



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

Washington, DC 20219

PUBLIC DISCLOSURE

June 12, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Ivesdale
Charter #6133**

**301 South Chaplin
Ivesdale, IL 61851**

**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 **First National Bank of Ivesdale** prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of June 12, 2001. Our assessment of the bank's performance covers the period since October 30, 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**.

Major Conclusions:

- The bank's record of extending credit to agricultural and business borrowers of different sizes within its assessment area is good.
- The bank's loan-to-deposit ratio is reasonable, given the bank's size and the assessment area's credit needs.
- A substantial majority of the bank's loans are within its assessment area.

DESCRIPTION OF INSTITUTION

First National Bank of Ivesdale is a \$10 million intrastate institution operating from one location in Ivesdale, Illinois. Ivesdale is a community of approximately 300 people located in the southwest corner of Champaign County near the Piatt county line, approximately twenty miles southwest of Champaign. The bank's loan portfolio totals approximately \$4.8 million, or 49% of total assets. Tier 1 capital is \$1.4 million. The loan mix at March 30, 2001 was as follows:

Consumer	39%	\$ 1,907,000
Agriculture	32%	\$ 1,563,000
1 - 4 Family Residential Real Estate	16%	\$ 791,000
Commercial	13%	\$ 632,000

The bank is a wholly owned subsidiary of Bement Bancshares Company, a three-bank holding company located in Bement, Illinois. Holding Company assets total approximately \$80 million as of March 30, 2001.

As shown in *Table 1*, loan originations from a number and dollar standpoint were centered in consumer and agriculture loans. The bank only offers 1 - 4 family residential real estate loans in the form of 3-5 year maturities with a balloon payment. The bank does, however, refer residential real estate loans to their affiliate in Bement which offers 15 - 30 year fixed rate mortgages, one-year adjustable rate mortgages, rural housing loans and Veterans Administration (VA) loans. The affiliate sells loans into the secondary market. The table shows the breakdown of loan originations made from January 1, 1997 through June 11, 2001. During that period 1,231 loans were made, with the dollar volume being \$12,446,539

Type of Loans	Number Made	Dollar Amount Made
Consumer	761	\$4,659,434
Agricultural	343	\$5,015,163
Commercial	101	\$1,514,977
Real Estate	26	\$1,256,965
Total	1,231	\$12,446,539

The bank has no financial or legal impediments that restrict it from meeting the credit needs of its local community. The bank's previous CRA rating as of October 30, 1996 was Satisfactory.

DESCRIPTION OF PIATT COUNTY - NON MSA

The bank's assessment area (AA) in Piatt County consists of three block numbering areas (BNAs) #9546, 9547, and 9548. Major villages and towns within the assessment area include Cerro Gordo, Unity, Bement, Atwood, Hammond, Willow Branch, Cisco and Monticello. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. Based on 1990 census data, two BNAs (67%) are middle-income and one BNA (33%) is upper-income. There are no low or moderate-income BNAs in the Piatt County AA. The following demographic information on the bank's assessment area in Piatt County is also based on 1990 census data, unless otherwise indicated:

2000 HUD Adjusted

Median Family Income	\$43,600
Median Family Income of AA	\$35,939
Income Levels:	9% of the families are low income; 16% are moderate income; 25% are middle income and 50% are upper income
Housing Stock:	91% of the housing units are 1-4 family
Occupancy:	72% owner occupied; 23% renter occupied; 5% vacant
Median Home Value:	\$50,077
Median Year of Homes Built	1957

The local economy is stable and is driven by agriculture and small business. There are few employment opportunities in the bank's Piatt County assessment area. Approximately 91% of the area is cropland, 3% is pasture, 1% is woodland, and the remaining 5% is waterways, highways and municipalities. There are a total of 243 farms in the assessment area, all of which have gross annual revenues of less than \$1 million. The major industry in the assessment area is government, followed by farming. The majority of people commute to the Champaign/Urbana area for economic support. There are, however, a few manufacturing companies in the area such as Advanced Drainage Systems, VioBin USA, Monticello Grain Company, General Cable Company and Neighborcare. These companies are located in Monticello, which is also the Piatt County Seat. As of March 31, 2001, the unemployment rate for Piatt County was 4.9%. This rate is slightly lower than the State of Illinois unemployment rate of 5.5% for the same period.

The bank's major competition in the Piatt County AA consists of the State Bank of Monticello, the State Bank of Bement and several larger banks in Champaign.

We performed one community contact in the Piatt County AA, with a representative from a local insurance agency. Our discussion with the representative supports that local banking service and credits are accessible. The local area credit needs are centered in consumer and agricultural loans with limited need for real estate and small business loans.

DESCRIPTION OF CHAMPAIGN COUNTY - MSA

The bank's assessment area in Champaign County MSA 1400 consists of one census tract (#109). Major villages and towns within the assessment area include Homer, Sidney, Broadlands, Tolono, Philo, Sadorus, Pesotum, and Colfax. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. Based on 1990 census data, this census tract is designated middle-income. There are no low - moderate or upper-income census tracts in this assessment area. The following demographic information on the bank's assessment area in Champaign County is also based on 1990 census data, unless otherwise indicated:

2000 HUD Adjusted

Median Family Income: \$54,600

Median Family Income of AA: \$34,004

Income Levels: 17% of the families are low income; 20% are moderate income; 31% are middle income; and 32% are upper income

Housing Stock: 95% of the housing units are 1-4 family

Occupancy: 74% owner occupied; 21% renter occupied; 5% vacant

Median Home Value: \$49,900

Median Year of Homes Built: 1952

The local economy is stable. The major industry in the assessment area is services, followed by finance, insurance and real estate, and retail trade. Ninety percent of the businesses in the assessment area have gross annual revenues of less than \$1 million. Additionally, there are 113 farms in the assessment area, all with gross annual revenues of less than \$1 million. As of March 31, 2001, the unemployment rate for Champaign County was 3.0%. This rate is relatively lower than the State of Illinois unemployment rate of 5.5% for the same period.

The bank's major competition in the Champaign County MSA consists of Busey Bank in Tolono and several larger banks in Champaign.

We performed one community contact in the Champaign County MSA, with a representative from a local fire protection district. Our discussion with the representative supports that local banking service and credits are accessible. The local area credit needs are centered in consumer and agricultural loans with limited need for real estate and small business loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

PIATT COUNTY NON-MSA

First National Bank of Ivesdale's record of extending credit to agricultural and business borrowers of different sizes within its assessment area is good.

Agricultural and Commercial Loan Analysis

Since the bank does not routinely collect revenue information for all business and farm loans, an analysis of the data was not possible. Therefore, loan size was used as a proxy for business or farm size. This means that if the dollar amount of the loan was small, we presumed that the business or farm borrowing the funds was also small.

The bank's record of lending to small farms is good. As shown on *Table 2*, 100% of the number and 100% of the dollars of the loans sampled in the assessment area were for amounts less than \$250,000. A small farm is defined as a farm with gross annual revenues of \$1 million or less.

TABLE 2 AGRICULTURAL LOANS DISTRIBUTION OF FARM LOANS BY ORIGINAL LOAN AMOUNT				
<i>Loan Size</i>	<i># of Loans</i>	<i>%</i>	<i>\$ Total of Loans</i>	<i>%</i>
Less than \$100,000	26	87%	\$353,893	34%
\$100,001 -250,000	4	13%	\$680,000	66%
250,000 - \$500,000	0	0%	\$0.00	0%
Over \$500,000	0	0%	\$0.00	0%
Totals	30	100%	\$1,033,893	100%

Source: This table is based on a sample of thirty agricultural loans originated in the bank's assessment area between 1/1/97 and 6/12/2001.

The bank's record of lending to small businesses is good. As shown on *Table 3*, all loans sampled in the assessment area were for amounts less than \$100,000. A small business is defined as a business with gross annual revenues of \$1 million or less.

TABLE 3 COMMERCIAL LOANS DISTRIBUTION OF BUSINESS LOANS BY ORIGINAL LOAN AMOUNT				
<i>Loan Size</i>	<i># of Loans</i>	<i>%</i>	<i>\$ Total of Loans</i>	<i>%</i>
Less than \$100,000	20	100%	\$412,686	100%
\$100,001 -250,000	0	NA	NA	NA
\$250,001-500,000	0	NA	NA	NA
\$500,000 - \$1MM	0	NA	NA	NA
Over \$1MM	0	NA	NA	NA
Totals	20	100%	\$412,686	100%

Source: This table is based on a sample of twenty commercial loans originated in the bank's assessment area between 1/1/97 and 6/12/2001.

Consumer Loan Analysis

A borrower distribution analysis could not be performed for consumer loans due to lack of income data.

CHAMPAIGN COUNTY MSA

First National Bank of Ivesdale's record of extending credit to agricultural and business borrowers of different sizes within its assessment area is good.

Agricultural and Commercial Loan Analysis

Since the bank does not routinely collect revenue information for all business and farm loans, an analysis of the data was not possible. Therefore, loan size was used as a proxy for business or farm size. This means that if the dollar amount of the loan was small, we presumed that the business or farm borrowing the funds was also small.

The bank's record of lending to small farms is good. As shown on *Table 4* 100% of the number and 100% of the dollars of the loans sampled in the assessment area were for amounts less than \$100,000. A small farm is defined as a farm with gross annual revenues of \$1 million or less.

TABLE 4 AGRIGULTURAL LOANS DISTRIBUTION OF FARM LOANS BY ORIGINAL LOAN AMOUNT				
<i>Loan Size</i>	<i># of Loans</i>	<i>%</i>	<i>\$ Total of Loans</i>	<i>%</i>
Less than \$100,000	20	100%	\$288,476	100%
\$100,001 -250,000	NA	NA	NA	NA
250,000 - \$500,000	NA	NA	NA	NA
Over \$500,000	NA	NA	NA	NA
Totals	20	100%	\$288,476	100%

Source: This table is based on a sample of twenty agricultural loans originated in the bank's assessment area between 1/1/97 and 6/12/2001.

The bank's record of lending to small businesses is good. As shown on *Table 5* all loans sampled in the assessment area were for amounts less than \$100,000. A small business is defined as a business with gross annual revenues of \$1 million or less.

TABLE 5 COMMERCIAL LOANS DISTRIBUTION OF BUSINESS LOANS BY ORIGINAL LOAN AMOUNT				
<i>Loan Size</i>	<i># of Loans</i>	<i>%</i>	<i>\$ Total of Loans</i>	<i>%</i>
Less than \$100,000	16	100%	\$150,863	100%
\$100,001 -250,000	0	NA	NA	NA
\$250,001-500,000	0	NA	NA	NA
\$500,000 - \$1MM	0	NA	NA	NA
Over \$1MM	0	NA	NA	NA
Totals	16	100%	\$150,863	100%

Source: This table is based on sixteen commercial loans originated in the bank's assessment area between 1/1/97 and 6/12/2001. This represents 100% of the loans originated during that period.

Consumer Loan Analysis

A borrower distribution analysis could not be performed for consumer loans due to lack of income data.

LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The average loan to deposit ratio for twelve quarters ending December 30, 2000 was 51.03%, ranging from a low of 43.34% to a high of 58.46%. While this ratio is below the average loan-to-deposit ratio of banks in the assessment area, the ratio shows significant improvement over a ratio of 37.14% noted during the previous examination ending October 30, 1996. There are no "similarly situated" banks to compare this financial institution's loan-to-deposit ratio against. However, analysis of three banks located in the assessment area with total assets below \$20 million, reflect average loan-to-deposit ratios, for the same twelve quarters, ranging from a high of 70.12% to a low of 56.21%. Ivesdale's loan-to-deposit ration falls below this range.

LENDING IN THE ASSESSMENT AREAS

A substantial majority of loans originated are within the assessment areas. Based on a sample of loans originated between January 1, 1997 and June 11, 2001, eighty-three percent (83%) of the dollar of loans (\$10,373,393) and eighty-one percent (81%) of the number of loans (998) were made within the bank's assessment area. Our analysis covered 1,231 loans totaling \$12,446,539 that were made during this timeframe. We noted no significant variances by loan type; therefore a table of loans originated by specific loan type was not included in this evaluation.

GEOGRAPHIC DISTRIBUTION OF LOANS

Because all Block Numbering Areas and Census Tracts in the bank's assessment areas are middle- and upper-income BNAs/tracts, a geographic distribution analysis of the bank's loan originations would not be meaningful, and is not considered in the overall CRA rating.

COMPLIANCE WITH FAIR LENDING LAWS

An analysis of recent public comments and consumer complaint information was performed according to the OCC's risk based analysis approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in October 1996.

WRITTEN COMPLAINTS

First National Bank of Ivesdale has received no written complaints about its performance in helping to meet the credit needs within its assessment areas, during this evaluation period.