

Small Bank
Performance Evaluation

Public Disclosure

January 3, 2000

**Community Reinvestment Act
Performance Evaluation**

**Community First National Bank of West Plains
Charter Number 23481**

**1330 Southern Hills Center
West Plains, Missouri 65775**

**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 CRA performance of Community First National Bank of West Plains prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of January 3, 2000. 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 Record of Meeting Community Credit Needs."

Community First National Bank of West Plain is helping to meet the credit needs of its 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 reasonable based on its competitive environment and the opportunities for loan growth within the assessment area. The quarterly loan to deposit ratio has averaged 76% since the bank opened in November, 1997.
- The bank has a satisfactory record of lending within the assessment area. Approximately 85% of one to four family residential mortgage loans sampled and 85% of commercial loans sampled were dispersed to borrowers located within the bank's assessment area.
- The bank's geographic distribution of credit within its assessment area is satisfactory.
- There were no consumer complaints received by the bank since its opening.

Description of Institution

Community First National Bank of West Plains is a \$42.5 million bank located in West Plains, Missouri. The bank is wholly owned by Community Bancshares of West Plains, Inc., a holding company located in West Plains. The bank is the sole asset of the holding company. The bank

and its one branch are located within the city limits of West Plains. Both facilities have automated teller machines. The bank offers a full range of traditional banking products and services to the local community. As of September 30, 1999, net loans represented 70% of the bank's assets. Based on the volume of loans originated (by loan category) since the bank's inception, primary loan products include residential real estate and commercial loans. Current loan portfolio composition is illustrated in the table below:

Loan Portfolio Breakdown as of September 30, 1999		
Loan Type	Dollar Amount (000)	Percent
Construction & Development	627	2%
1-4 Family Residential	14,231	48%
Farmland	1,526	5%
Commercial Real Estate	2,129	7%
Agriculture Production	1,509	5%
Commercial	7,103	23%
Consumer	2,801	9%
Other Loans and Leases	348	1%
Total	30,275	100%

There are no legal or financial circumstances that impede the bank's ability to help meet the credit needs of its assessment area. This is the initial assessment of the bank for a CRA performance.

Description of Assessment Area

The bank's assessment area consists of Howell County. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. The assessment area contains four moderate-income and four middle-income Block Numbering Areas.

Howell County is experiencing slow growth and development. In 1998, the population of the county was estimated at 35,900, and the population of West Plains at 11,135. For the county, this represents a 12% growth rate as measured against the population in 1990. The weighted average of the stated non-MSA statewide median family income was updated to \$34,900 in 1999. The median value of housing is \$48,000, and 73.8% is owner-occupied. The 1990 census indicates that 26% of households were below the poverty level. Low and moderate -income families represent 28% and 20%, respectively, of the assessment area's population. Middle and upper-income families represent 22% and 30%, respectively.

The county's major employers include Ozark Medical Center, Marathon Electric, Systems Electronics, Inc., West Plains R-7 School District and Arlee Home Fashions. The Ozark Medical

Center has 1200 employees and generates 19% of all wages paid in the county. The Economic Development Corporation recently developed an industrial park in the town of Pomona to house a division of Caterpillar, Inc., and is presently building industrial sites to attract additional businesses. The unemployment rate as of July 1999 was 4.6%.

Local competition includes a branch of Bank of America, Howell County State Bank (a branch of the Bank of Thayer), West Plains Bank and Trust, a branch of the First National Bank of Mountain View, a branch of Missouri Southern Bank, West Plains Savings and Loan, and a branch of Great Southern Savings and Loan. Total deposits at these institutions range between \$34MM and \$133MM. On a deposit basis comparison, the bank was the fifth largest financial institution.

Two community contacts were made during the examination. Contacts include an economic development organization and a local government agency. According to the community contacts, area financial institutions meet the credit needs of the assessment area.

Conclusions with Respect to Performance Criteria

Lending to Borrowers of Different Income Levels.

The bank's lending activity to borrowers of different incomes and to businesses of different sizes is reasonable. The primary lending products of Community First National Bank are one to four family residential real estate loans and various types of commercial credits. Based on a sample of loans originated since the inception of the bank, management has met the credit needs of the community by extending credit to low and moderate-income borrowers, as well as, to small businesses. The distribution of residential and commercial loans sampled is listed below:

Sample of Residential Real Estate Lending Activity by Borrower Income Level				
Borrower Level	Income	# of Loans	% of Total Loans	Percent of Families in Income Category
Low		3	15%	28%
Moderate		6	30%	20%
Middle Income		3	15%	22%
Upper		8	40%	30%
Total		20	100%	100%

The bank's lending activity to low-income borrowers is less than demographic information, but reasonable. Income levels in 26% of the households within the assessment area are below poverty, and may be insufficient to qualify for credit.

Distribution of Commercial Loans by Revenue Size			
Revenue Size	#	%	Percent of small businesses w/l AA
Borrowers w/revenues < \$1MM	17	85%	87%
Borrowers w/revenues > \$ 1MM	3	15%	13%
Total	20	100%	100%

Geographic Distribution of Loans

The bank's geographic distribution of credit within the assessment area is reasonable with loan originations reasonably penetrating all parts of the assessment area. The volume of residential lending in moderate-income tracts is satisfactory. Although our sample reflects the bank's business lending activity in moderate-income areas is low, it is not unreasonable. The following table illustrates our findings:

Distribution by Block Numbering Area (BNA)									
BNA Designation	% of BNAs	Residential Loans (#)		Residential Loans (\$ in 000)		Business Loans (#)		Business Loans (\$ in 000)	
Low-income	0%	0	0%	\$0	0%	0	0%	\$0	0%
Moderate-income	50%	6	35%	\$300	39%	3	18%	\$260	21%
Middle-income	50%	11	65%	\$764	61%	14	82%	\$975	79%
Upper-income	0%	0	0%	\$0	0%	0	0%	\$0	0%
Totals	100%	17	100%	\$1,064	100%	17	100%	\$1,235	100%

Demographic information shows that 48% of the owner occupied housing and 62% of small businesses are located in moderate-income areas. Other financial institutions serve the local communities (distant from West Plains) that comprise two of the four moderate-income Block Numbering Areas (BNAs). Also, many of the loans in our sample were to businesses located in the service industry section of West Plains. This section of the community is located in a middle-income area, but is readily accessible to both moderate and middle-income individuals.

Loan-to-deposit Analysis

The bank's loan-to-deposit ratio is reasonable when compared to bank's that are similarly situated. From the bank's inception through September 30, 1999, the bank's quarterly average loan to deposit was 76%. Similarly situated banks had average loan-to-deposit ratios ranging from 73% to 82%. Banks similarly situated are The Bank of Thayer (Howell County State Bank), West Plains Bank and Trust, and First National Bank of Mountain View. These banks have common characteristics that include local ownership and comparable demographics.

Comparison of Credit Extended Inside and Outside of the Assessment Area

The bank's record of lending to borrowers within its assessment area is satisfactory. Based on a sample of residential real estate and commercial loans, the majority of loans are originated within the assessment area. The distribution of credit is detailed below:

Loans Originated In / Out of Assessment Area				
Residential Real Estate	# of loans originated		\$ of loans originated	
Loans within the Assessment Area	17	85%	\$764M	75%
Loans outside the Assessment Area	3	15%	\$259M	25%
Total	20	100%	\$1,023M	100%
Commercial Loans	# of loans originated		\$ of loans originated	
Loans within the Assessment Area	17	85%	\$1,235M	85%
Loans outside the Assessment Area	3	15%	\$217M	15%
Total	20	100%	\$1,452M	100%

Compliance with Antidiscrimination Laws and Regulations

The fair lending examination conducted in conjunction with the CRA assessment found no evidence of disparate treatment or discrimination. No violations of antidiscrimination laws were disclosed during this examination.

The fair lending examination consisted of a comparison of applicants for consumer loans secured by automobiles. A file sample compared five denied individual female applicants against 21 approved individual male applicants.

Response to Complaints

First Community National Bank has not received any written complaints regarding its CRA performance since the bank opened in November of 1997.