



PUBLIC DISCLOSURE

June 17, 1998

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

First Community National Bank
Charter # 17694
407 North Franklin Street
Cuba, Missouri 65453

Comptroller of the Currency
St. Louis 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 the **First Community National Bank**, Cuba, Missouri, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of **June 17, 1998**. This evaluation is based on information since the last CRA examination dated May 24, 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**.

- The distribution of lending activities to borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels (including low-and moderate-income levels).
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- The bank's loan-to-deposit ratio is reasonable given the bank's size, its financial condition, and the assessment area's credit needs.
- A substantial majority of loans are extended in the bank's assessment area.

DESCRIPTION OF INSTITUTION

The First Community National Bank is a \$101 million bank which is owned by Steelville Community Banc-Shares, a one-bank holding company located in Steelville, Missouri. The main office is in Cuba. The bank operates branches in Steelville, Sullivan, and Vienna, Missouri. Each location has an automated teller machine. Net loans represent 49% of total assets as of March 31, 1998. The bank's primary business focus is in residential real estate lending. As of March 31, 1998, 1-4 family residential real estate loans comprise 58% of the loan portfolio. As of the same date, the loan portfolio consists of 81% real estate loans, 13% consumer and single pay loans, and 6% business and agriculture-related loans.

No financial or legal constraints impede the bank's ability to meet community credit needs. 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. The bank's prior CRA rating, dated May 24, 1995, was "Satisfactory Record of Meeting Community Credit Needs."

DESCRIPTION OF ASSESSMENT AREA

The First Community National Bank has designated as its assessment area the following area in Missouri: Crawford and Maries Counties, the southern portion of Gasconade and Franklin Counties, and the southwestern portion of Washington County. The assessment area contains ten Block Numbering Areas (BNAs) and three Census Tracts (CTs). The CTs are in Franklin County and are part of St. Louis Metropolitan Statistical Area (MSA) 7040. Of the thirteen BNAs and CTs, three, or 23%, are moderate-income geographies, and ten, or 77%, are middle-income geographies. Three of the offices are located in middle-income geographies; the Sullivan office is in CT 8011, a moderate-income geography. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

The assessment area population was 54,562 as of the 1990 census. The 1998 median family income for St. Louis MSA 7040 is \$49,300; the 1998 Missouri non-metropolitan median family income is \$34,000. The weighted average of the MSA and non-MSA median family income is \$39,231; this is the income figure used for the analysis in this evaluation. Census information on family incomes aggregated for all BNAs and CTs in the assessment area shows that 24% are within low-, 23% within moderate-, 25% within middle-, and 28% within upper-income levels.

Based on 1990 census information, the weighted average of median housing value is \$38,988 and the weighted average median year of construction is 1968. Owner-occupied units represent 66% of the housing stock, with 79% being 1-4 family units. Of the number of households, 16% are below the poverty level.

The overall economic condition of the assessment area is stable. The largest employers in the area are Table Trends, Inc., San Val, Inc., and Poly Systems in Steelville; Olin Corporation and Georgia Pacific in Cuba; and AeroFil Technology, Inc., Industrial Wire, and Paramount in Sullivan. The local communities are popular tourist areas. April 1998 unemployment figures show Crawford County at 6.4%, Franklin and Maries Counties at 4.1%, Washington County at 8.1%, and Gasconade County at 4.5%. The national unemployment rate is 4.3% and the Missouri unemployment rate is 4.4%.

The bank's main competition comes from a state bank with branches in Cuba, Steelville and Bourbon, from two other financial institutions in Sullivan, and from a state bank in Vienna. First Community National Bank's business strategy is to actively market residential real estate and consumer loans.

A community contact was performed with an area real estate agency during the evaluation. The contact indicated that the local banks are serving the needs of the community; however, there is a clear need for affordable housing programs for low- and moderate-income families. The contact indicated that the 20% down payment requirements for conventional financing are too restrictive. The contact stated there is a government rural development program with lower down payment requirements offered by First Community National Bank; however, consumers do not like the red tape and very seldom want that type of financing. The contact indicated that in many instances residential loans with lower down payment requirements were obtained in the St. Louis area. This issue has been raised by the contact with all of the area lenders.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

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

The bank's primary product line is residential real estate lending for purchase, home improvement, and refinancing. Lending to borrowers of different income levels exceeds the standards for satisfactory performance. There is an excellent distribution of loans to borrowers of different income levels. Our review of residential real estate loans for purchase originated in 1997 and 1998 shows that loans are extended to borrowers of all income levels, including low- and moderate-income borrowers.

We sampled 1-4 family residential real estate loans originated in 1997 and 1998. During this period the bank originated 155 loans totaling \$7,064,000. We reviewed 67 or 43% of the number and 21% or \$1,458,000 of the dollar amount of originations to purchase residential real estate.

The following table shows the distribution of loan originations used to purchase residential real estate among borrowers of different income levels within the assessment area:

Income Levels	# of Loans	% of Loans #	Loan \$ (000's)	% of Loans \$	Assessment Area Family Income
<i>Low Income</i>	11	17%	166	5%	24%
<i>Moderate Income</i>	24	36%	815	25%	23%
<i>Middle Income</i>	17	25%	774	24%	25%
<i>Upper Income</i>	15	22%	1,458	46%	28%

We did not review loans to businesses or farms because these type of loans only represent 6% of the loan portfolio when excluding loans secured by farmland, non farmland, and residential real estate.

Geographic Distribution of Loans:

The geographic distribution of loans meets the standards for satisfactory performance. The distribution of loans reflects reasonable dispersion throughout the assessment area. The sample revealed no purchase residential real estate loan activity in the three middle-income BNAs in Maries County and one BNA in Gasconade County. Also, limited residential lending was noted in two middle-income BNAs in Washington County. Mitigating factors concerning the lack of lending in some areas are:

- The branch at Vienna in Maries County just opened in November 1997, and a good portion of the sample was in 1997.
- The bank’s one BNA in Gasconade County has a good deal of competition from three banks in Owensville, Missouri.
- Modest residential real estate lending in the southwestern portion of Washington County is not unexpected; this area is primarily represented by the Mark Twain National Forest which contains a small population with limited housing opportunities.

Geographic dispersion of 1-4 residential real estate loans throughout the assessment area:

Income Characteristic of BNAs and CTs	Number of Loans	Percentage of Loans #	Dollar Amount of Loans (000's)	Percentage of Loans \$	Percent of Owner-Occupied Housing In Tract Income Category
Low Income (a)	0	0%	0	0%	0%
Moderate Income (b)	24	36%	992	31%	29%
Middle Income (c)	43	64%	2,221	69%	71%
Upper Income (d)	0	0%	0	0%	0%
Total	67	100%	3,213	100%	100%

- (a) *No low-income geographies in assessment area*
- (b) *3 moderate-income geographies in assessment area*
- (c) *10 middle-income geographies in assessment area*
- (d) *No upper-income geographies in assessment area*

Loan-to-Deposit Ratio:

The bank’s loan-to-deposit ratio meets the standards. The loan-to-deposit ratio was 61% at March 31, 1998, and the ratio is considered reasonable. Four similarly situated area banks had loan-to-deposit ratios on that date ranging from 70% to 86%. Since the previous CRA evaluation in May 1995, the bank’s quarterly average loan-to-deposit ratio is 62% compared to ratios ranging from 71% to 84% for the area banks.

Lending in the Assessment Area:

Lending in the assessment area exceeds the standards for satisfactory performance. A substantial majority of the bank’s residential real estate loans are within its assessment area. This conclusion is based on the sample of 1-4 family residential real estate loans. Also, the bank annually geo-codes the distribution of all loans in the assessment area. The bank’s 1997 analysis revealed that approximately 92% of all loans approved were in the bank’s assessment area. The following table represents the results of our residential real estate sample.

Real Estate Loans by Number and Dollar Amount Within Assessment Area:

Number of Loans Originated	Percentage of Loans (#)	Dollar Amount of Loans Originated (000's)	Percentage of Loans (\$)
67	93%	3,213	91%

Response to Complaints:

No complaints were received since the prior CRA evaluation dated May 24, 1995.

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 violations of these antidiscrimination laws and regulations were identified.