SMALL BANK

Office of the Comptroller of the Currency

Washington, DC 20219

PUBLIC DISCLOSURE

December 17, 2012

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Collinsville B&LA
Charter Number 700904

701 Belt Line Road
Collinsville, IL 62234-4412

Office of the Comptroller of the Currency

2350 Market Street, Room 100
St. Louis, MO 63103

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.

INSTITUTION'S CRA RATING: This institution is rated “Satisfactory”.

Major factors supporting this rating are:

- A substantial majority of loans extended during the evaluation period were originated within the assessment area (AA).
- The geographic distribution of one-to-four family mortgage loans originated within the AA during the evaluation period exceeds the standards.
- The institution’s loan-to-deposit (LTD) ratio is reasonable.

SCOPE OF EXAMINATION

We used small bank Community Reinvestment Act (CRA) procedures to evaluate the performance of the Collinsville Building and Loan Association (CBLA). The evaluation period is from October 3, 2006 to December 15, 2012. For our analysis of CBLA’s lending activity, we incorporated all residential real estate loans reported under the Home Mortgage Disclosure Act (HMDA) for the years 2010 and 2011. To ascertain the data integrity of the reported HMDA loans, we reviewed a sample and concluded that the publicly filed data was accurate and reliable.

We used demographic information from the 2000 U.S. Census as well as 2011 peer data (the most recent year available) from HMDA reporters with lending activity in the AA. For the analysis of borrower and geographic distribution, we placed most weight on the comparison of CBLA’s performance to the aggregate peer data.

CBLA has one AA, which received a full-scope review. Please see the “Description of Assessment Area” for more information.

DESCRIPTION OF INSTITUTION

CBLA is a federally chartered mutual savings association headquartered in Collinsville, Illinois. As of September 30, 2012, CBLA had total assets of $129 million, net loans of $90 million, total deposits of $98 million, and total risk-based capital of $31 million. CBLA operates two offices in Madison County: its main office in Collinsville, within an upper-income census tract (CT 4035.02); and its branch office in Troy, Illinois, within a middle-income CT (CT 4035.31). The institution has a standalone ATM at its Collinsville office. Management has not opened or closed any branches during this evaluation period.

CBLA’s business strategy is to operate as a traditional thrift through the solicitation of deposits from the local community and the origination of one-to-four family mortgage loans. The institution offers a wide range of deposit products including checking accounts, passbook savings accounts, and certificates of deposit. CBLA's loan portfolio is 69% of total assets. One-to-four family mortgage loans make up over 99% of the loan portfolio.

We found no legal or financial barriers to the institution's ability to help meet community credit needs; CBLA has adequate resources to provide for the credit needs of its AA. The type and level of CRA activities are consistent with the institution's size, its financial capacity, local economic conditions, and the credit needs of the communities served.

CBLA's last CRA evaluation was October 2, 2006 and rated the institution's CRA performance Satisfactory.

DESCRIPTION OF ASSESSMENT AREA

Since the 2006 evaluation, management has expanded CBLA's AA. Based on 2000 U.S. Census data, the AA now includes 27 geographies: 17 CTs in southeast Madison County and 10 CTs in northeast St. Clair County. This is a contiguous area, meets the requirements of the regulation, and does not arbitrarily exclude low- or moderate-income geographies. The AA is part of the St. Louis MO-IL Metropolitan Statistical Area (MSA). Within the AA, two CTs (7.4%) are classified as moderate-income, fifteen (55.6%) as middle-income, and ten (37%) as upper-income. There are no low-income CTs in the AA.

Per the 2000 Census, the total population in the AA was 150,837 and included 40,621 families. The MSA statewide median family income as of the 2000 Census was $53,435. The Department of Housing and Urban Development's 2011 figure, adjusted for inflation, is $69,500.

Based on 2000 Census data for the AA, 12.5% of the population was over age 65, 20.4% of households were in retirement, and 4.4% of families lived below the poverty level. Local housing was 91% one-to-four family units, with 71% of housing units owner-occupied and 4% of the housing stock vacant.

Competition is strong in the AA. Based on the June 30, 2012 FDIC deposit market share report, CBLA ranked 19th out of 43 institutions operating 193 branches in Madison and St. Clair Counties. CBLA had $100 million in deposits or a 1.21% deposit market share in these two counties. Based on 2011 HMDA peer data, CBLA ranked 22nd out of 265 lenders who originated home mortgage loans in the AA, with a 1.06% market share.

The nationwide recession has also affected economic conditions in the AA. The October 2011 unemployment rate was 9.3% for Madison County and 10.8% for St. Clair County, above the national rate of 8.5%. The Illinois unemployment rate was 9.6%. Nationwide, the unemployment rate has improved over the last year: as of October 2012, it is 7.9% for Madison County, 9% for St. Clair County, 7.5% for the nation, and 8.4% for Illinois.

The local economy is made up of trade, transportation, and utilities industries, as well as health and education. Major employers in the area include the local school districts, Scott Air Force Base, Memorial Hospital, Hospital Sisters Health System, Southern Illinois University Edwardsville, and US Steel. Also, many residents of the AA commute to St. Louis, MO for employment.

To better understand the credit needs of the AA, we contacted two community organizations familiar with local needs. The contacts did not identify any unmet home mortgage or consumer credit needs. One contact did identify a general need for more outreach to the community and more counseling for homeowners experiencing financial difficulty. CBLA recently started participating by providing financing in the Illinois Housing Development Authority’s Hardest Hit Fund Homeowner Emergency Loan Program (HHF HELP).

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

CBLA's average quarterly LTD ratio is reasonable. The average quarterly LTD ratio since December 31, 2006 is 76.3%, a material improvement from the 46% noted at the 2006 evaluation. The highest ratio was 91.22% for the quarter ended September 30, 2012, while the lowest was 56.4% for the quarter ended December 31, 2006. The peer median LTD ratio for institutions between $100 million and $300 million for the same time period was approximately 90%.

Lending in Assessment Area

CBLA’s performance exceeds the standards of satisfactory performance. The institution granted 84.2% of its one-to-four family mortgage loans by number and 83.7% by dollar volume in the AA during 2010 and 2011. The following table shows the number and percentage of CBLA’s one-to-four family mortgage loans originated during the review period.

INSIDE/OUTSIDE ASSESSMENT AREA ANALYSIS	Number of Loans	Percent of Loans
Loans Originated Inside AA	239	84.2%
Loans Originated Outside AA	45	15.8%
Total Loans Originated	284	100.0%

Source: CBLA’s 2010-2011 HMDA data.

Geographic Distribution of Loans

The geographic distribution of mortgage loans originated by CBLA during the evaluation period within the AA is more than reasonable. CBLA’s percentage of loans originated in the moderate-income tracts significantly exceeds the aggregate HMDA peer average. The HMDA peer average includes all institutions that are regulated by the four federal banking agencies. CBLA's percentage of loans extended in the moderate-income tracts is somewhat lower than the percentage of owner occupied housing units (OOHUs) in these tracts.

2010 and 2011 Geographic Distribution of Residential Loans				
Type Census Tract	Number of Loans	Percentage of Loans	Percent of OOHUs	HMDA Peer Averages
Moderate-Income	8	3.4%	4.2%	1.6%
Middle-Income	116	48.5%	56.8%	51.6%
Upper-Income	115	48.1%	39.0%	46.8%
Total	239	100.0%	100.0%	100.0%

Source: 2000 Census data; CBLA's 2010-2011 HMDA data; 2011 Peer HMDA data

Lending to Borrowers of Different Incomes

CBLA's level of lending to borrowers of different incomes is weak. The institution's percentage of home mortgage loans originated to moderate-income borrowers is lower than the HMDA peer average and the percentage of families in that category. The institution's percentage of loans originated to low-income borrowers is well below the HMDA peer average and the percentage of families in that category.

The following table details the distribution of home mortgage loans originated in 2010 and 2011 to borrowers of different income levels by number and percentage. The table also shows the percentage of families with income within the various categories.

2010 and 2011 Borrower Distribution of Residential Loans in Assessment Area				
Borrower Income	Number of Loans	Percentage of Loans	Percent of Families	HMDA Peer Averages
Low-Income	6	2.5%	13.7%	6.5%
Moderate-Income	35	14.6%	16.9%	17.9%
Middle-Income	70	29.3%	24.1%	24.7%
Upper-Income	128	53.6%	45.3%	50.9%
Total	239	100.0%	100.0%	100.0%

Source: 2000 Census data; CBLA's 2010-2011 HMDA data; 2011 Peer HMDA data

Responses to Complaints

No complaints regarding CBLA's CRA performance were received during the review period.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.