

PUBLIC DISCLOSURE

July 25, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Alpha Community Bank
RSSD# 478449

201 North Main Street
Toluca, Illinois 61369

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, IL 60604-1413

NOTE: This document is an evaluation of this 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. 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.

TABLE OF CONTENTS

Institution’s CRA (Community Reinvestment Act) Rating..... 1

Description of Institution..... 2

Description of Assessment Area 2

Conclusions with Respect to Performance Criteria: 4

 Loan-To-Deposit Ratio..... 4

 Lending in the Assessment Area 5

 Lending To Borrowers of Different Incomes and to Businesses and Farms of
 Different Sizes..... 5

 Geographic Distribution of Loans 8

 Response to Complaints 8

Fair Lending..... 8

Appendix A..... 9

Appendix B 12

INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution's performance is rated **satisfactory**.

Alpha Community Bank has provided credit consistent with its asset size, financial capacity, location, economic conditions, and competitive factors within its assessment area. The bank's efforts are accomplished primarily through the origination of residential real estate and small business and small farm loans. The bank's loan-to-deposit ratio is more than reasonable and exceeds not only its peer group, but a large regional competitor. The bank's lending within its assessment area is considered satisfactory, as a majority of loans are made in the assessment area. The bank also exhibits a reasonable penetration among individuals of different income levels and business and farms of different sizes. Although the assessment area is comprised exclusively of middle-to-upper income census tracts, loan distribution throughout the assessment area is reasonable. No CRA related complaints were received by the institution or this Reserve Bank during the scope of this evaluation.

The institution was rated **satisfactory** under the CRA at its previous evaluation conducted on March 5, 2001.

DESCRIPTION OF INSTITUTION

Alpha Community Bank is a subsidiary of Alpha Financial Group, Inc., a one-bank holding company located in Toluca, Illinois. The bank is affiliated with Alpha Insurance Services, Inc., another subsidiary of Alpha Financial Group, Inc. The bank's main office is located at 201 N. Main Street in Toluca, Illinois with branch offices in Minonk (137 W. Fifth St.), Spring Bay (1605 Tremont St.), and Washburn (101 S. Jefferson). The bank maintains on-site automated teller machines (ATMs) at each location.

According to the Uniform Bank Performance Report, the bank had \$218 million in total assets as of March 31, 2005. The following table reflects the composition of the bank's loan portfolio as of that date:

CATEGORY	TYPE	PERCENTAGE OF BANK'S LOAN PORTFOLIO
Real Estate	1-4 Family residential	24.51
	Construction & Land Development	5.95
	Multi-Family	0.92
	Farm Land	5.78
	Non-farm/Nonresidential	13.63
Individuals	Includes credit cards	9.40
Agricultural		8.04
Commercial and Industrial		30.09
Other	Includes municipal	2.15
Total Loans = \$125,238,000		

The bank's loan products include balloon mortgages and long-term fixed rate loans through the

Federal Home Loan Bank's Mortgage Partnership Financing Program; farm loans for working capital, livestock, equipment, and farm real estate; consumer loans to purchase automobiles and for personal financing; and business loans for working capital, capital expenditures, and other business needs. The bank's primary lending focus is in residential, commercial, and agricultural lending.

The bank's peer group includes all commercial banks with assets between \$100 and \$300 million within a non-metropolitan area with three or more full service offices. The bank's local competitors for loans and deposits include Citizens Equity Federal Credit Union, Peoria, Illinois; Associated Bank, Minonk, Illinois; Commerce Bank, Roanoke, Illinois; and Morton Community Bank, Roanoke, Illinois.

There are no apparent factors relating to the bank's financial condition, asset size, products offered, prior performance, legal impediments, or local economic conditions that would prevent the bank from meeting the credit needs of the community.

DESCRIPTION OF ASSESSMENT AREA

An institution's assessment area(s) will include the towns, counties, or other political subdivisions where its branches are located and a substantial portion of its loans are made. Assessment area(s) must consist of one or more geographies defined by census tracts, which are statistical subdivisions of a county. 2000 U.S. Bureau of Census data is used in this evaluation, unless stated otherwise.

Alpha Community Bank's assessment area, shown in Appendix B, consists of the following:

Marshall County: tracts 9611.00, 9614.00, 9615.00

Woodford County: tracts 0301.00, 0302.00, 0303.00, 0305.01, 0305.02, 0307.00

La Salle County: tract 9641.00

Livingston County: tract 9604.00

According to 2000 U.S. Census Data, one of the bank's census tracts is upper-income (0305.01) while the rest are middle-income. There are no low or moderate-income census tracts located in the bank's assessment area. The bank's main office and three branches are located in middle-income census tracts. There have been no substantial changes to the bank's assessment area since the previous examination (census tract 0301.00 was formerly 0301.98).

Population Changes

According to the 2000 U.S. Census Data, the assessment area's total population increased to 37,243 of which 97.8% (36,440) were White non-Hispanic. The total minority population was 803 of which 0.97% were Hispanic, 0.37 % were American Indian, 0.35 % were Asian, and 0.31% were Black.

Income Characteristics

Exhibit 1 compares the income levels for the assessment area to the State of Illinois based on 2000

U.S. Bureau of Census data. The 2003 HUD adjusted median family income for the State of Illinois is \$57,385.

Exhibit #1						
Distribution of Families by Income Level						
Location	Median Family Income(\$)	Percent of Families				
		Low	Moderate	Middle	Upper	Below Poverty Level
Assessment Area	\$53,682	13.4%	18.3%	26.3%	42.0%	3.55%
State of Illinois	\$55,545	19.9%	18.1%	22.8%	39.1%	7.82%

Low-income is defined as less than 50% of median family income; moderate-income as 50% to less than 80% of median family income; middle-income as 80% to less than 120% of median family income; and upper-income as 120% or more of median family income.

Housing Characteristics and Affordability

According to 2000 U.S. Census Data, the bank’s assessment area contained 15,166 total housing units of which 11,643, or 76.8% were owner-occupied, 2,403, or 15.8% were occupied rental units, and 1,120, or 7.38% were vacant units. In addition, 14,943, or 98.5% of the total housing units were considered 1-4 family residential units. The median age of the housing stock for the bank’s assessment area is 43 years, compared to 38 years for the State of Illinois.

Affordability ratios, developed by dividing the median household income (assessment area, \$47,523; State of Illinois, \$46,590) by the median household value (assessment area, \$89,835; State of Illinois, \$127,800) for a given area or groups of geographies, are helpful in comparing costs for different areas. An area with a high ratio generally has more affordable housing than an area with a low ratio. The affordability ratios for the assessment area and for the State of Illinois are 52.9% and 36.5%, respectively, indicating that housing is generally more affordable in the assessment area.

Labor and Employment

Based on unemployment statistics from the Illinois Department of Employment Security for May 2005, the unemployment rate was 4.0% for Marshall County, 3.7% for Woodford County, 5.9% for La Salle County, and 4.6% for Livingston County. The not seasonally adjusted unemployment rate for the State of Illinois for May 2005 was 5.6%. Major employers in the assessment area are listed in Exhibit 2.

Exhibit 2 – Major Employers in the Assessment Area

Exhibit #2			
Major Employers in the Assessment Area			
Company	Location	Employees	Description

Exhibit # 2			
Major Employers in the Assessment Area			
Company	Location	Employees	Description
Caterpillar, Inc.	Peoria, IL	17,847	Earth-moving equipment
St. Francis Hospital	Peoria, IL	4,250	Hospital
Methodist Medical Center	Peoria, IL	2,600	Hospital
School District 150	Peoria, IL	2,847	Education
Keystone Steel & Wire Corp.	Peoria, IL	1,675	Steel wire; wire products
AES Great Plains	Peoria, IL	1,600	Electric/gas utility
Bradley University	Peoria, IL	1,200	Education
Komatsu America Int'l	Peoria, IL	1,100	Off-highway trucks

Source: Illinois Department of Commerce and Economic Opportunity

Community representatives, contacted during the examination to determine the credit needs of the assessment area, indicated that local financial institutions are actively involved in the community and are adequately meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Performance standards for small banks consist of the following, as applicable: the bank's loan-to-deposit (LTD) ratio, the percentage of loans and other lending-related activities located in the bank's assessment area, the record of lending to borrowers of different income levels and farms and businesses of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the preceding standards are analyzed and evaluated within the assessment area context, which includes, but is not limited to, comparative analyses of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank's assessment area.

Loan-to-Deposit Ratio

The bank's average loan-to-deposit ratio, calculated from data contained in the Consolidated Reports of Condition, was evaluated giving consideration to the bank's capacity to lend, competitor and peers' loan-to-deposit ratios, as well as demographic factors, economic conditions and lending opportunities present in the assessment area.

Based on the bank's LTD ratios relative to its peer group and local competitor, the bank exceeds the standards for satisfactory performance under this criterion. Exhibit 3 shows the comparison for the eight-quarters ending March 31, 2005.

Exhibit 3 – LTD Ratios

Exhibit # 3									
LTD Ratios									
Bank Name, City; 3/05 Assets \$(millions)	3/05 (%)	12/04 (%)	9/04 (%)	6/04 (%)	3/04 (%)	12/03 (%)	9/03 (%)	6/03 (%)	Avg.
Alpha Community Bank, Toluca, Illinois; \$217.6	85.7	87.7	86.2	90.3	88.0	86.2	82.0	79.3	85.7
Peer Group	78.4	78.3	78.9	78.0	76.2	76.0	76.6	75.8	77.3

Lending in the Assessment Area

To assess the extent of lending within the assessment area, the following were reviewed: 2003 and 2004 Home Mortgage Disclosure Act (HMDA) data and small business loans. The sample period for commercial loan products was January 1, 2004 to December 31, 2004. Information from the performance context, such as economic conditions present within the assessment area, loan demand, bank asset size, financial condition, branching network, and business strategies, were considered when evaluating the bank's performance.

Overall, commercial and residential real estate lending within the bank's assessment area meets the standards for satisfactory performance under this criterion.

The majority of the bank's loans are originated within the assessment area. The distribution of a sample of the bank's primary loan products, originated during the year ended December 31, 2004, is shown in Exhibit 4.

Exhibit 4			
Distribution of Loans in/out of Assessment Area (AA)			
Loan Type	Number of Loans		
	# in Sample	# in AA	% in AA
2003 HMDA-reported	438	354	80.8%
2004 HMDA-reported	163	116	71.2%
Commercial	273	189	69.2%
Totals	874	659	75.4%

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

The distribution of loans among borrowers of different income levels was determined by reviewing 2003 and 2004 Home Mortgage Disclosure Act (HMDA) data, and small business loans. The sample period for commercial loan products was January 1, 2004 to December 31, 2004. Information from the performance context, such as economic conditions present within the assessment area, demographics, loan demand, bank asset size, financial condition, branching network, and business strategies, were considered when evaluating the bank's performance.

Given the demographics of the bank's assessment area, the loan distribution across borrowers of different income levels, and farms and businesses of different sizes meets the standards for satisfactory performance under this criterion.

The distribution of the bank's loans reflects reasonable penetration among borrowers of different income and revenue levels, as supported by a review of residential real estate and commercial loan data.

Residential Real Estate Loans

Exhibit 5 shows the distribution of the sample of 1-4 family residential real estate loans, originated during the two-year period ended December 31, 2004, by income level. As shown, the percent of loans to low- and moderate-income borrowers is 27.6%, which is reasonable, based on economic conditions and in comparison to other local lenders.

Exhibit 5 – Loan Distribution of Residential Real Estate Loans by Income Level

Exhibit # 5		
Loan Distribution of Residential Real Estate Loans by Income Level		
Income Level	Total Number of Loans (2002 & 2003)	Percent of Total Loans* (2002 & 2003)
Low	35	7.45
Moderate	62	13.2
Middle	132	28.1
Upper	237	50.4
Unknown	4	0.85
Totals	470	100.0

* HUD's estimated 2003 median family income was used to determine the income level of the applicants.

Agricultural and Commercial Loans

The distribution of commercial loans reflects a reasonable penetration among small businesses and small farms. The distribution, based on information from the Consolidated Report of Condition as of June 30, 2004, is shown in Exhibits 6 and 7.

Exhibit # 6		
Distribution of Small Farm Loans		
Original Dollar Amount	Outstanding Number	Outstanding Dollar Amount (000's)

Loans Secured by Farmland		
Less than or equal to \$100,000	36	\$1,427
Greater than \$100,000 through \$250,000	23	2,878
Greater than \$250,000 through \$500,000	7	2,250
Total	66	\$6,555
Loans to Finance Agricultural Production and Other Loans to Farmers		
Less than or equal to \$100,000	87	\$2,015
Greater than \$100,000 through \$250,000	32	3,531
Greater than \$250,000 through \$500,000	9	2,004
Total	128	\$7,550
Loans Secured by Farmland and Loans to Finance Agricultural Production and Other Loans to Farmers		
Grand totals	194	\$14,105

As Exhibit 6 shows, originations in the \$100,000 or less category represent 63.4% of the number and 24.4% of the dollar amount of small farm loans. Small farm loans represent 83.1% of the bank's agricultural loan portfolio.

Exhibit # 7 Distribution of Small Business Loans		
Original Dollar Amount	Outstanding Number	Outstanding Dollar Amount (000's)
Loans Secured by Non-Farm Nonresidential Properties		
Less than or equal to \$100,000	31	\$1,319
Greater than \$100,000 through \$250,000	17	2,075
Greater than \$250,000 through \$1 million	22	8,587
Total	70	\$11,981
Commercial and Industrial Loans		
Less than or equal to \$100,000	136	\$2,802
Greater than \$100,000 through \$250,000	29	3,230
Greater than \$250,000 through \$1 million	31	9,770
Total	196	\$15,802
Loans Secured by Non-Farm Nonresidential Properties and Commercial and Industrial Loans		
Grand totals	266	\$27,783

As Exhibit 7 shows, small business loan originations in the \$100,000 or less category represent 62.8% of the number, and 14.8% of the dollar amount of small business loans. Small business loans represent 50.2% of the bank's commercial and industrial loan portfolio.

According to community contacts, area financial institutions are meeting the needs of the farmers and business owners in the area.

Geographic Distribution of Loans

The distribution of lending among geographies of different income levels within the assessment area, particularly

those defined as low- and moderate-income, is normally reviewed. Demographic characteristics of census tracts, such as housing types and income level, are typically considered in the evaluation.

The geographic distribution of loans was not evaluated as part of this examination.

The bank's assessment area contains no low- or moderate-income census tracts, ten middle-income census tracts and one upper-income census tract. No low- or moderate-income census tracts were arbitrarily excluded from the assessment area. Community representatives stated that financial institutions are meeting the credit needs of areas within the assessment area that are considered to be low-income communities.

Complaints

Neither the bank nor this Reserve Bank have received any CRA-related complaints since the previous examination.

Fair Lending

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts. A sample of the bank's lending activity was reviewed to determine whether loan policies and lending standards were in compliance with the fair lending laws and regulations, and that these are being consistently applied to all applicants. No evidence of prohibited discriminatory or other illegal credit practices was detected.

APPENDIX A

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Block numbering area (“BNA”): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of

their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Metropolitan area (MA): Any primary metropolitan statistical area ("PMSA"), metropolitan statistical area ("MSA"), or consolidated metropolitan area ("CMSA"), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Appendix B

Assessment Area: 2004 Combined

(See next page)

