



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

January 03, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Community National Bank
Charter Number 17694**

**407 N. Franklin
Cuba, MO 65453**

**Comptroller of the Currency
St. Louis Field Office
2350 Market Street, Suite 100
St. Louis, MO 63103**

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.

TABLE OF CONTENTS

<i>INSTITUTION'S CRA RATING</i>	<i>1</i>
<i>DESCRIPTION OF INSTITUTION</i>	<i>1</i>
<i>DESCRIPTION OF ASSESSMENT AREAS</i>	<i>2</i>
<i>CONCLUSIONS ABOUT PERFORMANCE CRITERIA</i>	<i>4</i>

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

All the lending performance components meet the standards for satisfactory performance. The major factors that support this rating are:

- The bank's lending reflects a satisfactory dispersion to borrowers of different income levels and a good dispersion to businesses of different revenue sizes.
- Loans are reasonably distributed by geography classification.
- The level of lending is reasonable. The bank's average loan-to-deposit ratio is 73% and compares satisfactorily to the similarly situated banks in the assessment areas (AAs).
- A significant majority of the bank's loans extended during this evaluation period were originated within the bank's AAs.

DESCRIPTION OF INSTITUTION

First Community National Bank (FCNB) is an intrastate bank wholly owned by Steelville Community Banc-shares, Inc., a one-bank holding company located in the city of Steelville, Missouri. The period covered for this CRA evaluation is from January 1, 2004 through December 31, 2005. As of September 30, 2005, FCNB had total assets of \$141 million, net loans of \$99 million, total deposits of \$107 million, and total risk based capital of \$15 million. FCNB's assets represent substantially all of the holding company's assets. There has been one change in the bank's corporate structure since the last CRA evaluation: FCNB Insurance Services, Inc., commenced business operations April 1, 2003; this bank subsidiary is a general insurance agency providing life, property and casualty, and commercial insurance products.

FCNB operates six offices and five depository automated teller machines (ATMs). The main office is located in Cuba, Missouri (Crawford County). Branches are located in Steelville (Crawford County), Sullivan (Franklin County), Rolla (Phelps County), Vienna (Maries County), and very recently, in Eureka (St. Louis County), Missouri. Management has not closed any branches during this evaluation period.

FCNB offers traditional bank services and loan products normally associated with a rural community bank. As of September 30, 2005, net loans totaled \$99 million, representing 70% of total assets. The loan portfolio consisted of 42% residential real estate loans, 30% commercial real estate/business, 14% farm real estate/agricultural production, 7% consumer, 6% construction/development, and 1% other.

We evaluated FCNB's residential mortgage and business lending using data for the period beginning January 1, 2004 through December 31, 2005. Residential real estate and commercial loans represent the highest percentages of loans originated during this evaluation period by dollar value. Accordingly, we focused our performance evaluation on these loan types.

We found no legal or financial barriers to the bank's ability to help meet community credit needs; the bank has adequate resources to provide for the credit needs of its AAs. The type and level of CRA activities are consistent with the bank's size, its financial capacity, local economic conditions, and the credit needs of the communities the bank serves.

FCNB's last CRA evaluation was June 17, 1998; at that time we rated the bank's CRA performance Satisfactory.

DESCRIPTION OF ASSESSMENT AREAS

Non-Metropolitan Statistical Area AA (Non-MSA AA)

Management has designated Crawford, Maries and Phelps Counties as one of the bank's AAs. This non-MSA AA is a contiguous area, meets the requirements of the regulation, and contains 17 Census Tracts (CTs): 9501, 9502, 9503, 9504, 9801, 9803, 9802.98, 9901, 9902, 9903, 9904, 9905, 9906, 9907, 9908, 9909, and 9910. Based on the 2004 State of Missouri non-MSA median family income, one of the CTs (6%) is classified as moderate-income, fourteen (82%) are classified as middle-income, and two (12%) are classified as upper-income. FCNB's main (Cuba) office is located in CT 9503 in Crawford County.

The 2000 census data shows that the total population in the non-MSA AA was 71,532 and included 19,239 families. Of these families, 4,439 (23%) were classified as low-income, 4,022 (21%) as moderate-income, 4,087 (21%) as middle-income, and 6,691 (35%) as upper-income. The non-MSA statewide median family income as of the 2000 Census was \$36,175. The Department of Housing and Urban Development's 2004-updated figure, adjusted for inflation, was \$44,000. We used the 2004-updated figure in our analysis to determine the borrower income levels.

Based on the 2000 census data for the non-MSA AA, 15% of the population was over age 65, 19% of households were in retirement, and 17% of households lived below the poverty level. In 2000, the median housing value was \$71,579 and the median age of the housing stock was 27 years. Local housing was 78% 1-4 family units, with 61% of housing units owner-occupied and 14% of the housing stock vacant.

The local economy is primarily supported by non-farm businesses operating at one location and employing 1-4 persons. Major employers in the area include the various local school districts, the University of Missouri—Rolla, the Phelps County Regional Medical Center, Briggs and Stratton, Kingsford Manufacturing Company, G-P Gypsum, Olin Corporation, and Rokwell

Industries. Service, manufacturing and retail industries complement a generally agrarian

community. Corporate farms and cattle and hog operations are also making an appearance.

Economic conditions in the non-MSA AA have been relatively stable. The average 2005 seasonally unadjusted unemployment rates for Crawford, Maries and Phelps Counties were 6.3%, 4.9% and 4.3%, respectively. The national and Missouri unemployment rates for the same time period were comparable at 5.1% and 5.6%, respectively.

Competitive pressures are strong. There are 31 offices of 12 banks and thrifts operating in Crawford, Maries and Phelps Counties. In addition, credit unions, mortgage companies, investment services, farm services, and insurance company offices that offer loan products also provide competition.

We made one community contact with a local church pastor to further our understanding of the community's credit needs. Our contact identified residential real estate loans and small business loans as primary credit needs in the community. Our contact did not identify any unmet credit needs and knows of no community development or other credit-related projects in which local financial institutions could participate.

Metropolitan Statistical Area Assessment Area (MSA AA)

Management has designated 3 CTs (8005, 8010, and 8011) in Franklin County as its second AA. Franklin County is part of the St. Louis, Missouri Metropolitan Statistical Area (MSA 41180). The MSA AA is a contiguous area and meets the requirements of the regulation. Based on the 2000 MSA median family income, two CTs (67%) are classified as middle-income and one CT (33%) is classified as moderate-income. FCNB's Sullivan office is located in CT 8011 in Franklin County.

The 2000 census data shows that the total population in the MSA AA was 18,229 and included 5,053 families. Of these families, 1,182 (23%) were classified as low-income, 1,235 (24%) as moderate-income, 1,257 (25%) as middle-income, and 1,379 (27%) as upper-income. The MSA median family income as of the Census was \$53,435, and the 2004-updated figure was \$63,800. We used the 2004-updated figure in our analysis to determine the borrower income levels.

Based on the 2000 census data for the MSA AA, 13% of the population was over age 65, 20% of households were in retirement, and 9% of households lived below the poverty level. In 2000, the median housing value was \$81,804 and the median age of the housing stock was 27 years. Local housing was 78% 1-4 family units, with 71% being owner-occupied and 11% vacant.

The local economy is primarily supported by service-related businesses. Major employers in the area are the local school districts, health facilities, and small manufacturers. A significant number of area residents commute to nearby St. Louis County for employment.

Economic conditions in the MSA AA have been mixed, with significant volatility in unemployment rates. The average 2005 seasonally unadjusted unemployment rate for Franklin County is 5.8%. This compares to the national and Missouri unemployment rates for the same time period at 5.1% and 5.6%, respectively.

Competitive pressures are strong. There are 39 offices of 17 banks and thrifts operating in Franklin County. These numbers do not include credit unions, mortgage companies, investment services, farm services, and insurance company offices that offer loan products.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

FCNB does a reasonable job of meeting the credit needs of its AAs, including those of low- and moderate-income people and small businesses, given the demographics, economic factors, and competitive pressures faced by the bank. Please refer to the “Description of Institution” and “Description of Assessment Areas” sections of this evaluation for details on these performance context factors.

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

The bank’s lending reflects a good dispersion to borrowers of different income levels, including low- and moderate-income individuals, and to businesses of different revenue sizes. Lending levels, as shown by the volume of all loans generated, reflect good responsiveness to the credit needs of the AAs.

We evaluated FCNB’s residential mortgage and business lending, using data for the period beginning January 1, 2004 through December 31, 2005. Business and residential real estate loans represent the highest percentages of loans originated during this evaluation period by dollar value in the non-MSA AA. Residential loans represent the highest percentage of loans by dollar value in the MSA AA.

Using only loans made within the non-MSA AA, we sampled 23 business loans and all Home Mortgage Disclosure Act (HMDA) reportable loans originated and purchased from January 1, 2004 to December 31, 2005. Using only loans made within the MSA AA, we reviewed all HMDA reportable loans originated and purchased from 2004 through 2005. We did not sample business loans in the MSA AA, as they are not a primary product type in the MSA AA.

Non-MSA AA

Residential Real Estate Loans

The borrower distribution of residential real estate loans in the non-MSA AA is good. In evaluating this distribution, we considered the high level of families that live below the poverty level (17%) and the barriers this might have on home ownership. The data used to evaluate FCNB’s residential lending activity is presented in the following table.

Borrower Distribution of Residential Real Estate Loans in non-MSA AA					
Borrower Income Level	Low	Moderate	Middle	Upper	Not Available

Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	23%	7%	21%	22%	21%	16%	35%	52%	3%	
Home Improvement	23%	14%	21%	26%	21%	22%	35%	30%	8%	
Home Refinance	23%	10%	21%	15%	21%	32%	35%	37%	6%	

Sources: HMDA data and 2000 U.S. Census data. The updated 2004 MSA median family income is \$44,000. The income categories are defined as: less than 50%, 50% to 80%, 80% to 120%, and over 120%, respectively, of \$44,000.

The borrower distribution for home purchase loans is adequate. The percentage of home purchase loans made to low-income borrowers (7%) is below the percentage of low-income families (23%) in the non-MSA AA. Opportunities to make residential real estate loans to low-income borrowers are limited by the high level of families that live below the poverty level (17%) and the barriers this might have on home ownership. The percentage of home purchase loans (22%) made to moderate-income borrowers approximates the percentage of moderate-income families (21%) in the non-MSA AA.

The borrower distribution for home improvement loans is good. The percentage of home improvement loans made to low-income borrowers was 14%, with the percentage of low-income families in the non-MSA AA at 23%. The percentage of home improvement loans made to moderate-income borrowers at 26% exceeds the percentage of moderate-income families (21%) in the non-MSA AA.

The borrower distribution for home mortgage refinance loans is satisfactory. The percentage of refinance loans (10%) made to low-income borrowers is below the percentage of low-income families (23%) in the non-MSA AA. Refinance loans made to moderate-income borrowers (15%) is also below the percentage (21%) of moderate-income families in the non-MSA AA.

Business Loans

The bank's lending distribution to businesses of different revenue sizes in the non-MSA AA is satisfactory. The data used to evaluate FCNB's business lending activity is presented in the following table.

Borrower Distribution of Loans to Businesses in non-MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	64%	4%	32%	100%
% of Bank Loans in AA by #	57%	17%	26%	100%
% of Bank Loans in AA by \$	48%	38%	14%	100%

Source: 2005 Business Geodemographic Data.

Based on the sample of loans selected, FCNB's lending to small businesses (57 %) with revenues of \$1 million or less is comparable to the percentage of small businesses (64%) that reported their revenues in the AA. Thirty-two percent of businesses in the AA did not report

their revenues.

MSA AA

Residential Real Estate Loans

The borrower distribution of home mortgage loans is good in the bank's MSA AA. Of the total home mortgage loans, home purchase loans accounted for 27%, home improvement loans accounted for 35%, and home refinance loans accounted for 38%.

We also considered the moderate level of families that live below the poverty level (9%) and the barriers this might have on home ownership. The data used to evaluate FCNB's residential lending activity is presented in the following table.

Borrower Distribution of Residential Real Estate Loans in MSA AA									
Borrower Income Level	Low		Moderate		Middle		Upper		Not Available
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of Number of Loans
Home Purchase	23%	12%	25%	19%	25%	19%	27%	44%	6%
Home Improvement	23%	29%	25%	35%	25%	13%	27%	10%	13%
Home Refinance	23%	26%	25%	33%	25%	30%	27%	7%	4%

Sources: HMDA data and based on 2000 U.S. Census data. The updated 2004 MSA median family income is \$63,800. The income categories are defined as: less than 50%, 50% to 80%, 80% to 120%, and over 120%, respectively, of \$63,800.

The borrower distribution for home purchase loans is satisfactory. The percentage of home purchase loans made to low-income borrowers was 12% compared to the percentage of low-income families in the MSA AA of 23%. The percentage of home purchase loans made to moderate-income borrowers was 19% compared to the percentage of moderate-income families in the MSA AA of 25%.

The borrower distribution for home improvement loans is excellent. The percentage of home improvement loans made to low-income borrowers was 29% while the percentage of low-income families in the MSA AA was 23%. The percentage of home improvement loans made to moderate-income borrowers at 35% exceeds the percentage of moderate-income families in the MSA AA of 25%.

The borrower distribution for home mortgage refinance loans is good. The percentage of refinance loans (26%) made to low-income borrowers compares favorably to the percentage of low-income families (23%) in the MSA AA. Refinance loans made to moderate-income borrowers was 33%, with moderate-income families comprising 25% of the MSA AA.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the AAs. No

conspicuous gaps were identified. The distribution of home mortgage loans to geographies of different income levels is adequate in the non-MSA and good in the MSA AA. HMDA reports detailing FCNB's home mortgage activity over the evaluation period were used to identify any potential gaps in the geographic distribution of these loans.

Lending in non-MSA AA

The distribution of home mortgage loans to geographies of different income levels is satisfactory. The percentage of owner-occupied housing in the one moderate-income CT totals 2% of all owner-occupied housing in the non-MSA AA. The bank does not have any home purchase or home improvement loans in the moderate-income CT. However, 2% of the home refinance loans are located in this CT.

Table 3 - Geographic Distribution of Residential Real Estate Loans in non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0%	0%	2%	0%	84%	97%	14%	3%
Home Improvement	0%	0%	2%	0%	84%	99%	14%	1%
Home Refinance	0%	0%	2%	2%	84%	95%	14%	3%

Source: HMDA data and 2000 Census data.

Lending in MSA AA

The distribution of home mortgage loans to geographies of different income levels is excellent. Thirty-eight percent of owner-occupied housing in the AA are located in the one moderate-income CT. The bank's home purchase, home improvement and home refinance loans account for 94%, 87% and 93%, respectively, made in the moderate-income CT.

Table 3 - Geographic Distribution of Residential Real Estate Loans in MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0%	0%	38%	94%	62%	6%	0%	0%
Home Improvement	0%	0%	38%	87%	62%	13%	0%	0%
Home Refinance	0%	0%	38%	93%	62%	7%	0%	0%

Source: HMDA data and 2000 Census data.

Loan-to-Deposit Ratio

FCNB's loan-to-deposit (LTD) ratio is satisfactory. As of September 30, 2005, the bank's LTD

ratio was 92%. FCNB's quarterly average LTD ratio since the 1998 CRA examination was 73%. This ratio compares satisfactorily to the seven similarly situated banks in the area whose quarterly average LTD ratios ranged from 67% to 97%, with an average ratio of 77%. These banks are considered similarly situated because of their size, location, and lending opportunities.

Lending in Assessment Area

Lending in the bank's AAs is good given the performance context factors at the bank. Based on a review of HMDA data and a sample of 23 business loans, a significant majority of the bank's loans originated in the AAs since the last evaluation. The data reflects that 90% of the loans were made within the bank's AAs.

Responses to Complaints

FCNB has not received any complaints about its performance in helping to meet community credit needs since the last CRA evaluation.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.