



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 9, 1998

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Columbia National Bank
Charter Number 16593

700 Columbia Centre, P.O. Box 408
Columbia, Illinois 62236

Comptroller of the Currency

Fairview Heights Field Office
13 Executive Drive, Suite 7
Fairview Heights, Illinois 62208

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.

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 **Columbia National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **February 9, 1998**. This evaluation is based on information since the last CRA examination dated December 20, 1995. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory Record of Meeting Community Credit Needs."

Columbia National Bank's CRA performance demonstrates:

- ▶ The loan-to-deposit ratio is reasonable.
- ▶ A substantial majority of loans are originated in the bank's assessment area.
- ▶ The level of lending to borrowers of different income levels and to businesses and farms of different sizes is fair.
- ▶ The geographic distribution of loans reflects a satisfactory level of lending throughout the assessment area.

DESCRIPTION OF INSTITUTION

Columbia National Bank (CNB) is located in Columbia, Illinois. CNB is 80% owned by Columbia Bancshares, Inc., a one-bank holding company. The bank operates from an office in Columbia, Illinois. An automated teller machine is located in the Marketplace Shopping Center in Columbia.

CNB offers a variety of conventional loan products, with an emphasis on residential mortgage loans. Residential mortgages are available for the purposes of purchase, refinance, or home improvement. The loan portfolio mix as of December 31, 1997, was: 1-4 family residential real estate 61%; consumer installment 20%; nonresidential (commercial and agricultural) real estate 8%; commercial and industrial loans 7%, and various other loans 4%. As of December 31, 1997, the bank's assets totaled \$32 million.

There are no financial or legal impediments which would hamper CNB's ability to help meet the credit needs of its community. The bank has adequate resources to provide for the credit needs of its assessment area. The type and amount of CRA activities are consistent with the bank's size, financial capacity, and local economic conditions. CNB's prior CRA rating was a "Satisfactory Record of Meeting Community Credit Needs."

DESCRIPTION OF ASSESSMENT AREA

CNB's assessment area consists of Monroe County and portions of St. Clair County, Illinois. Monroe and St. Clair Counties are part of the St. Louis Metropolitan Statistical Area (MSA), or MSA 7040. The assessment area is comprised of 3 moderate-income census tracts (30%) and 7 middle-income census tracts (70%). CNB's office is located in census tract 6001.00 of Monroe County.

As of 1990, the population of the bank's assessment area was 60,569. Of that population, approximately 7,200 live in the City of Columbia. In 1990, the median family income for the assessment area was \$35,359. The 1997 median family income for MSA 7040 was \$49,300. The family breakdown by income level within the assessment area is: 3,207 families or 20% low-; 3,445 families or 21% moderate-; 4,533 families or 28% middle-; and 5,201 families or 32% upper-income. Local housing is 84% single family units. The median housing value is \$56,128 with a median year built of 1961.

For the analysis contained in this report, low-income is defined as income that is less than 50% of the 1997 MSA median family income. Moderate-income is defined as income that is at least 50%, but less than 80%, of the 1997 MSA median family income. Middle-income is at least 80%, but less than 120% of the 1997 MSA median family income. Upper-income is income that is 120% or more of the 1997 MSA median income. In 1997, the St. Louis MSA median family income was \$49,300.

Economic conditions in Monroe and St. Clair Counties are good. The December 1997 seasonally unadjusted unemployment rate for Monroe County and St. Clair Counties were 4.2% and 5.7%, respectively. The December 1997 State of Illinois and national seasonally unadjusted unemployment rates were 4.6% and 4.4%, respectively.

There are several small businesses in the bank's assessment area. However, a substantial number of individuals in the assessment area work in the City of St. Louis and surrounding counties. The major types of industry in the assessment area are services, with government, retail trade, and manufacturing the next largest industries. Approximately 4% of the households in the assessment area are farmers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio:

CNB's loan-to-deposit ratio is reasonable compared to banks of similar size in the assessment area. The bank's average quarterly loan-to-deposit ratio for the nine quarters between December 31, 1995, and December 31, 1997, was 82%. As of December 31, 1997, the bank's loan-to-deposit ratio was 75%. The December 31, 1997 average loan-to-deposit ratio for similarly situated financial institutions in CNB's assessment area was 82%. The loan-to-deposit ratio at these banks ranged from 70% to 92%.

Lending in the Assessment Area:

Overall, CNB demonstrates good responsiveness to serving the credit needs in its assessment area based on the number and dollar amount of loans inside its assessment area. Table 1 shows the number and amount of CNB's home mortgage loans originated between January 1, 1996, and December 31, 1997. The table demonstrates that a high percentage of CNB's home mortgage loans were made inside its assessment area.

1996 and 1997 Home Mortgage Disclosure Act (HMDA) Loans

Table 1				
Ratio of Loans inside the Assessment Area (AA)				
	# of Loans	% of Loans	Loan \$	% of Loan \$
<i>Loans inside the AA</i>	175	83%	\$7,854	74%
<i>Loans outside the AA</i>	35	17%	\$2,729	26%
<i>Total</i>	210	100%	\$10,583	100%

Dollar amounts are in 000's

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes:

The level of home mortgage loans in CNB's assessment area to persons with low or moderate-income is fair in relation to the percentage of low- or moderate-income families living in the assessment area (41%). In 1996, 14% of the number and 10% of the dollar amount of HMDA loans were extended to low- or moderate-income individuals. A similar level of loans to low- or moderate-income individuals occurred in 1997, with 11% of the number and 14% of the dollar amount of HMDA loans extended to low- or moderate-income individuals. Tables 2 and 3 reflect the number and dollar volume of 1996 and 1997 HMDA loans to low-, moderate-, middle-, and upper-income individuals.

Table 2 Borrower Distribution of HMDA Loans				
Originations of HMDA Loans in 1996	Number of loans in the AA	Percent of total	Dollar amount of loans in the AA	Percent of total
Low-Income Borrower	3	3%	\$90	2%
Moderate-Income Borrower	11	11%	\$329	8%
Middle-Income Borrower	32	32%	\$1,198	28%
Upper-Income Borrower	53	53%	\$2,500	58%
Not Available	1	1%	\$160	4%
TOTALS	100	100%	\$4,277	100%

Dollar Amounts are in 000's

Table 3 Borrower Distribution of HMDA Loans				
Originations of HMDA Loans in 1997	Number of loans in the AA	Percent of total	Dollar amount of loans in the AA	Percent of total
Low-Income Borrower	2	3%	\$63	2%
Moderate-Income Borrower	6	8%	\$419	12%
Middle-Income Borrower	24	32%	\$945	26%
Upper-Income Borrower	43	57%	\$2,150	60%
TOTALS	75	100%	\$3,577	100%

Dollar Amounts are in 000's

CNB also extends loans to small businesses and small farms. The bank's June 30, 1997 Consolidated Report of Condition indicates substantially all of the bank's small farm and small business loans have original amounts of \$100,000 or less.

Geographic Distribution of Loans:

The geographic distribution of loans reflects a satisfactory penetration in CNB's assessment area, based on the loan location of CNB's home mortgage loans. The level of loan activity in the low- and moderate-income tracts in relation to the number of low- and moderate-income tracts for the assessment area of CNB (30%) is reasonable. For 1996 HMDA loans, 37% of the number and 18% of the dollar amount were originated in moderate-income areas. For 1997 HMDA loans, 32% of the number and 10% of the dollar amount were originated in moderate-income areas. The geographic dispersion of 1996 and 1997 HMDA loans is shown in Tables 4 and 5. They illustrate the number and dollar amount of 1996 and 1997 HMDA loans that were originated in the moderate- and middle-income tracts in CNB's assessment area.

Table 4 Geographic Distribution of HMDA Loans						
Originations of 1996 HMDA Loans	Number of census tracts	Percent of census tracts	Number of Loans	Percent of Total	Dollar Amount of Loans	Percent of Total
Moderate-Income Tracts	3	30%	37	37%	\$767	18%
Middle-Income Tracts	7	70%	63	63%	\$3,510	82%
TOTALS	10	100%	100	100%	\$4,277	100%

Dollar amounts are in 000's

Table 5 Geographic Distribution of HMDA Loans						
Originations of 1997 HMDA Loans	Number of census tracts	Percent of census tracts	Number of Loans	Percent of Total	Dollar Amount of Loans	Percent of Total
Moderate-Income Tract	3	30%	24	32%	\$356	10%
Middle-Income Tract	7	70%	51	68%	\$3,221	90%

Table 5
Geographic Distribution of HMDA Loans

TOTALS	10	100%	75	100%	\$3,577	100%
---------------	----	------	----	------	---------	------

Dollar amounts are in 000's

Response to Complaints:

No complaints were received by the bank since the prior CRA examination.

Compliance with Antidiscrimination Laws:

In conjunction with the CRA evaluation, we performed a Fair Lending examination which included a review of the bank's compliance with the Equal Credit Opportunity Act and the Fair Housing Act. No substantive violations of these antidiscrimination laws and regulations were identified.