



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 5, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank in Toledo
Charter #13682**

**101 North Meridian Street
Toledo, Illinois 62468**

**Office of the Comptroller of the Currency
Devonshire Corporate Centre
2009 Fox Drive, Suite B
Champaign, IL 61820**

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 Toledo prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of October 5, 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.

The bank's geographic distribution of loan originations reflects a reasonable dispersion throughout the assessment area. Also, the bank's loan-to-deposit ratio is reasonable given the assessment area credit needs.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>THE FIRST NATIONAL BANK IN TOLEDO</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	All three Block Numbering Areas are considered middle income areas.		
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

The First National Bank in Toledo is a \$52 million bank located in Toledo, Illinois. This institution is owned by The First Neighborhood Bancshares, Inc., a three-bank holding company. The bank does offer a non-network ATM for customer service and convenience. Toledo serves as the county seat of Cumberland County, population 10,670, in Southeast Central Illinois approximately 20 miles southeast of Mattoon and 25 miles southwest of Charleston.

This institution serves the needs of the community by offering a variety of loan products. These loan products include commercial and agricultural loans (operating, equipment, and real estate), residential loans (construction, purchase, refinance, and home improvement), and installment and personal loans (new and used autos and trucks, debt consolidation, and unsecured).

The following represents this institution's loan portfolio mix as of June 30, 1996:

Commercial	23%
Residential Real Estate	22%
Commercial Real Estate	16%
Consumer and Personal	14%
Agricultural related	25%

The bank does not have any financial or legal impediments restricting it from meeting the credit needs of its local community.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is Cumberland County, which consists of three Block Numbering Areas (BNAs), #9724, #9725, and #9726. This assessment area conforms to the regulation and does not arbitrarily exclude low or moderate income areas. All three BNA's are considered middle income areas based on 1990 census data. The following demographic information on the bank's assessment area is based on 1990 census data:

Housing Stock:	83% of the housing units are 1-4 family.
Occupancy:	73% owner occupied, 17% renter occupied and 9% vacant.
Home Values:	The median home value is \$36,300.
Age of Homes:	The median year of homes built is 1960.
Income:	Median family income of the assessment area is \$28,425.
Income Levels:	18% of the families are low income, 21% are moderate income, 23% are middle income, while 38% are upper income.

The local economy is stable and driven by agriculture. Many residents commute to Mattoon, Charleston, and Effingham, where they hold service and industrial jobs. The largest employer in the county is Kern Manufacturing, where 200 employees manufacture intimate apparel in

Neoga. Unemployment for Cumberland County was 5.1% in August 1996, right in line with the state and national ratios, 5.3% and 5.1% respectively.

Greenup National Bank, which is owned by the same holding company, and a branch of First Mid-Illinois Bank & Trust, N.A. are the only other banks that have a presence in Cumberland County. Other competition stems from financial institutions in Mattoon, Charleston, Effingham, Casey, Lerna, and Teutopolis.

Two community contacts were performed with local government officials during this examination. Long-term fixed rate mortgages, agricultural loans, and small personal loans were stated as the community credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit ratio is reasonable based on the institution's size and assessment area credit needs. During the most recent 12 calendar quarters, The First National Bank in Toledo's loan-to-deposit ratio went from 66% on September 30, 1993 to 78% on June 30, 1996, and during this time it averaged 73% . This is better than the average loan-to-deposit ratios of the three local banks with assets ranging from \$40 million to \$90 million, which was 59%. (The three local banks used in this comparison are Greenup National Bank, Casey National Bank, and Teutopolis State Bank.)

LENDING IN ASSESSMENT AREA

A majority of the loans being originated are within the bank's assessment area. Based on a sample of loans (including 32 residential mortgage, 20 consumer/installment, and 20 commercial and agricultural) originated from September 1, 1995 through September 30, 1996, 79% of the number and 72% of the dollar amount of the loans were made within the bank's assessment area.

The following table shows the dollar amount and number of loans from our sample that fall within the assessment area and outside the assessment area:

Type of Loan	Within Assessment Area		Outside Assessment Area	
	Dollar Amount	Percentage	Dollar Amount	Percentage
Residential Real Estate	\$1,154,580	75%	\$374,470	25%
	24	76%	8	24%
Consumer Loans	\$153,559	86%	\$24,514	14%
	15	75%	5	25%
Commercial and Agricultural Loans	\$2,393,377	70%	\$1,040,000	30%
	18	90%	2	10%
Total of Sample	\$3,701,516	72%	\$1,438,984	28%
	57	79%	15	21%

* This table was based on the sample of originations made 09/01/95-09/30/96.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES:

The bank has done a reasonable job of lending to consumers of all income levels. Based upon our sample of residential real estate and consumer loans in the assessment area, the bank has made 30% of these loans to low and moderate income consumers.

The following table shows the distribution of residential real estate and installment originations among borrowers of different income levels within the assessment area:

Income Level	# of Loans	%	\$ of Loans	%
Low - Income	6	15%	\$26,753	2%
Moderate - Income	6	15%	\$114,373	9%
Middle - Income	12	31%	\$437,214	33%
Upper - Income	15	39%	\$729,799	56%

*This table is based on the 39 residential real estate and consumer loans from the sample that were made in the bank's assessment area. Income levels are based off of the 1996 nonmetropolitan median family income for Illinois (\$36,000).

The following table demonstrates that the bank has done a reasonable job of lending to businesses and farms of all sizes in the assessment area. The table presents information from the commercial and agricultural sample:

Gross Revenues	# of Loans	%	\$ of Loans	%
Less than \$100,000	5	28%	\$192,958	8%
\$100,000 - 250,000	6	33%	\$466,600	20%
\$250,000 - 500,000	4	22%	\$798,816	33%
\$500,000 - 1,000,000	2	11%	\$285,000	12%
More than \$1,000,000	1	6%	\$650,000	27%

*This table is based on the 18 commercial and agricultural loans out from the sample that were made to businesses located inside the bank's assessment area.

GEOGRAPHIC DISTRIBUTION OF LOANS

A review of the geographic distribution of loans was not conducted, because all three BNAs are middle income areas.

COMPLIANCE WITH FAIR LENDING LAWS

The First National Bank in Toledo is in compliance with the substantive provisions of the antidiscrimination laws and regulations. There is no evidence of practices to discourage individuals from applying for credit. The bank generally solicits credit applications from all segments of its assessment area.