



PUBLIC DISCLOSURE

January 19, 1999

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

The First National Bank of Jonesboro
Charter #12373
1002 Public Square
Jonesboro, Illinois 62952

Comptroller of the Currency
Fairview Heights Field Office
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 **The First National Bank of Jonesboro**, Jonesboro, Illinois, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of **January 19, 1999**. This evaluation is based on information since the last CRA examination dated November 2, 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**.

- The level of lending to borrowers of different income levels is reasonable based on our sample of 1-4 family residential lending activities.
- The bank lends to businesses of all different sizes.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- The bank's average loan-to-deposit ratio exceeds that of competing banks for the period since the last CRA review. The bank's average loan-to-deposit ratio for the last thirteen quarters is 81%.
- A substantial majority of the loans are extended within the bank's assessment area.

DESCRIPTION OF INSTITUTION

The First National Bank of Jonesboro (FNB) is a \$44 million bank which is owned by Jonesboro Banccompany, Inc., a one-bank holding company located in Jonesboro, Illinois. The sole office is located in the downtown area of Jonesboro. The main office operates a drive-up facility; an Automated Teller Machine offers services near the main office. A full-service branch is under construction in nearby Anna, with an expected completion date in April 1999. FNB offers a full range of retail and commercial banking products. Net loans represent 65% of total assets as of September 30, 1998. The bank's primary business focus is residential real estate and business lending. As of September 30, 1998, 1-4 family residential real estate loans comprise approximately 61% of the loan portfolio; business loans, 22%; consumer loans, 11%; agriculture-related loans, 5%; and all other loans, 1%.

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 November 2, 1995, was "Outstanding Record of Meeting Community Credit Needs."

DESCRIPTION OF ASSESSMENT AREA

The assessment area (AA) consists of all of Union County which contains Block Numbering Areas (BNAs) 9501 through 9505. This is a contiguous area, meets the requirements of the regulation, and does not arbitrarily exclude low- or moderate-income geographies.

Union County is a non-Metropolitan Statistical Area (MSA). Based on the non-MSA median family income for the entire assessment area in 1990, four BNAs (80%) are middle income and BNA 9503 (20%) is moderate income. The local economy is considered stable at this time; however, in the last few years the county lost two large employers and has also suffered two major floods which impacted the agricultural and recreational sectors. Major employers are various State of Illinois correctional facilities, Olmstead Lock and Dam, Union County Hospital, Southern Illinois University, Wal-Mart, and the Choate Mental Health Facility. As of October 31, 1998, the unemployment rate is 5.7% for Union County and 4.0% for the State of Illinois; the national average is 4.4%.

The AA population was 17,619 as of the 1990 census. The updated non-MSA median family income in Illinois for 1998 is \$39,500. Census information on family incomes aggregated for this AA indicated that 25% of families were considered low-, 22% moderate-, 24% middle-, and 29% upper-income. This census demographic data for the AA shows that 19% of the population is age 65 and over, 21% of the households are in retirement, and 19% of the households are below the poverty level.

For the analysis contained in this report, low income is defined as income that is less than 50% of the 1998 non-metropolitan median family income. Moderate income is income that is at least 50% but less than 80% of the 1998 non-metropolitan median family income. Middle income is income that is at least 80% but less than 120% of the 1998 non-metropolitan median family income. Upper income is income that is 120% or more of the 1998 non-metropolitan median family income.

The census information indicates the weighted average of median housing value is \$37,194 and the weighted average of median year of construction is 1963. Owner-occupied units represent 67% of the housing stock, with 80% being 1-4 family units.

FNB's competition is strong. It comes from two other banks in nearby Anna and from state-chartered banks in Alto Pass and Dongola, Illinois. Competitor banks in the AA range from \$14 million to \$95 million in total assets as of September 30, 1998. The bank's business strategy is to remain an independent community bank and serve the credit needs of Union County, with emphasis being placed on real estate and business loans.

A community contact was performed with an area real estate agency during the evaluation. The contact indicated that the local financial institutions are serving the credit needs of the community. The contact stated the financial institutions are providing residential real estate loans for affordable housing for low- and moderate-income families. The contact indicated that housing values are increasing in the area, creating a shortage of lower priced housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

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

The bank's primary product lines are residential real estate and business lending. Lending to borrowers of different income levels and to businesses of different sizes is satisfactory.

To reach our conclusions, we sampled 1-4 family residential real estate loans and business loans originated in 1997 and 1998. These types of loans represented approximately 51% and 21% of the dollar amount, respectively, of all originations during that period. Also, FNB originated 47 fixed-rate residential real estate loans for \$2,137,000 in 1997 and 1998. These loans were sold to the secondary market. The bank is an approved lender for Rural Economic and Community Development Guaranteed Loans. This program allows qualified low- and moderate-income families to purchase a home with no down payment. FNB also participates in the Affordable Housing Grant Program; qualified low- and moderate-income families may apply for grants to use for closing costs, down payments, or rehabilitation of dwellings.

The loan distribution shown below for residential real estate lending is somewhat misleading due to a relatively high population of persons over the age of 65, the high number of households in retirement, and the number of households below the poverty level. The above-mentioned groups consist generally of low- or moderate-income households who historically seek residential real estate financing less frequently than other demographic groups.

The following table shows the distribution of loan originations for 1-4 family residential real estate borrowers of different income levels within the AA.

Income Levels	# of Loans	% of Loans #	Loan \$ (000's)	% of Loans \$	Assessment Area Family Income
<i>Low Income</i>	6	17%	157	11%	25%
<i>Moderate Income</i>	6	16%	170	11%	22%
<i>Middle Income</i>	9	25%	369	24%	24%
<i>Upper Income</i>	15	42%	823	54%	29%

FNB extends credit to businesses of all sizes. The following table reflect the distribution of business-related loan originations by size of annual revenues.

Distribution by Business Gross Revenue

	Under \$100M		\$100M-\$250M		\$250M-\$500M		\$500M-\$1MM		Over \$1MM	
#	7	30%	4	17%	2	9%	2	9%	8	35%
\$ (000's)	85	4%	234	10%	446	19%	369	16%	1,166	51%

Geographic Distribution of Loans:

The geographic distribution of sampled loan originations in 1997 and 1998 reflects adequate penetration throughout the assessment area. There are no low- or upper-income BNAs identified in FNB's AA. Based on our sample, residential lending was provided in all BNAs except #9502 which primarily is served by other financial institutions. Penetration in the moderate-income BNA is good.

The following table illustrates the geographic distribution of residential real estate loan originations sampled.

Distribution of Home Mortgage Loan Originations in 1997 and 1998 Within Assessment Area By Income Level of BNAs								
	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
Assessment Area Data	#	%	#	%	#	%	#	%
BNAs	0	0%	1	20%	4	80%	0	0%
1-4 Family Units in AA	n/a	0%	1,852	22%	5,556	78%	n/a	0%
Loan Product	#	%	#	%	#	%	#	%
Sample of Mortgage Loans	n/a	0%	8	22%	28	78%	n/a	0%

Loan-to-Deposit Ratio:

The bank's loan-to-deposit ratio is good. The loan-to-deposit ratio as of September 30, 1998, was 81%. The bank's average loan-to-deposit ratio for the thirteen quarters since the previous CRA evaluation was also 81%. The average loan-to-deposit ratios of four separately chartered competitor banks ranged from 31% to 73% for the review period. The competitor banks are considered similarly situated institutions as they are all community banks in rural communities.

Lending in the Assessment Area:

Lending in the assessment area is satisfactory. Based on our sample of residential real estate and business loans, a substantial majority of the bank's loans are within its assessment area. The following tables represent the results of our sample of loans.

Percentage of Real Estate Loans by Number and Dollar Amount Within Assessment Area

Total Number of Loans Sampled	% of Loans Within AA (#)	Total \$ Amount of Loans Sampled (000's)	% of Loans Within AA (\$)
42	86%	\$1,715	89%

Percentage of Business Loans by Number and Dollar Amount Within Assessment Area

Total Number of Loans Sampled	% of Loans Within AA (#)	Total \$ Amount of Loans Sampled (000's)	% of Loans Within AA (\$)
25	92%	\$2,300	89%

Response to Complaints:

No complaints were received since the prior CRA evaluation.

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.