



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**February 04, 2002**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank of Sarcoxie  
Charter Number 5515  
501 Cross Street  
Sarcoxie, Missouri 64862**

**Comptroller of the Currency  
Midwestern District  
Assistant Deputy Comptroller Dan L. Gipple  
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.**

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## **INSTITUTION'S CRA RATING**

**This institution is rated Satisfactory.**

Major factors supporting this rating are:

- The bank has a satisfactory record of lending within the assessment area. Approximately 73% of the number of loans sampled was dispersed to borrowers located within the bank's assessment area.
- The bank's loans are reasonably distributed among borrowers of various income levels and businesses of various sizes.
- The bank's loan to deposit ratio is strong based on its competitive environment and the opportunities for loan growth within the assessment area. The loan-to-deposit ratio has averaged 88.5% since the last Performance Evaluation (February 1997).
- The bank has received no consumer complaints.

## DESCRIPTION OF INSTITUTION

The First National Bank of Sarcoxie (FNB) is a \$24.8 million dollar bank located in Jasper County, Missouri. The bank is 100% owned by Sarcoxie Bancorp, Inc. and is the sole asset of the holding company. The bank's holding company, main office, and ATMs are located in Sarcoxie, Missouri.

Our conclusions are based on a review of First National Bank of Sarcoxie's CRA efforts from March 1, 1997 to December 31, 2001. The bank offers a full range of traditional banking products and services to the local community. As of December 31, 2001, net loans represented 74.9% of the bank's total assets. The bank has three primary loan products based on the volume of loans by loan category, originated during the evaluation period of March 1, 1997 to December 31, 2001. These are commercial loans, 1-4 family residential real estate and consumer loans. The loan portfolio composition is illustrated in the table below.

<b>Loan Portfolio Breakdown as of December 31, 2001</b>				
Loan Type	# of Loans	Percent	Dollars (000)	Percent
Construction & Development	3	.3%	216	1.2%
Farmland	14	1.4%	753	4.1%
1-4 Family Residential	165	17.0%	6,482	34.9%
Commercial	84	8.7%	6,851	36.9%
Agriculture Production	18	1.9%	144	.8%
Consumer	685	70.6%	4,103	22.1%
Other Loans and Leases	1	.1%	5	.03%
Total	970	100.0%	18,554	100.0%

There are no legal or financial circumstances that impede the bank's ability to help meet the credit needs of its assessment area. The bank was rated Satisfactory at its last CRA examination, which was conducted on February 12, 1997.

## DESCRIPTION OF JASPER and NEWTON COUNTIES

The bank's assessment area (AA) is the Joplin MSA which consists of Jasper and Newton Counties. The AA contains no low-income, three moderate-income (9%), twenty-four middle-income (75%), and five upper-income (16%) Block Numbering Areas. The AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies.

The weighted average of the stated MSA's median family income for 1990 is \$26,193. This figure was updated in 2001 to \$43,100. The median value of housing is \$40,312, and 66% of housing units are owner occupied. The 1990 census shows that 16.44% of the households are below the poverty level. While there are no low-income tracts in the AA, low and moderate families represent 18.51% and 18.94% respectively of the AA's population. Middle and upper-income families represent 24.15% and 38.40% respectively.

The Joplin MSA has experienced strong growth over the past decade. The MSA population in 1990 was 134,910. The Missouri 2000 Census shows the MSA population at 157,322 with a growth rate since 1990 of 18.4% in Newton County and 15.7% in Jasper County. The MSA's growth rate is 16.6%. The city of Joplin has experienced the bulk of this growth, primarily from growth in the retail, service, and light industry sectors of the economy.

Sarcoxie's economy remains stable. The MSA's unemployment rate in December 2001 was 4.0% compared to 3.0% in December 2000. The change in the unemployment rate is attributed to the slowing economy that has prompted impacted industries to discharge employees. The city has participated in some of the growth the area has experienced. Sarcoxie's population is approximately 1,400. Mid-America Hardwoods, local nurseries, and the school district are the major employers in town. The town has several small businesses and farms. In addition, many citizens commute to Joplin and other local communities for employment.

The bank faces increasing competition from financial institutions within the MSA. There are seven independent banks, four regional-affiliated banks, and six credit unions within the assessment area, as well as, various loan and brokerage offices.

During the evaluation, we reviewed reports from two previous contacts made in the AA and we made community contacts with a civic business group and a small business. According to the contacts, the area's primary need is for affordable housing, consumer, and small business loans. While financing is available from a variety of sources, restrictions to obtaining suitable land for construction within the city exists. A large section of the community lies in a flood plain and two large landowners further hamper expansion. Opportunities for community development activities are limited in the AA.

# CONCLUSIONS ABOUT PERFORMANCE CRITERIA

## Loan-to-Deposit Ratio

The bank’s loan-to-deposit ratio is strong. The bank’s quarterly average loan-to-deposit ratio since the last public evaluation is 88.5%. We used four banks, operating in the Joplin MSA, ranging in size of \$29MM to \$113M. These banks have similar demographics and product offerings as the FNB. The quarterly average loan-to-deposit ratios range from 73% to 81%. The overall average loan to deposit ratio of these banks is 77%.

## Lending in Assessment Area

The bank’s record of lending to borrowers within its AA is satisfactory. Based on a sample of 1-4 family residential real estate loans, consumer loans, and commercial loans, the majority of loans are originated within the assessment area. Our analysis focused on the three primary loan products originated since 1997. In the real estate category, we used the product group rather than loan purpose because purpose data was unavailable. Commercial loans represent the largest dollar amount of loans, with 1-4 family residential real estate loans representing the second largest dollar amount in the loan portfolio. Consumer loans represented the largest number of loans in the loan portfolio. The distribution of credit is detailed below:

<b>Comparison of Credit Extensions by Type</b>						
	<b>1-4 Family Residential</b>		<b>Commercial</b>		<b>Consumer</b>	
	<b>% by #</b>	<b>% by \$</b>	<b>% by #</b>	<b>% by \$</b>	<b>% by #</b>	<b>% by \$</b>
In assessment area	80%	72.6%	65%	71.6%	75%	68.9%
Out of assessment area	20%	27.4%	35%	28.4%	25%	31.1%
Total	100%	100.0%	100%	100.0%	100%	100.0%

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

The bank’s lending to borrowers of different income levels and businesses of different sizes is satisfactory. Of the bank’s primary products, we reviewed a random sample of twenty residential real estate, consumer, and commercial loans originated and purchased since 1997. Commercial loans to small businesses with revenue less than \$1 million are comparable to demographics by both number and dollars. The following table summarizes the bank’s commercial loan performance compared to the percentage of business in this AA.

<b>Commercial Loans</b>			
	<b>% of number</b>	<b>% of dollars</b>	<b>% of AA business</b>
Annual gross revenues < \$1 million	80%	91.87%	88.1%
Annual gross revenues > \$1 million	15%	6.76%	6.62%
Revenue not reported	5%	1.37%	5.28%

The bank’s lending activity to the low-income residential real estate loans is very good, despite the low percentage by dollar volume. This is mitigated by the fact that the borrowing characteristics of this group are for small dollar loans.

The bank offers a variety of adjustable and fixed rate residential loans. The distribution of residential loans sampled is listed below:

<b>Lending Activity by Borrower Income Level</b>			
Income Level	% of Families in Income Category	<b>1-4 Family Residential</b>	
		% by Number	% by Dollar
Low	18.51%	20%	13.22%
Moderate	18.94%	30%	27.83%
Middle	24.15%	30%	34.42%
Upper	38.40%	20%	24.52%

The bank's lending activity to low- and moderate-income consumer borrowers is good. The distribution of consumer loans sampled is listed below:

<b>Lending Activity by Borrower Income Level</b>			
Income Level	% of Households in Income Category	<b>Consumer</b>	
		% by Number	% by Dollar
Low	23.57%	25%	31.73%
Moderate	16.37%	35%	28.20%
Middle	19.29%	35%	37.47%
Upper	40.77%	5%	2.60%

### **Geographic Distribution of Loans**

The bank's geographic distribution of credit within the AA is satisfactory with loan origination's reasonably penetrating all parts of the AA. The bank's AA contains three moderate-income, twenty-four middle-income and five upper-income tracts. The volume of consumer, residential and business lending activity in moderate-income areas is poor, but it is not unreasonable. The community is located in a middle-income tract that is not contiguous with any of the moderate-income tracts. The bank is geographically located on the eastern edge of the MSA, while the moderate-income tracts are located in Joplin. The bank has few opportunities or requests for loans in these tracts. Additionally, numerous other financial institutions in Joplin serve the moderate-income tracts. The table below summarizes the bank's performance in the AA.

<b>Geographic Distribution of Loan Sample</b>									
Census Tract Designation	Consumer			1-4 family residential			Commercial		
	% of Households in AA	% by number	% by dollar	% of owner occupied homes in AA	% by number	% by dollar	% of business by tract	% by number	% by dollar
Moderate	11.67%	5%	4.0%	40.80%	0%	0%	17.4%	5%	12%
Middle	72.56%	90%	89.8%	69.03%	90%	89.7%	65.3%	95%	88%
Upper	15.77%	5%	6.2%	69.07%	10%	10.3%	17.4%	0%	0%

## **Responses to Complaints**

The First National Bank of Sarcoxie has not received any written complaints regarding its CRA performance since the last Public Evaluation in 1997.

## **Fair Lending Review**

An analysis of three years of public comments and consumer complaint information, and small business data 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 in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1997.