



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 17, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank in Staunton
Charter #14310

115 South Elm Street
Staunton, Illinois 62088

Office of the 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 First National Bank in Staunton prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of July 17, 1996. This evaluation is based on information accumulated since the last CRA assessment dated August 13, 1993. 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.

First National Bank in Staunton satisfactorily meets the credit needs of its assessment area, as demonstrated by:

- a 54% (average) loan-to-deposit ratio over the last three years,
- the clear majority (85%) of loans to borrowers within its assessment area, and
- a suitable loan distribution to borrowers of differing income levels.

The following table indicates the performance level of First National Bank in Staunton with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>FIRST NATIONAL BANK IN STAUNTON</u> 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; the entire assessment area is middle-income.		
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

The First National Bank in Staunton (FNB Staunton) is wholly owned by Staunton Bancshares Inc., a one-bank holding company. The bank operates its main office in Staunton, Illinois, and five branch offices in Benld, Bethalto, Holiday Shores, Livingston, and Worden, Illinois. The bank acquired its Bethalto facility during the first quarter of 1994 as part of its purchase of the deposits and branch office of a failed savings and loan. The Holiday Shores branch office opened July 15, 1996. Bank assets at June 29, 1996 total \$132,112,000. The bank primarily focuses on 1-4 family residential real estate lending; at March 31, 1996, loans secured by

1-4 family residential properties totaled 46% of the bank's portfolio, with another 16% for consumer loans and 27% for commercial purposes. Eight percent of the loan portfolio is agriculture-related.

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 designated assessment area. The type and level of CRA activities are consistent with the bank's size, financial capacity, and local economy. FNB Staunton received a Satisfactory Record of Meeting Community Credit Needs rating at its last CRA examination.

DESCRIPTION OF ASSESSMENT AREA

FNB Staunton designates its assessment area as the southeast portion of Macoupin and northeast portion of Madison counties, as defined by Block Numbering Areas (BNA) 9567, 9568, 9569, 9570, 9571, and 9572 in Macoupin county and Census Tracts (CT) 4017.02, 4018, 4028.02, 4038.01, and 4038.02 in Madison county (MSA 7040). FNB Staunton's main office is located in Macoupin county, a non-Metropolitan Statistical Area (MSA). Four of the five FNB Staunton branch facilities are located in the northeast fringe of the St. Louis MSA, in Madison county, Illinois. All BNAs and CTs in the assessment area are middle-income geographies. Every income level is represented within these middle-income tracts: 17.88% of families are low income, 20.10% of families are moderate income, 25.47% are middle income, and 36.55% are upper income. The bank-defined assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

Total population for the assessment area, per the 1990 census, is 51,421. The HUD non-MSA median family income for Illinois is \$36,000 for 1996; the corresponding St. Louis MSA HUD median family income is \$46,900. May 31, 1996 unemployment figures show Macoupin county at 5.7%, Madison county at 6.4%, the State of Illinois at 5.1%, and a national rate of 5.4%. The two major communities within the assessment area are Staunton (population 4,800) in Macoupin county and Bethalto (population 9,500) in Madison county. The assessment area is otherwise a patchwork of rural communities with limited opportunities for local employment. Employment opportunities are further limited by the declines in agriculture and coal mining as major economic components. A significant number of residents work outside the bank's assessment area: in the metropolitan St. Louis area and in larger communities north of Staunton located along Interstate 55.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-deposit ratio

The bank's loan-to-deposit ratio is reasonable. The loan-to-deposit ratio reached 61% at 12/31/93, then dropped to 46% at 3/31/94 as a result of the \$28,500,000 deposit acquisition. The ratio has grown steadily since the deposit purchase and at 3/31/96 stands at 57%. The average ratio of loans to deposits during the 12 quarters since the last CRA examination is 54%. Three similarly situated area banks have current loan-to-deposit ratios ranging from 68% to 80% and average ratios for the period ranging from 63% to 73%. (Table A)

Table A - Loan-to-deposit ratios for this bank and other area institutions

Institution	Dec. 31, 1993	March 31, 1996	Average (12 Quarters)	Total Assets (Millions)	Distance from Bank (miles)
FNB Staunton	61%	57%	54%	\$131	0
Bank A	61%	73%	70%	\$130	20
Bank B	54%	68%	63%	\$107	20
Bank C	70%	80%	73%	\$59	20

Lending in Assessment Area

A substantial majority of loans are to borrowers residing in the bank's designated assessment area. This conclusion is based on the bank's June 27, 1996 zip-code analysis of all loans and a judgmental sample of 131 home mortgage loans made during 1995 and year-to-date 1996. The zip-code analysis shows approximately 85% of loan originations and 78% of the dollar value of credit extensions are to borrowers within the bank's assessment area. The home mortgage loan sample confirms that 85% of loans originated in the last 18 months are to borrowers within the assessment area.

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

The distribution of borrowers reflects a reasonable penetration among individuals of different income levels including low and moderate income, and businesses and farms of different sizes. An analysis of 129 home mortgage loans originated in 1995 and 1996 reveals loans are extended to borrowers of all income levels. Forty-four percent of mortgage loans originated during the last 18 months are to low- and moderate-income borrowers. And, the distribution of loans to individuals of differing income levels is consistent between the non-MSA BNAs in Macoupin county and the MSA CTs in Madison county. (Table B)

Table B - Home mortgage loan dispersion by borrower income

	LOW	MODERATE	MIDDLE	UPPER
Assessment Area				
% of LOANS	16%	28%	27%	29%
% of LOAN \$s	6%	19%	31%	44%
non-MSA portion				
% of LOANS	13%	26%	28%	34%
% of LOAN \$s	5%	17%	31%	47%
MSA portion				
% of LOANS	23%	34%	26%	17%
% of LOAN \$s	10%	23%	32%	36%
Family Incomes				
(Assessment Area)	17.88%	20.10%	25.47%	36.55%

The bank makes loans to small businesses and small farms of different sizes. Bank-prepared statements of agricultural loans show 100% of operating loans and 78% of agriculture real estate loans are to small farms. In addition, a sample of 11 commercial loan relationships shows 78% of commercial loans are to small businesses. A breakdown of loans to small businesses and small farms shows a wide range of annual business revenues and loan sizes. (Table C)

Table C - Loans to small businesses and small farms

	< \$100,000	\$100-250,000	\$250-500,000	\$500-<1,000,000
Business Revenue	30%	10%	20%	40%
Loan Size	20%	20%	30%	30%

Geographic Distribution of Loans

All BNAs and CTs comprising the assessment area are middle income. Any analysis of the geographic distribution of loans within the assessment area will not provide meaningful information.

Compliance with Antidiscrimination Laws

The Equal Credit Opportunity Act and Fair Housing Act reviews performed in conjunction with this Community Reinvestment Act examination did not identify any substantive violations of antidiscrimination law or regulation.