



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 13, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citizens National Bank of Toluca
Charter No. 11333
102 North Main
Toluca, IL. 61369**

**Office of the Comptroller of the Currency
111 West Washington Street, Suite 300
Peoria, IL. 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 **Citizens National Bank of Toluca** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 13, 1997**. This evaluation is based on information from the last CRA examination dated March 24, 1994 to the current examination dated March 13, 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”.

Citizens National Bank of Toluca's origination of loans within its assessment area is satisfactory. The bank's record of lending to borrowers of different income levels, including low- and moderate-income individuals, is reasonable. Loans originated to small farms and small businesses within their assessment area is also satisfactory.

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

| SMALL INSTITUTION ASSESSMENT CRITERIA | <u>CITIZENS NATIONAL BANK OF TOLUCA</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 | Not relevant given the income level of BNAs in the assessment area. | | |
| Response to Complaints | No complaints were received since the prior examination. | | |

DESCRIPTION OF INSTITUTION

Citizens National Bank of Toluca (CNBT) is a \$36 million bank located in Toluca, Illinois. Toluca is 45 miles northeast of Peoria, Illinois and 30 miles south of LaSalle, Illinois. The bank is wholly owned by Alpha Financial Group, Inc. (ALPHA). ALPHA is a three-bank holding company consisting of The Washburn Bank, The Minonk State Bank and CNBT. In addition, the holding company has an insurance subsidiary, Alpha Insurance Services. CNBT has one office in Toluca, with a drive-up and ATM at that location. In addition, the bank has an ATM located off Interstate 39 and Illinois Route 17 near Wenona, Illinois (5 miles east of Toluca). CNBT is community oriented and is influenced by agricultural related businesses as well as small to mid-size commercial businesses.

CNBT offers traditional banking services and lending products. The bank's loan portfolio mix is as follows:

- residential real estate 18%
- agricultural 15%
- commercial 31%
- consumer loans 36%

Sixty percent of the bank's total assets are represented by net loans. There are no financial deterrents, legal constraints, or other factors to hinder the bank's ability to help meet the credit needs of its assessment area. A satisfactory rating was received during the December 31, 1993 CRA examination.

DESCRIPTION OF ASSESSMENT AREA (AA)

The bank's assessment area consists of three Block Numbering Areas (BNAs) located within Marshall and LaSalle county. The BNAs are: 9611 and 9615 in Marshall county and 9641 in LaSalle county. All the BNAs are located in middle-income areas. This assessment area meets the legal requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

The 1997 non-Metropolitan Statistical Area (MSA) statewide median family income for Illinois is \$37,600. According to the 1990 census, the total population of the bank's assessment area is 8,822. Within the assessment area, 14% of the families are low-income, 20% are moderate-income, 25% are middle-income, and 41% are upper-income. There are 3,820 total housing units in the assessment area of which 69% are owner-occupied, 20% are rental-occupied, and 10% are vacant units.

The economy of the AA is primarily based on small to mid-size manufacturing and the agriculture industry. The current economy is good due to growth in local business firms and a stable agricultural economy. Major employers include Bernardi Italian Foods, Thermetic Glass, Inc., Toluca Garment Factory, Burroughs Ag Service, and Fieldcrest Schools. Unemployment in the bank's assessment area is low at 3%. The market for financial services is moderately competitive, with competition provided by nearby banks of similar asset size and structure. In addition, competition for loans and deposits is influenced by Peoria institutions.

We did not make any community contacts during this evaluation as our agency made a contact with a Marshall County community group in 1996. This contact indicated that area financial institutions are responsive in meeting the needs of the community. The contact stated that local financial institutions are very supportive in bringing business to the area by providing start-up funds and technical support. The contact did not identify any significant unmet credit needs in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit ratio is good based on the community's credit needs and the bank's competition level. CNBT's average loan-to-deposit ratio for the twelve quarters ending June 30, 1996 of 68.5% exceeds the 60% ratio reported by similarly situated banks.

LENDING IN THE ASSESSMENT AREA

The bank's origination of loans within the AA is detailed in the chart provided on this page. Our analysis performed was based on CNBT reports, including all residential real estate, instalment/consumer, small farm, and small business loans originated in 1995 and 1996. CNBT originates a significant amount of indirect vehicle loans, causing the total number and dollar volume of loans originated to be less than 50% within the assessment area. However, when indirect loan purchases are removed from the sample, total loans within the bank's assessment area are 60% of the dollar volume and 62% of the total number of loans originated. Therefore, the level of loans within the assessment area is at a satisfactory level.

CITIZENS NATIONAL BANK OF TOLUCA RECORD OF LENDING IN THEIR ASSESSMENT AREA

| 1995 AND 1996 | WITHIN AA | PERCENT IN AA | OUTSIDE AA | PERCENT OUTSIDE AA |
|------------------------------------|----------------------|--------------------------|-----------------------|-----------------------------------|
| RESIDENTIAL REAL ESTATE | \$1,796,223 | 76% | \$557,000 | 24% |
| | 25 | 68% | 12 | 32% |
| INSTALLMENT | \$1,814,015 | 21% | \$6,859,640 | 79% |
| | 244 | 32% | 519 | 68% |
| SMALL BUSINESS | \$3,268,808 | 59% | \$2,276,199 | 41% |
| | 79 | 66% | 40 | 34% |
| SMALL FARM | \$2,614,925 | 62% | \$1,606,793 | 38% |
| | 80 | 71% | 32 | 29% |
| TOTAL | \$9,493,971 | 46% | \$11,299,632 | 54% |
| | 428 | 42% | 603 | 58% |

- Small farm and small business loans are those with annual revenues less than \$1 million.

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

The distribution of lending reflects reasonable penetration among individuals of different income levels, including low- and moderate-income individuals. All residential real estate loans originated in 1995 and 1996 within the assessment area were sampled. Below is the distribution of 43 residential real estate loans originated among borrowers of different income levels within the assessment area:

DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS AMONG BORROWERS OF DIFFERENT INCOME LEVELS

| 1995 AND 1996 | # OF LOANS | PERCENT | \$ OF LOANS | PERCENT |
|------------------------|-------------------|----------------|--------------------|----------------|
| LOW-INCOME | 5 | 12% | \$43,855 | 3% |
| MODERATE-INCOME | 6 | 14% | \$164,250 | 9% |
| MIDDLE-INCOME | 7 | 16% | \$256,400 | 14% |
| HIGH-INCOME | 25 | 58% | \$1,331,668 | 74% |
| TOTAL | 43 | 100% | \$1,796,173 | 100% |

A significant number of CNBT's commercial and agriculture loan portfolio is originated to small businesses and farms. In the last two years, 86% of the number of small business loan originations were less than \$75,000. In addition, 96% of the number of small agricultural loans originated for less than \$100,000.

GEOGRAPHIC DISTRIBUTION OF LOANS

We did not perform an analysis of the geographic distribution of loans since all BNAs making up the bank's assessment area are designated as middle-income areas.

COMPLIANCE WITH ANTI-DISCRIMINATION LAWS

We did not identify any violations of substantive provisions of the antidiscrimination laws and regulations during our examination.