



## **PUBLIC DISCLOSURE**

January 27, 2014

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First National Bank in Olney  
Charter Number 14217

101 East Main Street  
Olney, IL 62450

Office of the Comptroller of the Currency

500 North Broadway, Suite 1700  
St. Louis, MO 63102

**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.

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

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

The major factors that support this rating of Satisfactory are as follows:

- A majority of the bank's loans were made within the assessment area (AA).
- The distribution of loans to individuals of different income levels and to farms of different sizes reflects excellent penetration in the AA.
- The geographic distribution of loans reflects reasonable dispersion in the AA.
- The average quarterly loan-to-deposit ratio since the last CRA evaluation is reasonable at 58%.
- The bank's community development performance demonstrates adequate responsiveness to the needs of its AA.

## **Scope of Examination**

This Performance Evaluation of The First National Bank (FNB) in Olney, Illinois 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 AA through its lending activities. The CD Test evaluates a bank's CD lending, qualified investments, and CD service activities.

The evaluation period covers December 8, 2009 through January 27, 2014. The Lending Test analyzed loans originated or purchased from January 1, 2012 through December 31, 2013. Conclusions regarding the bank's lending performance are based on FNB's primary loan products: residential real estate (RRE) and agricultural loans. After our initial sampling to analyze the bank's lending inside its AA, we used only loans made in the AA to evaluate the other lending test factors. Our sample of loans inside the AA included 25 RRE loans and 25 agricultural loans. We analyzed 2012-2013 loans against 2010 Census information. The scope for the CD Test covered the entire evaluation period.

## Description of Institution

FNB is wholly owned by Summit Bancshares, LTD, a one-bank holding company located in Olney, Illinois. As of September 30, 2013, FNB reported total assets of \$315 million, net loans of \$165 million, and total risk-based capital of \$27 million. FNB is primarily a residential real estate and agricultural lender and operates seven offices in Illinois. As of September 30, 2013, net loans represented 52% of total assets and consisted of agriculture-related loans (39%), RRE loans (32%), commercial loans (23%), and consumer loans (6%).

FNB is an intrastate bank located in southeastern Illinois. Since the last CRA evaluation, FNB did not open or close branch locations. There have been no changes in the bank's corporate structure since the last CRA evaluation. There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of the AA it serves.

FNB operates seven automated teller machines (ATMs): one ATM at each of the two Olney offices; and one each located at the Oblong office, Robinson office, Mach1 Convenience Store, Vic's Café (installed November 2011); and a stand-alone ATM in Robinson (installed June 2010). Six ATMs are cash-dispensing only, while the stand-alone in Robinson is full service and accepts deposits. The bank closed the Olney IGA ATM in November 2011.

FNB was rated "Satisfactory" at its last CRA evaluation dated December 7, 2009.

## Description of Assessment Area

FNB's AA is a non-Metropolitan Statistical Area (non-MSA) comprised of thirteen census tracts (CTs) in Illinois. Management designated as the bank's AA: all of Richland and Crawford Counties, and two CTs in Clay County (9719 and 9720). This AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. Richland County has four CTs that are designated as Underserved/Distressed Middle-Income Nonmetropolitan Tracts.

According to 2010 Census information, FNB's AA has one moderate-income CT (9780), one upper-income CT (8801), and the remaining eleven CTs are middle-income. FNB's West Street branch in Olney is located in the moderate-income CT. The bank's main office is located in a CT adjacent to the moderate-income CT.

Competition is moderate. Based on FDIC data as of June 30, 2013, fifteen institutions operate 35 offices in the three-county area that encompasses the AA. FNB has the largest deposit market share, at 25%. Major competitors include several community banks, i.e., TrustBank, Citizens National Bank of Albion, and The First National Bank of Robinson.

Major industries in the AA consist of services, followed by manufacturing, retail trade, and agriculture. The largest employers include local educational centers (public schools and local community college), Wal\*Mart Distribution and SuperCenter, Hershey Chocolate USA, and Marathon Petroleum.

The local economy remains stressed. The September 2013 unemployment rate was 9.3% for Richland County, 9.7% for Clay County, and 9.0% for Crawford County, all above the Illinois unemployment rate of 8.3%. The national unemployment rate was 7.2%. Based on 2010 Census data, 10.1% of families lived below the poverty level in the AA.

The following is demographic data for the AA.

Demographic Information for FNB of Olney's AA – 2010 Census					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	13	0.00	7.69	84.62	7.69
Population by Geography	41,411	0.00	5.80	87.27	6.93
Owner-Occupied Housing by Geography	13,291	0.00	4.81	87.40	7.79
Business by Geography	2,957	0.00	8.96	85.56	5.48
Farms by Geography	581	0.00	1.20	85.71	13.08
Family Distribution by Income Level	11,055	19.61	18.70	24.42	37.27
Distribution of Low and Moderate Income Families throughout AA Geographies	4,235	0.00	7.34	87.72	4.93
Median Family Income		\$53,157	Median Housing Value		\$72,817
HUD Adjusted Median Family Income for 2013		\$56,200	Unemployment Rate		7.2%
Households Below Poverty Level		13%	(2010 US Census)		

Source: 2010 US Census and 2013 HUD-updated MFI

To help meet the community's credit needs, FNB is an approved lender for the Illinois Finance Authority's Young Farmer Program. This program is a guarantee program designed to enhance credit availability for younger farmers. Under the program guidelines, FNB made loans totaling \$149,700 in 2009 and \$146,667 in 2011.

A community contact was made to a social services agency that operates a number of programs including a food bank, emergency food and shelter, assistance to dislocated workers, homeless and homeless prevention, weatherization, and a senior nutrition program. The contact did not indicate any credit needs. Funding for the senior nutrition program is the primary need and an opportunity for bank involvement.

## Conclusions with Respect to Performance Tests

### LENDING TEST

FNB does a reasonable job of meeting the credit needs of its AA given the demographics, economic factors, competitive pressures, credit needs of the community, and other lending-related activity.

#### Loan-to-Deposit Ratio

FNB's loan-to-deposit (LTD) ratio is reasonable. The quarterly average LTD ratio since the 2009 CRA examination is 58%. This ratio is higher than one and lower than five similarly situated banks in the area. The quarterly average LTD ratio of these banks, with assets between \$70 million and \$339 million and located within FNB's AA, ranges from 53% to 71% for the same period. As of September 30, 2013, the bank's LTD ratio is 60%.

#### Lending in Assessment Area

A majority of loans by number (76%) and by dollar volume (70%) were made inside FNB's AA.

Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total (\$)
	#	%	#	%		\$	%	\$	%	
RRE	20	80%	5	20%	25	1,569	83%	314	17%	1,883
Agricultural Loans	18	72%	7	28%	25	1,491	60%	998	40%	2,489
Totals	38	76%	12	24%	50	3,060	70%	1,312	30%	4,372

Source: Sample of 25 RRE and 25 agriculture loans originated between January 1, 2012 and December 31, 2013.

#### 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 reflects excellent penetration.

##### Residential Real Estate Loans

The borrower distribution of RRE loans originated or purchased during the evaluation period is excellent. The percentage of RRE loans made to moderate-income borrowers is significantly higher than the percentage of moderate-income families in the AA. The percentage of RRE loans made to low-income borrowers is lower than the percentage of low-income families in the AA; however, we considered the percentage of families who live below the poverty level (10.1%) in evaluating the borrower distribution.

Borrower Distribution of Residential Real Estate Loans								
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
RRE	19.6%	12.0%	18.7%	36.0%	24.4%	20.0%	37.3%	32.0%

Source: Sample of 25 RRE loans and 2010 U.S. Census Data.

**Farm Loans**

The distribution of loans to farms of different sizes is excellent. All of the agricultural loans were made to small farms.

Borrower Distribution of Loans to Farms				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	99.5%	0.5%	0.0%	100%
% of Bank Loans in AA by #	100.0%	0.0%	0.0%	100%
% of Bank Loans in AA by \$	100.0%	0.0%	0.0%	100%

Source: Sample of 25 agricultural loans; 2013 Business Geodemographic Data.

**Geographic Distribution of Loans**

FNB’s geographic distribution of loans reflects reasonable dispersion within the AA. There are no low-income geographies in the AA; therefore, our analysis is based on lending in the moderate-income CT. The bank lends in all CTs of the AA.

**Residential Real Estate Loans**

The geographic distribution of RRE loans is reasonable for loans originated or purchased in 2012 and 2013. The percentage of RRE loans made in the moderate-income CT is near the percentage of owner-occupied housing in that CT.

Geographic Distribution of Residential Real Estate Loans								
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
RRE	N/A	N/A	4.8%	4.0%	87.4%	88.0%	7.8%	8.0%

Source: Sample of 25 RRE loans; 2010 U.S. Census Data.

Farm Loans

The geographic distribution of agricultural loans is deemed reasonable even though our sample did not identify loans extended in the moderate-income CT. In evaluating the geographic distribution, we considered the low number of farms (7) located in the moderate-income CT and the high competition for those loans.

<b>Geographic Distribution of Agricultural Loans</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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
Agricultural Loans	NA	NA	1.2%	0.0%	85.7%	96.0%	13.1%	4.00%

*Source: Sample of 25 agricultural loans; 2010 U.S. Census data.*

**Responses to Complaints**

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

**COMMUNITY DEVELOPMENT TEST**

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 a CD loan totaling \$328,081 to the City of Olney to purchase a fire truck. The fire department provides community services to a portion of Richland County and the moderate-income CT.

**Number and Amount of Qualified Investments**

FNB made qualified investments totaling \$108,725 during the evaluation period. FNB donated to twelve 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 four organizations that provide community services. Information regarding these CD services is summarized below.

- Two bank representatives provided CD services to the local hospital foundation. The foundation is the primary fundraising arm of the hospital located in the AA. The hospital is adjacent to and serves the individuals and families in the moderate-income CT. CD services provided include coordinating, assisting and attending fundraising activities.
- A FNB representative provided CD services to a business development corporation in the AA. It serves Richland County, the moderate-income CT, and low- and moderate-income individuals. The corporation's mission is to support all Richland County communities by locating, initiating and developing business ventures. CD services provided include serving as President, reviewing financial information, and discussing financing options with potential business leaders.
- A FNB representative provided CD services to the Richland County Recreational Council, a non-profit community service organization that serves Richland County, including the moderate-income CT. CD services provided include reviewing financial information, managing the budget, and approving purchase requests.
- A FNB representative provided CD services to the elementary school by teaching students the principles of banking. 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 of the AA given the identified needs of affordable housing and community services and FNB's financial capacity.

### **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.