

PUBLIC DISCLOSURE

February 16, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank
Charter Number 14717
1601 15th Street
P.O. Box 130
Moline, IL 61265-0130**

**Office of the Comptroller of the Currency
440 South LaSalle Street, Suite 2700
Chicago, Illinois 60605**

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 CRA performance of **The First National Bank (FNB)** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **February 16, 1999**. This evaluation is based on information from the last CRA examination dated November 8, 1995, to the current examination dated February 16, 1999. 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."

A majority of FNB's loan originations are located within the bank's assessment area. The bank's record of lending to borrowers of different income levels, including low- and moderate-income individuals, is reasonable. FNB's record of lending to small farms and small businesses within its assessment area is good.

DESCRIPTION OF INSTITUTION

First National Bank is a \$92 million bank headquartered in Davenport, Iowa, in east central Iowa. It's main operations are from its office in Moline, Illinois. FNB has an office located in Davenport, Moline, and Cairo with drive-ups at each location. Automated Teller Machines (ATMs) are located at the Moline and Cairo branches. The Cairo branch is located in a low-income area.

FNB is wholly owned by Uptown Bancorporation, a one bank holding company. The bank offers traditional banking services and lending products. Their primary business focus is commercial and residential real estate lending. The loan portfolio mix is as follows: commercial 74%, residential real estate 16%, instalment 9%, and agricultural 1%.

There are no financial conditions, legal constraints, or other factors that hinder the bank's ability to help meet the credit needs of its assessment area (AA). An "Outstanding" rating was received during the November 8, 1995, CRA examination.

DESCRIPTION OF QUAD CITIES ASSESSMENT AREA:

This AA is comprised of the eighty-two census tracts (CT) in Rock Island County, Illinois and Scott County, Iowa. These counties are part of the Davenport-Moline-Rock Island Multi-State MSA (MSA 1960), located along the Illinois and Iowa state line. Larger cities in this AA are Rock Island, Moline, and East Moline in Illinois, and Bettendorf and Davenport in Iowa. The Mississippi River, along the Illinois and Iowa state line, is a major barrier between the two states.

The AA is comprised of seven low-income, eighteen moderate-income, fourty-four middle-income, and thirteen upper-income CTs.

According to 1990 census data, the total population of the bank's AA is 299,702. The 1998 Davenport-Moline-Rock Island MSA median family income is \$45,400. Potential borrowers earning less than 50% of the MSA median family income are designated as low-income, while those earning 50% - 80%, 80% - 120%, and more than 120% are designated as moderate-, middle-, and upper-income, respectively. Within the AA, 20% of the families are low-income, 17% are moderate-income, 23% are middle-income, and 40% are upper-income.

There are 124,706 total housing units in the AA, of which 62% are owner-occupied, 31% are rental-occupied, and 7% are vacant. The median housing value is \$50,975 with a median year built of 1957.

With only 14% of the owner-occupied housing units in the AA located in low- and moderate-income CTs, Home Mortgage Disclosure Act (HMDA) related lending

opportunities are limited. Many of the low- and moderate-income CTs consist of downtown areas and are primarily business districts which have very few residents.

The area's local economy is stable with an unemployment rate of 3%. The service industry is the largest industry in MSA 1960, followed by retail trade and manufacturing. Major employers include: Deere & Company, a farm equipment manufacturer; Rock Island Arsenal, a federal munitions depot and manufacturing facility; ALCOA, an aluminum-steel manufacturer; and Genesis Medical Center. The area has traditionally been a manufacturing center with base industries of farm machinery, heavy construction equipment manufacturing, and military hardware. The area has also benefitted from increased tourism due to several riverboat casinos.

The market for financial services is very competitive as there are numerous financial institutions in the AA. There are also several branches of multi-national banks headquartered elsewhere in Illinois, Iowa, or the United States. FNB's primary competitors consist of national- and state-chartered financial institutions, and credit unions. Pinnacle Bank of the Quad Cities, Southeast National Bank of Moline, Blue Grass Savings Bank, and Valley State Bank were identified as similarly situated institutions within the AA based on asset size and/or business focus.

A number of community contacts have been made in the AA within the past year. We relied upon the information in these contacts. Recent contacts with area leaders identified residential mortgage, business, and consumer loans as the community's most pressing credit needs. The contact also indicated local financial institutions are responsive to community credit needs and there are no significant unmet credit needs in the community.

DESCRIPTION OF CAIRO ASSESSMENT AREA:

Cairo is located in Alexander County in Southern, Illinois, at the confluence of the Mississippi and Ohio Rivers. This AA is comprised of one low-income, three moderate-income, and two middle-income Block Numbering Areas (BNAs) in Alexander and Pulaski Counties in Illinois. There are no upper-income BNAs in the AA.

The location of the BNAs by income level is as follows:

C Low-income: 9579 in Alexander County

- C Moderate-income: 9711 in Pulaski County
9577 & 9578 in Alexander County
- C Middle-income: 9710 in Pulaski County
9576 in Alexander County

According to 1990 census data, the population of the bank's AA totaled 18,149. The 1998 non-MSA statewide median family income for Illinois is \$39,500. Within the AA, 38% of the families are low-income, 19% are moderate-income, 20% are middle-income, and 23% are upper-income.

There are 8,312 total housing units in this AA, of which (5,137) 62% are owner-occupied, (2,054) 25% are rental-occupied, and (1,121) 13% are vacant. The median housing price is \$23,550 while the median age of homes is forty years in the AA.

Economic conditions in the AA are depressed. Alexander County is the highest welfare county in Illinois. Cairo is the poorest city in Illinois and has been in a state of steady economic decline. There are no major industries in the area with the school district as the major employer. Approximately 19% of the population receives public assistance, 39% receives social security, and 16% are retired. Thirty-two percent of the population is below poverty level. The small number of banks and thrift institutions provide a moderate level of competition in the financial services market.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

First National Bank's overall CRA performance is **Satisfactory**. The bank has two offices in the Davenport-Moline-Rock Island Multi-state MSA. Our conclusions relating to the entire bank also apply to this multi-state MSA.

LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit ratio exceeds the standards for satisfactory performance. The average loan-to-deposit ratio for the thirteen quarters ending December 31, 1998 equals 72% compared to 63% for local similarly situated banks.

LENDING IN ASSESSMENT AREA

The bank's record of lending within the AA is reasonable and meets the standards for satisfactory performance. The following table details the bank's lending within and outside of the AA by dollar volume and number of loan originations.

LOAN TYPE	DOLLAR VOLUME		NUMBER OF LOANS	
	WITHIN AA	OUTSIDE AA	WITHIN AA	OUTSIDE AA
Residential Real Estate	\$5,541,268	\$642,825	162	22
	90%	10%	88%	12%

Business	\$38,847,477	\$25,267,602	209	49
	61%	39%	81%	19%
Agricultural	\$863,726	\$90,000	15	1
	91%	9%	94%	6%
Consumer Instalment	\$2,632,800	\$1,100,464	535	126
	71%	29%	81%	19%
TOTAL	\$47,885,271	\$27,100,891	921	198
	64%	36%	82%	18%

Source: Bank Records (1/1/97 to 2/10/99)

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The distribution of residential real estate loans reflects adequate penetration among individuals of different income levels including low- and moderate-income individuals. A sample of 78% of the residential real estate loans originated within the AA was reviewed. Sixteen percent were originated to low- and 15% to moderate-income borrowers in the Quad City AA. Seven percent were originated to low- and 24% to moderate-income borrowers in the Cairo AA.

FNB accommodates low- and moderate-income individuals by granting small dollar personal and real estate loans. Forty-eight percent of the real estate loans originated for less than \$25,000, 29% originated for \$25,000 to \$49,999, 16% originated for \$50,000 to \$99,999, and 7% originated for more than \$100,000 in the Quad Cities AA. Sixty percent of the real estate loans originated for less than \$25,000, 28% originated for \$25,000 to \$49,999, and 12% originated for \$50,000 to \$99,999 in the Cairo AA.

The following tables summarize the bank's distribution of loan originations among borrowers of different income levels:

QUAD CITIES ASSESSMENT RESIDENTIAL REAL ESTATE LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS

INCOME LEVEL OF BORROWER	\$ VOLUME ORIGINATED	% ORIGINATED	# ORIGINATED	% ORIGINATED
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Low-income	\$516,562	14%	16	16%
Moderate-income	\$359,661	10%	15	15%
Middle-income	\$762,597	21%	21	22%
Upper-income	\$2,048,588	55%	46	47%
TOTAL	\$3,687,408	100%	98	100%

Source: Bank Records (1/1/97 to 2/10/99)

**CAIRO ASSESSMENT
RESIDENTIAL REAL ESTATE LENDING
TO BORROWERS OF DIFFERENT INCOME LEVELS**

INCOME LEVEL OF BORROWER	\$ VOLUME ORIGINATED	% ORIGINATED	# ORIGINATED	% ORIGINATED
Low-income	\$10,191	1%	2	7%
Moderate-income	\$138,842	18%	7	24%
Middle-income	\$217,971	29%	6	21%
Upper-income	\$397,098	52%	14	48%
TOTAL	\$764,102	100%	29	100%

Source: Bank Records (1/1/97 to 2/10/99)

Using loan size as a proxy for business and farm revenues, the bank's record of lending to small businesses and farms is good. As detailed in the following tables, a substantial portion of the loans originated during the evaluation period to small businesses and farms originated for less than \$50,000.

**QUAD CITIES ASSESSMENT AREA
DISTRIBUTION OF SMALL BUSINESS LOANS
BY LOAN SIZE**

LOAN SIZE (\$)	BUSINESS LOANS	
	#	%
<\$25,000	41	28%
\$25,000 - \$50,000	26	18%
\$50,000 - \$99,999	28	19%
\$100,000 - \$249,999	18	12%
\$250,000 - \$999,999	26	17%
>\$1,000,000	10	6%
TOTAL	149	100%

Source: Bank Records. There are no agricultural loans in the Quad City area.

**CAIRO ASSESSMENT AREA
DISTRIBUTION OF SMALL BUSINESS AND AG LOANS
BY LOAN SIZE**

LOAN SIZE (\$)	BUSINESS LOANS		FARM LOANS	
	#	%	#	%
<\$25,000	47	78%	3	20%
\$25,000 - \$49,999	8	14%	4	27%
\$50,000 - \$99,999	5	8%	6	40%
\$100,000 - \$249,999	0	0%	2	13%
\$250,000 - \$999,999	0	0%	0	0%
>\$1,000,000	0	0%	0	0%
TOTAL	60	100%	15	100%

Source: Bank Records.

GEOGRAPHIC DISTRIBUTION OF LOANS

The bank's geographic distribution of residential real estate loans meets standards for satisfactory performance based upon the demographics of the assessment area. The

following tables reflect the geographic distribution of residential real estate originations between January 1, 1997 and February 10, 1999. Our analysis is based on residential real estate loans originated in the evaluation period.

QUAD CITIES ASSESSMENT AREA

RESIDENTIAL REAL ESTATE LOAN ORIGINATIONS BY INCOME LEVEL OF BNAs WITHIN AA				
INCOME LEVEL OF BNA	\$ OF ORIGINATIONS	% OF ORIGINATIONS	# OF ORIGINATIONS	% OF ORIGINATIONS
Low-income	\$16,257	1%	1	1%
Moderate-income	\$234,772	6%	9	9%
Middle-income	\$2,564,632	69%	65	66%
Upper-income	\$871,747	24%	23	24%
TOTAL	\$3,687,408	100%	98	100%

Source: Bank Records.

CAIRO ASSESSMENT AREA

RESIDENTIAL REAL ESTATE LOAN ORIGINATIONS BY INCOME LEVEL OF BNAs WITHIN AA				
INCOME LEVEL OF BNA	\$ OF ORIGINATIONS	% OF ORIGINATIONS	# OF ORIGINATIONS	% OF ORIGINATIONS
Low-income	\$234,682	31%	12	41%
Moderate-income	\$459,763	60%	16	55%
Middle-income	\$69,657	9%	1	4%
Upper-income	There are no upper-income BNAs in the assessment area.			
TOTAL	\$764,102	100%	29	100%

Source: Bank Records.

RESPONSE TO COMPLAINTS

The bank has not received any complaints since the prior examination relative to its performance under the CRA.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

We did not identify violations of any substantive provisions of the antidiscrimination laws and regulations during our examination.

INVESTMENTS AND SERVICES

The bank participates in a loan program with Project Now, Inc., which promotes access to affordable housing in Rock Island, Mercer, and Henry Counties in Illinois. FNB has committed up to five loans at \$50,000.

Vice President Carl Becker serves as Chairperson for the Bi-State Revolving Loan Fund Board. This group receives money through HUD annually for new commercial and industrial projects in the Quad Cities and surrounding counties. Mr. Becker is also on the Board of the City of Rock Island Revolving Loan Fund.

Vice President Becker serves as the Vice Chairman of the Housing Council. The Housing Council provides resources for creating housing opportunities that promote economic and community development. Mr. Becker also serves as President for the Quad Cities Housing Bureau.

CEO and President Joe Petra serves on the Small Business Development Board.