



---

Comptroller of the Currency  
Administrator of National Banks

---

## **PUBLIC DISCLOSURE**

January 12, 1998

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank of Cainesville  
Charter Number 8407**

**1409 Washington Street  
P.O. Box 107  
Cainesville, Missouri 64632**

**Office of the Comptroller of the Currency  
Kansas City Duty Station  
6700 Antioch Road, Suite 450  
Merriam, Kansas 66204-1277**

**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 The First National Bank of Cainesville (FNB) prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of January 12, 1998. 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:**

**“OUTSTANDING”**

First National Bank of Cainesville's (FNB's) distribution of borrowers reflects excellent penetration among consumers with low- and moderate-incomes and small farms with revenues less than \$100,000.

## **DESCRIPTION OF INSTITUTION**

First National Bank of Cainsville (FNB) is a \$8 million bank located in Cainsville, Missouri. The city of Cainsville is located on the county border of Harrison County. FNB is owned directly by individuals; there is no holding company. The bank does not have any branches or ATM facilities. Its market niche is small farm lending and consumer lending. As of September 30, 1997, the loan portfolio totaled \$5 million and consisted of 26% agriculture production, 21% consumer installment, 19% farmland, 17% 1-4 family residential, 13% commercial, and 4% other. By number of loans at September 30, 1997, the breakdown of the loan portfolio is 180 agriculture production loans, 270 consumer installment loans, 31 farmland loans, 40 1-4 family residential loans, 55 commercial loans, and 10 other loans.

FNB faces strong competition. The bank is one of four active banks with total assets (TA) less than \$100 million and headquarter offices in Harrison and Mercer Counties, Missouri (peers). Based on TA as of September 30, 1997, FNB is the smallest among its peers. In addition to its peers, branches of two regional banks from the Kansas City Metropolitan Statistical Area (MSA) and branches of other banks from counties which are contiguous to Harrison and Mercer provide additional competition.

There are no legal or financial impediments which hinders FNB's ability to help meet the credit needs of its assessment area (AA). Our agency last evaluated FNB's performance under CRA as of February 1, 1995. At that time, we assigned a rating of "Satisfactory Record of Meeting Community Credit Needs."

## **DESCRIPTION OF ASSESSMENT AREA**

FNB's assessment area (AA) does not arbitrarily exclude low- or moderate-income areas. During the examination, management identified block numbering areas (BNA's) 9501, 9502, and 9503 of Harrison County and BNA's 9701, and 9702 of Mercer County as its AA. All five BNA's are designated as middle-income. FNB is located in BNA 9501.

Both Harrison and Mercer Counties are non-MSA counties in Missouri. Based on 1990 census data, Missouri statewide non-metropolitan median family income is \$24,324. Within the bank's AA, 25% of the population are low-income families, 20% are moderate-income, 21% middle-income and 34% upper-income. Per 1990 census data, FNB's AA's has a total population of 12,192 and contains 6,470 housing units. The median housing value equals \$19,317 with the median year built being 1952.

The AA's economy is stable with 2% unemployment. The local economy is heavily dependent upon agriculture. Hog and cattle ranching, and corn and soybean farming represent the major agriculture products for the AA. Farm demographic data from the 1992 Census of Agriculture shows the AA consists primarily of small farms with revenues less than \$100,000. For farms that reported gross revenue information in Harrison County, the farm breakdown by sales levels is 87% with sales <=\$100,000; 10% with sales from \$100,001 to \$250,000; 2% with sales from \$250,001 to \$500,000; and 1% with sales >=\$500,001. For farms that reported gross revenue information in Mercer County, the farm breakdown by sales levels is 86% with sales <=\$100,000; 13% with sales from \$100,001 to \$250,000; 0% with sales from \$250,001 to \$500,000; and 0% with sales >=\$500,001. The largest employers in the AA include Premium Standard Farms, Continental Grain, Places Merchandising, and Wal-Mart Discount Center.

We reviewed community contacts for Harrison and Mercer Counties performed by other regulators since the bank's prior performance evaluation. Community contacts were generally satisfied with area banks' CRA performance regarding agricultural lending. However, one contact in Harrison County expressed that area banks should take a more active role in community development. The contact stated that there was a strong demand for housing in the \$40,000 to \$60,000 price range. He recommended that area banks offer government guaranteed housing programs which allow low down payments to better meet the credit needs of low- and moderate-income residents for housing.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

***Loan-to-Deposit Ratio***

First National Bank of Cainesville’s loan-to-deposit ratio is reasonable given its financial capacity and its competitive environment. The bank’s average quarterly loan-to-deposit ratio equaled 70% for the period March 31, 1995 to September 30, 1997. The average quarterly loan-to-deposit ratio for its peer banks equaled 74% during the same timeframe. The bank is the smallest in total assets when compared to its peer banks, and its loan-to-deposit ratio was the lowest at 73% on September 30, 1997. The following table provides comparative information for FNB and its peer banks:

<i>Bank Name</i>	<i>Total Assets 9-30-97</i>	<i>Loan-to-Deposit 9-30-97</i>
<b>First National Bank of Cainesville, Cainesville, Mo.</b>	<b>\$8 million</b>	<b>73.08</b>
The Bethany Trust Company, Bethany, Mo.	\$80 million	76.88
Citizens Bank of Princeton, Princeton, Mo.	\$35 million	79.22
Citizens Bank of Blythedale, Blythedale, Mo.	\$20 million	75.59

***Lending in Assessment Area***

FNB makes a substantial majority of its loans within its assessment area. Based on a sample of 450 agricultural, farmland, consumer and 1-4 family real estate loans outstanding at September 30, 1997, we found that 92% by number and 91% by dollar volume were within the bank’s assessment area. Refer to the following table for a detailed analysis of the bank’s agricultural, farmland, consumer and 1-4 family real estate lending within its AA.

<i>Agricultural, Farmland, Consumer and 1-4 Family RE Lending within the Assessment Area (AA)</i>				
	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>
Agricultural loans inside AA	166	92%	\$1,238,000	91%
Farmland loans inside AA	13		\$ 441,000	
Consumer loans inside AA	218		\$ 833,000	
1-4 Family RE inside AA	15		\$ 407,000	
Agricultural, Farmland, Consumer and 1-4 Family RE loans <i>outside</i> AA	38	8%	\$ 277,000	9%
<b>Totals</b>	<b>450</b>	<b>100%</b>	<b>\$3,196,000</b>	<b>100%</b>

Our sample included loans on the bank’s books as of September 30, 1997 with origination dates after February 5, 1995, and does not necessarily reflect all loan originations since the bank’s February 5, 1995 CRA performance evaluation. Our sample represented 77% by number and 64% by dollar volume of all loans outstanding at September 30, 1997.

***Lending to Borrowers of Different Incomes and to Farms of Different Sizes***

First National Bank of Cainesville’s (FNB’s) distribution of borrowers reflects excellent penetration among consumers with low- and moderate-incomes and small farms, which is illustrated in the two tables below. FNB’s lending to moderate-income borrowers exceeds the market by two times while its lending to low-income borrowers equals the market. Since consumer loans by number represent the bank’s largest volume of lending, we put the most weight on the distribution of consumer and 1-4 family real estate lending.

<i>Income Designation of the Borrower</i>	<i>Distribution of Consumer and 1-4 Family RE Loans within the Assessment Area (AA)</i>		<i>Income Designation of families within the AA</i>
	<i>#</i>	<i>%</i>	<i>%</i>
Low-income	33	26%	25%
Moderate-income	50	40%	20%
Middle-income	28	23%	21%
Upper-income	14	11%	34%
Totals	125	100%	100%

FNB’s lending to small farms with revenues less than \$100,000 equals the market. Limited lending to farms with gross revenues > \$250,000 is reasonable given the few large farms within FNB’s AA. See [Description of Assessment Area](#) section for details.

<i>Gross Revenue Designation of the Borrower</i>	<i>Revenue Distribution of Agricultural and Farmland Loans Originated within the Assessment Area (AA)</i>		<i>Revenue Distribution of Farms within Harrison County*</i>	<i>Revenue Distribution of Farms within Mercer County*</i>
	<i>#</i>	<i>%</i>	<i>%</i>	<i>%</i>
<= \$100,000	79	86%	87%	86%
\$100,001-250,000	11	12%	10%	13%
\$250,001-500,000	2	2%	2%	0%
\$500,001=>	0	0%	1%	0%
Totals	92	100%	100%	100%

\* Depicts the percentage of farms in Harrison and Mercer Counties, respectively, with annual gross farm sales in the selected ranges as determined by the 1992 Census of Agriculture. The percentage of farms in the <=\$100,000 gross sales range does not include 228 farms in Harrison County and 137 farms in Mercer County reporting annual gross sales of less than \$5,000 since these can be considered part-time or hobby farmers.

***Geographic Distribution of Loans***

All of the BNA’s within the bank’s assessment area are middle-income; therefore, an analysis of the distribution of loans among the BNA’s would not be meaningful.

***Response to Complaints***

FNB has not received any CRA-related complaints since its previous performance evaluation.

***Compliance with Anti-discrimination Laws and Regulations***

FNB is in compliance with the substantive provisions of anti-discrimination laws and regulations. We found no evidence of discriminatory practices during our fair lending examination.