



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 21, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Arenzville
Charter No. 9183
110 S. Charles
Arenzville, Illinois 62611**

**Office of the Comptroller of the Currency
111 W. Washington Street, Suite 300
East Peoria, Illinois 61611**

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 Arenzville (FNB)** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **October 21, 1996**. This evaluation is based on information from the last CRA examination dated September 17, 1993 to the current examination dated October 21, 1996. 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.

A substantial majority of First National Bank of Arenzville's loan originations are located within the bank's assessment area. The bank's record of lending to borrowers of different income levels, including low- and moderate-income individuals, is good. Loans are originated to borrowers throughout the entire assessment area.

The following table indicates the performance level of First National Bank of Arenzville with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>FIRST NATIONAL BANK OF ARENZVILLE</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not Meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different sizes	X		
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

The First National Bank of Arenzville is a \$26 million bank located in a small community approximately fifty miles west of Springfield, Illinois in Cass County. The bank is independently owned and not a member of a holding company. FNB has one office in downtown Arenzville, a middle-income area, with a drive-up at that location. FNB does not own any automatic teller machines (ATM's); however, they offer ATM cards to their customers for use at various ATM locations. FNB continues to be community oriented and predominately dependent on agriculture and related pursuits. The bank offers traditional banking services and lending products. The loan portfolio mix is as follows: residential real estate 52%, commercial 9%, agricultural 26%, and instalment 13%. There are no financial conditions, legal constraints, or other factors that hinder the bank's ability to meet the credit needs of its assessment area (AA). A "Satisfactory" rating was received during the September 17, 1993 CRA examination.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of fifteen block numbering areas (BNAs) in Cass and Morgan counties. The assessment area meets the legal requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. The assessment area is comprised of 1 moderate-income, 13 middle-income, and 1 upper-income BNAs. There are no low-income BNAs in the assessment area. The location of the BNAs by income level is as follows:

- Moderate-income: 9517 in Morgan County (includes the north central section of Jacksonville)
- Middle-income: 9601, 9602, 9603, 9604, 9605 in Cass County;
9514, 9515, 9516, 9518, 9520, 9521, 9522, 9523 in Morgan County
- Upper-income: 9519 in Morgan County (includes the west section of Jacksonville)

According to 1990 census data, the total population of the bank's assessment area is 49,834. The 1996 non-Metropolitan Statistical Area (MSA) statewide median family income for Illinois is \$36,000. Within the AA, 17% of the families are low-income, 18% are moderate-income, 25% are middle-income, and 40% are upper-income. There are 20,422 total housing units in the AA of which 64% percent are owner-occupied, 28% are rental-occupied, and 8% are vacant. The median age of the homes in the assessment area is 39 years while the median housing price is \$34,800.

The economy of the assessment area is stable. Major employers include Excel and agricultural related jobs. The unemployment rate for the assessment area is 2%. The market for financial services is moderately competitive. There are four similarly situated institutions in the bank's assessment area based on asset size and/or business focus.

We did not meet with any community contacts during this evaluation as another regulatory agency made a contact with a local business organization within the past year. This contact felt that there is a shortage of rental properties. The contact indicated local financial institutions are responsive to community credit needs. Management perceives major credit needs to be agricultural and residential real estate.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

LOAN-TO-DEPOSIT RATIO

The bank's average loan-to-deposit ratio is satisfactory. Their average loan-to-deposit ratio for the 12 quarters ending June 30, 1996 equals 53%, slightly below the average ratio of 58% for local similarly situated banks. During these twelve quarters, FNBs loan-to-deposit ratio has increased from 48.41% on September 30, 1993 to 59.57% on June 30, 1996.

LENDING IN THE ASSESSMENT AREA

The bank's record of lending within the assessment area is good. Originations within the assessment area totaled 97% of the dollar volume of loans and 95% of the number of loans. The following table details the bank's lending within and outside of the AA by dollar volume and number of loans based on originations between January 1, 1994 and September 25, 1996. Our analysis includes all residential, business, farm, and instalment loans reported on the bank's loan trials.

LOAN TYPE	DOLLAR VOLUME		NUMBER OF LOANS	
	WITHIN AA	OUTSIDE AA	WITHIN AA	OUTSIDE AA
Residential Real Estate	3,135,385	231,900	80	7
	93%	7%	92%	8%
Business	6,955,273	269,858	221	16
	96%	4%	93%	7%
Farm	15,577,149	119,006	467	4
	99%	1%	99%	1%
Consumer Instalment	2,968,395	261,709	499	34
	92%	8%	94%	6%
TOTAL SAMPLE	28,636,202	882,473	1,267	61
	97%	3%	95%	5%

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

The bank's record of lending to borrowers of different incomes and businesses of different sizes is reasonable. The real estate loan distribution approximates the income characteristics of the AA. The following table outlines the bank's residential real estate lending record to borrowers of different incomes based on a sample of 70 loans, or 84% of residential real estate loans originated within the AA between January 1, 1994 and September 25, 1996.

INCOME LEVEL OF BORROWER	\$ VOLUME ORIGINATED	% ORIGINATED	# ORIGINATED	% ORIGINATED
Low-income	82,833	3%	5	7%
Moderate-income	643,244	23%	19	27%
Middle-income	847,978	30%	19	27%
Upper-income	1,248,709	44%	27	39%
TOTAL SAMPLE	2,822,764	100%	70	100%

The bank's record of lending to businesses and farms of different sizes is excellent. Using loan amount as a proxy for business and farm size, the following table details the distribution by loan size of business and farm loans originated within the AA between January 1, 1994 and September 25, 1996:

LOAN SIZE (\$)	BUSINESS LOANS		FARM LOANS	
< 50,000	184	84%	398	85%
50,000 - 99,999	18	8%	31	7%
100,000 - 249,999	14	6%	27	6%
250,000 - 999,999	5	2%	11	2%
> 1,000,000	0	0%	0	0%
TOTAL SAMPLE	221	100%	467	100%

FNB meets many of the credit needs of low- and moderate-income individuals through the origination of small residential mortgages under \$25,000 and consumer loans less than

\$2,500. In the last two and one-half years, 34 residential real estate loans were originated for \$25,000 or less which accounts for 43% of the residential real estate loans within the AA. Additionally, 212 consumer installment loans, or 42% of the loans within the AA, were originated for less than \$2,500.

GEOGRAPHIC DISTRIBUTION OF LOANS

The bank's geographic distribution of residential real estate, business, and agricultural loans is reasonable based upon the demographics of the assessment area. All agricultural areas throughout the AA are located in middle-income BNAs. The moderate and upper-income BNAs located in Jacksonville are primarily residential with a few small businesses dispersed throughout the area. Our analysis is based on the dollar volume and number of originations of residential real estate and business loans reported on bank loan trials. The following two tables reflect the geographic distribution of these loan originations between January 1, 1994 and September 25, 1996.

RESIDENTIAL REAL ESTATE LOAN ORIGINATIONS BY INCOME LEVEL OF BNAs WITHIN AA				
INCOME LEVEL OF BNA	\$ OF ORIGINATIONS	% OF ORIGINATIONS	# OF ORIGINATIONS	% OF ORIGINATIONS
Low-income	There are no low-income BNAs in the assessment area.			
Moderate-income	9000	1%	1	1%
Middle-income	3,126,385	99%	79	99%
Upper-income	0	0	0	0
TOTAL SAMPLE	3,135,385	100%	80	100%

BUSINESS LOAN ORIGINATIONS BY INCOME LEVEL OF BNAs WITHIN AA				
INCOME LEVEL OF BNA	\$ OF ORIGINATIONS	% OF ORIGINATIONS	# OF ORIGINATIONS	% OF ORIGINATIONS
Low-income	There are no low-income BNAs in the assessment area.			
Moderate-income	124,319	2%	6	3%
Middle-income	6,754,063	97%	208	94%
Upper-income	76,891	1%	7	3%
TOTAL SAMPLE	6,955,273	100%	221	100%

COMPLIANCE WITH ANTI-DISCRIMINATION LAWS

We did not identify violations of the substantive provisions of anti-discrimination laws and regulations during our examination.