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Comptroller of the Currency  
Administrator of National Banks

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## PUBLIC DISCLOSURE

May 6, 1996

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Mulberry Grove  
Charter # 7379

Mulberry Grove, Illinois

Office of the Comptroller of the Currency

Fairview Heights Duty Station  
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 National Bank of Mulberry Grove, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of May 6, 1996. The evaluation is based on information since the last CRA evaluation dated June 23, 1993. 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 bank's loan-to-deposit ratio is reasonable. A substantial majority of the loans are in the bank's assessment area. The level of lending to borrowers of different income levels is adequate.

The following table indicates the performance level of The First National Bank of Mulberry Grove with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	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		X	
Response to Complaints	"No complaints received since the prior examination."		

## DESCRIPTION OF INSTITUTION

The First National Bank of Mulberry Grove, Mulberry Grove, Illinois, is a \$22 million institution as of December 31, 1995. The bank operates a branch office in Greenville, Illinois. Both banking facilities are located in Bond County. The bank operates two automatic teller machines that are located at the Greenville facility and in Pocahontas, Illinois. These machines were placed in service in the last year. No offices were opened or closed since the last CRA examination. The bank's CRA performance was rated "Satisfactory" at the last evaluation dated June 23, 1993. The bank is owned by M.G.B. Bancshares, a one-bank holding company, located in Mulberry Grove, Illinois. As of December 31, 1995, loans represented 66% of the bank's assets. The bank's primary business focus is in real estate loans, loans to individuals, and business and agricultural-related loans. As of year-end 1995, real estate loans totaled 42% of the loan portfolio, consumer loans totaled 38%, and business and agricultural-related loans represented 20%. There are no known constraints placed on the bank's ability to help meet community credit needs.

## DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is legal and it does not arbitrarily exclude low- or moderate-income geographies. The assessment area is all of Bond County and the western section of Fayette County. Bond County consists of four Block Numbering Areas (BNAs). The western section of Fayette County is comprised of BNAs 9507, 9508, 9509, and 9510. The statewide nonmetropolitan median family income for 1996 is \$36,000. All eight of the BNAs are designated middle-income areas. The following is demographic data based on the 1990 census. The population for Bond County is 14,991, and it is 11,594 for the four BNAs in the bank's assessment area in Fayette County. Mulberry Grove is a small rural community with a population of approximately 700; the population of Greenville is approximately 5,108. The population of the bank's assessment area is comprised of 21% low-income families, 20% moderate-income, 25% middle-income, and 34% upper-income families. The median housing value for Bond County is \$39,950, and it is \$31,100 for Fayette County.

There are no other financial institutions in Mulberry Grove; however, one bank and two branches of other financial institutions are located in Greenville. Economic conditions in the assessment area are stable and are trending upward slightly. Several new businesses have come to the area, along with a correctional center. These have created local jobs for residents. Some young families are choosing to live and work in the area instead of leaving to find employment. Major employers in the immediate area include a Federal Correctional Center, Utlaut Health Services, Carlisle Syntec Systems, and DeMoulin Brothers. Some residents commute to Vandalia, Illinois and as far as the St. Louis metropolitan area for employment. The March 1996 unemployment rates for Bond and Fayette County are 6.8% and 6.5%, which exceed the state rate of 5.8%.

One community contact was made prior to the CRA examination. This official revealed that the community needs housing for low-income families. While new housing is being built, management indicated lower priced housing and public housing projects are needed for low-income families.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

### Loan-to-Deposit Ratio:

The bank has shown an adequate level of lending in relation to resources and credit needs. The loan-to-deposit ratio has averaged 64% over the last eleven quarters. The ratio has been somewhat sporadic over this time period. On June 30, 1994 and December 31, 1995 the ratio reached a high of 71%; however, on March 31, 1995 the ratio was 56% which was the lowest for the eleven quarters. Two similar banks in the area had loan-to-deposit ratios of 66% and another local bank had a ratio of 59% at year-end 1995. The three similarly situated banks' loan-to-deposit ratio averaged 66%, 61%, and 54% for the last three years.

### Lending in Assessment Area:

A good majority of the loans are within the bank's assessment area. We sampled loan originations from January 1, 1995 through April 22, 1996. The review included 26 residential real estate loan files, 30 business and agriculture originations, and 10 consumer installment loans. Our review revealed that 96% of the number of real estate loans and 98% of the dollar amount was extended in the assessment area. Business and agricultural related loans represented 80% by number and 61% of the dollar amount.

A zip code analysis was prepared for the bank by a bank consulting firm in January 1996. We used this information and determined that approximately 77% of the bank's loan originations and 82% of the dollar volume are located in the assessment area.

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

The distribution of borrowers reflects an adequate penetration among individuals of different income levels. Our sample of residential housing and consumer loans was used to determine the distribution of credit within the assessment area by borrower income. This review revealed that a good portion of loans extended are to middle- and upper-income individuals. Approximately 41% of the population is made up of low- and moderate-income families. Our sample revealed that 32% of the number of loans were extended to low- and moderate-income individuals.

	Low	Moderate	Middle	Upper	Total
% of Number	12	20	34	34	100%
% of Dollars	8	16	47	29	100%

Our sample of business and agricultural loans revealed that all had gross revenues of less than \$1 million. The smallest origination was \$1,500 with the largest being \$250,000. The bank's distribution of business and agricultural related loans of different sizes is reasonable.

### Geographic Distribution of Loans:

An analysis was not performed and would be considered meaningless because all geographies in the assessment area are middle-income.

### Compliance with Fair Lending Laws and Regulations:

We also reviewed fair lending laws and regulations in conjunction with the CRA Performance Evaluation. No substantive violations were found. No discriminatory practices or disparate treatment was noted. The bank's policies, procedures, and compliance review procedures are adequate to prevent illegal practices.