



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**July 08, 2002**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank of Okawville  
Charter Number 11754**

**203 East Walnut Street  
Okawville, IL 62271**

**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.**

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## **INSTITUTION'S CRA RATING**

**This institution is rated Satisfactory.**

All the lending performance components meet the standards for satisfactory performance.

- Loans are reasonably distributed to borrowers of different income levels.
- The bank's level of lending is reasonable. The bank's average loan-to-deposit ratio is 77%, which is comparable to similarly situated area banks.
- A majority of the bank's loans are in the assessment area.

## **DESCRIPTION OF INSTITUTION**

The First National Bank of Okawville (FNB) had assets of approximately \$38 million at March 31, 2002. There have been no changes in the bank's corporate structure since the last CRA evaluation. There is no holding company or other affiliates. The bank operates one office, which has an ATM, in downtown Okawville, Illinois. Management has neither opened nor closed any branches.

FNB 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. As of March 31, 2002, net loans totaled approximately \$24 million, representing 63% of total assets. The composition of the loan portfolio included 43% residential real estate, 29% agriculture, 18% commercial, and 10% consumer.

There are no known constraints placed on the bank's ability to meet the community credit needs. The type and amount of CRA activities are consistent with the bank's size, financial capacity and local economic conditions. FNB's last CRA evaluation was December 18, 1996, and rated the bank Satisfactory.

## **DESCRIPTION OF ASSESSMENT AREA**

Bank management designated its assessment area (AA) as Block Numbering Area (BNA) 9502 in Washington County. This is a contiguous area and meets the criteria of the regulation. Washington County is a non-Metropolitan Statistical Area (non-MSA) located approximately 40 miles southeast of St. Louis, Missouri. Based on the non-MSA median family income in 1990, the BNA is middle-income.

As of the 1990 census, the population in the bank's AA totaled 3,816, which included

1,068 families. Of these families, 11% were classified low-income, 20% were classified moderate-income, 26% were classified middle-income, and 43% were classified upper-income. The non-MSA statewide median family income as of the 1990 census was \$29,693. The 2001 updated figure adjusted for inflation by the Department of Housing and Urban Development is \$44,900. We used the 2001 adjusted figure in our analysis to determine borrower income levels.

The 1990 census demographic data for the BNA indicated that 15% of the population is age 65 and over, 15% of households are in retirement, and 9% of households live below the poverty level. The median housing value is \$51,100 and the median age of the housing stock is 45 years.

The unemployment rate for Washington County as of May 2002 was 3.5%. The four BNAs in the county are designated middle-income. Economic conditions are good and remain stable. The state and national unemployment rates in May 2002 were 6.0% and 5.5%, respectively. The AA does not contain any significant employers. The Okawville School District, numerous small businesses and farm operations provide employment. Many residents commute to larger nearby communities for employment.

Competition is moderate. One other bank is located in Okawville. Financial institutions in communities surrounding the bank's AA also provide competition.

Bank management indicated the primary credit needs of the community are residential real estate loans and agriculture loans. To further our understanding of community credit needs, we contacted two local businesspeople. Our contacts confirmed bank management's thoughts regarding the credit needs of the community.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

FNB does a reasonable job of meeting the credit needs of its AA, including those of low- and moderate-income individuals.

### **Loan-to-Deposit Ratio**

FNB's loan-to-deposit ratio is reasonable. As of March 31, 2002, the bank's quarterly average loan-to-deposit ratio since the 1996 CRA examination was 77%. This is comparable to five similar banks in the area whose quarterly average ratios ranged from 70% to 86%. Bank management identified these five banks and felt they were similarly situated due to their product mix, size, and location.

### **Lending in Assessment Area**

Lending in the AA is satisfactory. A majority of the bank's loans originated since the last CRA evaluation were made in the AA. A sample of 20 residential real estate loans made since the last CRA evaluation found that 85% by number and 87% by dollar were made within the bank's AA.

## Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The bank's lending distribution to borrowers of different income levels is reasonable. FNB's primary loan products are 1-4 family residential real estate loans and consumer loans. Using only loans made in the bank's AA, we sampled 20 residential and 20 consumer loans originated from January 1, 2000, through July 8, 2002. Based on the sample of loans selected, the bank's residential real estate lending to moderate-income borrowers is below demographic data, while residential lending to low-income borrowers is slightly above demographic data. Consumer lending to low- and moderate-income individuals was above demographic data. However, the numbers and dollars of consumer loans are skewed because management routinely collects net income and not gross income. During the examination, we discussed this practice with bank management. The findings from these samples are presented in the following tables.

### Distribution by Borrower Income Level 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>	3	15%	107	8%	11%
<i>Moderate Income</i>	2	10%	56	4%	20%
<i>Middle Income</i>	7	35%	412	29%	26%
<i>Upper Income</i>	8	40%	836	59%	43%

### Distribution by Borrower Income Level Consumer Personal Loans

Income Levels	# of Loans	% By # of Loans	Loan \$ (000's)	% By \$ of Loans	AA Household Income
<i>Low Income</i>	5	25%	61	37%	19%
<i>Moderate Income</i>	5	25%	32	20%	15%
<i>Middle Income</i>	5	25%	46	28%	18%
<i>Upper Income</i>	5	25%	25	15%	48%

## Geographic Distribution of Loans

Analysis of the geographic distribution of the bank's loans in its AA is not meaningful. The bank's AA consists of one BNA, which is classified as middle-income.

### **Responses to Complaints**

No CRA-related complaints have been received since the prior CRA evaluation.

### **Fair Lending Review**

An analysis of 5 years' public comments and consumer complaint information was performed according to the OCC's risk-based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in 1996.