



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**February 02, 2009**

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

The First National Bank in Amboy  
Charter Number 14244

220 East Main Street, P.O. Box 80  
Amboy, IL 61310-0080

Office of the Comptroller of the Currency

NORTH CENTRAL ILLINOIS & EASTERN IOWA FIELD OFFICE  
111 West Washington Street, Suite 300  
East Peoria, IL 61611-2532

**NOTE:** This document is an evaluation of this 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. 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.

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

The major factors that support First National Bank in Amboy's (FNB's) overall rating include:

- FNB's lending to borrowers of different incomes and businesses of different sizes in its assessment area (AA) is reasonable given the demographics of the AA.
- The bank's lending in their moderate-income geographies is considered reasonable given the demographics of the AA.
- FNB's lending in its AA exceeds the standard for satisfactory performance.
- The bank's average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs.

**SCOPE OF EXAMINATION**

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 in Amboy (FNB)** prepared by **The Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of February 2, 2009. 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.

This evaluation covers the period since September 2, 2003, the date of the last CRA examination, when the bank was rated "**Satisfactory Record of Meeting Community Credit Needs.**"

**DESCRIPTION OF INSTITUTION**

FNB is a \$141 million intrastate financial institution. FNB is headquartered in Amboy, Illinois. Amboy is located in northwest Illinois approximately 25 miles north of Princeton.

FNB has four locations: the main location in Amboy, a drive-up branch in Amboy, and two branches in Dixon, Illinois. The branches have existed since the last performance evaluation. FNB has twelve automated teller machines, four of which accept deposits.

Competition within the area includes Amcore Bank, N.A., Sauk Valley Bank & Trust Co., Sterling Federal Bank, Community State Bank of Rock Falls, Farmers State Bank of Sublette, and H. F. Gehant Banking Co. FNB has a 6.81 percent deposit market share within its assessment area. As of December 31, 2008, the bank reported approximately \$78 million in outstanding loans and had a net loans and leases to assets ratio of 56 percent. Tier 1 capital was reported at \$14.2 million. FNB's primary products are determined to be business, agricultural production, and residential loans. Primary products were determined using the bank's management information systems (MIS) of loans originated during the calendar years of 2007 and 2008. Table 1 shows FNB's 2007 and 2008 combined loan originations consisting of the following:

Table 1

<b>Loan Category</b>	<b>#</b>	<b>Percent</b>	<b>\$(000)</b>	<b>Percent</b>
<b>Business Loans</b>	364	24.54%	\$37,598	37.03%
<b>Agricultural Production</b>	261	17.60%	\$25,064	24.68%
<b>Residential Loans</b>	335	22.59%	\$24,990	24.61%
<b>Farmland</b>	32	2.16%	\$9,779	9.63%
<b>Individual Loans</b>	491	33.11%	\$4,115	4.05%
<b>Total</b>	<b>1,483</b>	<b>100%</b>	<b>\$101,547</b>	<b>100%</b>

There are no financial circumstances, legal constraints, or other factors that would hinder FNB's ability to meet the credit needs of the assessment area. There has been no change in the bank's corporate structure since the last CRA examination. The institution's prior CRA rating was "**Satisfactory Record of Meeting Community Credit Needs**" as detailed in the Performance Evaluation dated September 2, 2003.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

FNB's AA is comprised of the following: All of Lee County, and portions of Whiteside, Bureau, LaSalle, Ogle, and Carroll Counties. Twelve of the 43 tracts are upper-income, 29 are middle-income, and 2 are moderate-income geographies; the bank does not have any low-income geographies in their AA. This bank's AA is located about 100 miles west of Chicago, Illinois. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

The business demographics for the AA, according to the 2000 U.S. Census data, shows that there are a total of 10,669 businesses and 1,646 farms. Of these, 6,677 businesses reported revenue under \$1 million, 439 reported revenue over \$1 million and 3,553 businesses did not report any revenue. Of the farms, 1,635 reported revenue under \$1 million and only 4 reported revenues over \$1 million. Seven farms did not report any revenue.

According to the 2000 U.S. Census data, the AA's population was 163,360. There are 44,352 families in the AA, of which 6,009 are low-income (13.55 percent), 7,333 moderate-income (16.53 percent), 10,670 middle-income (24.06 percent), and 20,340 are upper-income (45.86 percent). The Department of Housing and Urban

Development calculates the 2007 MSA/Non-MSA's updated median family Income for this area as \$50,800 and for 2008 as \$51,900.

The local housing demand in the AA is modest. The 2000 U.S. Census data shows that there are 67,125 housing units within the AA. Of these, 68.87 percent are owner occupied units, and 24.50 percent are renter-occupied units. The weighted average median housing value in the AA is \$88,334.

The 2007 annual unemployment rate of the AA is 5.3 percent for Lee County and 5.7 percent for Ogle County versus the State of Illinois unemployment rate of 5.0 percent. The local economy is dependent on retail trade, services, and public administration. The largest employer in Amboy, IL is Sensient, Allied Locke, and the Amboy School District. The largest employer in Dixon, IL is Raynor, Katherine Shaw Bethea Hospital, Ray O Vac, Dixon School District, Sauk Valley College, and the State of Illinois Prison. The majority of businesses in the AA are small businesses. Approximately 78.12 percent of the businesses have less than 50 employees and 60.82 percent of the businesses have only one to four employees.

Competition among financial institutions within the AA is strong. The market share leader is Amcore Bank, N.A. with a deposit market share of 12.66 percent. FNB is 7th of 23 banks with a market share of 6.81 percent. Other competitors include Stillman Bancorp, N.A. with 12.21 percent, First National Bank & Trust Company of Rochelle with 11.70 percent of the market, Byron Bank with 8.71 percent of the market, and Sterling Federal Bank, F.S.B. with 7.70 percent of the market.

During our examination, we conducted one new community contact interview relating to this AA. We contacted a local organization member. The contact indicated that the local financial institutions are meeting the credit needs of the area, specifically real estate, commercial, and agricultural loans.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

The bank's performance for the lending component is considered reasonable in meeting the standard.

### **Loan-to-Deposit Ratio**

The bank's average loan-to-deposit ratio is reasonable given its size, financial condition, and AA credit needs. As of December 31, 2008, FNB's quarterly average loan-to-deposit ratio for the period from September 30, 2003 to December 31, 2008, was 64.14 percent. The most recent loan-to-deposit ratio (December 2008) is 63.04 percent. Banks of various sizes in the AA range from an average of 54.58 percent to 78.65 percent. FNB is in the middle with their loan-to-deposit ratio out of nine financial institutions, when compared to the banks in the AA.

### **Lending in Assessment Area**

FNB’s lending in its AA exceeds the standard for satisfactory performance. A substantial majority of the number and dollar amount of the business, agricultural production, and residential loans were originated within the bank’s AA. As Table 2 shows, 98 percent of the total number of loans are in the bank’s assessment area, while only 2 percent were outside the AA and 100 percent of the dollar amount sampled was within the AA.

Table 2

<b>Loans Originated in Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		#	%	#	%	
Business	19	95%	1	5%	20	\$940	98.94%	\$10	1.06%	\$950
Agricultural Production	20	100%	0	0%	20	\$1,891	100%	\$0	100%	\$1,891
Residential	20	100%	0	0%	20	\$1,323	100%	\$0	100%	\$1,323
<b>Totals</b>	<b>59</b>	<b>98.33%</b>	<b>1</b>	<b>1.67%</b>	<b>60</b>	<b>\$4,154</b>	<b>99.76%</b>	<b>\$10</b>	<b>0.24%</b>	<b>\$4,164</b>

Source: Based on sample size of 20 loans in each loan type.

### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

FNB’s lending to borrowers of different incomes and businesses of different sizes in its AA is reasonable, given the demographics of the AA.

Borrower distribution of small loans to businesses with revenues less than \$1 million is more than reasonable based on the sample size of twenty loans. FNB’s small loans to businesses with revenues of \$1 million or less, (80 percent) is above the percentage of those small businesses (67 percent) in the AA.

Borrower distribution of farm loans with revenues less than \$1 million is reasonable based on the sample size of twenty loans. FNB’s farm loans with revenues of \$1 million or less, (90 percent) is slightly below the percentage of those small farms (99 percent) in the AA.

The level of residential mortgage loans to low- and moderate-income individuals is reasonable. Table 5 illustrates that loans to low-income families is slightly below the percentage of low-income families within the AA. The table also illustrates that loans to moderate-income families are significantly above the percentage of moderate-income families within the AA. Approximately 10 percent of the residential loans originated by Amboy were to low-income individuals compared to 13.55 percent of the families in the AA, and approximately 20 percent of the loans originated by FNB were to moderate-income individuals compared to 16.53 percent of the families in the AA.

Table 3

<b>Borrower Distribution of Loans to Businesses</b>		
<b>Business Revenues (or Sales)</b>	<b>≤\$1,000,000</b>	<b>&gt;\$1,000,000</b>
<b>% of AA Businesses</b>	62.58%	4.11%
<b>% of Bank Loans in AA by #</b>	80.00%	20.00%
<b>% of Bank Loans in AA by \$</b>	48.45%	51.55%

Source: FNB is not a small business loan reporter. Loan sample of 20 loans; 2000 U.S. Census data; 3,560 non-farm businesses did not report their revenue.

Table4

<b>Borrower Distribution of Loans to Farms</b>		
<b>Farm Revenues (or Sales)</b>	<b>≤\$1,000,000</b>	<b>&gt;\$1,000,000</b>
<b>% of AA Farms</b>	99.33%	0.24%
<b>% of Bank Loans in AA by #</b>	90.00%	10.00%
<b>% of Bank Loans in AA by \$</b>	59.02%	40.98%

Source: Loan sample of 20 loans; 2000 U.S. Census data. Total number of farms in AA: 1,646.

Table 5

<b>Residential Mortgage Loans by Borrower Income</b>					
<b>Borrower Characteristics by Income</b>	<b># of Loans</b>	<b>% of Total</b>	<b>\$ (000) of Loans</b>	<b>% of Total</b>	<b>% of Families by Income*</b>
<b>Low-Income</b>	2	10%	\$90	6.80%	13.55%
<b>Moderate-Income</b>	4	20%	\$230	17.38%	16.53%
<b>Middle-Income</b>	2	10%	\$130	9.82%	24.06%
<b>Upper-Income</b>	12	60%	\$873	66.00%	45.86%
<b>Total</b>	<b>20</b>	<b>100%</b>	<b>\$1323</b>	<b>100%</b>	<b>100%</b>

Source: Loan sample of 20 loans; 2000 U.S. Census data. Total number of families in AA: 44,352.

## Geographic Distribution of Loans

There are no low-income geographies in the bank’s AA. The bank does, however, have two moderate-income geographies. The bank’s lending in their moderate-income geographies is considered reasonable given the demographics of the AA.

The geographic distribution of business loans in moderate-income geographies is reasonable. The bank does not have any loans to small businesses in the two moderate-income geographies within the bank’s AA. There are a limited amount of small businesses in the two moderate-income geographies (170 businesses). Competition is also strong in Whiteside County, where the two moderate-income geographies reside. There are sixteen different banks with thirty offices located in the County. FNB does not have a branch in Whiteside County.

The geographic distribution of small loans to farms in the moderate-income geographies is reasonable. FNB did not make any small farm loans in the moderate-income geographies. The percentage of farms in these moderate-income geographies

represents 0.79 percent of the farms within the AA. In addition, opportunities for loans in these geographies are limited. There are only thirteen farms in the moderate-income geographies. As noted above, competition also remains strong.

The geographic distribution for residential mortgages in the moderate-income geographies is reasonable. The bank did not make any residential loans in the moderate-income geographies within the bank’s AA. Opportunities for loans in these geographies are limited as well. There are only 1,825 owner occupied housing units in those geographies which represents a small (3.95 percent) portion of the owner occupied housing in FNB’s AA. As noted above, competition is strong in Whiteside County.

Table 6

Geographic Distribution of Loans to Businesses								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Business-es	% of Number of Loans
Total	0.00%	0.00%	2.71%	0.00%	67.81%	70.00%	29.48%	30.00%

Source: Loan sample of 20 loans; 2000 U.S. Census data.

Table 8

Geographic Distribution of Loans to Farms								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Total	0.00%	0.00%	0.79%	0.00%	69.99%	75.00%	29.22%	25.00%

Source: Loan sample of 20 loans; 2000 U.S. Census data.

Table 7

Geographic Distribution of Residential Mortgage Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Total	0.00%	0.00%	3.95%	0.00%	65.11%	80.00%	30.94%	20.00%

Source: Loan sample of 20 loans; 2000 U.S. Census data.

### **Responses to Complaints**

FNB has not received any complaints about its performance in helping to meet the credit needs within its assessment area during this evaluation period.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.