



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

May 6, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank in Olney
Charter No. 14217
101 East Main Street
Olney, Illinois 62450**

**Office of the Comptroller of the Currency
Evansville Duty Station
P. O. Box 20130
Evansville, Indiana 47708**

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 First National Bank in Olney (FNB) prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of May 6, 1996. The OCC's evaluation covers the period from the date of the last CRA examination, July 1, 1993. The last CRA examination was rated Outstanding. 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.

First National Bank in Olney received this rating for its efforts to help meet local community credit needs, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. The average loan-to-deposit ratio is reasonable, and 89% of the bank's lending activities are conducted in its assessment area. Loans to low- and moderate-income borrowers represent a significant portion of the bank's portfolio.

The following table indicates the performance level of First National Bank in Olney with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>FIRST NATIONAL BANK IN OLNEY</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans	Not Rated.		
Response to Complaints	No complaints received since the prior examination.		

DESCRIPTION OF INSTITUTION

First National Bank in Olney (FNB) is a \$122 million full-service bank which operates from a main office in downtown Olney, Illinois and three branches in Richland County. Olney is in southeastern Illinois, approximately 120 miles east of St. Louis, Missouri, and 90 miles northwest of Evansville, Indiana. FNB has been serving the community as a national bank since 1934. Automated Teller Machines (ATMs) are currently available at two branch locations and a cash dispensing machine is located in the IGA Store on Main Street.

Products and programs are competitive given the size and financial capacity of the institution. As of December 31, 1995, total loans were \$55.6 million and total deposits were \$105.8 million. FNB is predominantly a real estate and commercial loan lender. As of December 31, 1995 the bank's total loan portfolio by dollar volume included: 58% real estate (26% secured by 1-4 family residential mortgages), 18% commercial, 13% consumer, and 11% agricultural loans. The majority of the bank's commercial loans are to small businesses.

There are no legal impediments or financial constraints which would hinder the bank's ability to meet community credit needs. The bank is owned by Summit Bancshares, Ltd., a one-bank holding company. FNB anticipates merging with Ingraham State Bank in Ingraham, Illinois, with assets totaling approximately \$15 million prior to year-end 1996.

DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income census tracts.

Richland County, the bank's assessment area, consists of five block numbering areas (BNAs). One BNA is designated moderate-income with the four remaining designated as middle-income. Richland County has a population of 17,000, which is projected to grow to 18,000 by the year 2000. Olney, the county seat, has a population of 8,900. The statewide non-MSA median family income is \$34,900. Assessment area demographics reflect a fairly diverse population with the unemployment level below the state and national averages. Primary competitors in Olney are another national bank and a state bank.

The Bank's assessment area is primarily rural. The main industry is agriculture, with most of the farms being relatively small and family owned. The Olney Industrial Park is expanding and includes Roadmaster, Inc., a manufacturer of toys and bicycles. Several new Roadmaster satellite companies have also opened operations in Olney. In addition, construction will begin in June on the Wal-Mart Distribution Center which is expected to employ 450 people when completed. Other major employers include: Richland Memorial Hospital, Olney Central College and Prairie Farms Dairy. Overall, the outlook for the economy is positive with future growth expected.

We conducted community contact and bank management interviews. These contacts identified affordable housing, small business, and agricultural loans as important credit needs in the community. It was the community contact's opinion that the bank is meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

The Bank's performance is satisfactory. Our review included a sample of real estate mortgages, commercial loans and instalment loans originated in 1995.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

An average loan-to-deposit ratio of 50% for the past two years is reasonable. Strong competition for loans and deposits exists in Richland County. This ratio compares fairly to similarly sized banks which have loan-to-deposit ratios of 46% to 70%.

Lending in Assessment Area

A majority of loans are in the bank's assessment area (AA).

The bank's lending for the past year demonstrates that 87% of the total number of loans and 89% of the total dollar volume of loans were originated in the bank's assessment area. These values vary slightly by loan product as may be seen in the table below.

FNB'S RECORD OF LENDING

1995	WITHIN AA		OUTSIDE AA	
Residential R.E. \$	\$4,278,013	83%	\$900,485	17%
Numbers	122	88%	16	12%
Consumer \$	\$5,464,433	86%	\$921,651	14%
Numbers	1,132	85%	197	15%
Farm \$	\$5,708,058	88%	\$801,180	12%
Numbers	156	86%	25	14%
Commercial \$	\$13,346,444	94%	\$807,271	6%
Numbers	452	94%	31	6%

Lending to Borrowers of Different Incomes

Given the demographics of the assessment area, the distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

In reviewing the bank's CRA performance, a sample of 40 mortgage loans originated during 1995 was analyzed to evaluate the bank's record of making loans to individuals of various income levels. This sample revealed that bank customers represent all income levels, and that no low-or moderate-income areas are excluded from the bank's credit services. Our analysis indicated that of the total number of loans sampled, 17% were to low-income borrowers and 25% were to moderate-income borrowers. Low-and moderate-income borrowers are those with annual incomes of less than 80% of the median family income, or \$27,920. Sampled loans extended to low- and moderate-income borrowers of 42% is appropriate with the assessment area composed of one moderate-income and four middle-income block numbering areas. Loans to middle-income borrowers represent 30% of all sampled loans with the remaining 28% of loans to upper-income borrowers. Middle-income borrowers are those earning 80% to 120% of the median family income, or below \$41,880. Upper-income borrowers are those earning 120% or more of the median family income, or above \$41,881. As stated above, the statewide non-MSA median family income is \$34,900.

A sample of 18 unsecured instalment loans revealed that 78% (14 out of 18) of sampled loans were extended to low- and moderate-income borrowers. We reviewed commercial loans and farm loans originated in 1995. A majority of these loans are under \$100,000 and to businesses having less than \$1 million in annual gross revenues.

Geographic Distribution of Loans

In consideration of the economic conditions, size and branch network, there are no exclusions of low- and moderate-income neighborhoods in the geographic distribution of loans. The OCC reviewed the bank's analysis of the geographic distribution of all loan originations in 1995. This analysis revealed that the penetration of loans throughout the assessment area is reasonable. A further analysis was not performed due to the homogeneous nature of the assessment area, i.e. all BNAs are moderate- and middle-income.

Compliance with Antidiscrimination Laws

We tested the bank's compliance with the Equal Credit Opportunity Act and the Fair Housing Act during a concurrent compliance examination. No violations of the substantive provisions of these antidiscrimination laws and regulations were identified.