



PUBLIC DISCLOSURE

March 15, 1999

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

White Hall National Bank
Charter # 7077

102 South Main Street
White Hall, Illinois 62092

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 **White Hall National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 15, 1999**. This evaluation is based on information since the last CRA examination dated February 15, 1996. 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 Needs to Improve.

White Hall National Bank's CRA rating is based on the following factors:

- < The loan-to-deposit ratio does not meet the standards for satisfactory performance given the bank's size, financial condition, and capacity to lend.
- < The level of lending to borrowers of different income levels and to businesses and farms approximates the demographics of the assessment area.
- < A substantial majority of loans originated by the bank are in the bank's assessment area.
- < The geographic distribution of loans reflects a satisfactory level of lending throughout the assessment area.

DESCRIPTION OF INSTITUTION

White Hall National Bank (WHNB) is an independently owned institution with total assets of \$37 million as of December 31, 1998. The bank operates from one office in White Hall, Illinois. The bank's primary business focus is in agriculture-related and 1-4 family residential real estate loans. Loans represent 22% of total assets as of December 31, 1998. The portfolio mix was: agricultural and farmland 34%, 1-4 family residential 31%, consumer 18%, commercial 10%, and other 7%.

There are no financial or legal impediments which would hamper WHNB's ability to help meet the credit needs of its community. The bank has adequate resources to provide for the credit needs of its assessment area. The bank's prior CRA rating, dated February 15, 1996, was a "Needs to Improve."

DESCRIPTION OF ASSESSMENT AREA

WHNB has designated Greene County as its assessment area. This assessment area contains five Block Numbering Areas (BNAs). Four BNAs are designated middle-income and one BNA is designated moderate-income. There are no low-income or upper-income BNAs. The bank is located in the moderate-income BNA. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

The 1990 Census reflects a county population of 15,317. Of that population, approximately 2,900 live in the city of White Hall. Based on 1990 Census data, the median housing value is \$27,765 with a median year built of 1947. Local housing is 88% single family units, and owner-occupied units represent 67% of the housing stock.

Economic conditions in Greene County are stable, with unemployment slightly higher than that of the state of Illinois. The February 1999 seasonally unadjusted unemployment rates for Greene County and Illinois were 6.8% and 4.5%, respectively. Approximately 13% of the labor force in Greene County are self-employed as farmers. The major industries in Greene County include agriculture, retail trade and services, and government agencies. Many residents of Greene County commute to Jacksonville, Alton, and St. Louis for employment.

The following table illustrates the number and percentage of families in each income category in the bank's assessment area. The data is based on the 1998 state of Illinois non-MSA median family income of \$39,500. Low income is defined as income that is less than 50% of the 1998 state non-MSA median family income. Moderate income is income that is at least 50% but less than 80% of the 1998 state non-MSA median family income. Middle income is income that is at least 80% but less than

120% of the 1998 state non-MSA median family income. Upper income is income that is 120% or more of the 1998 state non-MSA median family income.

Number and Percentages of Families in Each Income Level		
Income Category	Number of Families	Percentage of Families
Low Income	1,023	24%
Moderate Income	845	20%
Middle Income	1,097	26%
Upper Income	1,285	30%

One community contact was made with a government agency during the CRA examination. The contact revealed that primary community credit needs included residential, agricultural, and consumer-related loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio:

WHNB's loan-to-deposit ratio is less than reasonable compared to other banks in the assessment area. The bank's loan-to-deposit ratio has averaged 24% for the 13 quarters between December 31, 1995, and December 31, 1998. The bank's loan-to-deposit ratio has increased from 21% as of December 31, 1995, to 27% as of December 31, 1998. However, WHNB's loan-to-deposit ratio remains substantially lower than that of other banks within the assessment area. The December 31, 1998 average loan-to-deposit ratio for three other financial institutions with main offices in Greene County was 70%. The average loan-to-deposit ratio at these banks ranged from 58% to 78%.

The bank's loan-to-deposit ratio is impacted by the bank's conservative lending philosophy. WHNB does not have any qualified investments or community development loans to compensate or supplement the low loan-to-deposit ratio. Additionally, the bank does not originate and sell loans to the secondary market.

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

Overall, WHNB demonstrates a satisfactory level of lending to borrowers of different income levels and to farms of different sizes.

Home Purchase Loans

The level of home mortgage loans in WHNB's assessment area to persons with low or moderate incomes approximates the percentage of low- or moderate-income families living in the assessment area. We reviewed a sample of 20 home purchase loans with originations between January 1, 1996, and December 31, 1998. Based on our sample, 45% of the number and 41% of the dollar amount of these loans were extended to low- or moderate-income individuals. The following table represents the distribution of the home purchase loans sample by income level.

Income Category	# of Loans	% of Loans	Loan \$ (000's)	% of Loan \$'s	% of Families by Income Level
Low income	5	25%	102	18%	24%
Moderate income	4	20%	133	23%	20%
Middle income	7	35%	242	43%	26%
Upper income	4	20%	89	16%	30%
Total	20	100%	566	100%	100%

Small Farm Loans

WHNB also extends loans to small farms. We reviewed the gross revenue distribution of 20 agricultural borrowers with loan originations between January 1, 1996, and December 31, 1998. Based on our sample, 90% of the loans extended were to small farms with gross annual revenues of less than one million dollars. The following table illustrates the dispersion of the farm loans based on annual gross revenue.

Annual Gross Revenue	Number of Loans	% of Loans	Loan \$ (000's)	% of Loan \$'s
Less than \$100,000	10	50%	233	29%
\$100,000 to \$250,000	5	25%	221	28%
\$250,000 to \$500,000	3	15%	251	31%

Annual Gross Revenue	Number of Loans	% of Loans	Loan \$ (000's)	% of Loan \$'s
\$500,000 to \$1,000,000	0	0%	0	0%
Greater than \$1,000,000	2	10%	94	12%
Total	20	100%	799	100%

The bank's June 30, 1998 Consolidated Report of Condition indicates substantially all of the bank's small farm loans have original amounts of \$100,000 or less.

Geographic Distribution of Loans:

The geographic distribution of home purchase loans is good, given the demographic characteristics in the assessment area. The level of loan activity in the moderate-income BNA in relation to the number of moderate-income BNAs for the assessment area of WHNB (20%) is reasonable. An analysis of the 20 home purchase loans in WHNB's assessment area indicated that 70% of the number of loans and 70% of the dollar volume of these loans were made in the moderate-income BNA. The following table illustrates the geographic dispersion of the home purchase loans that were originated in the moderate- and middle-income BNAs.

Geographic Distribution of 20 Home Purchase Loans						
Income Designation of BNA	Number of BNAs	Percent of BNAs	Number of Loans	Percent of Total	Dollar Amount of Loans (000's)	Percent of Total
Moderate-Income BNAs	1	20%	14	70%	\$399	70%
Middle-Income BNAs	4	80%	6	30%	\$167	30%
Total	5	100%	20	100%	\$566	100%

Lending in the Assessment Area:

WHNB originates a substantial majority of its loans in the assessment area. Our sample of 20 home purchase loans and 20 agricultural loans revealed that all these loans were extended within the bank's assessment area. Bank management stated that the volume of lending outside Greene County is very limited.

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.

Response to Complaints:

The bank has not received any CRA-related complaints since the previous CRA examination.