

PUBLIC DISCLOSURE

September 14, 1998

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Community First Bank, NA
Charter Number 4908

444 Main Street
Reynoldsville, Pennsylvania 15851

Office of the Comptroller of the Currency
4075 Monroeville Boulevard, Suite 300
Monroeville, Pennsylvania 15146

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 Community First Bank, National Association prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of September 14, 1998. 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.

Lending volumes are reasonable and show a reasonable penetration among low- and moderate-income individuals as well as small businesses. A substantial majority of lending is within the CRA assessment area.

The following table indicates the performance level of Community First Bank, NA with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Community First Bank, NA</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans	Analysis not meaningful.		
Response to Complaints	No Complaints Received		

DESCRIPTION OF INSTITUTION

Community First Bank, NA is a \$43 million bank headquartered in Reynoldsville, Pennsylvania. Reynoldsville has a population of approximately 3,000 and is situated approximately ten miles west of the larger community of DuBois, Pennsylvania. The bank opened its first branch October 1997 in Sykesville, Pennsylvania. Sykesville has a population of approximately 1,500 and is located approximately 10 miles southeast of Reynoldsville. Two full service ATMs are operated within each banking facility.

The bank's credit products focus on residential real estate, consumer, and small business. It has 43% of its loan portfolio *dollar volume* in residential real estate loans, 37% in commercial loans, 17% in consumer loans, and 3% in agricultural and municipal loans.

The bank is primarily owned by the Deible family under a one bank holding company, Community First Bancorp, Incorporated. The bank is a full service financial institution. The bank's financial condition, asset size, and product offerings do not limit its ability to meet the community's credit needs. Individuals can refer to the bank's CRA Public File for a list of specific products and services available from the bank.

DESCRIPTION OF BANK'S ASSESSMENT AREA

The bank's assessment area encompasses parts of Jefferson and Clearfield Counties including, but not limited to, the Townships of Snyder, Washington, Pine Creek, Winslow, Sandy, Henderson, and Brady. This area consists of 13 Block Numbering Areas (BNAs), Twelve of these are middle-income as defined by the 1990 US Census Bureau. The remaining BNA is upper income. None of these BNAs are in a Metropolitan Statistical Area. Refer to the Public File for a map outlining this assessment area. The assessment area had a 1990 census population of approximately 51,000 which has decreased since then. The rural population base is shrinking and moving to either larger communities in the surrounding area or out of the area entirely.

The 1997 Pennsylvania statewide nonmetropolitan median *family* income is \$35,200. The local economy is based on light manufacturing, retail businesses, and service companies. In Reynoldsville itself, the largest employers include a casket manufacturer, utilities industries, and an industrial tool cutter facility. While downtown Reynoldsville retail trade remains static, additional opportunities are available in the nearby communities of DuBois and Brookville. Brookville is the county seat of Jefferson County and DuBois is the site of a moderate size regional mall and a Pennsylvania State College satellite campus. Based on local government sources, Jefferson County and Clearfield County unemployment is slightly higher than the Pennsylvania average of 4.2%, at 5.6% and 6.5%,

respectively.

Examiners contacted members of the Jefferson County Department of Development Office.

The Department of Development works with state, local, and federal agencies to stimulate economic activity and provide housing opportunities for low- and moderate income residents. The Development Office believes that primary credit needs of the community are being met, but additional credit access to low- and moderate homeowners and small businesses could be generated with enhanced communications between banks and local development offices.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to Deposit Analysis

The bank's overall lending is reasonable and reflects a satisfactory response to the assessment area credit needs. Its June 30, 1998 loan to deposit ratio was 77%. This is comparable to twelve similarly situated banks in Jefferson and Clearfield Counties having an average loan to deposit ratio of 71%. This bank's ratio has been stable since the June 30, 1995 CRA examination with a quarterly average ratio of 74%.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The bank's lending shows a reasonable penetration among low- and moderate-income individuals and small businesses. United States Census Data for 1990 indicates low- and moderate-income families represent 19% and 20%, respectively, of the total number of families in the assessment area. HUD prepared information for the assessment area in 1997 shows that 75% of reporting businesses had gross annual revenues less than \$1 million.

Examiners reviewed loan originations with income reported since January 1996. This represents 83% by volume and 70% by dollar of total originations.

Types of originations reviewed included:

- ♀ residential real estate loans, including 1-4 family purchases, second mortgages, and home equity lines of credit;
- ♀ consumer loans; and
- ♀ commercial loans.

Using the sample discussed above, examiners noted that:

- ♀ 37% by volume and 26% by dollar of 1-4 family purchases were to either low-income or moderate-income individuals;
- ♀ 54% by volume and 36% by dollar of consumer instalment loans were to either low-income or moderate-income individuals; and

♀ 82% by volume and 63% by dollar of commercial loans were to businesses with gross annual revenues less than \$1 million.

The following table details residential real estate originations:

	Dollar		Volume	
	Low	Moderate	Low	Moderate
1-4 Family	7.16%	18.95%	11.68%	25.55%
2nd Mortgage	1.16%	11.58%	2.94%	17.65%
Home Equity*	26.23%	4.10%	12.50%	12.50%

* Home Equity lines reported in the period totaled 8 by volume and \$122,000 by dollar.

The following table details consumer originations:

	Dollar		Volume	
	Low	Moderate	Low	Moderate
Consumer	15.21%	21.04%	23.96%	29.85%

Lending in Assessment Area

A substantial majority of the bank's loan originations are to borrowers within its assessment area. Examiners reviewed 1,383 loans totaling \$31 million that have been originated since January 1996. This includes a large volume of small dollar consumer loans and contributes to the high volume of originations in relation to the bank's total asset size.

The following table details originations within the assessment area:

	Dollar		Volume	
	Total	Percentage In Assessment Area	Total	Percentage In Assessment Area
Residential Real Estate	8.04 MM	99.97%	199	95.98%

Consumer	8.55 MM	95.89%	947	93.77%
Commercial	14.5 MM	95.87%	237	94.94%

Geographic Distribution of Lending

An analysis of the geographic distribution of loans within the assessment area is not meaningful as the bank's assessment area contains only middle and upper income BNA's.

Response to Complaints

No complaints have been received since the last examination.

Record of Compliance with Antidiscrimination Laws

Examiners found no substantive violations of the antidiscrimination laws and regulations. The bank has appropriate policies, procedures and training programs in place to prevent discriminatory or other illegal credit practices.