Agriculture and manufacturing dominate the economy of the area. Other major employers in the area include school districts and medical facilities. The bank identified the primary credit needs of the area as housing and agricultural loans. Members of the community contacted by examiners verified these needs.

The updated U.S. Census 1990 median family income for the assessment area is \$34,700. The bank's assessment area population of 17,676 contains 18% low-income families, 18% moderate-income families, 24% middle-income families and 41% upper-income families. The income of 17% of the households in the AA are below the poverty level. The median housing value is \$30,059 and 68% of the housing units are owner occupied.

Examiners spoke with two community contacts in the bank's AA. The contacts included a government agency and a business person. The contacts indicated that they were not aware of any unmet community credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending to Borrowers of Various Income Levels and Businesses of Different Sizes

FNB has reasonable lending penetration among borrowers of different income levels. We based our conclusion on a review of a sample of loans to purchase residential real estate on the bank's Home Loan Activity Report for the first nine months of 1998.

The bank originated 63 residential real estate loans from January 1, 1998 to September 30, 1998. Loans to purchase residential real estate (42) represent 67% of that number. Examiners reviewed 13 of the 42 (31%) to determine family income. The following table illustrates our findings:

Loan distribution by family income				
Income Level	Low-Income	Moderate-Income	Middle-Income	Upper- Income
% of Families	18%	18%	24%	41%
% of Residential Real Estate Loans (purchase)	8%	23%	46%	23%

Loans originated to low-income families to purchase residential real estate is reasonable. Seventy-five percent of the low income households in the AA have incomes below the poverty level. Household income below the poverty level is rarely sufficient to obtain a residential real estate loan.

FNB makes agricultural loans to farms of different sizes. We based our conclusion on a review of 55 agricultural loans originated since the last examination. Bank reports show 244 agricultural loans totaling approximately \$10 million as of September 30, 1998. Our sample represented 23% of the number and 29% of the dollar volume of all agricultural loans as of September 30, 1998. The following table illustrates our findings:

Agricultural Loans by Farm Gross Income				
Gross Revenue of Farm	Under \$100M	\$100M to \$249M	\$250M to \$500M	Over \$500M
% of number of Agricultural Loans	35%	45%	13%	7%

Geographic Distribution of Loans

The geographic distribution of the bank's loans in its assessment area was not considered meaningful since all block numbering areas and the census tract in the bank's assessment area are designated middle income, according to 1990 census data.

Lending in Assessment Area

The bank's record of lending within the AA is good. FNB originates a substantial majority of its loans within the assessment area. We based this conclusion on our review of borrower addresses on all notes with last names A through F. This represented 28% of total loans as of September 30, 1998. Our review showed that 87% of the sampled notes were made within the bank's assessment area.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is strong. FNB had an average quarterly loan-to-deposit ratio of 89% since the last CRA examination dated March 11, 1996. The loan-to-deposit ratio has ranged from a low of 75% at March 31, 1996 to a high of 102% at June 30, 1998. The average quarterly loan-to-deposit ratio of three other community banks that also serve the assessment area ranged from 54% to 73% for the same period.

Compliance with Antidiscrimination Laws and Regulations

We found the bank in compliance with both the substantive and technical provisions of antidiscrimination laws and regulations.

Response to Complaints

The bank has received no complaints.