



Comptroller of the Currency
Midwestern District

PUBLIC DISCLOSURE

March 18, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**People's National Bank
Charter Number - 22892
1114 Cherokee Street
Seneca, Missouri 64865**

**Comptroller of the Currency
Midwestern District
Joplin Duty Station
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 Peoples National Bank, Seneca, Missouri, prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of March 18, 1997. 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.*"

People's National Bank's lending patterns reflect reasonable distribution among borrowers of different incomes and businesses of different sizes. These lending patterns also reflect good distribution among moderate and middle income geographies. The bank's loan-to-deposit ratio ranks seventh of the eleven independent banks in the bank's assessment area.

The following table indicates the performance level of People's National Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	PEOPLE'S NATIONAL BANK PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints received since the prior examination.		

DESCRIPTION OF INSTITUTION

People's National Bank (PNB) is a \$7 million bank located in Seneca, Missouri. The bank opened for business on March 15, 1996. As of December 31, 1996, 33% of the bank's \$7 million in assets were comprised of loans. On December 31, 1996, the loan portfolio consisted of the following loans: 38% Commercial & Industrial, 30% Consumer, 26% 1-4 Family Residential Real Estate, and 6% Commercial Real Estate.

The bank offers a wide variety of financial services and products as described in its public file. PNB competes with one other bank in Seneca. In addition, there are nine other independent banks within the assessment area, as well as, various regional-affiliated banks, credit unions, and brokerage offices. The bank does not operate under any financial or legal impediment which would prevent it from helping to meet the credit needs of the assessment area. This is the first CRA examination of People's National Bank.

DESCRIPTION OF ASSESSMENT AREA

People's National Bank's assessment area (AA) includes all of the Joplin, Missouri Metropolitan Statistical Area (MSA), plus McDonald County. The Joplin MSA includes Jasper and Newton Counties. The AA has a population of approximately 152,000. The AA contains the following number of census tracts or block number areas by aggregate income level: zero low-income, (0%); 4 moderate-income, (11%); 27 middle-income, (75%); and 5 upper-income (14%).

The assessment area has the following distribution of families by income level: 19% low-income, 19% moderate-income, 24% middle-income and 38% upper-income. Based on 1990 census information, 17% of the households within the assessment area fall below the poverty income level. The above information is based on the Department of Housing and Urban Development 1996 updated state-wide median family annual income of \$32,056 (average of MSA and Non-MSA areas).

The Joplin MSA has experienced strong growth over the past several years. The city of Joplin has experienced the bulk of this growth, primarily from the growth in the retail, service and light industry sectors of the economy.

Seneca's economy remains good. The city has participated in some of the growth the area has experienced. Seneca's population is approximately 1,900. The school district, Teledyne, and Milnot are the major employers in town. The town also has several small businesses. In addition, many citizens commute to Joplin and other local towns for employment.

Examiners determined the primary credit needs of the assessment area are residential housing related loans, consumer, and small business loans. We based our conclusion on examiner knowledge of the area, discussions with bank management, and conversations with two local businessmen. Each community contact stated they were very happy to now have a choice in banking. They both expressed the biggest benefit to the community was improved banking service.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

People's National Bank (PNB) opened for business on March 15, 1996. Since opening, the loan-to-deposit ratio has steadily increased. The ratio stood at 56% on December 31, 1996. The bank's loan-to-deposit ratio ranks seventh of eleven independent banks in the assessment area. The other area bank's ratios ranged from 32% to 88%, and averaged 63% on December 31, 1996.

Lending in Assessment Area

The bank originates a majority of its loans within the assessment area. We based this conclusion on a verified bank report that summarized the location of each borrower. This report showed 70% of all loans are within the bank's assessment area.

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

People's National Bank has reasonable lending penetration among borrowers of different income levels and among businesses of different sizes. In part, we based our conclusion on a review of all residential mortgage related loans originated since the bank opened in March 1996 through January 31, 1997. In addition, we reviewed all consumer installment loans originated during October, November, December of 1996. The following table illustrates our findings:

Loan distribution by family income				
Income Level	Low- Income	Moderate- Income	Middle- Income	Upper- Income
% Families in Income Level	19%	19%	24%	38%
% of Residential Real Estate Loans	5%	5%	36%	55%
% of Consumer Loans	24%	14%	19%	43%

We also based our conclusion on the results of our sample of commercial loans made during October, November, & December of 1996. The bank made 15 commercial loans to 12 customers during this period. Ten customers had gross revenue information. The total dollar amount of loans to these 10 borrowers represent 46% of the bank's commercial loan portfolio. The following table illustrates our findings:

Commercial Loans				
Gross Revenue in 000s	Less than \$100.	\$100 to \$250	\$250 to \$500	\$500 and above
Number	4	1	2	3

<i>Percentage</i>	40%	10%	20%	30%
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Geographic Distribution of Loans

PNB's lending pattern reflects reasonable dispersion to moderate- and middle-income geographies within the assessment area. Examiners reviewed all 15 residential mortgage related loans originated in the bank's assessment area during the period March 15, 1996, to January 31, 1997. We identified whether these loans were for properties located in either moderate-, middle- or upper-income geographies. The following table illustrates the loan dispersion by the income level of the census tracts.

Percentage of Loans by Income Level of Tract				
Income of Census Tracts	Low	Moderate	Middle	Upper
# of census tracts	0	4	27	5
% of Census Tracts	0%	11%	75%	14%
# of Loans	0	1	11	3
% by number.	0%	7%	73%	20%

Compliance with Antidiscrimination Laws and Regulations

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