



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 3, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Mount Vernon
Charter Number 13504**

**109 N. Hickory
Mount Vernon, Missouri 65712**

**Comptroller of the Currency
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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.

GENERAL INFORMATION

The Community Reinvestment Act 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 performance of The First National Bank of Mount Vernon (FNB), Mount Vernon, Missouri as prepared by The Comptroller of the Currency (OCC), the institution's supervisory agency, as of February 3, 2003. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

This institution is rated Satisfactory.

- The bank is doing a reasonable job lending to borrowers of different income levels and businesses of different sizes.

The extension of credit to consumer borrowers of different income levels is satisfactory. Based on the 20 borrowers sampled, the bank's distribution of loans to individuals in the low-income category exceeded the demographic data used for comparison. The distribution of loans to individuals in the moderate-income category was comparable by number, but significantly below the demographic data by dollar because these loan amounts are often of a smaller dollar size. Demographic information was obtained from the 1990 United States Census.

Lending to agricultural borrowers of different sizes is excellent. Based on the 20 borrowers sampled, the bank's distribution of loans to farms with different revenues compared very favorably with the demographic information. All of the farms in the sample reported revenue less than \$1,000,000, and 95% reported revenues less than \$500,000. (Note: loan size was used as a proxy to estimate revenue amounts in one instance.) Demographic information was obtained from the United States Census Bureau's 1997 Census of Agriculture.

The extension of credit to residential borrowers of different income levels is very good. Based on the 21 borrowers sampled, the bank's distribution of loans to individuals in the low- and moderate-income categories exceeded the demographic data used for comparison. Of the bank's loans, 23.8% and 37.2% were made to low- and moderate-income borrowers respectively, and demographic data shows 18.3% and 18.2% of families fall into the low- and moderate-income category. Demographic information was obtained from the 1990 United States Census.

- A majority of the loans and other lending related activities are in the assessment area.

For consumer, agriculture, and residential loans sampled, the bank originated 84% by dollar and by number from within the assessment area.

- The bank's quarterly average loan to deposit ratio is reasonable given the bank's size, financial condition, and the credit needs of the assessment areas.

FNB's average loan-to-deposit ratio over the past sixteen quarters met the standard for satisfactory performance. The bank's average ratio of 68.5% compared satisfactorily to ratios of similarly situated banks. The average loan-to-deposit ratio for similarly situated banks was 63.8%. (Note: for our analysis we chose six banks of similar size, location and customer demographics for a meaningful comparison. Many of the competitor banks in the AA are branches of large banks.) Competing banks' ratios ranged from 45.8% to 96.6%.

- 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. Based on its analysis of the information, the OCC decided a comprehensive fair lending examination would not need to be conducted with the CRA evaluation this year.
- FNB did not receive any consumer complaints about its performance in helping to meet the credit needs of the assessment area during the evaluation period.
- An analysis of the geographic distribution of loans was not applicable, as the assessment area did not have any low- or moderate-income geographies.

DESCRIPTION OF INSTITUTION

The First National Bank of Mount Vernon is a \$105.9 million dollar bank located in southwest Missouri. The bank has four branches and six automated teller machines located in the assessment area. The main bank, a drive up facility, and four ATMs are located in Mount Vernon; a branch and ATM are located in Marionville; and a branch and ATM are located in Willard. The Marionville branch was opened June 26, 2000 and the Willard branch was opened on November 4, 2002. Net loans represent 54% of total assets. The bank's primary loan products by dollar amount were 1-4 family residential and agricultural loans, and by number was consumer lending. FNB received a "Satisfactory" rating at the last CRA examination dated January 25, 1999. The bank offers a full range of both lending and deposit services. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the assessment area. Please refer to the bank's *CRA Public File* for more information.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area encompasses all of Lawrence County, and parts of Greene County, Christian County, and Stone County. This assessment area is comprised of thirteen middle-income census tracts. The assessment area does not arbitrarily exclude any low- or moderate-income areas.

We conducted one community contact during this examination. The contact was a city government administrator. The contact indicated all financial institutions in the area, helped meet the primary credit needs of the surrounding communities, which includes agricultural and consumer credit.

Please refer to the bank's *CRA Public File* for more information.