



Comptroller of the Currency
Administrator of National Banks

Central District Office
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440 South LaSalle Street
Chicago, Illinois 60605

Public Disclosure

July 25, 1997

Community Reinvestment Act Performance Evaluation

**The First National Bank and Trust Company of Rochelle
Charter Number: 14221**

**510 Lincoln Highway
Rochelle, Illinois 61068**

**Office of the Comptroller of the Currency
Chicago North Duty Station
Arlington Place II, Suite 340
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Arlington Heights, Illinois 60005-4422**

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 their 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 **The First National Bank and Trust Company of Rochelle (FNB)** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of July 25, 1997. 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 record of meeting the community credit needs."

FNB has a reasonable loan to deposit ratio and a majority of the loans are made to borrowers within the assessment area. FNB extends loans to individuals of various income levels and businesses of different sizes.

Description of Institution

FNB is a \$120 million financial institution located in Rochelle, Illinois. The bank is 99% owned by Ogle County Bancshares, a bank holding company also located in Rochelle. As of June 30, 1997, FNB had \$56 million in total loans categorized as follows: \$18 million (32%) in residential loans, \$13 million (23%) in agricultural loans, \$11 million (20%) in commercial loans, \$11 million (20%) in consumer loans, and \$3 million (5%) in other loans. ¹

FNB's main office and branch are located in Rochelle. Automated Teller Machines (ATMs) are located at the main office, the branch, and in Sullivan's Foods, a grocery store located on Highway 38 in Rochelle. FNB's primary competitors for loans are Stillman Bancorp N.A., Norwest Mortgage Inc. and Farm Credit Services. There are no legal or financial impediments which impact FNB's ability in meeting the credit needs of the community.

The last public evaluation was issued by the OCC on June 15, 1995 with a "Satisfactory record of meeting community credit needs" rating.

Description of Assessment Area

FNB's assessment area is comprised of three Block Numbering Areas (BNAs) in and around the city of Rochelle. Rochelle is located in southeastern Ogle County and is included in the Rockford Metropolitan Statistical Area (MSA). Based on the Housing and Urban Development's (HUD's) 1997 figures, the median income for the Rockford MSA is \$47,100. All three BNAs are considered middle-income tracts. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

According to 1990 Census Data, the population of the bank's assessment area is 12,790 and includes 3,391 families. The family incomes are categorized as follows: 564 low-income (16%), 803 moderate-income (24%), 1,009 middle-income (30%) and 1,015 upper-income (30%). Primary industry within this area is light manufacturing and agriculture. Major employers include Del Monte Foods, Rochelle Foods, Eaton Controls, Rochelle Community Hospital and Avery Denison. The local economy is stable and unemployment is low at 4%.

¹ Source: June 30, 1997 Consolidated Report of Condition

Conclusions with Respect to Performance Criteria

Loan to Deposit Ratio:

FNB's loan to deposit ratio is reasonable when compared to other banks based in Ogle County. FNB's 55% loan to deposit ratio is also the average ratio since the prior CRA examination. Area banks have ranged from a low 28% to a high 69% loan to deposit ratio. The average loan to deposit ratio for area banks is 56%.²

Lending in Assessment Area:

The majority of FNB's lending is within their assessment area. During the period January 1996 through May 1997, 71% of the number and 66% of the dollar amount of residential mortgages subject to the Home Mortgage Disclosure Act (HMDA) originated within FNB's assessment area. A random sample of 21 commercial loans showed that 90% of the loans made and 73% of the dollar amount were within FNB's assessment area.

Lending to Borrowers of Different Incomes and to Businesses/Farms of Different Sizes:

The level of HMDA reportable loans in FNB's assessment area to low- and moderate-income individuals is reasonable. Table 1 illustrates that 7% of the loans made and 3% of the dollar amount were made to low-income individuals. In addition, 20% of the loans and 11% of the dollar amount were made to moderate-income individuals. The 1990 Census data indicates 17% and 24% of the families are categorized low- and moderate-income, respectively.

Borrower Characteristics	# of Loans in Assessment Area (AA)	% of Total	\$ (000s) of Loans in AA	% of Total
Low-Income	8	7%	220	3%
Moderate-Income	25	20%	698	11%
Middle-Income	33	27%	1,685	27%
Upper-Income	57	46%	3,755	59%
Total	123	100%	6,358	100%

Source: FNB's HMDA Loan Application Register for 1996 and 1997 through May 30, 1997

FNB's lending to small businesses and small farms is strong. A small business loan is defined as a loan in the amount of \$1 million or less and a small farm loan is defined as a loan in the amount of

²FNB's 55% loan to deposit ratio is as of June 30, 1997. The average quarterly ratio covers the June 1995 through June 1997 period.

\$500,000 or less. As indicated in Table 2 below, the majority of FNB's loans to small businesses and small farms are below these defined amounts.

Table 2 Percentages of Small Business and Small Farm Loans by Size								
Loan Size	Commercial Real Estate		Commercial Loans		Farmland		Agricultural Loans	
	#	\$	#	\$	#	\$	#	\$
< \$100,000	68%	23%	90%	44%	39%	13%	0.82	37%
\$100,000 - \$250,000	26%	35%	6%	17%	44%	0.48	10%	24%
\$250,000 - \$500,000	0%	0%	3%	22%	15%	30%	7%	29%
\$500,000 - \$1,000,000	3%	13%	1%	0.17	2%	9%	1%	0.1
> \$1,000,000	3%	29%	0%	0%	0%	0%	0%	0%

Source: June 30, 1997 Consolidated Report of Condition

Geographic Distribution of Loans:

All BNAs within FNB's assessment area are middle-income.

Compliance With Fair Lending Laws and Regulations:

We also conducted a fair lending examination during the CRA examination and found no evidence of discrimination or disparate treatment.

Response to Complaints:

FNB received no complaints since the prior examination.