



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

December 7, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank in Olney
Charter Number 14217

101 East Main
Olney, IL 62450

Office of the Comptroller of the Currency

St. Louis Field Office
2350 Market Street, Suite 100
St. Louis, MO 63103

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 major factors that support the rating of Satisfactory are:

- The distribution of loans to individuals of different income levels and to farms of different sizes is reasonable.
- The geographic distribution of loans in the assessment area (AA) is reasonable.
- A majority of the bank's loans were made within the AA.
- The level of lending is reasonable based on the average quarterly loan-to-deposit ratio (63%) since the last CRA evaluation.

SCOPE OF EXAMINATION

This Performance Evaluation of the First National Bank in Olney (FNB) assesses FNB's record of meeting the credit needs of the communities in which it operates. We evaluated FNB under the Small Bank performance criteria. FNB's AA received a full-scope review.

The evaluation period covers loans originated or purchased from January 1, 2007 through September 30, 2009. Conclusions regarding the bank's lending performance are based on FNB's primary loan products consisting of residential real estate (RRE) loans and agricultural loans. The loan data we analyzed consisted of a sample of 20 RRE and 20 agricultural loans that were originated or purchased during the 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, 2009, FNB reported total assets of \$266 million, net loans of \$140 million, and total risk-based capital of \$21 million.

FNB's business strategy focuses on RRE and agricultural loans. Loan products offered include one-to-four family RRE loans, agricultural loans, commercial loans, and consumer loans. As of September 30, 2009, net loans represented 52% of total assets and consisted of agriculture-related loans (39%), RRE loans (35%), commercial loans (19%), and consumer loans (7%).

FNB is an intrastate bank located in southeastern Illinois. FNB has seven banking offices located in the cities of Olney (3), Noble (1), Ingraham (1), Oblong (1), and Robinson (1). FNB also has two full-service and four cash-dispensing-only automated teller machines (ATMs) located in the cities of Olney (4), Oblong (1), and Robinson (1).

Both full-service ATMs are located in the city of Olney. There are no legal, financial, or other factors impeding FNB's ability to help meet the credit needs of the AA it serves.

FNB was rated Satisfactory at its last CRA evaluation dated August 2, 2004.

DESCRIPTION OF ASSESSMENT AREA

FNB's AA consists of Crawford County, Richland County, and the northern half of Clay County (census tracts 9719 and 9720) in southeastern Illinois. Of the thirteen census tracts (CTs) in the AA, three are moderate-income: CT 9804 in Crawford County, CT 9780 in Richland County, and CT 9720 in Clay County. FNB has two offices and three ATMs situated in the moderate-income geographies. The remaining ten geographies are middle-income. The AA is contiguous, meets the requirements of the regulation, and does not arbitrarily exclude low- or moderate-income geographies.

FNB's deposits total \$229 million as of September 30, 2009. Based on FDIC data as of June 30, 2009, FNB is the largest deposit-taking institution in the AA with a 23% market share. Competition for financial services is strong, as fifteen other financial institutions have a presence in the AA.

The area surrounding Olney is rural. Major industries consist of services, followed by agriculture, forestry and fishing, and then retail trade. Major employers in the AA include a Wal-Mart Distribution Center, Hershey Chocolate USA, and Marathon Petroleum. In the AA, nonagricultural wage and salaried employment decreased 2%, from 21,791 in August 2004 to 21,297 in September 2009. During the same time period, the unemployment rate increased from 6.2% to 10.8%. The state of Illinois' unemployment rate was 10.2% as of September 2009.

Based on 2000 Census data, 9% of families in the AA live below the poverty level. Also, 21% and 23% of families in the AA are low- and moderate-income, respectively. Only 20% of owner-occupied housing is situated in the moderate-income geographies. The 2009 Department of Housing and Urban Development adjusted statewide non-metropolitan area median family income for the AA is \$54,400. This figure was used in our analysis of lending to borrowers of different incomes.

As of 2009, 464 out of 467 farms in the AA (99%) had revenues of less than \$1 million. Only 60 farms (13%) were situated in the moderate-income CTs.

To help meet the community's credit needs, FNB is an approved lender for the USDA Rural Development Guaranteed Loan Program. This program enables qualified low- or moderate-income families to become homeowners. Under the program guidelines, FNB made 14 loans totaling \$754,752 in 2007 and 15 loans totaling \$1,080,896 in 2008.

Contacts were made to two area agencies that provide social services and housing assistance in the AA. The contacts indicated affordable rental units, affordable mortgages, and community development loans are primary needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB's LTD ratio is reasonable given the institution's size, its financial condition, and AA credit needs.

As of September 30, 2009, FNB's LTD ratio was 61%. The bank's quarterly average of LTD ratios since the last CRA evaluation was 63%. This ratio is higher than one comparable bank and is lower than six comparable banks. The average LTD ratios of these banks, which are comparable in size and location, range from 31% to 83% for the same time period.

Lending in Assessment Area

A majority of loans by number (78%) and by dollar volume (89%) were made within FNB's AA. Based on our sample of 20 RRE and 20 agricultural loans, 85% and 80% were originated or purchased within the bank's AA, respectively.

Lending in Crawford County, Richland County, and Northern Clay County										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total (\$)
	#	%	#	%		\$	%	\$	%	
RRE Loans	17	85%	3	15%	20	\$1,107	83%	\$211	17%	\$1,318
Agricultural Loans	14	80%	6	20%	20	\$2,859	91%	\$277	9%	\$3,136
Totals	31	78%	9	22%	40	\$3,966	89%	\$488	11%	\$4,454

Source: Sample of 20 RRE and 20 agricultural loans.

Lending to Borrowers of Different Income and Farms of Different Sizes

FNB's lending distribution to borrowers of different income levels and farms of different sizes are reasonable.

Residential Real Estate Loans

The borrower distribution of RRE loans is reasonable, based on a sample of 20 loans originated or purchased during the evaluation period.

The percentage of RRE loans to low-income borrowers was lower than the percentage of AA families who are low-income. The percentage of RRE loans to moderate-income borrowers was slightly lower than the percentage of AA families who are moderate-income. In evaluating the borrower distribution, we considered the percentage of families (9%) who live below the poverty level and the barriers this may have on home ownership. We also considered the local economy, which is currently stressed as reflected in the high unemployment rate in the AA.

Borrower Distribution of Residential Real Estate Loans in Crawford County, Richland County, and Northern Clay County								
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	21%	5%	23%	20%	24%	45%	32%	30%

Source: Sample of 20 RRE; 2000 U.S. Census Data.

Agricultural Loans

The distribution of loans to farms of different sizes is reasonable, based on a sample of 20 loans originated or purchased during the evaluation period. The percentage of loans extended to farms with revenues of \$1 million or less is slightly lower than the percentage of area farms that had revenues of \$1 million or less.

Borrower Distribution of Loans to Farms in Crawford County, Richland County, and Northern Clay County				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	99.4%	0.6%	0%	100%
% of Bank Loans in AA by #	95%	5%	0%	100%
% of Bank Loans in AA by \$	93%	7%	0%	100%

Source: Sample of 20 agricultural loans; 2009 Dunn and Bradstreet Data.

Geographic Distribution of Loans

The geographic distribution of RRE and agricultural loans originated or purchased during the evaluation period is reasonable. There are no low- or upper-income geographies in this AA.

Residential Real Estate Loans

The geographic distribution of RRE loans is reasonable based on a sample of 20 loans originated or purchased during the evaluation period. The percentage of RRE loans originated or purchased in moderate-income geographies is lower than the percentage of owner-occupied housing units within those geographies.

Geographic Distribution of Residential Real Estate Loans in Crawford County, Richland County, and Northern Clay County								
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	NA	NA	20%	15%	80%	85%	NA	NA

Source: Sample of 20 RRE; 2000 U.S. Census Data.

Agricultural Loans

The geographic distribution of agricultural loans is reasonable based on a sample of 20 loans originated or purchased during the evaluation period. The percentage of agricultural loans originated or purchased in moderate-income geographies is lower than the percentage of farms within those geographies. However, it is deemed reasonable because the opportunity to extend farm loans in the moderate-income geography is limited due to the low percentage of farm ground and the level of competition for lending is high for those farms located in the AA.

Geographic Distribution of Loans to Farms in Crawford County, Richland County, and Northern Clay County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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	N/A	N/A	13%	0%	87%	100%	N/A	N/A

Source: Sample of 20 agricultural loans; 2009 Dunn and Bradstreet Data.

Responses to Complaints

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

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.