



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 5, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community Bank, NA
Charter Number 23531

120 North Main Street
Summersville, MO 65571

Office of the Comptroller of the Currency
Kansas City South – Joplin Satellite Office
1710 East 32nd Street, Suite H
Joplin, Missouri, 65804

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.

The major factors supporting this rating for Community Bank, NA (CBNA) are:

- CBNA's average quarterly loan-to-deposit ratio is more than reasonable considering the bank's size and level of competition in its assessment area.
- Management originated a substantial majority of the bank's lending activity within its assessment area.
- Community Bank, N.A.'s lending to borrowers of different income levels and to farms of different sizes is more than reasonable.
- The bank has received no consumer complaints concerning its performance in meeting the community's credit needs.

SCOPE OF EXAMINATION

We performed a full scope evaluation of CBNA's performance using small bank CRA procedures. Our objectives were to assess the bank's ability to serve and meet the community's needs within its assessment area (AA). Our loan sample included originations from January 1, 2006 through December 31, 2008. CBNA's primary lending products, by number and dollar amount since the last CRA examination, are agriculture: 18 percent by number and 39 percent by dollar; 1-4 family residential real estate (RRE): 15 percent by number and 28 percent by dollar; and consumer loans: 56 percent by number and 18 percent by dollar. To assess the bank's performance, we selected a sample of twenty loans from each primary product.

DESCRIPTION OF INSTITUTION

CBNA is a \$41 million dollar community bank, headquartered in Summersville, Missouri. CBNA is 100 percent owned by Summersville Bancorporation, Inc., a one-bank holding company. In addition to the main office, CBNA has one branch in Eminence, Missouri, and two non-deposit-taking ATMs. There has not been any significant change to CBNA's corporate structure, including merger or acquisition activities.

The bank offers a full range of deposit, loan products, and services. Net loans represent 83 percent of total assets. A number of financial institutions compete for deposits and loans. CBNA's competitors include several local community banks and two large regional institutions.

The bank's financial condition, size, local economic conditions, and other factors enable it to meet the credit needs of its AA. We assigned an "Outstanding" rating at the November 12, 2002 CRA examination.

DESCRIPTION OF ASSESSMENT AREA(S)

CBNA has one AA comprised of Shannon County and census tract 9802 in Texas County. These contiguous census tracts are located in south central Missouri. The AA meets the regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies. The bank's AA is comprised of two moderate- and one middle-income census tracts.

The 2008 Housing and Urban Development (HUD) median family income of the AA was \$43,800. The AA has the following income distribution for families: 35 percent low-income, 21 percent moderate-income, 18 percent middle-income, and 26 percent upper-income. Of the 5,465 households in the AA, 38 percent receive social security, 5 percent receive public assistance, and 25 percent are below the poverty level. The median housing value is \$50,054, and 69 percent of the housing units are owner-occupied.

The local economy is in decline. Economic activity is relatively diverse with farming, wood products, seasonal recreation, services, and small manufacturing companies as the primary economic activities. As of December 31, 2008, local seasonally unadjusted unemployment rates are high. Unemployment is 10.2 percent in Shannon County and 7.7 percent in Texas County. These figures may be deceptive as this area has strong seasonal employment related to tourism.

We conducted one community contact during this examination. The contact said the area’s economy is strong compared to other regions of the U.S. and new industries continue to be attracted to the area. Bank involvement within the community is good, as shown by the support of the AA’s credit needs. The contact added that he was impressed with CBNA’s involvement in the community and the bank’s willingness to serve the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit (LTD) Ratio

The bank’s average quarterly loan-to-deposit ratio reflects more than reasonable responsiveness towards meeting the credit needs of the community. The bank’s net LTD ratio averaged 86.27 percent over 20 quarters from January 2004 to September 2008. CBNA ranked second among five similarly situated banks serving its AA. The other five banks had an average net LTD ratio of 76.52 percent, with a range from 66.70 percent to 96.86 percent over the 20 quarters.

Lending in Assessment Area

CBNA’s record for lending to borrowers within its AA is more than reasonable, as a substantial majority of loans are in the AA. For loans in the evaluation period, management originated 82 percent by number and 80 percent by dollar within its AA. See Table 1 for details.

Table 1 - Lending in CBNA’s AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agriculture	15	75%	5	25%	20	\$559,692	77%	\$167,457	23%	\$727,149
1-4 Family RRE	18	90%	2	10%	20	\$549,069	85%	\$96,541	15%	\$645,610
Consumer	16	80%	4	20%	20	\$92,716	70%	\$39,427	30%	\$132,143
Totals	49	82%	11	18%	60	\$1,201,477	80%	\$303,425	20%	\$1,504,902

Source: Loan sample.

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

CBNA’s lending to borrowers of different income levels and to farms of different sizes is very good. To assess the bank’s performance, we randomly selected a sample of 20 loans from each of the primary loan products of agriculture, 1-4 family RRE, and consumer loans within the AA. We found agriculture lending to be excellent, as 85 percent of the lending was to farms with revenues less than \$1 million, and with revenue of 15 percent of our sample unknown due to lack of financial information within the file. The bank did not lend to farms with over \$1 million in revenues, which is consistent with the demographics of the AA. The following table details the bank’s lending within the AA by number and dollar amount.

Borrower Distribution of Loans to Farms in AA				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	100%	0%	0%	100%
% of Bank Loans in AA by #	85%	0%	15%	100%
% of Bank Loans in AA by \$	82%	0%	18%	100%

Source: Loan sample and 2000 U.S. Census Data.

The consumer loan sample shows outstanding penetration among low- and moderate-income households. The bank had less consumer lending to low-income households than the demographics, but exceeded the demographic ratio for moderate-income households. Considering the household poverty level and local competition, lending to borrowers in the low- and moderate-income groups is more than reasonable. The following table shows distribution of consumer loans among borrowers of different income levels. A majority of the bank’s consumer loans are auto loans. However, low-income individuals usually finance loans at other institutions due to CBNA’s more conservative lending requirements.

Borrower Distribution of Consumer Loans in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	35%	25%	21%	25%	18%	15%	26%	35%

Source: Loan sample and 2000 U.S. Census Data.

CBNA’s level of 1-4 family RRE lending to low- and moderate-income consumers is excellent. The following table reflects the distribution of loans to low-income families within the bank’s AA.

Borrower Distribution of Residential Real Estate Loans in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
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
1-4 Family RRE	33%	40%	23%	25%	21%	15%	23%	20%

Source: Loan sample and 2000 U.S. Census Data.

Geographic Distribution of Loans

CBNA’s geographic distribution of credit reflects satisfactory dispersion throughout the bank’s AA. The bank’s AA does not have any low-income census tracts. Overall, our analysis indicated satisfactory lending penetration within the bank’s three census tracts. The volume of agriculture lending activity in moderate-income areas reflects excellent dispersion. Within our loan sample, lending (as a percentage of AA farms), exceeded the percentage of farms within the moderate-income census tracts, as illustrated in the following table.

Geographic Distribution of Loans to Farms in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Agriculture	0%	0%	90%	95%	10%	5%	0%	0%

Source: Loan sample and 2000 U.S. Census Data.

Geographic distribution among 1-4 family RRE loans in moderate-income tracts reflects reasonable dispersion of loans throughout the AA, as shown in the table below. The amount of loans within the bank’s moderate-income census tracts is close to the demographic level of owner-occupied housing within the AA.

Geographic Distribution of Residential Real Estate Loans								
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
1-4 Family RRE	0%	0%	74%	70%	26%	30%	0%	0%

Source: Loan sample and 2000 U.S. Census Data.

The consumer loan sample reflects excellent dispersion in the geographic distribution among moderate-income census tracts. The bank’s ratios exceeded the demographic ratios for the AA as shown in the table below.

Geographic Distribution of Consumer Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0%	0%	75%	80%	25%	20%	0%	0%

Source: Loan sample and 2000 U.S. Census Data.

Other Lending Services and Activities

CBNA demonstrates satisfactory responsiveness to the community needs of its AA, considering the bank’s lending performance and the needs and opportunities within the AA. During our review, we identified the following loans, programs, and services that help meet the needs of the community.

- Management originated a \$51 thousand loan in June 2008 to the Summersville Senior Housing Corporation. This corporation provides affordable housing to seniors. The amount of rent is based on income. Summersville Senior Housing is located in Summersville, which is within a moderate-income census tract.
- In August 2005, management originated a \$97 thousand loan to Summersville Fire & Rescue, which is located within a moderate-income census tract. The purpose of the loan was to complete the fire station and consolidate existing loans.
- Management originated a \$28 thousand loan in July 2008 to Date Township. The purpose of the loan was to purchase a road grader for the township. Date Township maintains the roads in and around Summersville, which is located in a moderate-income census tract.

CBNA implemented one program and two services to meet the needs within the community. In 2003, management implemented a Third Grade Savings Program. This program teaches the Summersville third grade class how to open and maintain a savings account. The children learn basic banking skills including opening an account, making deposits and withdrawals, and saving money. The students earn fake money through good behavior and completing assignments on time. At the end of the school year, the class tours the bank. The child who saves the most during the school year wins a savings bond. The bank also provides financial education through its website. The Banking Kids page provides training information on deposit accounts, explains how to use an ATM, and describes a bank statement. The website includes information on creating a budget. The bank provides another community service by offering no minimum opening deposit requirement for minor savings accounts.

Responses to Complaints

CBNA did not receive any written complaints regarding its CRA performance during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

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