



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 25, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Carmi
Charter Number 4934
201 E. Main Street
P.O. Box 70
Carmi, IL 62821**

**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 The First National Bank of Carmi (First Bank) for the time period of June 28, 1994 through November 25, 1997. 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.”

First Bank has a good record of lending to borrowers of all income levels and to businesses and farms of all sizes. There is a reasonable penetration of loans in all segments of the assessment area. A substantial majority of the bank's loans are to customers living within the assessment area.

DESCRIPTION OF INSTITUTION

The First National Bank of Carmi (First Bank) is a full-service bank located in Carmi, Illinois. First Bank is 100% owned by First Carmi Bancshares, Inc., a locally owned one-bank holding company. On June 30, 1997, First Bank had total assets of \$100 million.

First Bank is a full-service lender focusing primarily on consumer and residential real estate lending. There are no financial or legal impediments which would hamper the bank's ability to meet the credit needs of the community. First Bank has a strong capacity to serve the community's credit needs. Table 1 depicts several key balance sheet figures:

Net Loans	\$80,277,000	Total Deposits	\$91,016,000
Investments	\$12,190,000	Other Liabilities	\$1,788,000
Other Assets	\$8,399,000	Total Liabilities	\$92,804,000
		Total Equity Capital	\$8,062,000
Total Assets	\$100,866,000	Total Liabilities & Capital	\$100,866,000

Source: FFIEC Report of Condition

As of June 30, 1997, the loan portfolio consisted of 43% consumer loans, 38% real estate loans (70% of which are secured by 1-4 family residential mortgages), 16% commercial loans, and 3% other types of loans.

First Bank has three branch offices: one in Carmi and one each in the nearby towns of Enfield and Grayville. The Enfield branch is the former main office of the First National Bank of Enfield which First Bank acquired on September 30, 1996. The Grayville branch opened on September 3, 1996. First Bank has installed four automated teller machines (ATMs) since the previous CRA examination. Full service ATMs are available at the main office and the Grayville branch and cash dispensing machines are available at the Wal-Mart in Carmi and a grocery store in nearby Norris City. Only one branch has been closed since the previous CRA examination. The Carmi branch of the former First National Bank of Enfield was closed shortly after the acquisition. This office is only one block from First Bank's main office so the local community was not adversely affected by this closure.

DESCRIPTION OF FIRST BANK'S ASSESSMENT AREA

Carmi has a population of 5,800 and is centrally located in White County, Illinois. Carmi is approximately 125 miles east of St. Louis, Missouri and 50 miles west of Evansville, Indiana. Bank management defines its assessment area as all of White County, which has a population of 15,500. The assessment area consists of five Block Numbering Areas (BNAs). One BNA is

designated as a moderate-income area (defined as having a median family income between 50% and 80% of the statewide non-MSA median family income of \$37,600) and four BNAs are designated as middle-income areas (between 80% and 120%). The assessment area follows the regulation guidelines and does not arbitrarily exclude any low- or moderate-income (LMI) areas.

Table 2 depicts the number and percentage of families within the bank’s assessment area based upon income level. The table reveals that 45% of the families have low or moderate incomes. 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
1,267 26%	921 19%	1,166 24%	1,480 31%	4,834 100%

Source: 1990 U.S. Census Bureau Data

The non-MSA median family income for the state of Illinois is \$37,600. The income categories are defined as less than 50%, 50% to 80%, 80% to 120%, and over 120%, respectively, of \$37,600.

The area surrounding Carmi is rural. Businesses in small surrounding towns offer moderate employment and economic support. The economy is dependent on agricultural and oil production. The biggest area employers include the Carmi school system and the Martin-Bayley Corporation. The unemployment rate in White County is 6.0%, compared to the state average of 4.8%. Intense competition is provided by financial institutions affiliated with Evansville bank holding companies.

Table 3 depicts the number and percentage of small businesses and small farms within the bank’s assessment area. 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 and farms in White County are small.

Table 3 Number of Businesses and Farms in White County				
	Annual Revenues of less than \$1,000,000		Annual Revenues of \$1,000,000 or more	
	#	%	#	%
Businesses	437	93%	35	7%
Farms	21	95%	1	5%

Source: 1990 U.S. Census Bureau Data

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

To evaluate the bank's lending performance, the OCC reviewed a sample of 43 residential real estate loans that originated between January 1, 1997 and October 31, 1997. This sample was used to evaluate the bank's volume of lending inside the assessment area, geographic distribution of loans, and loans to borrowers of different income levels.

Lending inside assessment area:

The residential real estate sample revealed that a substantial majority of the bank's loans are secured by property located within the 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	38	88%	\$1,263,967	87%
Outside the Assessment Area	5	12%	\$194,682	13%
TOTAL	43	100%	\$1,458,649	100%

Source: OCC's sample of Residential Real Estate loans

Of the 43 residential real estate loans sampled, 88% of the number and 87% of the dollar volume were secured by property located inside the bank's stated assessment area.

Geographic distribution of loans:

White County has five BNAs, one moderate- and four middle-income BNAs. The sample of 43 residential real estate loans revealed that the bank has an adequate distribution of loans in all geographies, including the moderate-income tract. Table 5 describes the findings:

Table 5 Geographic Distribution of Loans				
BNA Number	Income Characteristic	Location of Area	Number of Loans	Percentage of Penetration
9580	Moderate-income	North Carmi	6	14%
9581	Middle-income	South Carmi	15	34%
9582	Middle-income	Northeast White County (Crossville, Grayville)	6	14%
9583	Middle-income	Northwest White County (Enfield)	9	21%
9584	Middle-income	South White County (Norris City)	2	5%
Out-of-area loans			5	12%
TOTAL			43	100%

Source: OCC's sample of Residential Real Estate loans

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

HOME MORTGAGE LOANS

To determine First Bank’s record of extending home loans to individuals of different income levels, we reviewed the annual income of the borrowers selected in the residential real estate sample. Table 6 reveals that the number of home mortgage loans to low- and moderate-income borrowers is 44%. This compares favorably to the number of low- and moderate-income families located in White County, which is 45% as illustrated in Table 2.

Table 6 Mortgage Loans Originated by Borrower Income				
Borrower Income *	Number of Loans		Dollar Volume	
	#	%	\$	%
Low-income	10	23%	\$216,303	15%
Moderate-income	9	21%	\$193,980	13%
Middle-income	12	28%	\$585,910	40%
Upper-income	12	28%	\$462,456	32%
TOTAL	43	100%	\$1,458,649	100%

Source: OCC’s sample of Residential Real Estate loans

* The non-MSA median family income for the state of Illinois is \$37,600. The income categories are defined as less than 50%, 50% to 80%, 80% to 120%, and 120%, respectively, of \$37,600.

SMALL BUSINESS AND SMALL FARM LOANS

To determine the bank’s record of extending loans to businesses and farms of different sizes, we sampled 52 business and farm loans that originated since the last CRA examination. Table 7 illustrates the distribution of business and farm loans by revenue level:

Table 7 Volume of Loans to Businesses and Farms				
	Business Loans		Farm Loans	
	#	\$	#	\$
Those with revenues of less than \$1,000,000	34 77%	\$7,188,000 58%	8 100%	\$1,050,000 100%
Those with revenues of \$1,000,000 or more	10 23%	\$5,304,000 42%	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 (77%) and small farms (100%) is satisfactory. The demographic data contained in Table 3 indicates that 93% of all businesses and 95% of all farms in White County have annual incomes of less than \$1,000,000.

Table 8 summarizes the 42 small business and small farm loans depicted in Table 7 by loan amount:

Table 8 Small Business and Small Farm Loans By Loan Amount at Origination				
Loan Amount at Origination	#	%	\$	%
\$0 - \$100,000	28	67%	\$1,151,000	14%
\$100,001 - \$250,000	10	24%	\$1,553,000	19%
\$250,001 - \$1,000,000	3	7%	\$1,534,000	19%
Over \$1,000,000	1	2%	\$4,000,000	48%
TOTAL	42	100%	\$8,238,000	100%

Source: OCC's sample of Business and Farm Loans

Table 8 illustrates that the bank has a good record of making small dollar volume loans to small businesses and farms. This is evidenced by the fact that 67% of the small business and small farm loans were in amounts less than \$100,000. These loans comprise 14% of the dollar volume of small business and small farm lending. The bank's penetration of loans to small businesses and small farms is satisfactory.

Loan to deposit ratio:

First Bank's loan to deposit ratio since the last CRA examination averages 63%. This is comparable to the average loan to deposit ratio of other banks of similar size that serve White County for the same time period. The ratio for these banks varies from 47% to 83%. First Bank's ratio as of June 30, 1997 was 88%.

Response to complaints:

First Bank 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.