



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 18, 1996

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

First National Bank of Okawville
Charter # 11754
205 East Walnut Street
Okawville, Illinois 62271

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 Okawville** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **December 18, 1996**. This evaluation is based on information since the last CRA examination dated April 13, 1994. 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."

- The bank's loan-to-deposit ratio is above competing financial institutions at 80% as of September 30, 1996.
- A majority of the loans are extended in the bank's assessment area.
- The level of lending to borrowers of different income levels is reasonable based on our sample of home mortgage and consumer lending activities.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST NATIONAL BANK OF OKAWVILLE 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	Not rated as the entire assessment area is middle-income.		
Response to Complaints	No complaints were received since the previous examination.		

DESCRIPTION OF INSTITUTION

The First National Bank of Okawville is a \$30 million bank that operates from one location in Okawville, Illinois. As of September 30, 1996, the loan portfolio consists of 60% real estate, 15% commercial, 13% agricultural production, and 12% consumer 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 April 13, 1994, was a "Satisfactory Record of Meeting Community Credit Needs."

DESCRIPTION OF ASSESSMENT AREA

The bank designates its assessment area as Block Numbering Area (BNA) #9502 in Washington County, Illinois. Washington County is in a non-Metropolitan Statistical Area (MSA). The county is comprised of four BNAs which are all middle-income geographies.

As of 1990, the population of the bank's assessment area was 3,816. Of that population, approximately 1,300 people live in Okawville. In 1990, the median family income for the assessment area was \$33,182. The 1996 non-MSA median family income for Illinois is \$36,000. Family incomes for BNA #9502 indicate that 11% of the families are low income, 20% are moderate income, 26% are middle income, and 43% are upper income. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. There is one other financial institution located in the bank's assessment area.

Economic conditions in Washington County are good. The October 1996 seasonally unadjusted unemployment rate for Washington County was 4.7%. The state and national seasonally unadjusted unemployment rates were 4.7% and 4.9%, respectively. Major employers in the assessment area include the local Okawville Elevator and the two local banks. Several small businesses and farm operations also provide employment. Many residents commute to Fairview Heights and Nashville, Illinois, for employment. Bank management stated the primary credit needs of the assessment area are agricultural, residential, and consumer lending.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio:

The bank's loan-to-deposit ratio is above that of competitor banks. The loan-to-deposit ratio as of September 30, 1996, is 80%. The bank's average loan-to-deposit ratio for the eleven quarters since the previous examination is 74%. The loan-to-deposit ratio grew steadily during that period from 69% to the present 80%. The loan-to-deposit ratios of three primary competitor banks were compared with the bank. Current loan-to-deposit ratios of these banks range from 61% to 74% as of September 30, 1996.

Lending in the Assessment Area:

A majority of the bank's loans are within its assessment area. Our review of 40 home mortgage loans originated in 1996 indicated that 63% of the number of loans and 58% of the dollar volume were made in the bank's assessment area. A sample of 23 recently extended consumer installment loans revealed that 70% of the number of loans and 76% of the dollar volume were made in the assessment area.

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

First National Bank of Okawville has a reasonable distribution of loans to borrowers of different income levels and to businesses and farms of different sizes. An analysis of home mortgage loans originated in 1996 and recent originations of consumer installment loans made within the bank's assessment area reveals that loans are extended to borrowers of all income levels, including low- and moderate-income borrowers. The loan distribution approximates the family income characteristics of the assessment area. Thirty-two percent of the number of loans and 16% of the dollar volume were made to low- and moderate-income individuals.

The following table shows the distribution of residential real estate and consumer installment originations among borrowers of different income levels within the assessment area:

	# of Loans	% of Loans #	Loan \$	% of Loans \$
<i>Low-income</i>	8	20%	\$47,048	4%
<i>Moderate-income</i>	5	12%	\$134,146	12%

	# of Loans	% of Loans #	Loan \$	% of Loans \$
<i>Middle-income</i>	12	29%	\$324,585	29%
<i>Upper-income</i>	16	39%	\$630,906	55%

The bank extends loans to small businesses and small farms. As of June 30, 1996, a good majority of the bank's commercial and agricultural loans met the definition of small business and small farm loans based on loan size and gross revenue. A review of 19 business and agricultural loans revealed that 79% of these loan extensions were under \$100,000.

Geographic Distribution of Loans:

The only BNA comprising the assessment area is middle income. An analysis of the geographic distribution of loans within the assessment area does not provide meaningful information.

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.