



PUBLIC DISCLOSURE

July 20, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Community Bank & Trust, N.A.
Charter Number 22865
240 East Chestnut Street
Olney, IL 62450**

**Office of the Comptroller of the Currency
Evansville Field Office
P.O. Box 20130
Evansville, Indiana 47708**

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 Community Bank & Trust, N.A. (C B & T) for the time period of February 23, 1996 through July 20, 1998. This document was prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency. 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.**”

C B & T has a satisfactory record of lending to borrowers of all income levels and to businesses and farms of all sizes. A majority of the bank's loans are to customers living within the assessment area.

DESCRIPTION OF INSTITUTION

C B & T is a full-service bank located in Olney, Illinois and is 100% owned by Community Financial Corporation (CFC). CFC owns four additional community banks in Illinois. Two of CFC's affiliates are located near St. Louis, Missouri, and two are located in the southern portion of Illinois east of Harrisburg. On June 30, 1998, C B & T had total assets of \$221 million. Earnings as of this date were \$750,000, representing a .68% return on assets. C B & T operates branch offices in the Illinois towns of Lawrenceville, Fairfield, Newton, and Charleston along with the main office in Olney.

C B & T is a full-service lender with a primary business focus on agricultural, commercial, and consumer loans. A secondary focus is placed on origination of residential real estate mortgage loans. There are no financial or legal impediments which would hamper the bank's ability to meet the credit needs of the community. C B & T has a strong capacity to serve the community's credit needs. Table 1 depicts several key balance sheet figures:

Table 1			
Balance Sheet as of June 30, 1998			
Total Loans	\$116,000	Total Deposits	\$152,000
Investments	\$82,000	Other Liabilities	\$48,000
Other Assets	\$23,000	Total Liabilities	\$200,000
		Total Equity Capital	\$21,000
Total Assets	\$221,000	Total Liabilities & Capital	\$221,000

Source: FFIEC Report of Condition

As of June 30, 1998, the loan portfolio consisted of 12.7% agriculture loans, 22.3% commercial/small business loans, 37.7% 1-4 family residential loans, and 27.3% consumer loans.

C B & T offers banking hours Monday through Thursday from 9:00 A.M. to 4:00 P.M. and Friday 9:00 A.M. to 6:00 P.M. Drive-ups open at all offices at 8:30 A.M. Saturday hours are from 8:30 A.M. to Noon. Automated Teller Machines (ATM's) are provided at each branch office. There have been no branches opened or closed since the last CRA examination. The branch in Charleston was relocated a short distance in order to provide better customer service.

DESCRIPTION OF ASSESSMENT AREA

Management has defined the bank's assessment area as all of Jasper, Lawrence, Richland, and Wayne Counties and Block Numbering Areas (BNA's) #0005, 0007, 0008, and 0009 of Coles County, all of which are in southeastern Illinois. The assessment area contains 22 BNA's, with 7 classified as moderate income, 13 as middle income, and 2 as upper income. Income levels of BNA's are based on the statewide non-Metropolitan Statistical Area median family income.

The income categories are defined as low, moderate, middle, and upper, which are less than 50%, 50% to 80%, 80% to 120%, and over 120%, respectively, of \$39,500 for 1998. The assessment area follows the regulation guidelines. There are no low-income geographies in C B & T's assessment area.

Table 2 depicts the number and percentage of families within the bank's assessment area based upon income level. The table reveals that 22.3% of the families have low-incomes and 20.9% have moderate-incomes. Further analysis reveals 50% of the low-income families have incomes below the poverty level and would possibly not be able to qualify for a home loan. This information is used to compare the bank's lending patterns to borrowers of different income levels.

Table 2 Number and Percentage of Families in Each Income Level				
Low-Income Families	Moderate-Income Families	Middle-Income Families	Upper-Income Families	Total
4,649 22.3%	4,386 20.9%	5,041 24.0%	6,883 32.8%	20,959 100%

Source: 1990 U.S. Census Bureau Data

The area surrounding Olney is rural. The economy is largely dependent on agricultural production. The largest area employers and (number of employees) are: Golden Rule Insurance (380), United Methodist Village (275), Airtex (850), CIPS (210), Eastern Illinois University (1,775), Roadmaster (1,000), and Wal-Mart Distribution Center (400). Unemployment rates for the counties in the assessment area as of May 31, 1998 were: Coles 4.6%, Jasper 11%, Lawrence 8.6%, Richland 6.2%, and Wayne 7.4% compared to the State of Illinois average of 3.8%. Competition is provided by a large number of financial institutions located throughout the assessment area and the surrounding counties.

Table 3 depicts the number and percentage of small businesses within the bank's assessment area. Demographic data on the number of small farms was not available. Small businesses and small farms are defined as those with annual revenues of less than \$1,000,000. The table reveals that the majority of businesses in C B & T's assessment area are small.

Table 3 Number of Businesses in Citizens Assessment Area				
	Annual Revenues of less than \$1,000,000		Annual Revenues of \$1,000,000 or more	
	#	%	#	%
Businesses	1,971	93%	142	7%

Source: 1990 U.S. Census Bureau Data

Credit needs identified in C B & T's assessment area are loans small farms, small businesses, and loans for consumer purposes that include residential real estate.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

To evaluate the bank's lending performance, the OCC reviewed a sample of residential real estate, small farm, and small business loans that originated since the last review. Results from this sample were used to evaluate the bank's volume of lending inside the assessment area, loans to borrowers of different income levels, and geographic distribution of loans.

Lending inside assessment area:

The sample of loan originations revealed that a substantial majority of the bank's loans are made to borrowers and secured by property located within the C B & T's assessment area. Table 4 illustrates the results of this sample:

Table 4 Loans Originated Inside the Assessment Area				
	Number of Loans Sampled		Dollar Volume of Loans Sampled	
	#	%	\$	%
Inside the Assessment Area	76	76%	\$5,949,224	80%
Outside the Assessment Area	24	24%	\$1,467,859	20%
TOTAL	100	100%	\$7,417,083	100%

Source: OCC's sample of originations

Of the 100 loans sampled, 76% of the number and 80% of the dollar volume were secured by property located inside the bank's stated assessment area. C B & T's record of lending to borrowers in the assessment area is satisfactory.

Lending to borrowers of different incomes and to businesses of different sizes:

HOME MORTGAGE LOANS

To determine C B & T's record of extending home loans to individuals of different income levels in the assessment area, we reviewed the annual income of the borrowers selected in the residential real estate sample. Table 5 reveals that the number of home mortgage loans to low- and moderate-income borrowers is 30%, and the dollar volume is 21% of the loans sampled. This compares reasonably to the number of low- and moderate-income families in the assessment area of 43.2% as illustrated in Table 2, when you consider that 49.8% of the low-income families (or 11% of all families in the assessment area) have incomes below the poverty level and would possibly not qualify for a home loan.

Table 5				
Mortgage Loans Originated by Borrower Income				
Borrower Income *	Number of Loans		Dollar Volume	
	#	%	\$	%
Low-income	6	15.0%	\$131,169	7.9%
Moderate-income	6	15.0%	\$211,096	12.8%
Middle-income	13	32.5%	\$477,039	28.7%
Upper-income	15	36.5%	\$840,356	50.6%
TOTAL	40	100%	\$1,659,653	100%

Source: OCC's sample of originations

* The non-MSA median family income for the state of Illinois is \$39,500. The income categories are defined as less than 50%, 50% to 80%, 80% to 120%, and 120%, respectively, of \$39,500 for 1998.

SMALL BUSINESS AND SMALL FARM LOANS

To determine the bank’s record of extending loans to businesses and farms of different sizes, we sampled 50 business and farm loans that originated since the last CRA examination. Table 6 illustrates the distribution of business and farm loans by revenue level:

Table 6 Volume of Loans to Businesses and Farms				
	Business Loans		Farm Loans	
	#	\$	#	\$
Those with revenues of less than \$1,000,000	22 84.6%	\$2,655,586 66.3%	24 100%	\$1,965,086 100%
Those with revenues of \$1,000,000 or more	4 15.4%	\$1,351,411 33.7%	0 0%	0 0%

Source: OCC’s sample of Business and Farm loans

We found that the bank’s volume of loans to small businesses (81.5%) and small farms (100%) is good. The demographic data contained in Table 3 indicates that 93% of all businesses in C B & T’s assessment area have annual incomes of less than \$1,000,000.

Table 7 reflects the distribution of the small business and small farm loans depicted in Table 6 by loan amount.

Table 7 Small Business and Small Farm Loans By Loan Amount at Origination				
Loan Amount at Origination	#	%	\$	%
\$0 - \$100,000	30	60.0%	\$1,370,720	23.0%
\$100,001 - \$250,000	13	26.0%	\$1,940,167	32.5%
\$250,001 - \$1,000,000	7	14.0%	\$2,661,196	44.5%
Over \$1,000,000	0	0%	\$0	0%
TOTAL	50	100%	\$5,972,083	100%

Source: OCC's sample of Business and Farm Loans

The table illustrates that the bank has a satisfactory record of making small dollar volume loans to small businesses and farms. This is evidenced by the fact that 60% of the number of small business and small farm loans were in amounts less than \$100,000. This conclusion is further supported by the fact that 93% of the businesses in C B & T's assessment area are small by definition. The bank's penetration of loans to small businesses and small farms is good.

Geographic distribution of loans

Table 8 reflects the distribution of C B & T's loan originations by the income level of the geography that the loan was originated in.

Table 8 Loans Originated by Income Level of Geography				
Borrower Income *	Number of Loans		Dollar Volume	
	#	%	\$	%
Moderate-income	18	45.0%	\$732,814	44.2%
Middle-income	18	45.0%	\$711,839	42.9%
Upper-income	4	10.0%	\$215,000	12.9%
TOTAL	40	100%	\$1,659,653	100%

Source: OCC's sample of loan originations

* The non-MSA median family income for the state of Illinois is \$39,500. The income categories are defined as less than 50%, 50% to 80%, 80% to 120%, and 120%, respectively, of \$39,500 for 1998. There are no low-income geographies in C B & T's assessment area.

C B & T's geographic distribution of loans originated in the assessment area is satisfactory and consistent with the lending opportunities and the bank's efforts to help meet the credit needs of the community.

Loan to deposit ratio:

C B & T's loan to deposit ratio since the last CRA examination averages 84%. This compares favorably to the loan to deposit ratios of other competitor banks. The ratio for these banks ranges from 41% to 93%.

Response to complaints:

C B & T has received no letters from the public regarding its CRA activities.

Compliance with antidiscrimination laws:

We tested the bank's compliance with the Equal Credit Opportunity Act and the Fair Housing Act. No violations of the substantive provisions of these antidiscrimination laws and regulations were identified.