



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 5, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Mt. Vernon
Charter #11774
1300 Main Street
Mt. Vernon, Illinois 62864

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 **First National Bank of Mt. Vernon** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **December 5, 1997**. 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 record of meeting community credit needs.**

The First National Bank of Mt. Vernon has a good record of originating loans to individuals of different income levels and to small businesses. The loan-to-deposit ratio is reasonable and a majority of loans are to borrowers located in the assessment area.

DESCRIPTION OF INSTITUTION

The First National Bank of Mt. Vernon (FNB) is a \$30 million bank with its main office located in downtown Mt. Vernon, Illinois. FNB has one full service branch located in Woodlawn, Illinois. The main office and branch are located in block numbering areas (BNAs) 510 and 503, respectively. BNA 510 is a low-income BNA and 503 is a middle-income BNA. FNB also maintains a 24 hour ATM at the main office. Jeff City Bancorp Inc., a one- bank holding company, owns 94 % of FNB's common stock.

The bank offers traditional community bank services with a loan portfolio representing 34% of total assets. The loan portfolio is broken down as follows: 42% in commercial loans, 37% in residential mortgages loans, 14% in consumer loans and 7% farm related loans. There are no financial, legal, or other impediments which would hinder the bank's ability to help meet credit needs within its assessment area.

Mt Vernon, Illinois is located approximately 75 miles east of St. Louis, Missouri in southern Illinois. The bank's main office has been located in Mt. Vernon since 1986. The bank officially changed its title to the First National Bank of Mt. Vernon (formerly First National Bank of Woodlawn) in February of 1995.

DESCRIPTION OF JEFFERSON COUNTY

FNB's assessment area (AA) includes all of Jefferson county. The AA is comprised of eleven BNA's: seven middle- income, two moderate-income, one low-income and one upper-income. The assessment area meets the regulatory criteria and does not arbitrarily exclude low- and moderate-income geographies.

The population of the assessment area, according to the 1990 census, is 37,020. Income levels of the 10,521 families in AA are as follows: low-income - 24%; moderate-income - 18%; middle-income - 22%; and upper-income - 36%. The HUD median family income for non-metropolitan areas in Illinois was \$37,600 in 1997.

The local economy is healthy with stable employment trends (unemployment 5%). The economy is supported primarily by agriculture, oil, small business, and small manufacturing.

Competition is very strong in the local market with five banks, two branches, and two local credit unions. Non-bank providers continue to grow including eight finance companies and Farm Credit Services.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Analysis:

The loan-to-deposit ratio averaged 35% over the past fifteen quarters and is considered reasonable. FNB's loan-to-deposit ratio increased significantly from 28% (3-31-94) to 41% (9-30-97) during this period. The average loan-to-deposit ratios of five other banks of similar size (under \$250MM) located in the assessment is 60% over the same period. The local peer average loan-to-deposit ratio ranged from 29% to 84%. FNB's loan-to-deposit ratio is below peer; however, FNB has consistently increased its ratio over the last three years as demonstrated in Table 1 that follows:

Table 1: Loan-To-Deposit Ratio

	3-31-94 Last exam	3-31-95	3-31-96	3-31-97	9-30-97
FNB	28%	31%	36%	41%	41%
% change	NA	+11%	+16%	+14%	NA

Lending in the Assessment Area:

A majority of loans are in the assessment area as shown by table 2. FNB has originated 90% or more of its number of loans within its AA (Jefferson County) over the last four years. The table represents 100% of FNB loan activities for all types of loans during the respective time period.

Table 2: Loans Within FNB’s AA

Percent of Outstanding Loans in the Assessment Area	Dollar Amount of Loans	Number of Loans
As of 9-30-97	90%	91%
1996	77%	90%
1995	*N/A	90%
1994	*N/A	91%

*N/A information not obtained during the examination.

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

The bank does a good job of lending to borrowers of different incomes and to businesses of different sizes. Business loan information maintained by FNB on all loans originated were used to assess loan distribution. Loan size was used as a proxy for revenue of commercial businesses loans.

Table 3: Distribution of Business Loans by Size

Loan Size	<\$100M		\$101M - \$500M		\$501M - \$1MM		>\$1MM	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
9/97	79	1973	2	277	0	0	0	0
Percent	98%	88%	2%	12%	0	0	0	0

All commercial loans extended by FNB were to small businesses as demonstrated by table 3 above.

Table 4 represents FNB's analysis of all consumer loan files containing income information for the borrower. The loans in the table represent 100% of consumer loans made year-to-date September 31, 1997.

Table 4: Consumer Loan Originations by Family Income

Family Income Level of Borrower	Number & Percentage of Families in AA		YTD 1997 Loans Made by Family Income			
	#	%	#	%	\$ (000's)	%
Low-Income	2,500	24%	46	25%	301	10%
Moderate-Income	1,860	18%	47	26%	506	17%
Middle- Income	2,374	22%	50	27%	686	23%
Upper-Income	3,787	36%	41	22%	1,472	50%
Total:	10,521	100%	184	100%	2,965	100%

As indicated by table 4 above, the number of loans (as a percentage) made to low- and moderate-income borrowers exceeds the actual percent of these families located in the assessment area. The dollar distribution of loans to individuals of different income is also adequate.

Geographic Distribution of Loans:

Our analysis of the loan portfolio also indicates there is a reasonable geographic distribution of loans originated throughout the assessment area. FNB extended loans in all the BNAs that make up the AA.

Tables 5 and 6 are based on an analysis of loan information maintained by FNB on all loans originated. Loans included in these tables represent the geographical distribution of all loans including consumer, commercial and farm loans.

Table 5: Loan Origination by Geography

Types of BNAs in FNB's AA	Number & Percentage of BNAs in AA		YTD 1997 Loans Made by BNA's			
	#	%	#	%	\$ (000's)	%
Low-Income	1	9%	18	7%	255	5%
Moderate-Income	2	18%	24	9%	550	11%
Middle- Income	7	64%	195	76%	3,525	71%
Upper-Income	1	9%	19	8%	623	13%
Total:	11	100%	256	100%	4,953	100%

Table 6: Loan Origination by Geography

Types of BNAs in FNB's AA	Number & Percentage of BNAs in AA		1996 Loans Made by BNA's			
	#	%	#	%	\$ (000's)	%
Low-Income	1	9%	20	7%	639	11%
Moderate- Income	2	18%	30	10%	510	8%
Middle- Income	7	64%	227	77%	4,178	69%
Upper-Income	1	9%	17	6%	724	12%
Total:	11	100%	294	100%	6,051	100%

Tables 5 and 6 above indicate a smaller percentage of loans are made in the low-income and moderate-income BNAs than the percentage of BNAs in the AA. It should be noted that a majority of low income families (58%) and moderate income families (69%) reside in the middle income BNAs. FNB's highest loan distribution by geography is in the middle income BNAs.

Other:

No violations were found during our review of the bank's compliance with antidiscrimination laws and regulations.