



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

November 12, 2002 

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Community Bank, National Association  
Charter Number 23531**

**120 North Main Street  
Summersville, Missouri 65571**

**Comptroller of the Currency  
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**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.**

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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 Community Bank, National Association, Summersville, Missouri as prepared by The Comptroller of the Currency, the institution's supervisory agency, as of November 12, 2002. 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

**This institution is rated Outstanding.**

Community Bank, National Association is helping to meet the credit needs of its assessment area.

- A substantial majority of loans (95% by number and 94% by dollars) are made in the bank's assessment area.
- The bank's loan-to-deposit ratio is strong. The loan-to-deposit ratio since the last CRA examination has averaged 81%, well above the average of 70% for similarly situated banks in the assessment area. The bank ranks at the top of other banks in the assessment area.
- The distribution of borrowers, given the demographics of the assessment area, reflects excellent penetration of loans to low- and moderate-income borrowers and small farms.
- The bank has appropriately responded to consumer complaints.

## DESCRIPTION OF INSTITUTION

Community Bank, National Association (Community Bank) is located in Summersville, Missouri. The bank has \$37 million in total assets, of which net loans were \$27 million (74% of total assets) according to the June 30, 2002 Report of Condition. While headquartered in Summersville, it operates two branches with offices in Eminence and Winona, Missouri. Community Bank is 88.5% owned by Summersville Bancorporation, a one-bank holding company, located in Summersville, Missouri. The holding company's assets size is the same as the bank. All bank offices are full service offices with drive up facilities, and non-deposit taking ATMs are located at the Summersville and Eminence branches. The bank offers a variety of loan products including consumer, commercial, and agricultural loans, as well as residential, commercial, and farmland real estate loans.

Consumer installment, residential real estate, and farmland loans are the primary focus of the bank's loan portfolio. The conclusions are based on a sample of these types of loans originated from January 1997 to September 2002. The previous CRA examination was as of June 30, 1997, and the institution was rated outstanding. There are no legal impediments or other factors, including the financial condition of the bank, which hinder the bank's ability to fulfill its Community Reinvestment Act (CRA) obligation.

The following table shows a breakdown of the bank's loan portfolio as of June 30, 2002.

<b>Total Loans</b>						
<b>Loan Types</b>	<b>Current Balances</b>	<b>% of Current Balance</b>	<b>Number Originated</b>	<b>\$ Originated (000's)</b>	<b>% by Number Originated</b>	<b>% by \$ Originated</b>
<b>Installment Loans</b>	<b>\$4,343</b>	<b>16%</b>	<b>3,144</b>	<b>\$13,329</b>	<b>63%</b>	<b>23%</b>
<b>Commercial Loans</b>	<b>\$3,331</b>	<b>12%</b>	<b>592</b>	<b>\$9,581</b>	<b>12%</b>	<b>17%</b>
<b>Agriculture Loans</b>	<b>\$1,755</b>	<b>6%</b>	<b>550</b>	<b>\$5,902</b>	<b>11%</b>	<b>10%</b>
<b>Real Estate Loans</b>	<b>\$17,920</b>	<b>66%</b>	<b>688</b>	<b>\$28,587</b>	<b>14%</b>	<b>50%</b>
1-4 Family Res RE	\$6,950	25%	327	\$10,695	7%	19%
Farm Land	\$7,164	26%	194	\$10,745	4%	19%
Non-Farm /Non-Res RE	\$3,806	14%	167	\$7,147	3%	12%
<b>Totals</b>	<b>\$27,349</b>	<b>100%</b>	<b>4,974</b>	<b>\$57,399</b>	<b>100%</b>	<b>100%</b>

The primary products selected and the conclusions, which are contained in this report, are based on loans originated from September 1997 to June 2002, received from the bank.

## DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area (AA) consists of Shannon and a portion of Texas Counties in Missouri. The AA contains three census tracts, all of which are moderate-income tracts. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. There are four other independently owned banks, which provide competition in the bank's AA. Competition includes First National Bank of Mountain View with \$168 million in total assets, Eminence Security Bank with \$50 million in total assets, The Bank of Houston with \$50

million in total assets, and Bank of Birch Tree with \$23 million in total assets.

The population of the AA is 12,659 and includes 4,824 households. The most recently updated HUD non-MSA median family income for the AA is \$40,600. Low-income families represent 30% of the AA population with the remainder as follows: 25% moderate-income, 20% middle-income, and 25% upper-income families. Approximately 26% of the total households fall below poverty level income. Owner occupied housing represents 69% of total housing in the AA, with a median housing value of \$26,789.

The school district, government, and service industries provide most of the employment in the area. Major employers in the AA are: local school districts, USDA (Forest Service), Department of Interior (Parks Service), Missouri State Department of Conservation and Missouri Division of Family Services. The unemployment rate is 3.62% with stable economic conditions for the AA.

Examiners reviewed one previous and interviewed one new community contact to discuss the needs of the community for credit and other banking services. The new community contact is employed by a university extension office in one of the counties in the AA. The contact stated the primary business in the area has moved from farming to timber (sawmills) and tourism. Primary employers are federal, state, and county government agencies. The contact also stated he felt the greatest banking needs are more aggressive lending to entrepreneurs and low down payment mortgage financing.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

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

Community Bank's loan-to-deposit (LTD) ratio is strong. The bank's quarterly average LTD ratio since the last CRA examination is 81% based on twenty quarters. This is the second highest average LTD for similarly situated banks and significantly above the average of 70% for similarly situated banks in the AA.

There are four financial institutions with total deposits between \$22 million to \$50 million which are similarly situated, and with one to three offices compared to Community Bank, N.A. with total deposits of \$35 million.

### **Lending in Assessment Area**

Community Bank's record of lending within its assessment area is excellent. A substantial majority of all loans made are located in the AA. The primary credit products were determined to be consumer installment, 1-4 family residential real estate and loans to small farms. We sampled 20 of each primary credit product originated from September 1997 to June 2002. The sample indicated that 95% by number and 94% by dollar of these loans were originated in the bank's AA.

The following table reflects lending in the assessment area by product:

<b>Percentage of Originations within the AA</b>		
	<b>% by Number</b>	<b>% by Dollar</b>
<b>Total loans</b>	<b>95%</b>	<b>94%</b>
Consumer installment	95%	94%
1-4 Family Residential Real Estate	100%	100%
Farm Land Loans	91%	90%

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

Community Bank's performance of lending to borrowers of different incomes and loans to small farmers is strong. Examiners reviewed a sample of 20 loans for each of the bank's primary product types originated in the AA since the previous CRA examination through June 2002. Bank management has responded favorably to the credit needs of its AA by originating an appropriate percentage of loans to low- and moderate-income borrowers, as well as small farms.

The residential real estate sample is made up of all types of loans (including purchase money, refinancing, and home improvement loans), as the bank was not able to separate these loans further by category. The following tables summarize the sample of loans made by number and dollar amount to each income designation within the AA compared to demographics:

<b>Consumer Installment Loans</b>			
<b>Income Designation</b>	<b>% of Households</b>	<b>% by Number</b>	<b>% by Dollar</b>
<b>Low – income level</b>	31%	14%	6%
<b>Moderate – income level</b>	22%	29%	34%
<b>Middle – income level</b>	19%	38%	42%
<b>Upper – income level</b>	28%	19%	18%

Performance for consumer installment lending to low-income individuals is good, considering that 26% of the households and 20% of families in the AA are below poverty level. In addition, loans to moderate-income individuals exceed demographics by both number and dollar amount of loans.

<b>1-4 Family Residential Real Estate Loans</b>			
<b>Income Designation</b>	<b>% of Families</b>	<b>% by Number</b>	<b>% by Dollar</b>
<b>Low – income level</b>	30%	25%	23%
<b>Moderate – income level</b>	25%	30%	27%
<b>Middle – income level</b>	20%	20%	22%
<b>Upper – income level</b>	25%	25%	28%

The bank’s lending for 1-4 family residential real estate is excellent to low-income borrowers considering poverty levels in the AA. And, the bank’s level of lending to moderate-income borrowers exceeds demographics by both number and dollar amount of loans.

<b>Farm Land Loans</b>			
<b>Income Designation</b>	<b>% of Farms</b>	<b>% by Number</b>	<b>% by Dollar</b>
<b>Small farms &lt; or = \$1MM sales</b>	96%	95%	94%
<b>Large farms &gt; \$1MM sales</b>	2%	5%	6%
<b>Revenue not reported</b>	2%	0%	0%

The bank’s lending for farm land loans is good as loans originated were within 1% of demographics by number and 2% of demographics by dollar. Only one loan in our sample was made to a large farm entity.

**Geographic Distribution of Loans**

The geographic distribution of loans analysis is not meaningful as all the bank’s assessment area is located in moderate census tracts.

**Response to Complaints**

Community Bank’s responses to the five letters included in the bank’s CRA Public File concerning the anticipated closing of the Winona, Missouri branch are appropriate. Management responded to customer concerns by expanding the Eminence, Missouri branch location and plans to reimburse Winona customers for mail correspondent banking costs.

**Record of Compliance with Antidiscrimination Laws**

Community Bank is in compliance with applicable antidiscrimination laws. An analysis of public comments and consumer complaint information was performed according to the OCC’s risk based fair lending approach. Based on its analysis of the information, the OCC concluded that a comprehensive fair lending examination would not be conducted in connection with the CRA evaluation this year.