



PUBLIC DISCLOSURE

January 12, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community Bank, National Association
Charter Number 23531

Water & Main
Summersville, MO 65571

Office of the Comptroller of the Currency
Kansas City Field Office
7101 College Boulevard, Suite 1600
Overland Park, KS 66210

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.

INSTITUTION'S CRA RATING: This institution is rated Outstanding

Lending performance for Community Bank, N.A. of Summersville (Community) is outstanding. Major factors that support this rating are:

- Community originated a substantial majority of loans within its assessment area (AA).
- Lending activities among individuals of different income levels and farms of different sizes is more than reasonable.
- The geographic distribution of lending activities within the AA is more than reasonable.
- The institution received no consumer complaints concerning its performance in meeting the community's credit needs.

SCOPE OF EXAMINATION

We performed a full scope evaluation of Community using Small Bank CRA examination procedures. We focused primarily on the lending test. Our objectives were to assess Community's ability to serve and meet the credit needs within its assessment area (AA). Community's primary loan products are consumer loans based on number, and agriculture loans based on dollar volume. To evaluate performance, we selected a random sample of consumer and agriculture loans originated from January 01, 2013 through December 31, 2014. We used the sample to determine Community's lending record to individuals of different income levels; Community's lending record within low- and moderate-income geographical census tracts; and the percent of Community's loan originations extended to individuals located within the AA.

DESCRIPTION OF INSTITUTION

Community is a \$50.9 million dollar community bank, headquartered in Summersville, Missouri. Community is 100 percent owned by Summersville Bancorporation, Inc., a one-bank holding company. In addition to the main office, Community has one branch in Eminence, Missouri, one branch in Houston, Missouri, and three non-deposit taking ATMs. There has not been any significant change to Community's corporate structure, including merger or acquisition activities. The local economy within the AA primarily consists of tourism, agriculture, and manufacturing.

Community offers a full range of deposit, loan products, and services. Community is primarily an agricultural lender, offering a variety of lending products to meet the needs of the AA. Community primarily originates agriculture and consumer loans. Net loans

represent 58 percent of total assets. There are several financial institutions within Shannon and Texas Counties, Missouri competing for loans and deposits.

Community's financial condition, size, and other factors enable it to meet the credit needs within its AA. Community received an Outstanding rating at its last CRA examination, dated January 05, 2009.

DESCRIPTION OF ASSESSMENT AREA(S)

Community has one assessment area (AA) consisting of Shannon County and Texas County in south-central Missouri. The AA consists of whole census tracts and do not arbitrarily exclude any low- or moderate-income areas. The AA is not located in a metropolitan statistical area and consists of two moderate-income and four middle-income designated tracts. The AA meets the regulatory requirements.

Demographic data shows the 2014 median family income is \$37,558. The AA has the following income distribution for families: 24 percent low-income, 23 percent moderate-income, 23 percent middle-income, and 30 percent upper-income. The AA has 12,925 households, of which 41 percent receive social security, 3 percent receive public assistance, and 22 percent are below the poverty level. The median housing value is \$87,589, and 62 percent of the housing units are owner-occupied.

The local economy is stable. Economic activity within the AA is relatively diversified with agriculture, seasonal recreation, services, and small manufacturing companies as the primary economic activities. As of October 2014, unemployment in Shannon County and Texas County was 6 percent and 5 percent, respectively. Unemployment figures may be deceptive as this area has strong seasonal employment related to tourism.

We made one community contact with a regional government organization during this examination. The contact indicated the perception of local financial institutions is positive and that the financial institutions are actively involved in the communities. The contact indicated local financial institutions exhaust all opportunities to make loans for their clients within their loan criteria, but identified non-minimum wage employment opportunities as a need.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Community's average quarterly loan-to-deposit ratio reflects reasonable responsiveness towards meeting the credit needs of the community. Community's net LTD ratio averaged 73.27 percent over 21 quarters from December 2008 to September 2014. Community ranked second among three similarly situated banks serving its AA. The

other three banks had an average net LTD ratio of 70.42 percent, with a range from 68.17 percent to 73.95 percent, over the 21 quarters.

Lending in Assessment Area

Management originated a substantial majority of Community's lending activity inside its assessment area. Community's record for lending to borrowers within its AA is more than reasonable. For loans in the evaluation period, management originated 85 percent by number and 86 percent by dollar within its AA.

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

Community's performance of lending to borrowers of different incomes is excellent. Given the demographics of the AA, the distribution of loans reflects more than reasonable penetration among individuals of different income levels.

Distribution of agriculture loans is excellent and more than reasonable. The number of agriculture loans to farms in the AA with revenues less than \$1 million is 82 percent by number and 98 percent by dollar volume. This is more than reasonable considering 99 percent of farms in the AA have revenues less than \$1 million and approximately 18 percent of our sample did not have revenue information. Revenue information was not available for three of the agriculture loans in our sample. Our sampling indicated Community did not make any agriculture loans to farms with revenues greater than \$1 million, which is consistent with the demographic.

The distribution of consumer loans is excellent and more than reasonable. For the loans in the evaluation period, management originated 18 percent to low-income borrowers and 30 percent to moderate-income borrowers. Community had less consumer lending to low-income households than the demographics, but significantly exceeded the demographic ratio for moderate-income households. Lending to borrowers in low- moderate-income groups is more than reasonable given the household poverty level and percentage of sampled loans without income information. Using 2010 U.S. Census data, 23 percent of households in the AA are below the poverty level. Approximately six percent of our sample did not have income information.

Geographic Distribution of Loans

The geographic dispersion of loans is excellent. Community's AA consists of two moderate- and four middle-income census tracts. The AA does not have any low- or upper-income census tracts. For consumer loans, 88 percent were in moderate-income census tracts (CTs) and 12 percent were in middle-income CTs. The agriculture loan sample had 88 percent in moderate-income CTs and 12 percent in middle-income CTs. Within Community's AA, the 2010 US Census data shows 30 percent of farms and 33 percent of households are in moderate-income CTs. This is more than reasonable distribution given Community's lending within moderate-income CTs exceeds the demographic data for consumer and agriculture loans.

Community Development Loans

Community has demonstrated satisfactory responsiveness to the community development needs of this AA, considering its performance context and the needs and opportunities within the AA. During our review, we identified the following two loans with a community development purpose:

- Management originated a \$66 thousand loan in August 2011 to the Summersville Community Center. They provide various youth activities for the community. Summersville Community Center is located in Summersville, which is within a moderate-income census tract.
- In January 2012, management originated a \$6 thousand loan to Summersville Fire & Rescue. They are located within a moderate-income census tract. The purpose of the loan was to refinance a prior note to complete the fire station and consolidate existing loans.

Qualified Investments and CD Services

Community implemented one program and two services with a primary purpose of community development. In 2003, management implemented a Third Grade Savings Program. This program provides every third grade Summersville class an education on how to open and operate a savings account. The children learn basic banking skills, including how to open a savings account, how to make deposits and withdrawals, and the importance of saving money. Students earn fake money by showing their teacher good behavior and completing assignments on time. The class tours the bank at the end of the year, and the child who saves the most throughout the year earns a savings bond. Community also offers financial education through their website. The Banking Kids page offers information on how to use savings and checking accounts, how to use an ATM, and education on bank statements. The website also provides information on how to create a budget. Community also provides a service that is a savings account, with no minimum deposit requirement, for children under 18 years of age.

Responses to Complaints

During the evaluation period, Community did not receive any written complaints regarding its CRA performance.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.