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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

February 17, 1998

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank of Gilman  
Charter #5856**

**209 South Crescent Street  
Gilman, Illinois 60938**

**Office of the Comptroller of the Currency**

**2009 Fox Drive, Suite B  
Champaign, IL 61820**

**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 Gilman prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of February 17, 1998. Our assessment of the bank's performance covers the period since February 24, 1995, when the bank had a 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 CFR Part 25.*

**INSTITUTION'S CRA RATING:** This institution was found to have a **satisfactory record of meeting community credit needs.**

This rating is based on the fact that a majority of the loans originated between February 24, 1994 and December 31, 1997 were located within the bank's assessment area. The distribution of loans reflects a reasonable penetration among individuals of different income levels, and businesses and farms of all sizes. Additionally, the bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.

## DESCRIPTION OF INSTITUTION

The First National Bank of Gilman is a \$33 million bank located in Gilman, Illinois. Gilman is a community of approximately 1,800 in Iroquois County in East Central Illinois. Gilman is located on Interstate 57 approximately 90 miles south of Chicago and 50 miles north of Champaign, Illinois.

The bank's loan portfolio increased from \$10,925 million at December 31, 1995 to \$13,136 million at December 31, 1997. Total loans increased 8% during 1997 and there was not a significant change in the loan portfolio mix during this time. The following represents this institution's loan portfolio mix as of December 31, 1997.

<u>Type of Loans</u>	<u>%</u>	<u>Dollars (In Thousands)</u>
Commercial Loans	12%	\$ 1,602
Real Estate Loans	28%	\$ 3,620
Consumer Loans	33%	\$ 4,335
Agricultural Loans	27%	\$ 3,579

The bank does not have any financial or legal impediments restricting it from meeting the credit needs of the community.

## DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of four Block Numbering Areas (BNAs) in Iroquois County, all are middle-income. The assessment area meets the requirements of the regulation, and does not arbitrarily exclude low- or moderate- income geographies. The following demographic information on the bank's assessment area is based on 1990 census data:

- Housing Stock - 92% of the housing units are 1-4 family.
- Occupancy - 67% are owner-occupied, 23% are renter-occupied and 10% are vacant.
- Home Values - The Median Home Value is \$42,612.
- Age of Homes - The Median Year of Homes Built is 1950.
- Income - Median Family income of the assessment area is \$31,057.
- Income Levels - 14% of the families are low-income, 19% are moderate-income, 27% are middle-income, and 40% are upper-income.

The local economy is stable and supported by agriculture and service businesses that rely on traffic from Interstate 57. Major employers in the area include Incobrasa Industries, Gilman Nursing Home, Ford & Iroquois County Special Education Office, and K&H Plaza. The bank's major competition consists of Central Bank of Ashkum, Federated Bank in Onarga, and Farmers State Bank of Danforth.

One community contact was made during this examination with a city official. No significant community needs were identified by the contact.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

### 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 13 quarters ending December 31, 1997, was 39.95%. The bank's loan-to-deposit ratio has been improving but remains below that of similar banks with loan-to-deposit ratios ranging from 62%-66%. This is not a concern as the bank has a high level of deposits centered with a small number of depositors. Loans to these depositors account for less than 1% of outstanding loans. Additionally, our analysis noted that there were few loan denials.

### LENDING IN ASSESSMENT AREA

A substantial majority of loans originated are within the assessment area. An analysis, based on a sample of loans originated from January 1, 1997 through December 31, 1997, showed that 86% of the number of loans and 88% of the dollar amount of loans were made within the bank's assessment area. This demonstrates that the bank is doing a good job of making loans within its assessment area. The following table shows a more detailed breakdown.

Table 1 - Lending in Assessment Area				
Type of Loan	Within Assessment Area		Outside Assessment Area	
Real Estate	\$490,981	74%	\$174,500	26%
	9	64%	5	36%
Consumer	\$98,134	73%	\$36,986	27%
	27	87%	4	13%
Commercial	\$758,000	100%	\$0	0%
	11	100%	0	0%
Agriculture	\$170,400	97%	\$5,000	3%
	12	92%	1	8%
Total	\$1,517,515	88%	\$216,486	12%
	59	86%	10	14%

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

The bank has done a good job of lending to people of all income levels. In the bank’s assessment area, 33% of the population is in the low- to moderate-income categories. The bank originates a substantial level of installment loans to low- and moderate-income borrowers and a reasonable level of real estate loans to moderate-income borrowers. Eighty-six percent of installment loans and 33% of the residential real estate loans sampled were made to low- and moderate-income families. By dollars, 73% of sampled installment loans and 27% of real estate loans were made to low- and moderate-income families. This compares favorably to the number of low- to moderate-income families in the bank’s assessment area.

The following tables show a more detailed distribution of installment (Table 2) and residential real estate (Table 3) loan origination among borrowers of different income levels within the assessment area. These tables were based on a sample of loans (including 27 installments and 9 residential mortgages) originated in 1997. Income levels are based on 1997 non-metropolitan median family income for Illinois of \$37,600.

Table 2 - Installment Lending to Borrowers of Different Income					
Income Level	% of Assessment Area Families	# of Loans	%	\$ of Loans	%
Low - Income Less than 50% of Median	14%	20	74%	\$45,337	46%
Moderate - Income 50% to less than 80% of Median	19%	3	12%	\$26,372	27%
Middle - Income 80% to less than 120% of Median	27%	2	7%	\$4,106	4%
Upper - Income 120% or more of Median	40%	2	7%	\$22,319	23%

Table 3 - Real Estate Lending to Borrowers of Different Lending					
Income Level	% of Assessment Area Families	# of Loans	%	\$ of Loans	%
Low - Income Less than 50% of Median	14%	0	0%	\$0	0%
Moderate - Income 50% to less than 80% of Median	19%	3	33%	\$133,981	27%
Middle - Income 80% to less than 120% of Median	27%	3	33%	\$158,000	32%
Upper - Income 120% or more of Median	40%	3	33%	\$199,000	41%

The bank's record of lending to businesses and farms of different sizes is good. Based on a sample of loans originated in 1997, all of the agricultural loans were made to small farms. Eighty-three percent of commercial loan dollars and 73% of loans, by number, were made to small businesses.

The following tables detail the distribution of loans by borrower size within the assessment area. A small farm has annual gross revenue of \$500,000 or less (Table 4). A small business has annual gross revenues of \$1,000,000 or less (Table 5).

Table 4 - Distribution of Agricultural Loans				
Gross Revenues	# of Loans	%	\$ of Loans	%
Less than \$100,000	6	50%	\$70,800	20%
\$100,000-\$250,000	3	25%	\$56,800	15%
\$250,001-\$500,000	3	25%	\$235,000	65%
Over \$500,000	0	0%	\$0	0%

Table 5 - Distribution of Commercial Loans				
Gross Revenue Size	# of Loans	%	\$ of Loans	%
Less than \$100,000	4	37%	\$37,856	5%
\$100,000 - \$250,000	3	27%	\$573,340	76%
\$250,001 - \$500,000	1	9%	\$15,000	2%
\$500,001 - \$1,000,000	0	0%	\$0	0%
Over \$1,000,000	3	27%	\$132,000	17%

### **GEOGRAPHIC DISTRIBUTION OF LOANS**

Because all Block Numbering Areas in the bank's assessment area are middle-income tracts, a geographical 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**

The First National Bank of Gilman is in compliance with the substantive provisions of the anti-discriminatory laws and regulations. There is no evidence of practices to discourage individuals from applying for credit. The bank generally solicits credit applications from all segments of its population.

### **WRITTEN COMPLAINTS**

The First National Bank of Gilman has not received any written complaints about its performance in helping to meet credit needs within its assessment area.