



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**August 12, 2002**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank  
Charter Number 7853**

**105 North Highway 5  
Camdenton, Missouri 65020**

**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.**

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## **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 First National Bank of Camdenton, Missouri as prepared by The Comptroller of the Currency, the institution's supervisory agency, as of August 12, 2002. 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.

## **INSTITUTION'S CRA RATING**

This institution is rated Satisfactory.

The First National Bank of Camdenton is helping to meet the credit needs of its assessment area. The major factors supporting this rating are:

- The bank is doing an excellent job of lending to borrowers of different income levels.
- The bank's average loan-to-deposit ratio since the last CRA examination is satisfactory.
- The majority of loans are within the bank's assessment area.
- The bank's geographic distribution of loans is satisfactory.

Our conclusions are based on a review of First National Bank's CRA efforts from April 18, 1997 to August 12, 2002.

## **DESCRIPTION OF INSTITUTION**

The First National Bank of Camdenton (FNB) has \$218 million in total assets, of which net loans were \$109 million (50% of total assets), according to the June 30, 2002 Report of Condition. It is headquartered in Camdenton, Missouri and operates three branches with offices in Osage Beach, Sunrise Beach, and Lake Ozark, Missouri. All branches have Automated Teller Machines (ATMs).

The ATMs at Camdenton, Osage Beach, and Sunrise Beach take deposits. FNB is wholly owned by First National Bancshares Inc, a one-bank holding company, which is also located in Camdenton, and is the same size as the bank in total assets.

FNB’s primary lending focus is personal loans, real estate, and commercial lending. As of June 30, 2002, the dollar volume of FNB’s loan portfolio consisted of 70% real estate loans, 21% personal loans, and 9% commercial loans. Of the real estate category, one-to-four family real estate loans represented 47%.

The following table represents total loan originations and purchases from April 18, 1997 to June 29, 2002:

Total Loans Originated				
Category of Loans	Dollars in (000’s)	Number	% by Dollar	% by Number
Personal Loans	\$110,076	12,968	37%	74%
Real Estate Loans	\$106,172	1,562	36%	9%
Commercial Loans	\$54,722	1,905	18%	11%
Other Loans	\$27,465	1,064	9%	6%
<b>Total Loans</b>	<b>\$298,435</b>	<b>17,499</b>	<b>100%</b>	<b>100%</b>

From information on loans originated by the bank, the primary loan products are personal and real estate loans. The real estate loan category can be further segmented on residential real estate loans, which are 71% of the total by dollar and 86% of the total by number. We will use these two types of loans in our analysis of the bank’s lending activity. The residential real estate loans are secured by first deed of trusts, which are commonly for the purchase of a customer’s home. This category will also contain refinanced residential real estate loans, since the bank was unable to further separate these loans within the classification.

Based on a review of the above product lines by number and dollar amounts originated, we will analyze personal loans and residential real estate loans originated in the bank’s assessment area.

There are no legal or financial constraints that impede the bank’s CRA efforts. The last CRA examination dated April 18, 1997, rated the bank’s performance as “Satisfactory”. Since the last CRA examination, a branch at Lake Ozark, Missouri was opened on June 14, 1999.

## **DESCRIPTION OF ASSESSMENT AREA**

FNB's assessment area (AA) consists of Camden County in Missouri. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

The AA consists of 17 census tracts (CTs). There are no low-income tracts in the AA. There is one moderate-income CT (6%), 9 middle-income CTs (53%), and 2 upper-income CTs (12%). There were 5 CTs (29%) for which census data was not available. The population of the AA is 27,495 persons, and the updated HUD, non-MSA median family income for 2002 is \$40,600. This compares to the 1990 Census median family income of \$24,324. In the AA, 16% of families are low-income, 18% are moderate-income, 25% are middle-income, and 41% are upper-income. The median housing value is \$76,387, and 36% of housing units are owner-occupied. Vacant housing units represent 56% of total housing units. The high housing vacancy rate is due to a surplus of housing available in the area for visitors attracted to the region as a recreation and vacation destination. The percentage of households below the poverty level is 13%.

The AA's economic base is diverse and stable. The area contains the Lake of the Ozarks, a major recreational area. The area attracts vacationers and retirees, and has generated numerous construction projects, which include vacation and retirement homes, condominiums, and rental units. Also in the AA are retail, service oriented, and light industrial businesses. The major employers in the area are: Factory Outlet Village with 1,100 employees, Camden County Schools with 1,000 employees, Lake Regional Hospital with 800 employees, Tan-Tar-A Resort with 750 employees, Lodge of the Four Seasons with 500 employees, WalMart with 450 employees, Speedline with 300 employees, city and county governments with 250 employees, and several smaller manufacturing firms, including Modine Heat Transfer Plastics and Galva Foam Steel Docks. Competition for FNB consists of numerous banking and savings institutions. There are ten financial institutions, including branches of mid-sized banks in the AA.

Overall economic conditions are good and unemployment is low during the seasonal vacation periods. The unemployment rate for the State of Missouri as of June 2002 was 5.4%. The unemployment rate for Camden County, for the same period, was slightly lower at 4.8%.

Examiners reviewed or interviewed community contacts to determine the credit or banking needs of the AA. During the evaluation, we made a community contact with a local governmental office official. According to our contact, the local financial institutions are meeting the banking needs of the community. Two banks, Central Bank and FNB, offer Small Business Administration loans. Housing for the low- or moderate-income workers is available and generally affordable. Investors are providing for most of the current housing needs of these workers. The level of community development opportunities is limited for banks in the AA. The contact indicated the economic condition in the area is good.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

### Lending to Borrowers of Different Incomes

FNB's lending to borrowers of different income levels is excellent.

The primary loan products in the AA are 1-4 family residential real estate loans and personal loans. The residential real estate sample includes purchase money and refinancing loans, since the bank was unable to separate these loans further within the collateral category.

We reviewed twenty of each type of these loans, which originated during the period April 18, 1997 to June 29, 2002. The bank is extending credit to borrowers of all income levels.

The following table summarizes the bank's 1-4 family residential real estate loan performance in the AA.

1-4 Family Residential Real Estate Loans			
Income designation	% of Families*	Dollar	Number
Low- income level	16%	10%	15%
Moderate- income level	18%	24%	25%
Middle-income level	25%	18%	25%
Upper-income level	41%	48%	35%

\* Data Source - 1990 U.S. Census \*HUD - U.S. Department of Housing and Urban Development

Performance to low-income individuals is good considering that 13% of households and 10% of all families are below the poverty level in the AA. Also, the bank is performing above demographics for loans to moderate-income individuals by both the number of loans and dollar of loans originated.

Personal Loans			
Income Designation	% of Households*	Dollar	Number
Low- income level	17%	20%	20%
Moderate- income level	15%	46%	30%
Middle-income level	21%	13%	25%
Upper-income level	47%	21%	25%

\* Data Source - 1990 U.S. Census \*HUD - U.S. Department of Housing and Urban Development

The bank's lending of personal loans to borrowers of low- and moderate-income levels is excellent. The bank is performing above demographics in both low- and moderate-income categories by both number of loans and dollar of loans originated.

### Loan-to-Deposit Ratio

FNB's Loan-to-Deposit (LTD) ratio is satisfactory. The LTD ratio for the bank as of March 31, 2002 is 57%. The national peer average, which includes similar sized national banks across the country, is 76%. The LTD ratio since the last CRA evaluation is 58% based on a 20-quarter average. The average quarterly LTD ratio for the same period for similarly situated financial institutions in the AA is 82%.

There are ten financial institutions, including branches of mid-sized banks in the AA. When the mid-sized banks, and the much smaller, single office banks are eliminated, there are three banks including FNB, which are similarly situated with total assets between \$150 million and \$300 million, and with three or more branches in the AA.

**Lending in Assessment Areas**

FNB's lending in the AA is satisfactory. The bank originates a majority of its loans, both by number and dollar amount, within its AA. We randomly sampled twenty residential real estate loans, and twenty personal loans originated from April 18, 1997 to June 29, 2002. These product lines were determined to be the primary products for the bank by number and dollar of loans for personal loans and by dollars of residential real estate loans originated since the last CRA evaluation. The sample of all forty loans shows that 80%, both by number, and by dollars, were originated within the AA.

Originations within the AA		
	% by number	% by dollar
Loan originations located in the AA for all loans originated	80%	80%
Real Estate Loans in the AA of all real estate loans originated	80%	80%
Personal Loans in the AA of all personal loans originated	80%	78%

**Geographic Distribution of Loans**

The bank's performance of geographic distribution of loans is satisfactory.

There are no low-income CTs and only one moderate-income tract in the AA. The analysis of the AA reflects a reasonable dispersion of the bank's primary product lines, residential real estate loans and personal loans, given this limited availability to lend within that one area.

We reviewed a sample of twenty residential real estate loans, and twenty personal loans originated within the AA since the last CRA evaluation. The following tables illustrate the loan dispersion by the income level of the CTs. The bank is lending in most income levels within the AA.

Residential Real Estate Loans in the AA
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Income level of CT	Number	Dollar	% of Owner Occupied Housing in AA
Moderate	5%	7%	10%
Middle	85%	70%	69%
Upper	10%	23%	21%

The limitation of having one moderate-income level and no low- income CTs in the AA, is reflected in this sample. Most lending is made in the other CTs, due to the much larger dominance in the numbers of consumers in those CTs.

Personal Loans in the AA			
Income level of CT	Number	Dollar	% of Households in each CT
Moderate	0%	0%	9%
Middle	80%	80%	69%
Upper	20%	20%	22%

Performance is considered satisfactory given that only 9% of households are in the moderate-income tract.

### **Responses to Complaints**

FNB has not received any complaints about its CRA performance.

### **Fair Lending Review**

FNB is in compliance with the applicable antidiscrimination laws. An analysis of recent public comments, consumer complaint information, and HMDA 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 in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1997.