



PUBLIC DISCLOSURE

May 26, 1998

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Anna National Bank
Charter # 5525
201 S. Main St., Box 220
Anna, Illinois 62906

Comptroller of the Currency
Fairview Heights 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 **Anna National Bank, Anna, Illinois**, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of May 26, 1998. This evaluation is based on information since the last CRA examination dated **June 7, 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 level of lending to borrowers of different income levels is reasonable based on our review of residential mortgage lending activities.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- The bank's loan-to-deposit ratio is comparable to similarly situated area banks.
- A majority of loans are extended in the bank's assessment area.

DESCRIPTION OF INSTITUTION

Anna National Bank is a \$92 million bank which is wholly owned by Union County Bancshares, Inc., a one-bank holding company. The bank operates its main office in downtown Anna and a drive-in facility in the northeast section of town. The bank's primary business focus is in 1-4 family residential real estate loans. As of March 31, 1998, loans secured by 1-4 family residential real estate loans comprised 37% of the bank's portfolio.

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 June 7, 1995, was "Satisfactory Record of Meeting Community Credit Needs."

DESCRIPTION OF ASSESSMENT AREA

Anna National Bank has designated Union County as its assessment area. This assessment area contains five Block Numbering Areas (BNAs). The bank's main office is located on the eastern edge of moderate-income BNA 9503. The drive-in facility is located in middle-income BNA 9504. The remaining three BNAs are middle-income geographies. This assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income areas.

The population of Anna National Bank's assessment area was 17,619 as of the 1990 census. The median family income at that time was \$24,962. The 1998 Illinois non-metropolitan median family income is \$39,500. Census information on family incomes aggregated for all BNAs in the assessment area shows that 25% of the families were in low-, 22% were in moderate-, 24% were in middle-, and 29% were in upper-income levels.

For the analysis contained in this report, low income is defined as income that is less than 50% of the 1998 non-metropolitan median family income. Moderate income is defined as income that is at least 50%, but less than 80% of the 1998 non-metropolitan median family income. Middle income is at least 80% but less than 120% of the 1998 non-metropolitan median family income. Upper income is income that is 120% or more of the 1998 non-metropolitan median family income.

The median housing value is \$37,194 and the median year built is 1963. Owner-occupied units represent 66% of the housing stock, with 79% of the housing stock being 1-4 family units.

The unemployment rate for Union County reflects higher unemployment and a poorer economy compared to the state and nation as a whole. The March 1998 unemployment rate in Union County was 10.0% compared to the state unemployment rate of 4.8% and the national rate of

5.0% for the same period. Several factors have been responsible for the poor local economy and high unemployment rate. Within the past several years, Union County has lost two of its largest employers, the Anna Bunny Bread facility of Lewis Bakeries and the Florsheim Shoe Factory. During this same time period, the county has also suffered two major floods, which significantly impacted the recreational and agricultural sectors. Major employers in the area are Choate Mental Health Facility, Union County Hospital, Southern Illinois University, Walmart, and the State of Illinois Corrections Facilities.

Strong competition in the area of residential real estate loans, the bank's main focus, is provided by a financial institution in nearby Jonesboro.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

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

The bank demonstrates satisfactory performance. Our review of all residential real estate loans originated between April 1997 and April 1998 revealed the distribution of loans to borrowers of different income levels reasonably approximated the income characteristics of the assessment area.

A summary of these findings is presented in the following table.

Income Levels	# of Loans	% By # of Loans	Loan \$ (000's)	% By \$ of Loans	BNA Family Breakdown by Income
<i>Low Income</i>	9	7%	247	4%	25%
<i>Moderate Income</i>	19	15%	746	10%	22%
<i>Middle Income</i>	40	33%	1,843	25%	24%
<i>Upper Income</i>	55	45%	4,405	61%	29%

The bank extends loans to small businesses and small farms. The following tables were produced using bank reports for all small business and small farm loans extended between April 1997 and April 1998.

Size of Loans to Small Businesses

	Under \$100M		\$100M-\$250M		\$250M-\$500M		Over \$500M	
#	4	50%	2	25%	2	25%	0	0%
\$ (000's)	273	26%	235	22%	560	52%	0	0%

Size of Loans to Small Farms

	Under \$100M		\$100M-\$250M		\$250M-\$500M		Over \$500M	
#	27	69%	9	23%	2	5%	1	3%
\$ (000's)	1,295	33%	1,530	39%	582	15%	520	13%

Geographic Distribution of Loans:

The geographic distribution of loans is satisfactory. Our review of all residential real estate loans originated between April 1997 and April 1998 revealed the distribution of loans reflects reasonable dispersion throughout the assessment area.

A summary of these findings is presented in the following table.

Income Characteristic of BNAs	Number of Loans	Percentage of Loans #	Dollar Amount of Loans (000's)	Percentage of Loans \$	BNA Geographies by Income Level
Low Income (a)	0	0%	0	0%	0%
Moderate Income (b)	31	25%	1,542	21%	20%
Middle Income ©	93	75%	5,766	79%	80%
Upper Income (d)	0	0%	0	0%	0%
Total	124	100%	7,308	100%	100%

- (a) No low-income BNAs in assessment area
- (b) 1 moderate-income BNA in assessment area
- (c) 4 middle-income BNAs in assessment area
- (d) No upper-income BNAs in assessment area

Loan-to-Deposit Ratio:

The bank's loan-to-deposit ratio is satisfactory. The loan-to-deposit ratio is 62% as of March 31, 1998. The bank's average loan-to-deposit ratio for the thirteen quarters since the previous CRA evaluation is 53%. Three similarly situated area banks have loan-to-deposit ratios ranging from 31% to 79% as of March 31, 1998, and average ratios for the period ranging from 31% to 80%.

Lending in the Assessment Area:

Lending in the assessment area is satisfactory. Our review of residential real estate loans originated between April 1997 and April 1998 showed that 89% of the number of loans and 89% of the dollar amount of loans were in the bank's assessment area.

Response to Complaints:

No complaints were received since the prior CRA evaluation.

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.