



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 10, 1997

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

The Old Exchange National Bank of Okawville
Charter # 11780
110 East Walnut Street
Okawville, Illinois 62271

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 Old Exchange National Bank of Okawville** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **February 10, 1997**. This evaluation is based on information since the last CRA examination dated January 19, 1995. 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 Record of Meeting Community Credit Needs."

- The bank's loan-to-deposit ratio is comparable to competing financial institutions at 70% as of December 31, 1996.
- A majority of the loans are extended in the bank's assessment area.
- The level of lending to borrowers of different income levels is reasonable based on our sample of home mortgage and consumer lending activities.
- A good majority of small loans are extended to small businesses and farming operations.

The following table indicates the performance level of The Old Exchange National Bank of Okawville with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	THE OLD EXCHANGE NATIONAL BANK OF OKAWVILLE 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 as the entire assessment area is middle-income.		
Response to Complaints	No complaints were received since the previous examination.		

DESCRIPTION OF INSTITUTION

The Old Exchange National Bank of Okawville is a \$30 million institution that operates from one location in Okawville, Illinois. As of December 31, 1996, the loan portfolio consists of 53% real estate, 36% agricultural production, 7% consumer, and 4% commercial loans.

No financial or legal constraints impede the bank's ability to meet 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, financial capacity, and local economic conditions. The bank's prior CRA rating dated January 19, 1995, was a "Satisfactory Record of Meeting Community Credit Needs."

DESCRIPTION OF ASSESSMENT AREA

The bank designates its assessment area as all of Washington County, Illinois. Washington County is in a non-Metropolitan Statistical Area (MSA). The county is comprised of four Block Numbering Areas (BNA) which are all middle-income geographies.

As of 1990, the population of the bank's assessment area was 14,965. Of that population, approximately 1,300 people live in Okawville. In 1990, the median family income for the assessment area was \$31,870. The 1996 non-MSA median family income for Illinois is \$36,000. Family incomes for Washington County indicate that 15% of the families are low income, 20% are moderate income, 25% are middle income, and 40% are upper income. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. Seven other financial institutions are located in the bank's assessment area.

Economic conditions in Washington County are good. As of October 1996, the seasonally unadjusted unemployment rate for Washington County was 4.7%. The state and national seasonally unadjusted unemployment rates were 4.7% and 4.9%, respectively. Major employers in the assessment area include AgriPride FS, Inc., Ligma Corporation, Nascote Industries, Inc., and Nashville Community Consolidated School District #49. Major employers in Okawville are the West Washington County School District #10, the Okawville Farmers Elevator and the two local banks. Several small businesses and farm operations also provide employment. Many residents commute to Fairview Heights and Nashville, Illinois, for employment. Bank management stated the primary credit needs of the assessment area are agriculture-related and residential loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio:

The bank's loan-to-deposit ratio is reasonable compared to competitor banks. The loan-to-deposit ratio as of December 31, 1996, was 70%. The bank's average loan-to-deposit ratio for the nine quarters since the previous examination is also 70%. The loan-to-deposit ratio has fluctuated during this period from a low of 65% to a high of 76%. The loan-to-deposit ratios of three primary competitor banks were compared with that of the bank. The loan-to-deposit ratios of these banks ranged from 61% to 80% as of September 30, 1996.

Lending in the Assessment Area:

A majority of the bank's loans are within its assessment area. Our review of bank reports and a sampling of loans originated in the last seven months indicates that 77% of the number of loans and 67% of the dollar volume were extended in the bank's assessment area. See the following tables for details.

Number of Loans Inside and Outside the Assessment Area (AA)

Type of Loan	# of Loans		# of Total Loans
	Inside the AA	Outside the AA	
Residential Loans	24	16	40
%	60%	40%	
Consumer Loans	39	5	44
%	89%	11%	
Commercial and Ag Loans	113	32	145
%	78%	22%	
Total Number of Loans	176	53	229
Loans Inside/Total Loans	77%		
Loans Outside/Total Loans		23%	

Dollar Amount of Loans Inside and Outside of the Assessment Area

Type of Loan	\$ of Loans	\$ of Loans	\$ of Total Loans
	Inside the AA	Outside the AA	
Mortgage Loans	\$984,693	\$1,497,862	\$2,482,555
%	40%	60%	
Consumer Loans	\$186,769	\$12,727	\$199,496
%	94%	6%	
Commercial and Ag Loans	\$3,806,301	\$1,011,967	\$4,818,268
%	79%	21%	
Total Dollar of Loans	\$4,977,763	\$2,522,556	\$7,500,319
Loans Inside/Total Loans	66%		
Loans Outside/Total Loans		34%	

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes:

The bank has a reasonable distribution of loans to borrowers of different income levels and to businesses and farms of different sizes. An analysis of home mortgage loans, residential construction loans, and consumer instalment loans originated in the last seven months reveals that loans are extended to borrowers of all income levels, including low- and moderate-income borrowers. The loan distribution approximates the family income characteristics of the assessment area. Sixty percent of the number of loans and 24% of the dollar volume were made to low- and moderate-income individuals.

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

	# of Loans	% of Loans	Loan \$	% of Loans \$
<i>Low-income</i>	22	29%	\$77,251	10%
<i>Moderate-income</i>	23	31%	\$118,816	14%
<i>Middle-income</i>	12	16%	\$219,585	27%
<i>Upper-income</i>	18	24%	\$395,556	49%

The bank extends a good majority of loans to small businesses and small farms. A majority of the bank's business and agricultural loans met the definition of small business and small farm loans based on loan size and gross revenue. Bank reports revealed that 92% of the 114 business and agricultural loans extended in the last seven months were under \$100,000.

Geographic Distribution of Loans:

All BNAs in the assessment area are middle-income. An analysis of the geographic distribution of loans within the assessment area does not provide meaningful information.

Compliance with Antidiscrimination Laws:

In conjunction with the CRA evaluation, we performed a Fair Lending examination which included 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.