



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

August 2, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank in Olney
Charter Number 14217**

**101 Main Street
Olney, Illinois 62450**

**Comptroller of the Currency
Champaign Field Office
3001 Research Road, Suite E2
Champaign, Illinois 61822-1081**

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.

This institution is rated Satisfactory.

The major factors that support this rating are:

- A substantial majority of the bank's loans originated or purchased during the evaluation period are within the bank's assessment area.
- The bank's lending to borrowers of different incomes and farms and businesses of different sizes meets the standard for satisfactory performance.
- The bank's average loan-to-deposit ratio over the past five years is reasonable.
- The geographic distribution of loans meets the standard for satisfactory performance.

DESCRIPTION OF INSTITUTION

First National Bank in Olney (FNB) is an intrastate community bank wholly owned by Summit Bancshares, Ltd, a one-bank holding company, located in Olney, Illinois. The Community Reinvestment Act (CRA) evaluation period is January 1, 2000 through December 31, 2002. As of December 31, 2002, FNB had total assets of \$235 million, net loans of \$136 million, total deposits of \$206 million, and total risk based capital of \$17 million. FNB assets represent substantially all of the holding company's assets. There are no active subsidiaries or affiliates. There have been no changes in the bank's corporate structure since the last CRA evaluation.

FNB is primarily a farm and business lender that operates seven offices, and four full-service and two cash-dispensing automated teller machines (ATM). The main office is located in Olney, Illinois. In July 2002, the bank opened two full-service branches, one each in the cities of Oblong and Robinson, Illinois. Management did not close any branches during this evaluation period.

FNB offers traditional bank services and loan products normally associated with a community bank. As of December 31, 2002, net loans totaled \$136 million, representing 58% of total assets. The loan portfolio consisted of 37% farm real estate/agriculture production, 32% residential real estate, 19% commercial real estate/business, and 9% consumer loans.

We evaluated FNB's loan origination and purchase volumes during the evaluation period in order to identify the primary loan types. Farm loans (32%) and business-related loans (30%) represented the highest volume by dollar value. Consumer loans (55%) were the bank's largest product type based on number volume.

There are no legal or financial constraints placed on the bank's ability to help meet the community credit needs. The bank has adequate resources to provide for the credit needs of its assessment area. The type and amount of CRA activities are consistent with the bank's size, its financial capacity, local economic conditions, and the credit needs of the community. The bank was rated Satisfactory at its last CRA evaluation, dated August 30, 1999.

DESCRIPTION OF ASSESSMENT AREA

Management designated Richland and four surrounding counties as its assessment area (AA). This is a contiguous area, meets the requirements of the regulation, and does not arbitrarily exclude low- or moderate-income geographies.

The AA is a non-Metropolitan Statistical Area (non-MSA) that includes 24 census tracts (CTs) in Richland, Clay, Jasper, Crawford, and Wayne Counties. The AA was determined by the locations of the bank's branches and ATMs. Based on the 1990 State of Illinois non-MSA median family income, 18 CTs or 75% are classified as middle-income and 6 CTs or 25% are classified as moderate-income. There were no low- or upper-income CTs. For additional information please refer to the bank's public file.

The 1990 census data shows a total AA population of 78,319, which included 22,592 families. Of these families, 4,946 or 22% were classified as low-income, 4,879 or 22% as moderate-income, 5,734 or 25% as middle-income, and 7,033 or 31% as upper-income. The non-MSA statewide median family income as of the 1990 Census was \$29,693. The 2002 updated figure, adjusted for inflation by the Department of Housing and Urban Development, was \$46,700. We used the 2002 updated figure to determine borrower income levels.

Economic conditions across the AA have been mixed with an overall improved trend in unemployment rates in AA counties, as shown in the table below.

Unemployment rates	Richland County	Clay County	Crawford County	Wayne County	Jasper County	Illinois	National
2002	5.6%	6.8%	6.9%	5.7%	8.5%	6.3%	5.7%
June 2004	6.1%	5.8%	5.3%	5.1%	7.8%	5.9%	5.3%

Source: Bureau of Labor Statistics

Major AA employers, by county, are:

- Richland County: Wal-Mart Distribution Center, Richland Memorial Hospital, Schneider Trucking, and Pacific Cycling;
- Clay County: North American Lighting, Hella Electronics, public schools, and Clay County Hospital;
- Crawford County: Hershey Chocolate, Marathon Oil, public schools, and State of Illinois prison;
- Wayne County: Airtex, Fairfield Memorial Hospital, public schools, and Frontier Community College;
- Jasper County: Ameren CIPS, E.R. Moore Company, and GSI Group.

In addition, Olney, Illinois received a designation as being in the Top 100 U.S. Small Towns for Corporate Facilities, new and expanded, from 1998 to present. Site Selection Magazine ranked Olney 63rd in the Top U.S. Small Towns.

A local official was contacted during this evaluation in order to gain additional insight on

lending opportunities in the AA. The contact acknowledged that local banks are actively involved in meeting the needs of the community, which include loans to small businesses, economic development, and affordable housing rental units. Various low- and moderate-income level apartment buildings are continuing to be built with good support from local banks. FNB is one of several banks that have participated in funding a new 120 acre industrial park through the Richland County Development Corporation. This development will bring additional jobs to the area when completed.

Competition in the AA is strong. Sources of the competition include local, regional, state, and national lenders of various types. Reported lenders within the AA included numerous national banks, thrifts, state banks, mortgage lenders, finance companies, investment services, farm services, and a U.S. Government Agency.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB's loan-to-deposit (LTD) ratio is reasonable. As of December 31, 2002, the bank's LTD ratio was 66%. FNB's quarterly average LTD ratio since the 1999 CRA examination was 67%. This ratio compares favorably to the seven similarly situated banks in the area whose quarterly average LTD ratios ranged from 57% to 75%, with an average ratio of 71%. These banks are considered similarly situated because of their size, location, and lending opportunities.

Since January 1999, the bank has originated and sold approximately \$18.5 million long-term fixed-rate residential loans to United Community Bank of Pawnee, Illinois, and (since mid-2002) to the Federal Home Loan Mortgage Corporation (FHLMC). Loans that were sold are not reflected in the bank's LTD ratio.

Lending in Assessment Area

Lending in the AA exceeds the standard for satisfactory performance under this criterion. A substantial majority of the bank's loans originated and purchased since the last CRA evaluation are to customers from within the AA, as shown in the table below. This performance was positively factored into the overall lending analysis.

Lending in FNB's AA										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Farm	16	80	4	20	20	949	91	95	9	1,044
Business	15	75	5	25	20	477	59	329	41	806
Consumer	17	85	3	15	20	170	88	22	12	192
Totals	48	80	12	20	60	1,596	78	446	22	2,042

Source: Bank loan data for 2000-2002 and examiner-selected judgmental loan samples.

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

Overall lending to borrowers of different incomes and farms and businesses of different sizes meets the standard for satisfactory performance under this criterion. The bank's lending reflects good distribution to farms and businesses of different sizes and reasonable distribution to borrowers of different income levels. Lending levels, as shown by the volume of all loans generated or purchased, reflect good responsiveness to the credit needs of the AA.

During this evaluation period, FNB's primary loan products were farm, business, and consumer loans as assessed by both number and dollar volume. Using only loans made in the AA, we sampled 20 farm loans, 20 business loans, and 20 consumer loans originated from January 1, 2000 through December 31, 2002.

Farm Loans

The bank's lending distribution to farms of different revenue sizes was good. The data used to evaluate FNB's farm lending activity is presented in the following table.

Borrower Distribution of Loans to Farms in FNB's AA				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	97%	2%	1%	100%
% of Bank Loans in AA by #	100%	0%	0%	100%
% of Bank Loans in AA by \$	100%	0%	0%	100%

Source: Loan sample and 2002 Dunn and Bradstreet data.

Based on the sample of loans selected, FNB's lending to small farms (100%) with revenues of \$1 million or less exceeded the percentage of small farms (97%) that reported their revenues in the AA. One percent of farms in the AA did not report their revenues.

Business Loans

The bank's lending distribution to businesses of different revenue sizes was good. The data used to evaluate FNB's business lending activity is presented in the following table.

Borrower Distribution of Loans to Businesses in FNB's AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	81%	5%	14%	100%
% of Bank Loans in AA by #	85%	15%	0%	100%
% of Bank Loans in AA by \$	94%	6%	0%	100%

Source: Loan sample and 2002 Dunn and Bradstreet data.

Based on the sample of loans selected, FNB's lending to small businesses (85%) with revenues of \$1 million or less exceeded the percentage of small businesses (81%) that reported their revenues in the AA. Fourteen percent of businesses in the AA did not report their revenues.

Consumer Loans

The borrower distribution of consumer loans is reasonable. Opportunities to lend to low-income borrowers were limited by the insignificant percentage of people living below the poverty level (14% of households), and strong competition within the AA. The data used to evaluate FNB's consumer lending is presented in the table below.

Borrower Distribution of Consumer Loans in FNB's AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	22%	15%	22%	25%	25%	45%	31%	15%

Source: Loan sample and 1990 U.S. Census data.

Based on the sample of loans selected, the bank's consumer lending to low-income borrowers (15%) was not significantly lower than the percentage of low-income households (22%) in the AA. Consumer lending to moderate-income borrowers (25%) slightly exceeded the percentage of moderate-income households (22%).

Geographic Distribution of Loans

The geographic distribution of loans meets the standard for satisfactory performance. The bank's lending reflects reasonable distribution among geographies of different income levels. This conclusion was based on an analysis of sampled farm, business, and consumer loan data as presented in the following sections.

A bank-generated report detailing FNB's lending activity over the evaluation period for farm, business, and consumer loans was reviewed to identify gaps in the geographic distribution of those loans. No conspicuous gaps were identified.

Farm Loans

The geographic distribution of farm loans meets the standard for satisfactory performance. Decision criteria and data used to evaluate FNB's farm lending is presented in the table below.

Geographic Distribution of Loans to Farms in FNB's AA								
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
Farm Loans	0%	0%	18%	15%	82%	85%	0%	0%

Source: Loan sample and 2002 Dunn and Bradstreet data.

The percentage of farm loans made in the moderate-income geography (15%) is near the percentage of farms (18%) in the geography.

Business Loans

The geographic distribution of business loans meets the standard for satisfactory performance. Decision criteria and data used to evaluate FNB's business lending is presented in the table below.

Geographic Distribution of Loans to Businesses in FNB's AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	0%	0%	24%	20%	76%	80%	0%	0%

Source: Loan sample and 2002 Dunn and Bradstreet data.

The percentage of business loans made in the moderate-income geography (20%) is near the percentage of businesses (24%) in the geography.

Consumer Loans

The geographic distribution of consumer loans is adequate. The data used to evaluate FNB's consumer lending is presented in the following table.

Geographic Distribution of Consumer Loans in FNB's AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0%	0%	23%	20%	77%	80%	0%	0%

Source: Loan sample and 1990 U.S. Census data.

The percentage of consumer loans made in the moderate-income geography (20%) is near the percentage of households (23%) in the geography.

Responses to Complaints

No complaints have been received from the public specifically related to the bank's performance in helping to meet community credit needs.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.