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Comptroller of the Currency  
Administrator of National Banks

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## PUBLIC DISCLOSURE

August 29, 1996

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Brownstown  
Charter # 10397

108 East Main Street, P.O. Box 310  
Brownstown, Illinois 62418

Office of the Comptroller of the Currency

Fairview Heights Duty Station  
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 First National Bank of Brownstown prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of August 29, 1996. This evaluation is based on information accumulated since the last CRA assessment dated April 22, 1993. 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 loan to deposit ratio is reasonable with an average ratio of 52% over the past thirteen quarters.
- A substantial majority (94%) of the bank's loans are within its assessment area.
- The bank's level of lending to borrowers of different income levels is reasonable.
- The geographic distribution of loans reflects an acceptable dispersion throughout the assessment area.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	THE FIRST NATIONAL BANK OF BROWNSTOWN 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		X	
Response to Complaints	No complaints were received since the prior examination.		

## DESCRIPTION OF INSTITUTION

The First National Bank of Brownstown is an independent bank located in Fayette County. The bank operates one office in Brownstown, Illinois, and has total assets of \$16 million. The bank's primary business focus is in 1-4 family residential real estate loans, agricultural loans, and consumer loans. As of June 30, 1996, loans secured by 1-4 family residential properties totaled 37% of the portfolio, agricultural related loans totaled 23% of the portfolio, and consumer loans totaled 26% of the bank's portfolio. Competition is provided by seven institutions in Fayette County and one in neighboring Bond County. Four of these institutions are similar in size to The First National Bank of Brownstown. There are no financial or legal impediments to the bank's ability to meet community credit needs.

## DESCRIPTION OF FAYETTE COUNTY

The First National Bank of Brownstown has designated its assessment area as Fayette County. Fayette County is a non-Metropolitan Statistical Area (MSA) located approximately eighty miles northeast of St. Louis, Missouri. Fayette County consists of seven Block Numbering Areas (BNAs). All BNAs, with the exception of one, are middle income. The exception is moderate income BNA 9506, which includes the majority of the town of Brownstown. This assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income areas.

Major employers in the county are Vandalia Correctional Center, Brockway Plastics, John Crane Packing, Stella D'Oro and Laclede Steel. None of the leading employers are located in Brownstown, which is considered a "bedroom" community for larger cities within the county. Also, many Brownstown area residents are farmers. Economic conditions in the immediate Brownstown area are currently stable due to a strong agricultural economy. In Fayette County overall, economic conditions are considered good with a July 1996 unemployment rate of 5.0%. This unemployment figure compares favorably to the state rate of 5.2% and the national rate of 5.6% for the same period.

The population of Fayette County as of the 1990 census was 20,893. The 1996 statewide non-MSA median family income is \$36,000. Census information on household incomes aggregated for all BNAs indicated that 2002 households or 26% are considered in low-, 1409 or 18% in moderate-, 1541 or 20% in middle-, and 2808 or 36% in upper-income levels.

We utilized information obtained from two recent community contacts performed in the area. We met with an economic development official in Fayette County and a government official in Bond County. The contacts cited housing, agricultural, consumer, and small business loans as the primary credit needs of the community.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to deposit ratio: The bank's loan to deposit ratio is reasonable. The bank's average loan to deposit ratio for the thirteen quarters from June 30, 1993 to June 30, 1996 was 52%. This ratio has increased from 46% on June 30, 1993 to 63% on June 30, 1996. Four similarly situated banks have current loan to deposit ratios ranging from 46% to 77% and average ratios for the period ranging from 47% to 74%.

Percentage of loans in the assessment area: A substantial majority of the bank's loans are within its assessment area. In June 1996, a bank-generated geographic distribution analysis of credit extensions by cities revealed that 90% of the number and 94% of the dollar amount of the credit extensions were located within the bank's assessment area. This distribution is representative of all loan types.

Lending to borrowers of different income levels and businesses and farms of different sizes:

The distribution of borrowers reflects a reasonable penetration among individuals of different income levels including low- and moderate-income, and businesses and farms of different sizes.

Because the bank does not typically compile income information for tracking purposes, we sampled 15 home purchase and home refinance loans originated in 1996. This represents the majority of home loans made in 1996. An analysis of these loans was performed to determine the distribution of credit within the assessment area by borrower income. The breakdown was: 4 loans or 27% to low-, 5 loans or 33% to moderate-, 3 loans or 20% to middle-, and 3 loans or 20% to upper-income individuals. This compares reasonably to the demographic makeup of Fayette County.

As of June 30, 1996, the bank had 59 commercial loans outstanding, of which 57 were in amounts less than \$100,000. As of the same date, 158 agricultural related credits were outstanding, all of which were in amounts less than \$100,000. Only 2 of the commercial loans were extended to businesses with gross annual revenues of \$1,000,000 or more. None of the agricultural loans were extended to farms with gross annual revenues of \$1,000,000 or more.

Geographic distribution of the bank's loans: The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. Information gleaned from the June 1996 bank-generated geographic distribution of credit extensions by cities indicated that 50% of the number and 49% of the dollar amount of the bank's loans were made in the moderate-income BNA 9506. Remaining loans were all in middle-income BNAs. An analysis by loan type was not performed as we felt it would not yield different results.

Compliance with antidiscrimination laws: In conjunction with the CRA evaluation, we performed a review of the bank's compliance with the Equal Credit Opportunity Act and the

Fair Housing Act. No violations of these antidiscrimination laws and regulations were identified.