



Comptroller of the Currency
Midwestern District

PUBLIC DISCLOSURE

February 12, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Sarcoxie
Charter Number- 5515
501 Cross Street
Sarcoxie, Missouri 64862**

**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 First National Bank of Sarcoxie, Sarcoxie, Missouri, prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of February 12, 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."

The First 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 is the highest of eight independent banks in the bank's assessment area.

The following table indicates the performance level of First National Bank of Sarcoxie with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST NATIONAL BANK OF SARCOXIE 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

The First National Bank of Sarcoxie (FNB) is a \$21 million bank located in Sarcoxie, Missouri. As of December 31, 1996, 71% of the bank's \$21 million in assets were comprised of loans. As of that date, the loan portfolio consisted of 39% 1-4 Family Residential Real Estate, 28% Consumer, 14% Commercial Real Estate, 6% Commercial & Industrial, 4% Farmland, 3% Agricultural, and 6% Construction and Other loans.

The bank offers a wide variety of financial services and products as described in its public file. FNB competes with seven 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. The last CRA examination of FNB Sarcoxie was conducted on April 21, 1994. The bank was assessed a "Satisfactory" rating at that examination.

DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area was modified to include all of the Joplin, Missouri Metropolitan Statistical Area (MSA). This includes all of Jasper and Newton Counties. The Joplin MSA has a population of approximately 135,000. The MSA contains the following number of census tracts by aggregate income level: 0 low-income (0%), 3 moderate-income (9%), 24 middle-income (75%), and 5 upper-income (16%). All three moderate-income census tracts are located in Joplin, Missouri, which is 25 miles to the west of Sarcoxie.

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, 16% 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 \$32,300.

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. The city of Sarcoxie's economy has not shared in this growth. Sarcoxie, population 1,400, is comprised of one major employer, and several small businesses. Several citizens of Sarcoxie commute to Joplin and surrounding communities for work.

Examiners determined the primary credit needs of the assessment area are residential related, consumer, and small business loans. We based our conclusion on examiner knowledge of the area, discussions with bank management, and a conversation with a local business owner.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio is the highest of seven independent banks in the assessment area. The ratio has been increasing and averaged 78% over the past eight quarters. The bank's ratio stood at 81% on 12/31/96. The other area banks' ratios range from 32% to 79%, and averaged 57%.

Lending in Assessment Area

FNB originates a majority of its loans within the assessment area. We based this conclusion on a review of the bank's two major product lines, consumer and 1-4 family mortgage loans. This review included all residential related loans originated in 1996 and all consumer loans originated in December of 1996. Eighty-eight percent (44 of 50) of the mortgage loans and 71% of consumer loans (27 of 38) were made within the assessment area.

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

FNB 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 related loans originated in 1996, and all consumer loans originated during 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	6%	20%	34%	40%
% of Consumer Loans	31%	13%	44%	13%
% Total Loans Reviewed	16%	17%	38%	29%

We also based our conclusion on the results of our sample of 20 commercial loans. The total dollar amount of these loans represented 83% 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	11	3	1	5

Percentage	55%	15%	5%	25%
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Geographic Distribution of Loans

FNB's lending pattern reflects reasonable dispersion to moderate- and middle-income geographies within the assessment area. Examiners reviewed all 43 residential mortgage related loans originated in the bank's assessment area during 1996. 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	3	24	5
% of Census Tracts	0%	9%	75%	16%
# of Loans	0	1	40	2
% by number	0%	2%	93%	5%

The low number of loans in moderate-income tracts is explained by the fact that these tracts are located in Joplin, Missouri. Joplin is located 25 miles to the west of Sarcoxie and is not a primary lending area for the bank. Only 4 of the 43 loans listed above were made in Joplin.

Compliance with Antidiscrimination Laws and Regulations

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