

PUBLIC DISCLOSURE

May 17, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank in Toledo
Charter #13682**

**101 North Meridian Street
Toledo, Illinois 62468**

**Office of the Comptroller of the Currency
Champaign Field Office
3001 Research Road, Suite E2
Champaign, IL 61822**

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 CRA performance of **The First National Bank in Toledo** prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of May 17, 1999. Our assessment of the bank's performance covers the period since October 1, 1996. The rating received at that time was "Satisfactory Record of Meeting Community Credit Needs." The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

INSTITUTION'S CRA RATING

This institution is rated **Satisfactory Record of Meeting Community Credit Needs.**

This rating is supported by the following:

- C The bank has a good record of lending to small farms and small businesses.
- C The bank has a good record of providing real estate loans to low- and moderate-income individuals.
- C A substantial majority of the bank's loans are within its assessment area.
- C The bank's loan to deposit ratio is reasonable.

This rating is based on analyses of the bank's lending performance from October 1, 1996 - April 30, 1999. The lending performance test includes analyses of the distribution of credit to borrowers of different incomes and businesses of different sizes, the bank's average loan-to-deposit ratio, the volume of total lending within the bank's assessment area, and the bank's level of compliance with Fair Lending laws and regulations.

DESCRIPTION OF INSTITUTION

The First National Bank in Toledo is an \$80 million institution operating from a main bank in Toledo, Illinois and a full service branch located in Charleston, Illinois. This institution is owned by The First Neighborhood Bancshares, Inc., a three-bank holding company. The bank offers a non-network ATM for customer service and convenience at the main bank. Toledo serves as the county seat of Cumberland County, population 10,670, in Southeast Central Illinois approximately 20 miles southeast of Mattoon and 25 miles southwest of Charleston.

The bank's loan portfolio totals approximately \$54 million. Based on the March 31, 1999 Report of Condition, the bank's loan portfolio mix was as follows:

Residential Real Estate Loans	47%
Agriculture Loans	11%
Commercial Loans	31%
Consumer Loans	11%

As shown in *Table 1*, loan originations have centered in consumer credit by number of loans and in commercial credit by dollar volume. The table shows the breakdown of loan originations made from October 1, 1996 through April 30, 1999. During that period, 3,533 loans were extended totaling \$44,503,443.

Total Originations Since October 1, 1996				
Table 1				
<i>Type of Loans</i>	<i>Number Made</i>	<i>%</i>	<i>Dollar Amount Made</i>	<i>%</i>
Residential Real Estate	208	6%	\$8,100,763	18%
Consumer	2,041	58%	\$10,693,712	24%
Agricultural	634	18%	\$6,632,443	15%
Commercial	650	18%	\$19,076,525	43%
Total	3,533	100%	\$44,503,443	100%

Discussions with an officer of a local economic development organization support that extensive local banking services and credit accessibility are available. Real estate loans and business loans were stated as the community's primary credit needs. Based upon our review, the bank does meet the credit needs of the community by offering these types of loans.

The bank has no financial or legal impediments that restrict it from meeting the credit needs of its local community.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of ten Block Numbering Areas (BNAs) in Coles County, all three BNAs in Cumberland County, and one BNA in Clark County. This assessment area conforms to the regulation and does not arbitrarily exclude low- or moderate-income areas. There are no low-income BNAs in the assessment area. Based on 1990 census data, one BNA in the bank's assessment area is designated moderate-income, ten of the BNAs are designated middle-income, and three are designated as upper income. The following demographic information for the assessment area is based on 1990 census data:

Housing Stock:	79% of the housing units are 1-4 family.
Occupancy:	62% are owner occupied, 30% are renter occupied, and 7% are vacant. va
Home Values:	Median home value is \$41,400.
Age of Homes:	Median year of homes built is 1960.
Income Levels:	18% of families are designated low-income, 17% are moderate-income, 22% are middle-income, and 43% are upper-income.

The local economy is stable and is driven by agriculture and light industry. The largest employers for the assessment area include Eastern Illinois University, Sarah Bush Lincoln Hospital, Trail Mobile, various school districts, RR Donnelly's and Kern Manufacturing.

Competition includes 18 financial institutions located throughout Cumberland, Coles, and Clark counties. Larger financial institutions with assets exceeding \$550 million along with local community banks make up the mix of competitors.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The First National Bank in Toledo satisfactorily extends credit to smaller-sized agricultural and commercial borrowers within its assessment area and satisfactorily extends credit to consumers of all income levels. Eighteen percent of the population in the bank's assessment area is considered low-income, with an additional 17% classified as moderate-income. Income levels used in our analysis are based on the HUD nonmetropolitan median family income for Illinois, which is \$39,500 for 1998,

\$37,600 for 1997, and \$36,000 for 1996. (Our sample included originations from 1999, 1998, 1997, and 1996. The applicable year's median family income was used in our analysis.)

Agricultural and Commercial Loan Analysis

The bank's distribution of lending to small farms within the assessment area is excellent. As shown in *Table 2*, 100% of the number and dollars of loans were made to small farms. Small farms are defined as a farm with annual gross revenues below \$500,000.

AGRICULTURAL LOANS				
Distribution of Loans by Farm Size				
Table 2				
<i>Gross Revenues</i>	<i># of Loans</i>	<i>%</i>	<i>\$ of Loans</i>	<i>%</i>
Less than \$100,000	7	41%	\$418,000	35%
\$100,001 - 250,000	8	47%	\$571,524	47%
\$250,001 - 500,000	2	12%	\$220,000	18%
More than \$500,000	0	0%	\$0	0%
Totals	17	100%	\$1,209,524	100%

Source: This table based on a sample of agricultural loans originated in the bank's assessment area between 10/01/96 and 4/30/99.

The bank's record of lending to small commercial businesses is good. As shown on *Table 3*, 85% of the number and 67% of the dollars of the loans sampled in the assessment area were to small businesses. Small businesses are defined as a business with annual gross revenues below \$1 million.

COMMERCIAL LOANS				
Distribution of Loans by Business Size				
Table 3				
<i>Gross Revenue</i>	<i># of Loans</i>	<i>%</i>	<i>\$ of Loans</i>	<i>%</i>
Less than \$100,000	6	46%	\$261,611	23%
\$100,001 - 250,000	1	8%	\$57,500	5%
\$250,001 - 500,000	2	16%	\$210,142	18%
\$500,001 - \$1MM	2	15%	\$239,243	21%
Over \$1MM	2	15%	385,136	33%
Totals	13	100%	\$1,153,632	100%

Source: This table based on a sample of commercial loans originated in the bank's assessment area between 10/01/96 and 4/30/99.

Mortgage Loan Analysis

The bank's record of real estate lending is reasonable. As illustrated in *Table 4*, our analysis of residential real estate loans indicated that the bank provides home loans to low- and moderate-income borrowers at a level in line with the population's characteristics: 18% of the number and 18% of the dollars of residential real estate loans were made to low-income borrowers, while 18% of the number and 17% of the dollars were to moderate-income borrowers.

REAL ESTATE LOANS					
Proforma Distribution of Borrowers' Income Levels					
Table 4					
<i>Income Level</i>	<i># of Loans</i>	<i>%</i>	<i>\$ of Loans</i>	<i>%</i>	<i>% of Families in Each Category</i>
Low - Income Less than 50% of Median	3	18%	\$48,600	5%	18%
Moderate - Income 50% - 79% of Median	3	18%	\$102,784	10%	17%
Middle - Income 80% - 119% of Median	3	18%	\$118,200	12%	22%
Upper - Income 120% or more of Median	8	46%	\$720,615	73%	43%
Totals	17	100%	\$990,199	100%	100%

Source: This table is a proforma analysis based on a sample of real estate loans originated in the bank's assessment area between 10/01/96 and 04/30/99.

LENDING IN THE ASSESSMENT AREA

A majority of loans originated are within the assessment area. As illustrated in *Table 6*, our analysis revealed that 70% of the dollar amount, and 78% of the number of loans, were made inside the bank's assessment area.

LOAN PENETRATION ANALYSIS				
Table 6				
<i>Type of Loan</i>	<i>Within Assessment Area</i>		<i>Outside Assessment Area</i>	
Residential Real Estate	\$990,199	89%	\$122,241	11%
	17	85%	3	15%
Commercial Loans	\$1,153,632	57%	\$879,632	43%
	13	65%	7	35%
Agricultural Loans	\$1,209,524	74%	\$415,500	26%
	17	85%	3	15%
Total	\$3,353,355	70%	\$1,417,373	30%
	47	78%	13	22%

Source: This table is a proforma analysis using the following sample: 20 agricultural loans, 20 commercial loans, and 20 residential real estate loans. This sample covered the time period of 10/01/96 - 04/30/99.

LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit ratio is reasonable. During the assessment period, the bank's net loan-to-deposit ratio ranged from 74% to 83%, and averaged 78.51%. This average ratio is comparable to the 72% average net loan-to-deposit ratio of five competing banks located in assessment area with total assets between \$42 million and \$169 million.

GEOGRAPHIC DISTRIBUTION OF LOANS

A review of the geographic distribution of loans would not be meaningful since the assessment area includes only one moderate-income BNA. The other BNAs include ten middle-income BNAs and three upper-income BNAs. There are no low-income BNAs in the assessment area.

COMPLIANCE WITH FAIR LENDING LAWS

During our examination, we reviewed all new residential real estate loans (21) originated since September 1998 to determine if borrowers were provided loan terms and credit assistance in accordance with fair lending regulations. We found no evidence to indicate that the bank was not complying with the substantive provisions of the anti-discriminatory laws and regulations. There is no evidence of practices to discourage individuals from applying for credit. The bank generally solicits credit applications from all segments of its assessment area.

WRITTEN COMPLAINTS

The First National Bank in Toledo has not received any written complaints about its performance in helping to meet the credit needs within its assessment area.