



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

June 2, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Farmers Bank of Northern Missouri, N. A.
Charter Number 5827**

**1604 Main Street
Unionville, MO 63565**

**Comptroller of the Currency
ADC-Kansas City North
6700 Antioch Road Suite 450
Merriam, KS 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.

INSTITUTION'S CRA RATING

This institution is rated Outstanding.

- The bank has an excellent record of lending to farms of different sizes and to individuals of different income levels within the MAA.

Missouri Assessment Area (MAA)

The distribution of agricultural borrowers reflected good penetration among farms of different sizes. Based on 20 borrowers sampled, the bank's distribution of loans to farms with different revenues was comparable to demographic information on farms located in the MAA. Demographic information was obtained from the U.S. Census Bureau's 1997 Census of Agriculture. Our sample revealed that the bank did a particularly good job lending to farms in the \$100 – \$249 thousand revenue range. All agricultural loans in our sample were made to farms with revenue of less than \$250 thousand.

The distribution of loans to consumer borrowers of different income levels is excellent within the MAA. Based on 20 borrowers sampled, the bank's distribution of loans to consumers at low- and moderate-income levels significantly exceeded comparable demographic data. We obtained demographic data from the 1990 United States Census. The bank made 55 percent by number and 51 percent by dollar of loans to low-income borrowers. The bank made 20 percent by number and 34 percent by dollar of loans to moderate-income borrowers.

Iowa Assessment Area (IAA)

The distribution of agricultural borrowers reflected good penetration among farms of different sizes. Based on 20 borrowers sampled, the bank's distribution of loans to farms with different revenues was comparable to demographic information on farms located in the IAA. Demographic information was obtained from the U.S. Census Bureau's 1997 Census of Agriculture. Our sample revealed that the bank did a particularly good job lending to farms in the \$100 – \$249 thousand revenue range. All agricultural loans in our sample were made to farms with revenue of less than \$500 thousand.

The distribution of loans to consumer borrowers of different income levels is excellent within the IAA. Based on 20 borrowers sampled, the bank's distribution of loans to consumers at low- and moderate-income levels significantly exceeded comparable demographic data. We obtained demographic data from the 1990 United States Census. The bank made 40 percent by number and 20 percent by dollar of loans to low-income borrowers. The bank made 25 percent by number and 46 percent by dollar of loans to moderate-income borrowers.

- The bank originated a majority of its loans in the AA.

The bank's record of lending within its AA is very good. We reviewed all loans originated by the bank during the period under review and found it originated 75 percent by number, and 64 percent by dollar volume, to borrowers inside the AA.

- The geographic distribution of loans originated by the bank to farmers and individuals reflects excellent dispersion throughout the assessment areas. The Missouri Assessment Area is much larger and represents more than 90 percent of the bank's lending activity; therefore, our analysis gives more weight to the performance in this area.

Missouri Assessment Area (MAA)

The bank's lending performance to farms in moderate-income block numbering areas (BNAs) of the MAA significantly exceeds the percentage of farms located in those BNAs. We obtained demographic data from the 2002 Business Geographic Data. The bank originated 20 percent by number and 9 percent by dollar of loans to farms located in moderate-income BNAs.

The bank's lending performance to consumers living in moderate-income BNAs of the MAA significantly exceeds the percentage of households living in those BNAs. We obtained demographic data from the 1990 United States Census. The bank originated 25 percent by number and 14 percent by dollar of loans to consumers living in moderate-income BNAs.

Iowa Assessment Area (IAA)

The bank's lending performance to farms in moderate-income block numbering areas (BNAs) of the IAA is comparable to the percentage of farms located in those BNAs. We obtained demographic data from the 2002 Business Geographic Data. The bank originated 20 percent by number and 9 percent by dollar of loans to farms located in moderate-income BNAs.

The bank's lending performance to consumers living in moderate-income BNAs of the IAA is less than the percentage of households living in those BNAs. We obtained demographic data from the 1990 United States Census. The bank originated 30 percent by number and 19 percent by dollar of loans to consumers living in moderate-income BNAs.

- The bank's quarterly average loan-to-deposit ratio since the last examination was good.

The bank's average loan-to-deposit ratio over the past 19 quarters meets the standards for satisfactory performance. The bank's quarterly average ratio of 63 percent was comparable to the ratios of similarly situated banks in the AA. Competing banks' ratios ranged from 47 percent to 96 percent.

- Other

The bank is the majority owner of a community development corporation (CDC) that makes loans to those who may not otherwise qualify. Since the last evaluation, the CDC made loans totaling \$36.5 thousand to a local community group. The group's purpose is community betterment.

- The bank did not receive any complaints about its performance in helping to meet AA credit needs during the evaluation period.
- We performed an analysis of the 1998 through 2002 consumer complaint information according to the OCC's risk-based fair lending approach. Based on analysis of the information, we found no evidence of illegal discrimination or other illegal credit practices.

DESCRIPTION OF INSTITUTION

Farmers Bank of Northern Missouri, N.A., (FBNM), is a \$246 million institution located in Unionville, Missouri. The bank received a "Satisfactory" rating at the last CRA examination dated October 5, 1998. FBNM's primary loan product was agricultural by dollar amount, and consumer by number. There were no legal or financial factors that impede the bank's ability to help meet the credit needs of the assessment area.

Refer to the bank's CRA Public File for more information.

DESCRIPTION OF ASSESSMENT AREAS

The bank has two assessment areas. The MAA is comprised of five counties: Putnam, Daviess, Grundy, Harrison, and Mercer. The IAA is comprised of Appanoose County. The MAA is made up of thirteen block numbering areas (BNA), one of which is designated moderate-income, and the other twelve designated middle-income. Refer to the bank's CRA Public File for more information.