



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

September 02, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Nevada, Missouri
Charter Number 3959**

**100 W. Walnut Street
Nevada, Missouri 64772**

**Comptroller of the Currency
Dan L. Gipple, Assistant Deputy Comptroller-Kansas City South
1710 East 32nd Street, Suite H
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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.

COMMUNITY REINVESTMENT ACT (CRA) RATING

This institution is rated Satisfactory.

The First National Bank of Nevada's (FNB) CRA performance is considered satisfactory for the level of lending done, and the bank is helping to meet the credit needs of its assessment area (AA). Lending performance, as measured by the net loans to total deposits ratio, shows the bank well below the levels of similarly situated banks in the AA. Within the bank's lending activity, loans are originated in the AA and to borrowers of different income levels and businesses/farms of different sizes above the population demographics of the AA.

- FNB's quarterly average loan-to-deposit ratio (LTD) since the last evaluation is below that of similarly situated banks.

The bank's quarterly LTD since the last CRA examination has averaged 46.77 percent. The quarterly average LTD ratios for similarly situated banks within the AA ranged from 78.32 percent to 88.94 percent during the same time period. The comparison pool for similarly situated banks included three independent banks with total assets less than \$100 million and headquartered in Vernon County. There are also branches of several significantly larger, multi-state banks and other financial service institutions in the AA.

FNB has historically reflected a low loan-to-deposit ratio. In comparison, the bank reflected an average LTD of 49 percent at the last CRA examination. The low LTD is due primarily to the bank's management of loan growth and increased competition of other institutions within the AA.

- FNB's record of lending to borrowers of different income levels or businesses of different sizes exceeds demographics in the AA.

The distribution of consumer installment loan borrowers reflects a strong penetration of borrowers of different incomes considering that 18 percent of the households in the AA are below poverty level. FNB's lending for consumer loans is excellent to low- and moderate-income borrowers. Based on the 23 consumer loans sampled, the bank originated 34.8 percent by number and 27.5 percent by dollar to low-income borrowers and 17.4 percent by number and 22.2 percent by dollar to moderate-income individuals. Demographic data from the 2000 census indicates 22.8 percent and 17.3 percent of households in the AA are designated as low- and moderate-income, respectively.

FNB's lending performance to agricultural borrowers is excellent. Based on the 21 agricultural loans sampled, the bank originated 100 percent by dollar and number to borrowers meeting the definition for small farms. Sixteen of the loans sampled were made to borrowers with gross revenues of less than \$250 thousand. Demographic data from the 2000 census indicates 94.6 percent of farms in the AA have revenues less than \$1 million.

- We did not perform an analysis of the geographic distribution of loans, as it is not meaningful with the bank's AA designated entirely as middle-income census tracts. This analysis is done if one or more of the block numbering areas in the bank's AA is designated as a low- or moderate-income geography.
- FNB originated nearly all of its loans in the AA.

For consumer and agricultural loans, the bank originated 99.6 percent by dollar and 98 percent by number within the AA. We reviewed two types of loans to determine the location and pattern of loans originated in the AA: consumer installment loans (by number of originations) and agricultural loans (by dollar amount of originations). These loans comprise 45 percent of the loan portfolio by dollar volume.

- We conducted a fair lending examination on September 2, 2003. We found no evidence of illegal discrimination or other illegal credit practices.
- FNB has not received any consumer complaints about its performance in helping meet credit needs in the AA during the evaluation period.

The bank made a qualified investment of \$150 thousand in the Nevada Business League Community Development Corporation (CDC). The investment will primarily benefit low- and moderate-income individuals and areas targeted for redevelopment by local, state, or federal government. The purpose of the investment is to attract industrial businesses that will provide jobs to low- and moderate-income individuals in Vernon County, Missouri, and the surrounding counties. Non-bank community support is demonstrated by the Nevada Business League CDC's involvement with Utilicorp, a local utility corporation. The area is targeted for redevelopment by the government and supports the area revitalization or stabilization requirement.

DESCRIPTION OF INSTITUTION

FNB has \$67 million in total assets, of which net loans were \$26 million (39 percent of total assets), according to the June 30, 2003 Report of Condition. FNB is headquartered in Nevada, Missouri, has no branches, and operates one ATM, which is depository. The bank offers a full range of personal and commercial banking services. Consumer and agriculture lending is the primary focus of the bank's loan portfolio. FNB received a satisfactory rating at its last CRA examination dated June 1, 1998. The bank is a wholly-owned subsidiary of 1889 Bancshares, Inc., which is also headquartered in Nevada, Missouri. There are no legal or financial constraints that impede the bank's CRA efforts.

DESCRIPTION OF ASSESSMENT AREA

The bank's AA encompasses all of Vernon County, Missouri, is comprised of six block numbering areas, and consists of all middle-income tracts. This designation meets the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income geography. Total population of the AA according to the 2000 U.S. Census is 19,041. Although it does not include any low- or moderate-income tracts, a significant number of low- or moderate-income families reside in the AA. According to Census data, 19 percent of the families are designated as low-income, 19 percent moderate-income, 24 percent middle-income and 38 percent are upper-income. The 2002 non-metropolitan median family income figure was \$40,600.

We conducted a community contact during this examination. The contact indicated all financial institutions in the area were helping to meet the primary credit needs and services for continued growth within the assessment area.

Please refer to the bank's CRA Public File for more information.