



PUBLIC DISCLOSURE

January 25, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Mount Vernon
Charter Number 13504**

**108 South Hickory
Mount Vernon, Missouri, 65712 - 0228**

**Comptroller of the Currency
Midwestern District
Kansas City South Field Office
1710 East 32nd Street, Suite H
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 First National Bank of Mount Vernon, prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of January 25, 1999. 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.**”

The First National Bank of Mount Vernon continues to meet the credit needs of its assessment area.

- The bank’s loans are reasonably distributed to borrowers of various income levels.
- 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 loan-to-deposit ratio since the last Performance Evaluation (June 1995) has averaged just over 65%.
- The bank has an excellent record of lending within the assessment area. Nearly 96% of all loans reviewed were dispersed to borrowers located within the bank’s assessment area.

DESCRIPTION OF INSTITUTION

The First National Bank of Mount Vernon is a \$87 million bank located in Mount Vernon, Missouri. As of December 31, 1998, total loans represent 53% of the bank's assets. First Financial Bancshares, Inc., Nevada, Missouri, a one-bank holding company, owns 93% of the bank's stock. The bank has two locations in Mount Vernon, including a branch location that offers a drive-up facility and an automated teller machine (ATM). A second ATM is located at the local hospital. The bank offers a full range of traditional personal and commercial banking services. The bank's primary lending focus is on residential real estate, farmland, and agriculture production loans. The following table details the loan portfolio by loan type.

| Loan Portfolio as of December 31, 1998 | | |
|--|-----------------------|-------------|
| Loan Type | Dollar Amount (\$000) | Percent |
| Construction & Development | 2,665 | 6% |
| 1 - 4 Family Residential | 15,316 | 33% |
| Farmland | 8,370 | 18% |
| Commercial Real Estate | 4,696 | 10% |
| Agricultural Production | 6,079 | 13% |
| Commercial | 5,683 | 12% |
| Consumer | 3,452 | 7% |
| Other Purposes | 9 | 0% |
| Total | 46,270 | 100% |

There are no legal or financial impediments limiting the bank's ability to help meet the credit needs of the community. First National Bank was rated "Satisfactory record of meeting community credit needs" in the last Performance Evaluation dated June 30, 1995.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is all of Lawrence County, and has a population of 30,236. All block numbering areas in the assessment area are middle-income tracts. Both bank facilities are located within the assessment area. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low and moderate-income tracts. There are no other bank's chartered within Lawrence County. However, two branch bank facilities located in Mount Vernon provide considerable competition for loan products.

Low and moderate-income families represent 18% and 17% of the assessment area's population, and middle and upper-income families represent 25% and 40%, respectively. The estimated 1998 median

family income for Lawrence County is \$34,000. The percentage of households below the poverty level in the assessment area is 17%. The weighted average of the median housing value is \$37,724 and 68% of the housing consists of owner occupied units. The Lawrence County economy is agriculture based with a predominance of dairy and beef cattle operations. Light manufacturing provides a secondary economic base for the assessment area, and contributes to a low unemployment rate of 2.5%.

Two community contacts, located in the assessment area, were interviewed during the examination. The contacts did not indicate there were any unmet credit needs in this community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Analysis

The bank’s loan-to-deposit ratio is reasonable based on its competitive environment and opportunities for loan growth within the assessment area. The quarterly loan-to-deposit ratio since the last Performance Evaluation has averaged 65%. The bank’s loan-to-deposit ratio has ranged from 54% in the fourth quarter of 1995 to a high of 74% in the third quarter of 1998. There are no other similarly situated banks within the assessment area. However, the bank’s loan-to-deposit ratio compares reasonably to the ratios of other similarly situated community banks in southwest Missouri. The First National Bank of Mount Vernon ranks fifth out of the ten non-MSA, national banks located in southwest Missouri. The loan-to-deposit ratio for these banks ranged from 49% to 86%, with a quarterly average of 66%.

Comparison of Credit Extended Inside and Outside of the Assessment Area

The bank’s record of lending within the assessment area is excellent. Based on the bank’s home loan application register (HLAR), a majority of all residential mortgage loans made at this bank are located within the assessment area. The following table summarizes these findings for the last three years.

| Loan Originations by Number | | | | | | |
|------------------------------------|---------------|------|---------------|------|---------------|------|
| | 1996 | | 1997 | | 1998 | |
| | Number | | Number | | Number | |
| In the assessment area | 156 | 98% | 180 | 95% | 242 | 97% |
| Out of the assessment area | 4 | 2% | 10 | 5% | 7 | 3% |
| Total | 160 | 100% | 190 | 100% | 249 | 100% |

* The bank does not track originations by dollar.

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

The bank’s lending to borrowers of different incomes and businesses of different sizes is reasonable. One to four family residential real estate lending is First National Bank’s primary product type. Based on the

HLAR, management has responded favorably to the credit needs of its assessment area by originating loans to low- and moderate-income borrowers, as well as to small businesses. The following table summarizes originations by the number of loans to each income designation within the assessment area.

| Sample of 1996, 1997, & 1998 HLAR Lending Activity by Borrower Income Level | | | |
|--|-------------------|-------------------------|---|
| Borrower Income Level | # of Loans | % of Total Loans | Percent of Families in Income Category |
| Low-Income | 10 | 13.33% | 18.43% |
| Moderate-Income | 16 | 21.33% | 16.99% |
| Middle-Income | 23 | 30.67% | 24.51% |
| Upper-Income | 26 | 34.67% | 40.07% |
| Total | 75 | 100% | 100% |

The following table reflects the distribution of commercial/agricultural loans by gross revenue size to the number of loan originations. The information contained in this table is based on a sample of originations from 1996, 1997, and 1998.

| Distribution of Commercial/Agricultural Loans by Revenue Size | | |
|--|---------------|----------------|
| Revenue Size | Number | Percent |
| Borrowers w/revenues < \$1MM | 26 | 90% |
| Borrowers w/revenues > \$1MM | 3 | 10% |
| Total | 29 | 100% |

Distribution of Credit Within the Assessment Area by Geography

An analysis of the geographic distribution of the bank’s loans within the assessment area would not be meaningful. All block numbering areas in the bank’s assessment area are middle-income tracts.

Compliance with Antidiscrimination Laws and Regulations

First National Bank of Mount Vernon is in compliance with the applicable antidiscrimination laws and regulations. No violations were disclosed or revealed at this examination.

Response to Complaints

The bank has received no complaints.