



PUBLIC DISCLOSURE

April 08, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Carmi
Charter Number 4934

201 East Main Street
Carmi, IL 62821

Office of the Comptroller of the Currency

2350 Market Street, Room 100
St. Louis, MO 63103

NOTE: This document is an evaluation of this 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. 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.

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INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The bank's overall rating is a blend of the State of Illinois (IL) rating and the State of Indiana (IN) rating. The major factors that support this rating of Satisfactory are as follows:

- The distribution of loans to individuals of different income levels and to farms and businesses of different sizes reflects reasonable penetration in the assessment areas (AAs).
- The geographic distribution of loans reflects reasonable dispersion in the AAs.
- A substantial majority of the bank's loans were made within the AAs.
- The bank's community development performance demonstrates adequate responsiveness to the needs of its AAs.

Scope of Examination

This Performance Evaluation of the First National Bank of Carmi, IL (FNB) assesses its record of meeting the credit needs of the communities in which it operates. We evaluated FNB under the Intermediate Small Bank performance criteria, which consist of a Lending Test and a Community Development (CD) test. The Lending Test evaluates a bank's record of helping to meet the credit needs of its AAs through its lending activities. The CD Test evaluates a bank's CD lending, qualified investments, and CD services activities.

The evaluation period covers May 19, 2009 through April 8, 2013. The Lending Test analyzed loans originated or purchased from January 1, 2011 through December 31, 2012. Conclusions regarding the bank's lending performance are based on FNB's primary loan products: residential real estate (RRE) and agricultural loans in the Illinois AA, and RRE and business (non-agricultural) loans in the Indiana AA. We conducted a data integrity review of the RRE loans reported under the Home Mortgage Disclosure Act (HMDA). We found the HMDA data to be accurate and reliable. The loan data we analyzed included all HMDA loans from 2011 and 2012. We analyzed the 2011 RRE loans against the 2000 census information and the 2012 RRE loans against the 2010 census information. We also sampled 40 agricultural loans in the Illinois AA and 40 business loans in the Indiana AA on which we based our Lending Test conclusions.

The scope for the Community Development Test covered the entire evaluation period.

Description of Institution

FNB is wholly owned by Southern Illinois Bancorp, a one-bank holding company located in Carmi, IL. As of December 31, 2012, FNB reported total assets of \$380 million and Net Tier One Capital of \$31 million.

FNB's business strategy focuses on agricultural and RRE loans in the Illinois AA, and business (non-agricultural) loans and RRE loans in the Indiana AA. Loan products offered include one-to-four family RRE loans, agricultural loans, commercial loans, and consumer loans. As of December 31, 2012, net loans represented 63% of total assets and consisted of commercial and commercial real estate loans (54%), agricultural and agricultural real estate loans (21%), residential real estate loans (17%), consumer loans (4%), and other loans (4%).

FNB is an interstate bank with 11 branch offices located in Illinois (5) and Indiana (6). There are no legal, financial, or other factors impeding FNB's ability to help meet the credit needs of the AAs it serves. Since the last CRA evaluation, FNB added Vanderburgh County, IN to the Indiana AA when the bank opened 3 branch offices in this county in July 2010, February 2012 and December 2012, respectively.

FNB was rated "Satisfactory" at its last CRA evaluation dated May 18, 2009.

Ratings

The bank's overall rating is a blend of the State of Illinois rating and the State of Indiana rating. We placed more weight on the State of Illinois rating because a substantial majority of the bank's deposits (74%) are from this area. See the respective sections for a full description of each AA. Both AAs received full-scope reviews.

Conclusions with Respect to Performance Criteria

Loan-to-Deposit Ratio

FNB's loan-to-deposit (LTD) ratio is reasonable given the institution's size, its financial condition, and AA credit needs.

As of December 31, 2012, FNB's LTD ratio was 69%. The bank's quarterly average LTD ratio since the last CRA evaluation was 68%. This ratio is higher than three comparable banks and lower than five others. The quarterly average LTD ratio of these banks, with assets up to \$400 million and located within FNB's AA, ranges from 44% to 78% for the same time period.

Lending in Assessment Area

A substantial majority of loans were originated or purchased within FNB’s two AAs. Based on all RRE loans originated during 2011 and 2012, and our sample of business and farm loans, 89% by number and 87% by dollar volume of the loans were made within the bank’s AAs.

Lending in the Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans (000’s)				
	Inside		Outside		Total	Inside		Outside		Total (\$)
	#	%	#	%		\$	%	\$	%	
RRE	602	89%	75	11%	677	65,946	86%	10,918	14%	76,864
Business	35	88%	5	12%	40	14,708	91%	1,458	9%	16,166
Farm	36	90%	4	10%	40	6,590	98%	103	2%	6,693
Totals	673	89%	84	11%	757	87,244	87%	12,479	13%	99,723

Source: RRE loan data reported under 2011-2012 HMDA, sample of 40 business and 40 agricultural loans originated in 2011-2012.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank’s (bank) or Federal savings association’s (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s or FSA’s lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

State Rating

State of Illinois

CRA Rating for the State of Illinois: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development test is rated: Satisfactory.

The major factors that support this rating include:

- The distribution of loans among borrowers of different income levels and farms of different sizes reflects reasonable penetration.
- The geographic distribution of loans among geographies reflects reasonable dispersion.
- CD activities reflect adequate responsiveness to the community needs.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ILLINOIS

FNB's Illinois AA consists of three entire counties (Edwards, Wabash, and White). FNB has three offices located in the cities of Albion, Mt. Carmel, and Carmi, and five deposit-taking ATMs. There are no low-income geographies in this AA. Pursuant to 2000 Census information, the AA had two moderate-income census tracts (CTs). Pursuant to 2010 Census information, only one moderate-income CT was located within the AA. Edwards County has three CTs that are designated as Underserved Middle-Income Nonmetropolitan Tracts.

Based on FDIC deposit market share data as of June 30, 2012, FNB's deposits in this AA total \$253 million, which represents 74% of the bank's total deposits. FNB is the largest deposit-taking institution in the AA with a 31% market share as of June 30, 2012. Major competitors include Old National Bank, Citizens National Bank of Albion, and The First National Bank of Allendale.

Major industries in the AA consist of agriculture, coal mining, and oil and gas production. The largest employers include local school districts, Wabash County Hospital, Fram Filtration, and Martin and Bayley, Inc. Many residents of the AA commute to the Evansville, IN area for employment. The local economy has stabilized over the last few years. The December 2012 unemployment rate was 8.5% for Edwards County, 7.8% for Wabash County, and 7.5% for White County, all below the Illinois unemployment rate of 8.6%. The national unemployment rate was 7.6%. Based on 2000 Census data, 8.52% of families lived below the poverty level in the AA; that percentage increased to 9.16% based on 2010 Census data.

The 2011 Department of Housing and Urban Development (HUD) adjusted median family income for the AA is \$56,600. The 2000 median housing value for the AA was \$46,890. The following is demographic data for the AA.

Demographic Information for Full Scope Area: Carmi FNB - Illinois AA for Census 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	12	0.00	16.67	75.00	8.33	0.00
Population by Geography	35,279	0.00	17.21	74.17	8.62	0.00
Owner-Occupied Housing by Geography	11,359	0.00	14.86	76.78	8.36	0.00
Business by Geography	2,795	0.00	20.64	71.52	7.84	0.00
Farms by Geography	366	0.00	5.74	89.34	4.92	0.00
Family Distribution by Income Level	10,007	20.44	22.93	25.88	30.75	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	4,340	0.00	22.70	72.65	4.65	0.00
Median Family Income		\$43,613	Median Housing Value		\$46,890	
HUD Adjusted Median Family Income for 2011		\$56,600	Unemployment Rate (2000 US Census)		2.77%	
Households Below Poverty Level		13%				

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2011 HUD-updated MFI

The 2012 FFIEC adjusted median family income for the AA is \$57,400. The 2010 median housing value for the AA is \$68,111. Below is demographic data for the AA.

Demographic Information for Full Scope Area: Carmi FNB – Illinois AA for Census 2010						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	12	0.00	8.33	91.67	0.00	0.00
Population by Geography	33,333	0.00	7.76	92.24	0.00	0.00
Owner-Occupied Housing by Geography	11,244	0.00	6.86	93.14	0.00	0.00
Business by Geography	2,613	0.00	9.26	90.74	0.00	0.00
Farms by Geography	369	0.00	2.44	97.56	0.00	0.00
Family Distribution by Income Level	9,651	21.24	18.88	22.90	36.98	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	3,670	0.00	6.54	93.46	0.00	0.00
Median Family Income		\$54,549	Median Housing Value		\$68,111	
FFIEC Adjusted Median Family Income for 2012		\$57,400	Unemployment Rate (2010 US Census)		3.50%	
Households Below Poverty Level		13%				

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2012 FFIEC-updated MFI

One community contact was made to a social services agency that operates a number of programs including a food bank, head start, emergency food and shelter, assistance to dislocated workers, home rehabilitation, weatherization, and a homebuyers program. The contact indicated their organization needs additional bank participation in funding their homebuyers and downpayment assistance programs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS

LENDING TEST

The bank's performance under the lending test in the State of Illinois is rated "Satisfactory".

We weighted RRE loans and farm loans equally for both 2011 and 2012. Within the RRE analysis, we placed most weight on home refinance loans (54% of all RRE lending in 2011 and 2012), followed by home purchase loans (32% of all RRE lending), and home improvement loans (14% of total RRE lending).

Lending to Borrowers of Different Incomes and to Farms of Different Sizes

FNB's lending distribution to borrowers of different income levels and farms of different sizes reflect reasonable penetration.

Residential Real Estate Loans

The borrower distribution of RRE loans originated or purchased during the evaluation period is reasonable. In evaluating the borrower distribution, we considered the percentage of families who live below the poverty level and the barriers this may have on home ownership. While lending to low-income borrowers was poor in both 2011 and 2012, lending to moderate-income borrowers was reasonable in 2011 and in 2012.

Borrower Distribution of Residential Real Estate Loans in the Illinois AA - 2011								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	20.4%	7.6%	22.9%	20.7%	25.9%	22.6%	30.8%	49.1%
Home Improvement	20.4%	3.9%	22.9%	15.4%	25.9%	34.6%	30.8%	46.1%
Home Mortgage Refinance	20.4%	3.4%	22.9%	18.2%	25.9%	23.9%	30.8%	54.5%

Source: RRE loan data reported under 2011 HMDA; 2000 U.S. Census Data.

Borrower Distribution of Residential Real Estate Loans in the Illinois AA - 2012								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	21.2%	4.9%	18.9%	16.4%	22.9%	34.4%	37.0%	44.3%
Home Improvement	21.2%	4.0%	18.9%	20.0%	22.9%	40.0%	37.0%	36.0%
Home Mortgage Refinance	21.2%	4.8%	18.9%	17.5%	22.9%	24.3%	37.0%	53.4%

Source: RRE loan data reported under 2012 HMDA; 2010 U.S. Census Data.

Farm Loans

The distribution of loans to farms of different sizes is excellent in 2011 and reasonable in 2012. For 2011, the percentage of loans extended to farms with gross annual revenues of \$1 million or less is higher than the percentage of small farms within the AA. For 2012, it is lower than the percentage of small farms within the AA.

Borrower Distribution of Loans to Farms in the Illinois AA - 2011				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	99.4%	0.3%	0.3%	100%
% of Bank Loans in AA by #	100%	0%	0%	100%
% of Bank Loans in AA by \$	100%	0%	0%	100%

Source: Sample of 20 farm loans; 2011 Business Geodemographic Data.

Borrower Distribution of Loans to Farms in the Illinois AA - 2012				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	99.4%	0.3%	0.3%	100%
% of Bank Loans in AA by #	80%	20%	0%	100%
% of Bank Loans in AA by \$	43%	57%	0%	100%

Source: Sample of 20 farm loans; 2012 Business Geodemographic Data.

Geographic Distribution of Loans

The geographic distribution of RRE and farm loans originated or purchased during the evaluation period reflects reasonable dispersion. There are no low-income geographies in this AA.

Residential Real Estate Loans

The geographic distribution of RRE loans is reasonable for loans originated in 2011 and 2012, especially considering the strong competition from three other financial institutions with branches in the moderate-income CTs.

Geographic Distribution of Residential Real Estate Loans in the Illinois AA – 2011								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	NA	NA	14.9%	9.3%	76.8%	90.7%	8.3%	0.0%
Home Improvement	NA	NA	14.9%	13.8%	76.8%	82.8%	8.3%	3.4%
Home Mortgage Refinance	NA	NA	14.9%	14.3%	76.8%	79.6%	8.3%	6.1%

Source: RRE loan data reported under 2011 HMDA; 2000 U.S. Census Data.

Geographic Distribution of Residential Real Estate Loans in the Illinois AA – 2012								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	NA	NA	6.9%	4.8%	93.1%	95.2%	NA	NA
Home Improvement	NA	NA	6.9%	14.8%	93.1%	85.2%	NA	NA
Home Mortgage Refinance	NA	NA	6.9%	6.5%	93.1%	93.5%	NA	NA

Source: RRE loan data reported under 2012 HMDA; 2010 U.S. Census Data.

Farm Loans

The geographic distribution of farm loans is reasonable. Lending to farms in the moderate-income CTs was excellent in 2011; it is reasonable in 2012 given the small number of farms (9) located in the moderate-income CTs.

Geographic Distribution of Farm Loans in the Illinois AA – 2011								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Farm	NA	NA	5.7%	5%	89.3%	95%	5.0%	0%

Source: Sample of 20 farm loans; 2011 Business Geodemographic Data

Geographic Distribution of Farm Loans in the Illinois AA – 2012								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Farm	NA	NA	2.4%	0%	97.6%	100%	NA	NA

Source: Sample of 20 farm loans; 2012 Business Geodemographic data.

Responses to Complaints

No CRA-related complaints have been received by FNB or the OCC since the prior CRA evaluation.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the Community Development (CD) Test in the State of Illinois is rated “Satisfactory”.

FNB’s CD performance demonstrates adequate responsiveness to the needs of its AA through loans, qualified investments, and services. Bank management works with city and county government officials and other community representatives in the areas where they have offices. Officers and employees of the bank are involved in several community service organizations.

Number and Amount of Community Development Loans

FNB originated six CD loans to five entities and their related interests totaling \$2.68 million. Information regarding these loans is summarized below.

- FNB originated a loan to an entity to open a new business located in the AA, adjacent to a moderate-income CT. The loan proceeds funded a hardware store and created approximately twelve jobs.
- FNB participated in a loan to a non-profit organization to bring a medical facility to the community. The facility is in the AA and adjacent to a moderate-income CT. It will also serve Edwards County. The loan proceeds purchased the hospital property.
- FNB originated a line of credit to the community school district within the AA. The line proceeds funded the school district’s day-to-day activities because of state funding issues. The school district is located in the moderate-income CT and the primary and middle schools primarily serve students from low- and moderate-income households.

- FNB originated a loan to a fire district in Edwards County. The funds purchased a new tanker truck in this underserved county.
- FNB originated two loans to a road district in Edwards County. The funds purchased a new road grader and backhoe in this underserved county.

Number and Amount of Qualified Investments

FNB made qualified investments (QI) totaling \$1,781,706 during the evaluation period. Information regarding these loans is summarized below.

- FNB purchased 6 obligations for Wabash General Hospital. The hospital is located in the AA and is adjacent to Edwards County. The facility provides services to Wabash and Edwards County.
- FNB donated to nine organizations that have a CD purpose and serve low- and moderate-income individuals inside the AA.

Extent to Which the Bank Provides Community Development Services

FNB provided CD services to an organization that provides community services, to an elementary school, and to an organization that provides affordable housing to low- and moderate-income individuals. Information regarding these CD services is summarized below.

- A FNB representative provided CD services to an organization that offers apartments primarily to low- and moderate-income individuals focusing on the elderly and/or disabled. Services include providing shelter and social services to assist individuals in daily needs. CD services include reviewing financial information and assisting in obtaining funding for the entity's various programs.
- A FNB representative provided CD services to an Edwards County school by teaching elementary school students the use of money and finances in a real world setting. The majority of students in this school are from low- and moderate-income families.
- A FNB representative provided CD services to the Edwards County Chamber of Commerce. Edwards County is designed as underserved. The Chamber seeks new businesses and promotes existing businesses. CD services include reviewing financial information and performing outreach activities.

Responsiveness to Community Development Needs

FNB's CD activities demonstrated adequate responsiveness to community needs of the Illinois AA given the identified needs of affordable housing and community services and FNB's financial capacity.

State of Indiana

CRA Rating for the State of Indiana: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support this rating include:

- The distribution of loans among borrowers of different income levels and businesses of different sizes reflects reasonable penetration.
- The geographic distribution of loans among geographies reflects reasonable dispersion.
- CD activities reflect adequate responsiveness to the community needs.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN INDIANA

FNB's Indiana AA consists of three entire counties that comprise three of the four counties in the State of Indiana that are part of the Evansville IN-KY MA #21780. The AA consists of Gibson County, Posey County, and Vanderburgh County, Indiana. The City of Evansville is situated within Vanderburgh County. FNB has six offices in this AA: one each in the cities of Mt. Vernon, Poseyville, and Princeton, and three offices in Evansville. FNB also has seven deposit-taking ATMs in the Indiana AA.

The 2000 census data reports 3 low- and 16 moderate-income geographies within this AA. The 2010 census data reports 7 low- and 17 moderate-income geographies within this AA. As of December 31, 2012, one FNB branch was located in a moderate-income geography, and the majority of the low-income geographies are not adjacent or close to the geographies in which FNB's branches are located.

FNB's deposits in this AA total \$87 million as of June 30, 2012 based on FDIC deposit market share data. This represents 26% of the bank's total deposits. FNB is the 7th largest deposit-taking institution in the AA with a 2.25% market share as of June 30, 2012. Major competitors include Old National Bank, Fifth Third Bank, and German American Bancorp, as well as several smaller, local banks.

Evansville's recovery appears to have leveled out, as payrolls, wages and house prices were virtually unchanged in 2012. As of December 2012, the unemployment rate for Gibson County (7.7%), Posey County (6.8%) and Vanderburgh County (7.6%) is lower than the State of Indiana average (8.5%) but in line with the national average (7.6%).

Based on 2000 Census data, 7.4% of families lived below the poverty level in the Indiana AA; that percentage increased to 9.7% based on 2010 Census data.

Major industries consist of manufacturing, followed by education and health services, retail trade, and government. Manufacturing’s employment concentration is nearly double the national average in this AA. Major employers include Deaconess Health Systems, Toyota Motor Corporation, St. Mary’s Medical Center, Evansville Vanderburgh Public Schools, Industrial Contractors, Alcoa, and Mead-Johnson.

The 2011 HUD-adjusted median family income for the AA is \$62,900. The 2012 FFIEC adjusted median family income for the AA is \$63,800. The 2010 median housing value for the AA is \$110,380. The following tables show key demographic data for the Indiana AA.

Demographic Information for Full Scope Area: Carmi FNB - Indiana AA for Census 2000						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	60	5.00	26.67	46.67	21.67	0.00
Population by Geography	231,483	3.34	23.53	48.25	24.89	0.00
Owner-Occupied Housing by Geography	65,552	2.21	17.96	52.11	27.72	0.00
Business by Geography	20,444	2.18	25.74	46.47	25.62	0.00
Farms by Geography	946	0.42	8.35	52.22	39.01	0.00
Family Distribution by Income Level	61,439	19.10	18.71	24.23	37.96	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	23,228	5.57	32.46	48.47	13.5	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		\$48,255 \$62,900 11%	Median Housing Value Unemployment Rate (2000 US Census)	\$81,800 2.79%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 US Census and 2011 HUD updated MFI.

Demographic Information for Full Scope Area: Carmi FNB - Indiana AA for Census 2010						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	63	11.11	26.98	38.10	22.22	1.59
Population by Geography	239,116	5.52	25.50	35.34	33.64	0.00
Owner-Occupied Housing by Geography	66,741	3.76	22.04	36.69	37.52	0.00
Business by Geography	19,373	5.43	24.00	42.05	28.51	1.73
Farms by Geography	941	0.74	10.63	46.33	42.30	0.50
Family Distribution by Income Level	61,528	21.90	17.66	22.30	38.14	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	24,336	5.08	24.76	35.35	34.82	0.01
Median Family Income FFIEC Adjusted Median Family Income for 2012 Households Below Poverty Level		\$60,518 \$63,800 14%	Median Housing Value Unemployment Rate (2010 US Census)	\$110,380 3.27%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2012 FFIEC updated MFI.

Included in this AA is an Indiana designated Enterprise Zone located in Evansville, Indiana. Many programs exist through tax benefits and incentives and loan and grant programs to facilitate investment in the zone, improve the quality of housing, and implement CD projects that support quality jobs and strong neighborhoods.

We determined the community's needs by contacting representatives from one consolidated fund agency, one economic development agency, one social service organization, and one organization offering a continuum of programs from social service to housing. We also consulted a variety of housing, economic development, and employment reports generated by local and national organizations.

We identified the following credit and non-credit related needs in this AA:

- Affordable rental units for the very low-income renters, including HUD Section 8 subsidized housing.
- Affordable mortgage loans targeted to low- and moderate-income individuals.
- Micro enterprise assistance consisting of technical training and small dollar venture capital loans.
- Social services to low- and moderate-income families including child care, health and dental care, affordable in-home care for the elderly, employment and job training, nutrition, and financial literacy services.
- Workforce development for higher skilled health care, service, and manufacturing jobs.
- Rehabilitation of deteriorated pre-1960 housing in low- and moderate-income geographies.
- Permanent Supportive Housing & Transitional Housing.

Opportunities to make CD loans and provide CD services within the AA are abundant. The AA has numerous CD organizations, including non-profit housing and social service agencies, that provide community services to low- and moderate-income individuals. Numerous agencies are involved in economic and business development. The opportunity to make qualified investments other than donations does exist but is limited. These opportunities include low-income housing tax credits, new markets tax credits, mortgage-backed securities for affordable housing, and CRA Qualified Investment Funds. Competition for CD loans, qualified investments, and CD services is moderate to high and consists primarily of local financial institutions that have a presence within the AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN INDIANA

LENDING TEST

The bank's performance under the lending test in the State of Indiana is rated "Satisfactory."

We weighted RRE loans and business loans equally for both 2011 and 2012. The RRE analysis consisted of home refinance loans (61% of all RRE lending in 2011 and 2012) and home purchase loans (34% of all RRE lending). Because the bank made only 11 home improvement loans (5% of total RRE lending), we did not analyze this category of RRE loans.

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

FNB's lending distribution to borrowers of different income levels and businesses of different sizes reflect reasonable penetration.

Residential Real Estate Loans

The borrower distribution of RRE loans originated or purchased during the evaluation period is reasonable. In evaluating the borrower distribution, we considered the percentage of families who live below the poverty level and the barriers this may have on home ownership. We also considered the bank's entrance into the highly competitive Evansville City market in 2011 and weighted the 2012 HMDA data more than the 2011 HMDA data. The home purchases were weighted more than the home refinances due to the bank's market focus to enter into the Evansville City market.

Home purchase lending to low-income borrowers was reasonable in both 2011 and 2012, but home refinance lending was poor. Lending to moderate-income borrowers was reasonable in 2011 and excellent in 2012.

Borrower Distribution of Residential Real Estate Loans in the Indiana AA - 2011								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	19.1%	11.1%	18.7%	7.4%	24.2%	44.4%	38.0%	37.1%
Home Mortgage Refinance	19.1%	1.9%	18.7%	13.2%	24.2%	28.3%	38.0%	56.6%

Source: RRE loan data reported under 2011 HMDA; 2000 U.S. Census Data.

Borrower Distribution of Residential Real Estate Loans in the Indiana AA - 2012								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	21.9%	18.0%	17.7%	23.0%	22.3%	38.5%	38.1%	20.5%
Home Mortgage Refinance	21.9%	1.4%	17.7%	15.7%	22.3%	22.9%	38.1%	60.0%

Source: RRE loan data reported under 2012 HMDA; 2010 U.S. Census Data.

Business Loans

The distribution of loans to businesses of different sizes is reasonable based on a sample of 20 loans originated or purchased during 2011 and 2012. Small loans to businesses are those businesses with gross annual revenues of \$1 million or less.

Borrower Distribution of Loans to Businesses in the Indiana AA - 2011				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	65%	3%	32%	100%
% of Bank Loans in AA by #	85%	15%	0%	100%
% of Bank Loans in AA by \$	73%	27%	0%	100%

Source: Sample of 20 business loans; 2011 Business Geodemographic Data.

Borrower Distribution of Loans to Businesses in the Indiana AA - 2012				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	68%	5%	27%	100%
% of Bank Loans in AA by #	60%	40%	0%	100%
% of Bank Loans in AA by \$	28%	72%	0%	100%

Source: Sample of 20 business loans; 2012 Business Geodemographic Data.

Geographic Distribution of Loans

The geographic distribution of RRE and business loans originated or purchased during the evaluation period reflects reasonable dispersion.

Residential Real Estate Loans

The geographic distribution of RRE loans is reasonable for loans originated or purchased in 2011 or 2012.

In evaluating the bank’s performance, we noted there were more opportunities to lend in moderate-income geographies than in low-income geographies due to the percent of owner-occupied housing units. We also factored the bank’s entrance into the Evansville City market at the end of 2010 through 2012 and weighted the 2012 HMDA data more than the 2011 HMDA data. We also considered the distance between the low-income

geographies and the nearest FNB branch, which limits the opportunity to make loans in the low-income geographies.

Geographic Distribution of Residential Real Estate Loans in the Indiana AA - 2011								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	2.2%	0.0%	18.0%	13.8%	52.1%	41.4%	27.7%	44.8%
Home Mortgage Refinance	2.2%	0.0%	18.0%	1.9%	52.1%	56.6%	27.7%	41.5%

Source: RRE loan data reported under 2011 HMDA; 2000 U.S. Census Data.

Geographic Distribution of Residential Real Estate Loans in the Indiana AA - 2012								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	3.8%	2.1%	22.0%	25.6%	36.7%	31.9%	37.2%	40.4%
Home Mortgage Refinance	3.8%	1.3%	22.0%	10.4%	36.7%	40.3%	37.2%	48.0%

Source: RRE loan data reported under 2012 HMDA; 2010 U.S. Census Data.

Business Loans

The geographic distribution of business loans is reasonable for loans originated or purchased in 2011 or 2012.

Geographic Distribution of Business Loans in the Indiana AA – 2011								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	2.2%	0%	25.7%	50%	46.5%	25.0%	25.6%	25%

Source: Sample of 20 business loans; 2011 Business Geodemographic Data

Geographic Distribution of Business Loans in the Indiana AA – 2012								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	5.4%	10%	24.0%	20%	42.1%	40%	28.5%	30%

Source: Sample of 20 business loans; 2012 Business Geodemographic data.

Responses to Complaints

No CRA-related complaints have been received by FNB or the OCC since the prior CRA evaluation.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the Community Development (CD) Test in the State of Indiana is rated “Satisfactory”.

First National Bank’s CD performance demonstrates adequate responsiveness to the needs of its AA through loans, qualified investments, and services. Bank management works with city and county government officials and other community representatives in the areas where they have offices. Officers and employees of the bank are involved in several community service organizations.

FNB has not performed a formal needs assessment in its communities; however, the bank is engaged in several different types of CD activities based on the bank's capacities. The bank has taken reasonable steps to apply its CD resources strategically to meet the needs in this AA.

Number and Amount of Community Development Loans

FNB originated ten CD loans to seven entities and their related interests totaling \$4.9 million. Information regarding these loans is summarized below.

- FNB originated a loan to an entity to revitalize a shopping center located in a low-income CT. The loan proceeds funded a grocery store remodel, opened a discount store, and provided for the future addition of a coin laundry facility. It created approximately ten jobs.
- FNB originated a loan to an entity to open a new business located in a moderate-income CT in the AA. The loan proceeds funded a specialty food store and created approximately eight jobs.

- FNB originated two loans to an entity to form a new business located in a moderate-income CT in the AA. The loan proceeds purchased a restaurant and created approximately seven jobs.
- FNB originated a loan to an entity in the AA for building updates. The loan proceeds funded improvements to a facility to accommodate a new tenant who will bring federal government services to several adjacent low- and moderate-income areas.
- FNB originated two loans to an entity to purchase a warehouse/business center located in a moderate-income CT in the AA. The warehouse/business center provides space to small businesses that created approximately ten jobs within each business.
- FNB originated two loans to fund a business expansion located in a moderate-income CT in the AA. The loan proceeds funded a hair salon expansion to a full service salon and created approximately eight jobs.
- FNB originated a loan to fund the purchase of a warehouse complex in the AA. The warehouse complex houses inventory for one of the area's largest employers. It created approximately two hundred jobs.

Number and Amount of Qualified Investments

FNB made qualified investments (QI) totaling \$3,610 during the evaluation period. FNB donated to five organizations that have a CD purpose and serve low- and moderate-income individuals inside the AA.

Extent to Which the Bank Provides Community Development Services

FNB provided CD services to two organizations that provide community services. Information regarding these CD services is summarized below.

- Two FNB representatives provided CD services to Aurora, an organization that provides community services primarily to low- and moderate-income individuals. Services include temporary shelter and social services to assist individuals in locating permanent housing. CD services include reviewing financial information and assisting in obtaining funding for the entity's various programs.
- A FNB representative provided CD services to Junior Achievement by teaching elementary school students the use of money. A majority of the students are from low- and moderate-income families.

Responsiveness to Community Development Needs

FNB's CD activities demonstrated adequate responsiveness to community needs given the identified needs of affordable housing and small business financing and FNB's small deposit market share of 2.3% in this AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test: 01/01/11 to 12/31/12 Community Development Test: 05/19/09 to 04/08/13	
Financial Institution	Products Reviewed	
First National Bank of Carmi, Carmi, IL	IL- Home Mortgage and Farms IN- Home Mortgage and Business	
Affiliate(s)	Affiliate Relationship	Products Reviewed
<i>None</i>		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Illinois State of Indiana	Full Scope Full Scope	

Appendix B: Summary of State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
First National Bank of Carmi	Satisfactory	Satisfactory	Satisfactory
State of Illinois	Satisfactory	Satisfactory	Satisfactory
State of Indiana	Satisfactory	Satisfactory	Satisfactory