

PUBLIC DISCLOSURE

February 3, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Town and Country Bank of the Ozarks
Certificate Number: 34808**

**161 U.S. Highway 60 West
P.O. Box 490
Republic, Missouri 65738**

Federal Deposit Insurance Corporation

**2345 Grand Boulevard, Suite 1200
Kansas City, Missouri 64108**

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.

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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 **Town and Country Bank of the Ozarks, Republic, Missouri**, prepared by the Federal Deposit Insurance Corporation, the institution's supervisory agency, as of **February 3, 2005**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The bank's overall performance is reasonable in relation to the small bank performance criteria as discussed below.

- The bank's average net loan-to-deposit (LTD) ratio, which is a key measure of the bank's overall level of lending, is reasonable given the institution's asset size and the credit needs of the assessment area. The bank's net LTD ratio has averaged 75 percent since the prior CRA Performance Evaluation dated May 17, 2000.
- A majority of the loans sampled were made within the assessment area, illustrating a commitment to meeting the credit needs of the local community. Examiners reviewed commercial and residential real estate loans since they represent a significant majority of the bank's outstanding loan portfolio and are the bank's primary lending focus. During the review period selected for these two loan categories, 71 percent of the number and 74 percent of the dollar volume of loans were originated within the assessment area.
- The bank's overall geographic distribution of lending reflects a reasonable dispersion throughout the assessment area. The loan distribution also appears reasonable when considering the bank's sole office location relative to the assessment area's specific geographies.
- Given the demographics of the assessment area, the bank's overall loan distribution by revenue characteristics and borrower income is also considered reasonable. Loan samples reveal a reasonable lending penetration among businesses of different sizes and a more than reasonable lending penetration for individuals of different income levels (including low- and moderate-income).

In addition, there have been no complaints regarding the bank's CRA performance, and no substantive fair lending concerns were identified during this evaluation.

DESCRIPTION OF INSTITUTION

Town and Country Bank of the Ozarks is a \$58,043,000 institution that operates from its sole office located at 161 U.S. Highway 60 West in Republic, Missouri. The bank operates one on-premise ATM. Bank ownership has changed since the prior evaluation; the bank was purchased by Mid-Missouri Bancshares, Inc., Springfield, Missouri, in December of 2003.

As of September 30, 2004, the bank had net loans of \$35,044,000 and total deposits of \$48,829,000, resulting in a loan-to-deposit ratio of 72 percent. The bank's loan mix shows a strong commercial and residential real estate lending focus. Commercial and commercial real estate loans collectively represent 38 percent of the dollar volume of the outstanding portfolio, while 1-4 family residential real estate loans represent 36 percent. In addition, consumer loans account for 8 percent of the portfolio. Agricultural and farmland loans represent 7 percent of the remainder of the loan mix. Since commercial and residential real estate loans represent the bank's primary lending focus and are the most prevalent loan categories, these two products were reviewed for evaluation purposes.

The bank has no legal or financial impediments that prevent it from meeting assessment area credit needs. The bank does receive competition for loan customers from numerous lenders located in the bank's assessment area. The bank received a CRA rating of "Satisfactory" at the prior CRA Performance Evaluation dated May 17, 2000.

DESCRIPTION OF THE ASSESSMENT AREA

The Community Reinvestment Act of 1977, as amended, requires banks to identify one or more assessment areas within which its regulatory agency will evaluate the bank's performance. The area(s) defined by the bank must include its main office, branches, and other deposit-taking remote service facilities, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans. The assessment area must always consist of one or more whole geographies normally identified as census tracts (CTs). These CTs represent statistical subdivisions of a county.

How Median Family Income Is Used Throughout This Analysis: The 2000 Median Family Income (MFI) figure for the Springfield MSA was \$42,262, and \$37,400 for the non-metropolitan areas of Missouri, including Lawrence County. These income figures are used to determine the income levels for each geography located in the MSA and outside the metropolitan area. Based on the 2003 estimates by the Department of Housing and Urban Development (HUD), the adjusted MFI figures for the Springfield MSA was \$49,400, and \$43,000 for the non-metropolitan areas of Missouri, including Lawrence County. These adjusted figures are used to determine the income level of the 2003 HMDA borrowers.

Definition of Income Groups:

Low income -	Less than 50 percent of the median family income for the Springfield MSA and the non-metropolitan areas of Missouri, including Lawrence County
Moderate income -	50 percent to less than 80 percent of the median family income for the Springfield MSA and the non-metropolitan areas of Missouri, including Lawrence County
Middle income -	80 percent to less than 120 percent of the median family income for the Springfield MSA and the non-metropolitan areas of Missouri, including Lawrence County
Upper income -	120 percent or higher of the median family income for the Springfield MSA and the non-metropolitan areas of Missouri, including Lawrence County

Town and Country Bank of the Ozarks has designated its assessment area as portions of Greene, Christian and Lawrence Counties in southwest Missouri. Greene and Christian account for two of the five counties that comprise the Springfield, Missouri MSA. The assessment area contains a total of 15 CTs; 10 of the CTs are middle-income geographies and 5 are upper-income geographies. The bank's sole office is located in a middle-income geography (CT 48.03 in Greene County). According to the 2000 Census, the total population of the assessment area is 61,557. This population is comprised of 18,169 households that are families, of which 2,348, or 13 percent, are low-income; 3,202, or 18 percent, are moderate-income; 3,896, or 21 percent, are middle-income; and 8,723, or 48 percent, are upper-income. Cities of notable size located in the assessment area include Republic (Greene County) at 8,438, Nixa (Christian County) at 12,124 and Marionville (Lawrence County) at 2,113.

According to the 2000 Census data, 5.5 percent of assessment area's families have incomes below the poverty level. "Poverty level" is an established dollar threshold rather than a percentage based calculation of the median family income. Specifically, for a family of four, the 2000 poverty level threshold was \$17,603; therefore, a family earning less than \$17,603 was below the poverty level. The U.S. Department of Health and Human Services lists the poverty level threshold in 2003 for a family of four as \$18,979. This figure is determined on a national basis and is not adjusted regionally.

Statistics from the Missouri Department of Labor and Industrial Relations indicated the unemployment rate for Missouri was 5.6 percent as of October 2004. The unemployment rates, as of the same date, for Greene, Christian, and Lawrence Counties were 3.5 percent, 3.2 percent, and 3.7 percent, respectively.

According to 2004 D&B (formerly Dun & Bradstreet) data, the assessment area is home to 3,241 businesses (219 farm and 3,022 non-farm). The largest business categories in the assessment area are service establishments at 1,028 (32 percent), construction at 481 (15 percent), and retail trade at 478 (15 percent). D&B data also reveals only 7 percent of the assessment area's total businesses have gross revenues of \$1 million or more. In addition, 94 percent of assessment area employers have fewer than 20 employees. The largest employers in the Republic area are the Republic Independent School District (360 employees), the City of Republic (178 employees), Wal-Mart (102 employees), and Christian Health Care (101 employees). In an effort to determine community credit needs, examiners reviewed the findings of an interview recently conducted with an individual in the assessment area. The contact categorized the area economy as growing and did not identify any unmet credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Criterion 1: Loan to Deposit Ratio

Town and Country Bank of the Ozark's average net loan-to-deposit (LTD) ratio of 75 percent is reasonable when considering the credit needs of the assessment area and the competition the bank faces from other lenders operating in its assessment area.

When available and relevant, the lending performance of similarly situated lenders serves as an additional method of assessing the adequacy of a bank's average net LTD. Similarly situated lenders are defined as financial institutions that are located in or near the assessment area and are the most comparable to subject bank based on asset size, market served, product offerings, and/or loan portfolio composition. Countryside Bank, Republic, Missouri (total assets of \$77,774,000) was identified as a similarly situated lender for LTD comparison purposes.

Table 1 on the following page depicts the average net LTDs for both Town and Country Bank of the Ozarks and Countryside Bank. The average net LTDs represent quarterly averages calculated since the prior evaluation date of May 17, 2000. From June 30, 2000, through September 30, 2004, Town and Country Bank of the Ozark's net LTD ratio has averaged 75 percent. The bank's net LTD ratio has ranged from a low of 71 percent as of March 31, 2004, to a high of 91 percent as of June 30, 2002.

During this time period, net loans have ranged from a low of \$11,834,000 on June 30, 2000, to a high of \$62,240,000 on December 31, 2003. Also, during this same time period, deposits have ranged from a low of \$11,834,000 on June 30, 2000, to a high of \$53,876,000 on December 31, 2003.

Table 1 – LTD Data for Subject Bank and the Similarly Situated Institution		
Institution	Total Assets (000s)	Average Net LTD Ratio
Town and Country Bank of the Ozarks Republic, Missouri	\$58,043	75%
Countryside Bank Republic, Missouri	\$77,774	78%

Source: Reports of Condition (6/30/00 thru 9/30/04)

As shown in Table 1, the average net LTD for Town and Country Bank of the Ozarks is weighed against the average net LTD of the identified similarly situated lender in order to further assess the overall adequacy of lending. Countryside Bank had an average net LTD ratio of 78 percent. Upon comparison, the 75 percent average net LTD of Town and Country Bank of the Ozarks appears reasonable.

The bank’s average net LTD is also considered reasonable when information from a community contact is considered. The community contact referenced on page 5 of this evaluation indicated that the local economy is growing and that there are ample lending opportunities for local financial institutions.

Loan Review Procedures

Conclusions for performance criterion 2 (Lending in Assessment Area), performance criterion 3 (Geographic Distribution Analysis), and performance criterion 4 (Borrower Profile Analysis) for residential real estate loan activity are based on examiner review of all Home Mortgage Disclosure Act (HMDA)-related residential real estate loans originated during the 12-month period representing all of 2003 and the nine-month period in 2004 ending on September 30, 2004. HMDA is a law that requires institutions to compile and report data about certain applications received, including applicant/borrower characteristics and property location, to aid in determining whether financial institutions are serving the housing needs of their assessment area. Aggregate HMDA data is a compilation of the data from all HMDA reporters for the same geographic area. Only 2003 information will be presented in the Performance Evaluation because of the availability of 2003 aggregate data. Examiner review of the 2004 HMDA data revealed that it is not inconsistent with the 2003 data.

Conclusions for performance criteria 2 and 3 for the commercial loan analysis are based on an examiner review of all commercial loans originated during the twelve month time period representing all of 2004. In addition, the conclusions for performance criterion 4 regarding the analysis of commercial loan activity were based on a review of a sample of the commercial loans originated during this same time frame. The analysis focused on residential real estate and commercial loan products since they represent a majority (74 percent) of the bank's loan portfolio based on dollar volume and these products represent the bank's primary lending focus. In addition, an analysis of these loan products will likely provide the most meaningful insight into the bank's CRA performance because of the availability of pertinent demographic data. Examples of this demographic data include stratification of families in the assessment area based on income, and stratification of businesses in the assessment area based on gross annual revenues. The analysis of these loans was conducted within the context of the assessment area's economy, credit needs, and competition among financial institutions. Agricultural and consumer loans were not reviewed since they represent a smaller percentage of the portfolio and are not the bank's primary lending focus area.

For Borrower Profile Analysis, particular focus was given to lending to low- and moderate-income families in the assessment area and small businesses (gross annual revenues \leq \$1,000,000). For an explanation of how the income designation of a particular borrower is determined, refer to the discussions titled *How Median Family Income is Used Throughout This Analysis* and *Definition of Income Groups* on page 4 of this evaluation.

In drawing conclusions for performance criteria 3 and 4, lending activity based on the number of loans rather than on the dollar volume is emphasized as this analysis more clearly represents the bank's lending efforts. Generally, loans to lower income individuals and smaller businesses are for smaller dollar amounts than loans to

Criterion 2: Lending in Assessment Area

A majority of the number of Town and Country Bank of the Ozark's loans have been originated within its assessment area, reflecting a commitment to meeting local credit needs.

As shown in Table 2 on the following page, 71 percent of the number of commercial and residential real estate loans was granted within the assessment area. Additionally, 74 percent of the dollar volume of

these categories was granted inside the assessment area. The bank's performance regarding assessment area lending is considered reasonable.

Table 2 – Assessment Area Concentration

Loan Category or Type	Number of Loans					Dollar Volume of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	41	79%	11	21%	52	\$3,038	78%	\$853	22%	\$3,891
2003 HMDA	36	63%	21	37%	57	\$3,112	70%	\$1,313	30%	\$4,425
Total	77	71%	32	29%	109	\$6,150	74%	\$2,166	26%	\$8,316

Source: Bank records

Criterion 3: Geographic Distribution Analysis

The geographic distribution of Town and Country Bank of the Ozark’s lending reflects a reasonable dispersion of commercial and residential real estate loans throughout the assessment area. As noted earlier, all 15 assessment area CTs are categorized as either middle- or upper-income geographies. The highest percentage of the bank’s lending for both loan categories is centered in and around CT 48.03, where the bank’s sole office is located. This appears reasonable since the bank faces more competition in the outlying CTs, especially in those CTs located closest to the larger city of Springfield, Missouri. Several regional lenders are headquartered in Springfield and these institutions actively solicit loan customers throughout the greater MSA area.

Criterion 4: Borrower Profile Analysis

The bank's lending activity reflects an overall reasonable level of lending to commercial businesses of different revenue sizes, including small businesses, and residential borrowers of different income categories, including low- and moderate-income borrowers.

Lending to Businesses of Different Revenue Sizes

The bank's commercial lending efforts reflect a reasonable penetration among businesses of different revenue sizes.

Table 3 below reveals that 93 percent of the number of loans sampled were originated to businesses with gross annual revenues of \$1,000,000 or less. This percentage mirrors the 2004 D&B data of 93 percent, and is considered reasonable when considering comments obtained from a community contact. The contact indicated that the local financial institutions are meeting the needs of the community, including small business credit needs.

In performing this analysis, gross annual revenues reported on borrower tax returns or operating statements were used when available. When these documents were not available, bank personnel familiar with the borrower indicated which range most accurately reflected the borrower's gross annual revenues.

Table 3 – Commercial Lending to Businesses of Different Revenue Sizes					
Gross Annual Revenues (000s)	D & B Business Data (% of #)	Number of Loans		Dollar Volume of Loans (000's)	
		#	%	\$	%
<=\$1,000	93%	25	93%	\$2,264	85%
>\$1,000	7%	2	7%	\$403	15%
Total	100%	27	100%	\$2,667	100%

Source: D&B (2004) and bank records

Residential Lending to Individuals of Different Income Levels

The bank's HMDA-related residential lending reflects a more than reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers.¹

As shown in Table 4 on the following page, the bank's HMDA-related residential lending performance for 2003 regarding low-income borrowers (19 percent) compares favorably to the percentage of low-income families in the assessment area (13 percent). The bank's percentage of HMDA-related residential loans to moderate-income borrowers (25 percent) also compares favorably to the percentage of moderate-income families in the assessment area (18 percent). Also depicted in Table 4, the bank's 2003 HMDA lending percentages regarding both low- and moderate-income borrowers compare higher than the 2003 HMDA aggregate lending percentages for all institutions reporting data on HMDA originations in the bank's assessment area.

Based on its low- and moderate-income borrower lending penetrations, the bank's performance regarding these borrowers is considered more than reasonable. Lending percentages for low-income families is not necessarily expected to be a one-to-one ratio, as the costs of buying and maintaining a home are generally more prohibitive for low-income borrowers. Based on the HUD adjusted median family incomes for 2003, the annual income for a low-income family would be \$24,700 in the Springfield MSA; this lower income level could make a home purchase more difficult. Furthermore, 5.5 percent of the families in the assessment area are below the poverty level.

¹The loan distribution is determined by comparing the borrower's income for a given year to the HUD adjusted median family income for the Springfield, Missouri MSA and the Missouri non-metropolitan areas for that same year. For 2003, the baseline for the MSA was \$49,400, while the baseline for the Missouri non-metropolitan areas was \$43,000. As previously discussed on page 4, percentages of the baseline figure are then used to determine what income levels are low-, moderate-, middle-, and upper-income. For example, in 2003, an MSA borrower with an income of less than \$24,700 would be considered low-income and a borrower with an income of \$24,700 to less than \$39,520 would be considered moderate-income for the same time frame.

Table 4 – Residential Lending to Borrowers of Different Income Levels						
Borrower Income Level	Families by Income (% of #)	2003 HMDA				
		#	%	Aggregate Data (% of #)	\$	%
Low	13%	7	19%	5%	\$444	14%
Moderate	18%	9	25%	15%	\$463	15%
Middle	21%	7	19%	22%	\$786	25%
Upper	48%	11	31%	32%	\$1,275	41%
NA*	0%	2	6%	26%	\$144	5%
Total	100%	36	100%	100%	\$3,112	100%

Source: Bank HMDA data collection (2003), HMDA Aggregate Data (2003), and U.S. Census (2000) *Not Reported

Criterion 5: Responses to CRA-Related Complaints

Town and Country Bank of the Ozarks has not received any CRA-related complaints since the prior CRA Performance Evaluation dated May 17, 2000.

Compliance with Fair Lending Laws

No violations of the substantive provisions of the antidiscrimination laws or regulations were identified during this evaluation.