



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 28, 1998

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

The First National Bank in Carlyle
Charter # 14268
891 Fairfax Street
Carlyle, Illinois 62231

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 First National Bank in Carlyle**, Carlyle, Illinois, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of **January 28, 1998**. This evaluation is based on information since the last CRA examination dated February 10, 1994. 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 review of residential mortgage lending activities.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- The bank's loan-to-deposit ratio is comparable to similarly situated area banks.
- A majority of residential real estate loans are extended in the bank's assessment area.

DESCRIPTION OF INSTITUTION

The First National Bank in Carlyle is a \$115 million bank which is wholly owned by First National Bancorporation, a one-bank holding company. The bank operates its main office in downtown Carlyle and one branch on the north edge of town. The bank's primary business focus is in residential real estate and agricultural lending. As of September 30, 1997, 1-4 family residential real estate loans comprise 36% of the portfolio and agriculture-related loans comprise 39%.

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 February 10, 1994, was "Satisfactory Record of Meeting Community Credit Needs."

DESCRIPTION OF ASSESSMENT AREA

The First National Bank in Carlyle (FNB Carlyle) has designated Clinton County as its assessment area. The assessment area contains six census tracts (CTs). The bank's main office and branch are both located in moderate-income CT 9004. The remaining five CTs are middle-income geographies. This assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income areas.

The population of Clinton County as of the 1990 census was 33,944. The 1997 median family income for St. Louis MSA 7040 is \$49,300. Census information on family incomes aggregated for all CTs in the assessment area shows that 1,755 families or 20% were in low-, 1,869 or 21% were in moderate-, 2,789 or 32% were in middle-, and 2,424 or 27% were in upper-income levels.

The overall economic condition of Clinton County is good. Major employers in the area are Carlyle Healthcare Center, Centralia Correctional Center, Arrow Group, Inc, and the local school district. Clinton County has an unemployment rate of 3.4% as of September 1997, compared with a state rate of 4.2% and a national rate of 4.7%.

Strong competition in the area of residential real estate, the bank's main focus, is provided by financial institutions in nearby Breese and Hoffman.

Community contacts performed in Clinton County by Federal Deposit Insurance Corporation examiners since the bank's last CRA examination indicate that credit needs of the community are residential real estate, agricultural financing, and consumer loans. Local financial institutions are serving the needs of low- and moderate-income families. FNB Carlyle's business strategy is to actively market residential real estate and agricultural loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

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

The bank meets the standards for satisfactory performance. There is a reasonable distribution of loans to borrowers of different income levels and to businesses and farms of different sizes. Our review of residential real estate loans originated in 1997 reveals that loans are extended to borrowers of all income levels, including low- and moderate-income borrowers.

We reviewed the Home Mortgage Disclosure Act Loan Application Register compiled by the bank; it details all residential real estate loans originated in 1997. The following table shows the distribution of residential real estate loan originations among borrowers of different income levels within the assessment area:

	# of Loans	% of Loans #	Loan \$ (000's)	% of Loans \$	CT Family Breakdown by Income
<i>Low Income</i>	32	26%	369	9%	20%
<i>Moderate Income</i>	27	22%	526	13%	21%
<i>Middle Income</i>	36	29%	1,723	41%	32%
<i>Upper Income</i>	29	23%	1,572	38%	27%

The bank extends loans to small businesses and small farms. The following tables were produced using bank reports for small business and small farm loans extended in 1997.

Size of Loans to Small Farms

	Under \$100M		\$100M-\$250M		\$250M-\$500M		Over \$500M	
#	214	96%	8	3.5%	1	0.5%	0	0%
\$ (000's)	4,028	73%	1,218	22%	299	5.0%	0	0%

Size of Loans to Small Businesses

	Under \$100M		\$100M-\$250M		\$250M-\$500M		Over \$500M	
#	53	96%	1	2%	1	2%	0	0%
\$ (000's)	936	67%	150	11%	300	22%	0	0%

Geographic Distribution of Loans:

The geographic distribution of loans meets the standards for satisfactory performance. The distribution of loans reflects reasonable dispersion throughout the assessment area. Penetration in the moderate-income CT category appears high; however, it should be noted the City of Carlyle falls within this geography.

Geographic Dispersion of Residential Real Estate Loans Throughout the Assessment Area

Income Characteristic of CTs	Number of Loans	Percentage of Loans #	Dollar Amount of Loans (000's)	Percentage of Loans \$	CT Geographies by Income Level
Low Income (a)	0	0%	0	0%	0%
Moderate Income (b)	88	69%	2,939	68%	17%
Middle Income (c)	40	31%	1,366	32%	83%
Upper Income (d)	0	0%	0	0%	0%
Total	128	100%	4,305	100%	100%

- (a) No low-income CTs in assessment area
- (b) 1 moderate-income CT in assessment area
- (c) 5 middle-income CTs in assessment area
- (d) No upper-income CTs in assessment area

Loan-to-Deposit Ratio:

The bank’s loan-to-deposit ratio is satisfactory. The loan-to-deposit ratio was 58% as of September 30, 1997. The bank’s average loan-to-deposit ratio for the fourteen quarters since the previous CRA evaluation is 54%. Four similarly situated area banks have loan-to-deposit ratios ranging from 56% to 88% as of September 30, 1997, and average ratios for the period ranging from 62% to 78%.

Lending in the Assessment Area:

Lending in the assessment area meets the standards for satisfactory performance. A majority of the bank’s residential real estate loans are within its assessment area. This conclusion is based on data from the Home Mortgage Disclosure Act Loan Application Register detailing all residential real estate loans originated in 1997.

Percentage of Real Estate Loans Originated Within Assessment Area

Number of Loans Originated	Percentage of Loans (#)	Dollar Amount of Loans Originated (000's)	Percentage of Loans (\$)
128	84%	4,305	84%

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 substantive violations of these antidiscrimination laws and regulations were identified.