



PUBLIC DISCLOSURE

August 4, 1998

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

First National Bank in Pinckneyville
Charter # 13975
210 S. Main St., Box 208
Pinckneyville, Illinois 62274

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 the **First National Bank in Pinckneyville, Pinckneyville, Illinois**, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of August 4, 1998. This evaluation is based on information since the last CRA examination dated **March 1, 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 real estate loans.
- The bank's loan-to-deposit ratio is comparable to the loan-to-deposit ratios of similarly situated area banks.
- A majority of loans are extended in the bank's assessment area.

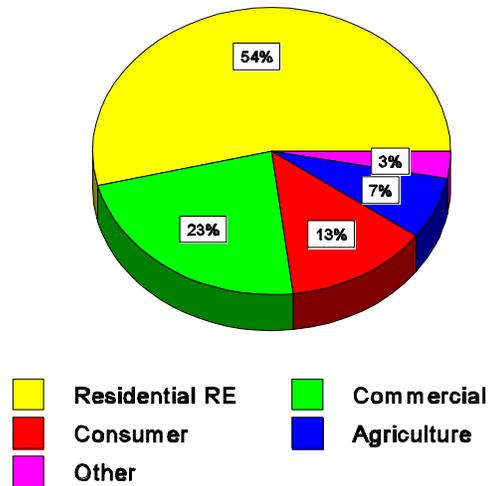
DESCRIPTION OF INSTITUTION

The First National Bank (FNB) in Pinckneyville is a \$63 million bank which is wholly owned by First Perry Bancorp, Inc., a one-bank holding company. The bank operates one office, with an ATM, which is located in downtown Pinckneyville. FNB Pinckneyville offers a full range of retail and commercial banking products normally associated with a community bank. The bank's primary business focus is in 1-4 family residential real estate loans.

As of March 31, 1998, the loan portfolio represented 34% of total assets. As the graph illustrates, residential real estate loans represent over half of the loan portfolio.

No financial or legal constraints impede the bank's ability to meet community credit needs. The bank's prior CRA rating, dated March 1, 1995, was "Satisfactory Record of Meeting Community Credit Needs."

Loan Portfolio Composition



DESCRIPTION OF ASSESSMENT AREA

FNB Pinckneyville has designated portions of Perry County as its assessment area. This assessment area contains 3 contiguous Block Numbering Areas (BNAs), which are all middle-income geographies. No low- or moderate-income areas were arbitrarily excluded.

The population of FNB Pinckneyville's assessment area was 11,547 as of the 1990 census. The median housing value was \$38,532 and the median year built was 1962. Owner-occupied units represented 73% of the housing stock, with 81% of the housing stock being 1-4 family units.

As of the 1990 census, the Illinois non-metropolitan median family income was \$29,694. The 1998 HUD estimate for the Illinois non-metropolitan median family income is \$39,500. Census information on family incomes aggregated for all BNAs in the bank's assessment area shows that 19% of the families are in low-, 20% are in moderate-, 23% are in middle-, and 38% are 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 unemployment rate for Perry County reflects higher unemployment and a poorer economy compared to the state and nation as a whole. The March 1998 unemployment rate in Perry County was 10.0%, compared to the state unemployment rate of 4.8% and the national rate of 5.0% for the same period. The poor local economy and high unemployment rate are primarily attributable to the weak coal mining industry, formerly a strong element in the area. Major employers in Perry County are Universal Music Distribution, a compact disc manufacturing company, and GS Metals.

Strong competition in the area of residential real estate loans, the bank's main focus, is provided by a state bank and a national bank branch office in Pinckneyville, as well as financial institutions located in nearby Nashville and DuQuoin.

To further our understanding of the community's credit needs, we interviewed a community contact during this examination. The contact indicated the credit needs of the assessment area are primarily residential real estate loans and consumer loans. These needs are being met by local financial institutions.

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. We reviewed all residential real estate loans originated since the prior CRA examination. This product type was selected because it is the primary product line of the bank. Residential real estate credits comprise the largest portion of the loan portfolio on a dollar basis as well as a number basis. We did not review business and farm loans because they do not comprise a significant portion of the bank's loan portfolio.

FNB Pinckneyville's distribution of residential real estate loans demonstrates penetration to borrowers of all income levels. The bank's distribution to low- and moderate-income level individuals is reasonable compared to the demographic composition of the assessment area.

**Distribution by Borrower Income Level
Residential Real Estate Loans**

Income Levels	# of Loans	% By # of Loans	Loan \$ (000's)	% By \$ of Loans	% of Families by Income Level
<i>Low Income</i>	13	7%	180	3%	19%
<i>Moderate Income</i>	47	25%	1,188	18%	20%
<i>Middle Income</i>	52	27%	1,900	30%	23%
<i>Upper Income</i>	77	41%	3,172	49%	38%

Geographic Distribution of Loans:

Because all the BNAs in the bank's assessment area are middle income, no meaningful analysis could be performed based on loans in geographies of different income levels.

Loan-to-Deposit Ratio:

The bank's loan-to-deposit ratio is satisfactory. FNB Pinckneyville's loan-to-deposit ratio was 40% as of March 31, 1998, and its average loan-to-deposit ratio for the fourteen quarters since the previous CRA evaluation was 41%. Three similarly situated area banks had loan-to-deposit ratios ranging from 65% to 77% as of March 31, 1998, and average ratios for the period ranging from 58% to 69%. It should be noted that FNB Pinckneyville has sold \$5,000,000 in loans to the secondary market since the prior CRA examination, which attributes to its low loan-to-deposit ratio.

Lending in the Assessment Area:

Lending in the assessment area is satisfactory. Our review of all residential real estate loans originated since the previous CRA examination revealed that 84% of the number of loans and 82% of the dollar amount of loans were made 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 violations of these antidiscrimination laws and regulations were identified.