



PUBLIC DISCLOSURE

July 19, 1999

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

The Bradford National Bank of Greenville
Charter # 9734
100 E. College Avenue
Greenville, Illinois 62246

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 Bradford National Bank of Greenville, Illinois**, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of July 19, 1999. This evaluation is based on information since the last CRA examination dated **March 29, 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 **Satisfactory**.

- C The level of lending to low- and moderate-income individuals and farms of different sizes shows reasonable penetration based upon the demographics of the area and credit needs of the assessment area.
- C The bank's loan-to-deposit ratio is comparable to the loan-to-deposit ratios of similarly situated area banks.
- C A substantial majority of loans sampled are extended in the bank's assessment area.

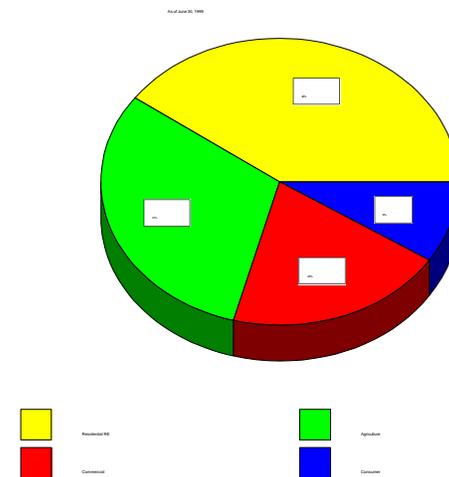
DESCRIPTION OF INSTITUTION

The Bradford National Bank of Greenville (BNB) is a \$110 million bank which is wholly owned by Bradford Bancorp, a one-bank holding company. The main office is in the downtown area of Greenville, Illinois (Bond County). BNB operates two branches located in Greenville and Marine, Illinois (Madison County). The Marine branch opened in September 1998. The main office and the branches operate drive-up facilities. BNB has five automated teller machines (ATMs) in operation. ATMs in Greenville are located at the main office, a Capri IGA store, a Grandpa's store, and the Utlaut Health Care Services facility. In addition, an ATM is located at the branch in Marine. BNB offers a full range of retail and commercial banking products normally associated with a community bank. The bank's primary business focus is 1-4 family residential real estate loans and agriculture-related loans.

As of June 30, 1999, the loan portfolio represented 54% of total assets. At that time, the composition of the loan portfolio was 40% residential real estate, 31% agriculture-related, 20% commercial, and 9% consumer loans.

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 March 29, 1996, was "Satisfactory Record of Meeting Community Credit Needs."

Loan Portfolio Composition



SCOPE OF THE EVALUATION

We based our conclusions on a review of the bank's 1997 and 1998 CRA efforts. In assigning the overall rating to the bank, we placed more emphasis on the bank's performance in the non-Metropolitan Statistical Area (MSA) portion of the AA since approximately 98% of the bank's lending performance occurred in the non-MSA. The Marine branch located in the MSA has only been open since September 1998.

DESCRIPTION OF ASSESSMENT AREA

BNB's main office and the Greenville branch are located in Bond County, a non-MSA. The Marine branch is located in the northeast fringe of the St. Louis, MO-IL multi-state MSA, in Madison County, Illinois. BNB has designated its assessment area (AA) as all of Bond County

and the northeastern portion of Madison County. The AA includes Block Numbering Areas

(BNA) 9512, 9513, 9514, and 9515 in Bond County and Census Tracts (CT) 4036, 4037, and 4038.02 in Madison County. This AA is a contiguous area, meets the requirements of the regulation, and does not arbitrarily exclude low- or moderate-income geographies. Based on the non-MSA and MSA median family incomes for the AA in 1990, all seven BNAs and CTs are middle-income geographies.

The non-MSA and the AA population were 14,991 and 35,599 as of the 1990 census. The updated HUD non-MSA median family income in Illinois for 1999 is \$41,500; the corresponding St. Louis MSA HUD median family income is \$52,000. Census information on family incomes aggregated for the non-MSA and the AA shows that 19% and 16% of the families are in low-, 19% and 19% are in moderate-, 25% and 27% are in middle-, and 37% 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 1999 statewide non-MSA and MSA median family incomes. Moderate income is at least 50% but less than 80% of the 1999 statewide non-MSA and MSA median family incomes. Middle income is at least 80% but less than 120% of the 1999 statewide non-MSA and MSA median family incomes. Upper income is 120% or more of the 1999 statewide non-MSA and MSA median family incomes.

The 1990 census demographic data for the non-MSA and the AA shows that 17% and 16% of the population is age 65 and over, 17% and 16% of the households are in retirement, and 14% and 10% of the households are below the poverty level. Median housing value is \$39,413 and \$51,636 and the median age of the housing stock is 40 and 38 years. Owner-occupied units represent 72% and 74% of the housing stock, with 82% and 85% being 1-4 family units.

The local economy is primarily supported by agriculture, with some manufacturing and other service-related businesses and retail stores. The largest employers in the area are the Demoulin Brothers Manufacturing, and the local hospital, college, and the Federal Correctional Institution. The local economy has been relatively stable; however, low grain and livestock prices may adversely impact the AA. The June 1999 unemployment rates for Bond and Madison Counties are 5.2% and 5.1%, respectively. The national and state unemployment rates for the same period are 4.5% and 4.7%, respectively.

Strong competition comes primarily from branches of a state bank of a St. Louis based bank holding company, a Wisconsin based Federal Savings Bank, the First National Bank of Mulberry Grove, the National Bank of Hillsboro, and the Union Bank in Marine. The bank's business strategy is to remain competitive with the other financial institutions in the AA and serve the community's loan needs.

To further our understanding of the community's credit needs, we interviewed an area real estate agency during this examination. This organization, and others previously contacted, indicated that the

primary credit needs of the assessment area are residential real estate loans, personal loans, and loans to farmers. The contact stated that the local financial institutions are serving the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

Residential Real Estate Loans - The bank's primary product line is 1-4 family residential real estate lending for purchase, home improvement, and refinancing. Residential real estate loans comprise the largest portion of the loan portfolio on a dollar basis. BNB's distribution to borrowers demonstrates reasonable penetration to borrowers of all income levels.

We sampled 43 residential real estate loans with loan originations between January 1, 1997, and December 31, 1998. Total loan originations to these borrowers were \$12,309,000. Our residential real estate sample represented approximately 14% of the number of residential loans originated during this period.

The bank's distribution of loans to low- and moderate-income level families is not proportionate with the demographic data for the non-MSA portion of the AA. The level of lending to low- and moderate-income families is satisfactory in comparison to the relatively high number of households below the poverty level, the population of persons over age 65, and the number of households in retirement for the non-MSA area. The low- and moderate-income families associated with the local college are more likely to occupy rental units than be homeowners, and the inmates in the local prison would not require any housing loans.

The following table illustrates the distribution of loan originations for 1-4 family residential real estate borrowers of different income levels within the non-MSA area.

**Distribution by Borrower Income Level Within the Non-MSA
1-4 Family Residential Real Estate Loans**

Income Levels	# of Loans	% By # of Loans	Loan \$ (000's)	% By \$ of Loans	Non-MSA Family Income
<i>Low Income</i>	1	3%	19	1%	19%
<i>Moderate Income</i>	6	18%	257	12%	19%
<i>Middle Income</i>	11	32%	579	27%	25%
<i>Upper Income</i>	16	47%	1,269	60%	37%

The following table illustrates the distribution of loan originations for 1-4 family residential real estate borrowers of different income levels within the AA.

**Distribution by Borrower Income Level Within the AA
1-4 Family Residential Real Estate Loans**

Income Levels	# of Loans	% By # of Loans	Loan \$ (000's)	% By \$ of Loans	AA Family Income
<i>Low Income</i>	1	3%	19	1%	19%
<i>Moderate Income</i>	6	15%	257	10%	19%
<i>Middle Income</i>	14	36%	726	30%	27%
<i>Upper Income</i>	18	46%	1,436	59%	38%

Agricultural Loans - The bank's secondary product line is agricultural lending which comprises the second largest portion of the loan portfolio on a dollar basis. BNB is very responsive to the credit needs of small farms in its assessment area. Small business and small farm loans are defined as loans to a company with less than \$1 million in gross annual revenues. We reviewed the revenue distribution of 25 agricultural borrowers with loan originations between January 1, 1997, and December 31, 1998, to determine the size of farms being served.

Total loan originations to these borrowers were \$7,029,000. Our agricultural sample represented approximately 16% of the number of farm-related loans originated during this period.

The following table illustrates the distribution of farm-related loan originations by size of annual revenues within the AA.

Distribution by Farm Gross Revenue Size

	Under \$100M		\$100M-\$250M		\$250M-\$500M		\$500M-\$1MM		Over \$1MM	
#	11	44%	7	28%	3	12%	2	8%	2	8%
\$ (000's)	820	28%	779	27%	420	15%	435	15%	430	15%

Based on 1990 business demographic data, all farms in the bank's AA had revenues of less than \$1 million.

Geographic Distribution of Loans:

A geographic analysis was not performed as all geographies in the AA are middle income.

Loan-to-Deposit Ratio:

The bank's loan-to-deposit ratio is satisfactory. The loan-to-deposit ratio as of March 31, 1999, was 61%. The bank's average loan-to-deposit ratio for the thirteen quarters since the previous CRA evaluation was 64%. The loan-to-deposit ratios of eight competitor banks ranged from 59% to 72% as of March 31, 1999, and average ratios for the previous quarters ranged from 58% to 74%. Five of the eight competitor banks' average loan-to-deposit ratios exceeded the bank's average ratio of 64%. The competitor banks are considered similarly situated institutions as they are all rural community banks with total assets less than \$150 million, where agriculture is an important part of the economy.

Lending in the Assessment Area:

Lending in the assessment area is good. A substantial majority of the bank's residential real estate loans and agricultural loans are extended within its AA. This conclusion is based on our sample of those types of loans.

The following table represents the results of our loan sample.

Loans Sampled by Number and Dollar Amount Within AA

Loan Type	# Sampled	% of Loans Within AA (#)	\$ Amount of Loans Sampled (000's)	% of Loans Within AA (\$)
Residential RE	43	91%	\$2,438	92%
Agriculture	30	90%	\$3,038	88%
Totals	73	90%	\$5,476	90%

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, the Fair Housing Act, and the Home Mortgage Disclosure Act. Our Fair Lending analysis consisted of comparing denied female applicants to approved male applicants for consumer vehicle loans for a six-month time period. Our review of denied individual female applicants did not identify any evidence of discriminatory practices or disparate treatment. No substantive violations of these antidiscrimination laws and regulations were identified.