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**Comptroller of the Currency  
Administrator of National Banks**

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## **Public Disclosure**

June 19, 1997

# **Community Reinvestment Act Performance Evaluation**

**First Missouri National Bank  
Charter Number 22706**

**300 W. Lockling  
P.O. Box 190  
Brookfield, Missouri 64628**

**Office of the Comptroller of the Currency  
Kansas City Duty Station  
6700 Antioch Road, Suite 450  
Merriam, Kansas 66204-1200**

**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 First Missouri National Bank prepared by the Comptroller of the Currency, the institution's supervisory agency, as of June 19, 1997. 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 record of meeting community credit needs."

First Missouri National Bank (First Missouri) remains a strong real estate lender, and leads in all real estate loan categories reported in the Consolidated Reports of Condition. For the last three fiscal years, First Missouri ranked in the upper 20% of its peer group in the outstanding balances of 1-4 family residential loans, farmland, and multifamily groupings. The bank uses flexible underwriting practices to make credit available to low- and moderate-income persons and small businesses. Bank management has offered 100% financing from home purchases to automobile loans with special collateral arrangements, and the bank works with various programs offered through the Small Business Administration, Farm Service Agency or Farmers Home Administration, Federal Home Loan Bank, and Linked Deposit for Small Ag/Business. The bank's distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different sizes, with very reasonable coverage of the credit needs of low- and moderate-income persons and small businesses. The bank also has a high percentage of its deposits in loans, with a majority in its assessment area.

## **Description of Institution**

First Missouri National Bank (First Missouri) is a \$48 million bank located in Brookfield, Missouri. The bank is owned by First Missouri Bancshares, Inc., a one-bank holding company. The bank has one ATM in Brookfield and no other branch locations. The bank's primary lending focuses are residential real estate, agricultural, and commercial business. As of March 31, 1997, the bank's loan portfolio totaled \$37 million and consisted of 40% 1-4 family residential, 16% commercial real estate, 11% agriculture production, 20% farmland, 7% consumer, and 6% other commercial.

First Missouri faces strong competition. There are three banks, branches of four banks, and one savings and loan in Linn County, the bank's assessment area. The main offices of the three banks and one branch of a community bank are in the city of Brookfield. There are no other factors or legal impediments, including the financial condition of the bank, which hinder the bank's ability to fulfill its CRA obligation. At the March 23, 1995 examination, the OCC assigned the bank a rating of "Outstanding record of meeting community credit needs."

## **Description of Assessment Area**

First Missouri's assessment area (AA) is composed of the five block numbering areas (BNAs) in Linn County, Missouri. These BNAs are identified as 9901, 9902, 9903, 9904, and 9905. All five BNAs are designated as middle income.

- Based on 1990 census data, the bank's AA has a population of 13,885 persons and approximately 3,805 families. The last available information in 1993 showed the population in Linn County increased to 15,885. While almost 75% of the population in the AA is over the age of 18, nearly 23% is over the age of 65. Brookfield is Linn County's largest city with a population totaling 5,700 persons.
- The updated statewide nonmetropolitan median family income for Missouri is \$30,100. The AA's family breakdown by income levels is 21% low income, 20% moderate income, 21% middle income, and 38% upper income. The per capita income for Linn County in 1994 was \$14,392. 1990 census data shows 18% of the population in Linn County was below the poverty level and 9% on public assistance. Linn County's unemployment rate of 6.8% is among the highest for a six county radius which supplies much of Brookfield's labor force.
- Agriculture is a predominant activity within Linn County. The City of Brookfield's economy is strong and diverse among agriculture, publishing, service, retail trade, health care, light manufacturing, and education businesses. Walsworth Publishing Company, Dura Automotive, Wal-Mart, Stanbury Uniforms, Pershing Memorial Hospital, and R-III School District are among the largest employers in the area. Brookfield was designated a Missouri Enterprise Zone, which allows for special incentives in the form of tax credits to industries locating within the zone.

The community contacts made by our agency included representatives from the Brookfield Housing Authority and the Economic Development Committee. Both contacts identified additional housing, transportation, and retail businesses as the county's primary needs. In recognizing the existing housing stock, they mentioned a need for more middle income housing. This could encourage mobility within the middle income group and thus increase the availability of homes for the moderate income group.

## Conclusions with Respect to Performance Criteria

### *Loan-to-Deposit Ratio*

First Missouri's average loan-to-deposit ratio is more than reasonable given its size and financial condition. Although First Missouri is the smallest in total assets when compared to the two other community banks in Linn County, the bank had the highest loan-to-deposit for the same period. For the period of March 31, 1995 to March 31, 1997, First Missouri consistently ranked higher than its national peer group with an average quarterly loan-to-deposit ratio of 81% compared to peers' 61%. The following table provides comparative information for First Missouri and the two community banks serving Linn County.

<i>Bank Name</i>	<i>Total Assets 3-31-97</i>	<i>Loan-to-Deposit 3-31-97</i>
<b>First Missouri, Brookfield, MO.</b>	<b>\$48 million</b>	<b>89.72</b>
Bank of Brookfield-Purdin, N. A. Brookfield, MO	\$62 million	47.28
UMB Bank, North Central Brookfield, MO	\$84 million	52.82

First Missouri still leads in all real estate loan categories reported in the Consolidated Reports of Condition. For the last three fiscal years, the bank has ranked in the upper 20% of its peer group in the outstanding balances of 1-4 family residential loans, farmland, and multifamily groupings. The following table provides comparative information on First Missouri and its peer group of more than 800 similarly situated community banks.

	<b>Bank Percentage**</b>			<b>Peer Group Percentage**</b>		
	1996	1995	1994	1996	1995	1994
<b>1-4 Family Residential</b>	38.53	39.35	39.22	22.11	22.05	22.17
<b>Farmland</b>	20.78	21.34	21.29	9.34	9.24	8.96
<b>Multifamily</b>	2.12	2.23	2.20	0.13	0.13	0.12
<b>Nonfarm / Nonresidential</b>	12.69	11.61	12.43	7.13	7.24	7.46

\*\* Note: shown as a percentage of gross loans.

The bank makes credit available to low- and moderate-income persons and small businesses by working with special programs or participating in government-sponsored programs. Besides having a low down payment requirement of 10% for residential real estate, the bank has offered flexible financing. Customers can be considered for 100% financing with sellers providing a temporary time deposit as collateral. Since the last examination, the bank made fifteen loans for \$381,790.

The bank also participates in the Federal Home Loan Bank’s “First Home Fund” which allows for lower qualifying ratios for low-income or moderate-income person to obtain a loan for a home purchase. Since approved for the “First Home” program in 1993, First Missouri has made eighteen such loans. The bank also works with a variety of other government agency guaranteed loan programs. Since 1995, the bank originated three loans under the Small Business Administration program for \$760 thousand; four loans under the Farm Service Agency guarantee or subordination programs for \$321 thousand; and two FmHA buyouts for \$244 thousand. The bank also participates in the 4H/FFA Supervised Project Loan program which offers 100% financing with a maximum individual loan amount of \$3 thousand. Management made six of these loans so far in 1997. The bank also renewed its participation in the State of Missouri Linked Deposit for Ag/Small Business program with the full \$530 thousand for the period either disbursed or committed.

***Lending in the Assessment Area***

First Missouri makes a substantial majority of its loans within its assessment area (AA). We reviewed the bank’s 1995, 1996, and March 1997 Home Mortgage Loan Application Registers which showed the bank originating 238 real estate loans. We also sampled 24 consumer and 142 commercial/ag loans. Based on our review, we found an average of 83.6% of First Missouri’s loans in its assessment area. The distribution of the loans shows:

<b>Credit Type</b>	<b>Sample Size</b>	<b>Number In AA</b>	<b>Number Out AA</b>	<b>% In AA</b>
<b>Consumer Loans</b>	24	21	3	87.5%
<b>Residential Real Estate</b>	238	209	29	87.8%
<b>Commercial / Agricultural</b>	142	108	34	76.1%

In addition, to promote the philosophy of supporting local commercial business opportunities to help the residents of the community, First Missouri is the lead bank sharing in a \$350 thousand loan to build and market a speculative commercial building in the area. The goal is to attract businesses directly or indirectly to the industrial park and offer job opportunities to the community.

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

First Missouri’s distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. We sampled 130 of the 153 residential real loans originated from January 1996 to March 1997 and 57 consumer loans. We identified the following income distribution:

<i>Income Designation of the Borrower</i>	<i>Consumer Loans within AA</i>		<i>Home Loan Originations within AA</i>		<i>Combined Samples of Loans in AA</i>	<i>Income Designation of families in AA</i>
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>		
Low-income	14	25%	19	15%	18%	21%
Moderate-income	14	25%	25	19%	21%	20%
Middle-income	16	28%	35	27%	27%	21%
Upper-income	13	22%	51	39%	34%	38%
Totals	57	100%	130	100%	100%	100%

The overall consumer and home lending activity to borrowers in the low income group is reasonable when considering that 18% of the population in the AA is below the poverty level and nearly 20% of the housing stock is for rental purposes. Two of the five BNAs have over 25% of the housing units used to meet rental needs. The median housing value equals \$22,900.

From the commercial examination sample and 87 of the 110 new 1997 loans for agricultural and commercial purposes, we identified the following revenue distribution:

<i>Gross Revenue Designation of the Borrower</i>	<i>Revenue Distribution of Agricultural and Commercial Loans Originated within the assessment area</i>		
	<i># sample</i>	<i>\$(000) balance</i>	<i>% of number</i>
< \$250,000	69	\$5,709	74%
\$250,000-\$500,000	17	\$1,862	19%
\$500,000-\$750,000	2	\$547	2%
\$750,000-\$1,000,000	3	\$69	3%
>\$1,000,000	2	\$2,200	2%
Totals	93	\$10,387	100%

Of note, nearly 77% of the less than \$250,000 gross revenue category were to farmers with less than \$100,000 in gross farm income. Census data shows the AA has 322 farm and nonfarm businesses with sales less than \$500,000 (73%), and 27 businesses with sales over \$1 million (6%). The majority of the business units employ less than 50 employees.

### ***Compliance with Antidiscrimination Laws and Regulations***

First Missouri is in compliance with the substantive provisions of antidiscrimination laws and regulations. We found no evidence of discrimination or disparate treatment in our review of the bank's lending practices.

### ***Geographic Distribution of Loans***

An analysis of the geographic distribution of loans would not be meaningful since all of the BNAs within First Missouri's AA are designated middle income.

### ***Response to Complaints***

The bank has received no complaints.

### ***Additional Information - Investments and Services***

Bank officers are very active in the community. They actively participate on various committees designed to address the economic, credit, and civic needs of the community.

Various representatives from city and county government, public agencies, and financial institutions meet quarterly at The Area Lenders Credit Assessment Committee to discuss needs of the community. Through this effort, First Missouri offered a special financing for cars with low-income participants in the FUTURES program.

The bank sponsors the Homestead Housing Cooperative. While its efforts are not designed to target a specific income group, a strong interest in the program comes from senior citizens.