



PUBLIC DISCLOSURE

December 22, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank & Trust Company
Charter Number 1926

2 Kelli Court
Clinton, IL 61727

Office of the Comptroller of the Currency

Harris Center
3001 Research Road
Champaign, IL 61822-1089

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

Factors supporting First National Bank & Trust Company's (FNBT) rating include:

- The borrower distribution of loans reflects reasonable penetration among businesses and farms of different sizes, given the demographics of the assessment area (AA).
- FNBT originates a substantial majority of their primary loan products in the AA.
- The loan-to-deposit ratio is reasonable given the size, financial condition, and credit needs of the AA.

SCOPE OF EXAMINATION

The goal of this Performance Evaluation is to assess FNBT's performance in meeting the credit needs of the AA. We evaluated FNBT's compliance with the Community Reinvestment Act ("CRA") using small bank examination procedures, which includes a lending test. The lending test evaluates a bank's record of helping to meet the credit needs of the AA through its lending activities. The evaluation period for the review is April 20, 2010, to December 22, 2014.

An analysis of the number and dollar volume of loan origination information supplied by the bank identified the bank's primary loan products for this evaluation period to be business and farm loans. As loan originations for 2012 and 2013 are representative of the evaluation period, we completed a lending test based on a sample of primary loan products originated from January 1, 2012, to December 31, 2013. Our sample included 20 business and 20 farm loans originated during the loan sample period. We also utilized 2010 U.S. Census data, updated FFIEC Median Family Income, 2013 Business Geographic data, and Federal Deposit Insurance Corporation deposit market share data as of June 30, 2014, in our analysis. There is no affiliate activity to consider for this evaluation.

DESCRIPTION OF INSTITUTION

FNBT is a \$115 million institution located in Clinton, IL (DeWitt County). FNBT is a wholly owned subsidiary of First Clinton Bancorporation, Inc., a single bank holding company, also located in Clinton, IL. Geographically, Clinton is located in Central Illinois near the intersection of State Routes 51, 54, and 10. Surrounding cities include Bloomington (22 miles north on Route 51), Decatur (18 miles south on Route 51), Champaign (45 miles east), and Springfield (45 miles southwest). The sole branch is located at 2 Kelli Court in Clinton, IL. The location has a drive-up and deposit taking ATM. FNBT closed a separate drive-up facility at 301 S. Grant Street, Clinton, IL, on June 30, 2012, due to its close proximity to the new bank headquarters.

The bank’s lending product lines include residential, consumer, business, and farm loans. Total loans are \$37.94 million or 33 percent of average assets as of September 30, 2014. The following table represents the loan mix:

Loan Portfolio Summary by Loan Product	
Loan Category	% of Outstanding Dollars
Business Loans	33%
Home Loans	39%
Farm Loans	23%
Consumer Loans	4%
Other Loans & Leases	1%

Source: September 30, 2014 Uniform Bank Performance Report

FNBT offers standard deposit products, and trust services to customers. In addition, FNBT provides loans to several local municipalities. As of April 30, 2013, the institution had \$2.67 million in DeWitt County municipal bonds and an additional \$892,000 in loans to municipalities in DeWitt County. The bank also donates to various service groups in the area. The bank’s business strategy is to grow the loan portfolio and provide customer service.

The bank does not have any financial constraints that would limit its ability to serve the credit needs of the community. Tier 1 capital is \$12.88 million or 11.2 percent of average assets as of September 30, 2014. The bank’s previous CRA rating was “Satisfactory” as of the April 19, 2010 examination.

DESCRIPTION OF ASSESSMENT AREA(S)

FNBT’s AA includes all five contiguous census tracts of DeWitt County, Illinois. There are four middle-income census tracts (9714, 9715, 9717, and 9718) and one upper-income census tract (9716). The bank was not located in a Metropolitan Statistical Area (MSA) as of 2013. While DeWitt County became part of the Bloomington MSA #14010 in 2014, the bank does not begin reporting under the Home Mortgage Disclosure Act until 2015. The AA is legal, meets the requirements of the regulation, and does not arbitrarily exclude any low- or moderate-income areas. The following demographic information for the AA is based on 2010 census data:

Home Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Family Distribution by Income Level	4,653	17%	20%	21%	42%
Median Family Income for 2013		59,696	Median Housing Value		101,603
FFIEC Adjusted Median Family Income for 2013		56,200	Families Below Poverty Level		8.62%

Source: 2010 US Census and 2013 Geo-demographic data.

The AA has 173 farms, of which 99 percent are reported as small farms. In addition, the AA has 1,092 non-farm businesses, with 70 percent reported as small businesses. We noted that 270, or 26 percent, of businesses in the AA do not report revenues. The local economy has stabilized since the last economic recession (2007- 2009). The September 2014 unemployment rate for DeWitt County was 6.0 percent as compared to 8.8 percent in April of 2010. DeWitt County's unemployment level is just below the State of Illinois' at 6.2 percent. This compares to a national employment rate of 5.7 percent. DeWitt County has a large agricultural presence, which aids in the stability of the region. Exelon Corporation, Trinity Industries, Dr. John Warner Hospital, Monsanto (seed/fertilizer), and Clinton Community Unit School District #15, are some of the largest employers in DeWitt County. Exelon Corporation and Trinity Industries provide over 700 and 200 jobs to the community, respectively. In addition, many residents of DeWitt County commute to Decatur (Archer Daniels Midland), Bloomington (State Farm/Country Financial), and Champaign (University of Illinois/Kraft Foods) for employment.

On January 2, 2015, we conducted a community contact with a member of the DeWitt County Development Council. The contact identified the following primary needs of the community and organization: capital for small businesses, financial donations, additional USDA revolving loan funds, involvement of local business leaders with the development council, and financial literacy education for borrowers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's performance under the lending test is satisfactory. The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and AA credit needs. FNBT originated a substantial majority of their primary loan products within the AA. The lending test reflects reasonable penetration to farms and businesses of different sizes.

Loan-to-Deposit Ratio

FNBT's loan-to-deposit ratio (LTDR) is reasonable given the institution's size, financial condition, and AA credit needs. The institution's quarterly average LTDR was 51.41 percent for the period of June 30, 2010, to September 30, 2014. The bank's LTDR ranged from 39.04 percent to 59.95 percent during the period. As of September 30, 2014, FNBT's LTDR is 44.56 percent and total assets are \$115 million. FNBT's average LTDR is comparable with two similarly situated competitors in DeWitt County. During the same period, the quarterly average loan-to-deposit ratio for other similarly situated financial institutions ranged from 39.26 percent to 50.72 percent. A state bank in Clinton closed in 2009. Since that bank failure, FNBT has experienced a \$20 million increase in deposits that decreased the bank's LTDR. The similarly situated banks utilized for comparison purposes are two community banks located in DeWitt County with total assets between \$59 million and \$103 million.

Lending in Assessment Area

FNBT originated a substantial majority of their primary loan products in their AA. Our sample of 40 loans showed that the bank originated 85 percent of the number of loans and 80 percent of the dollar volume of loans in the AA. The table below shows lending activity within and outside of the bank's AA for the reporting period:

Lending in the AA										
Type of Loans	Number of Loans					Dollar of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Farm Loans	18	90.00%	2	10.00%	20	\$5,397	98.53%	\$80	1.47%	\$5,477
Business Loans	16	80.00%	4	20.00%	20	\$2,539	57.46%	\$1,880	42.54%	\$4,419
Totals	34	85.00%	6	15.00%	40	\$7,936	80.19%	\$1,960	19.81%	\$9,896

Source: 20 business and 20 farm loans originated from 1/1/2012 to 12/31/2013.

Lending to Businesses and Farms of Different Sizes

The borrower distribution of loans reflects reasonable penetration to businesses and farms of different sizes.

Business Loans

The distribution of loans to businesses reflects excellent penetration among businesses of different sizes. The bank originated 85 percent of the number of business loans in the AA to small businesses, which compares favorably to the demographic data that shows 70 percent of businesses located in the AA are small businesses. It is important to recognize that 26 percent of businesses in the AA that did not report revenue information are likely also small businesses. Small businesses are businesses with annual gross revenues of one million dollars or less. The following table illustrates the borrower distribution of business loan originations in the AA by revenues:

Borrower Distribution for Business Loans in the AA				
Business Revenues (or Sales)	< = \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA businesses	70.16%	3.6%	26.24%	100.00%
% of bank loans in AA by #	85.00%	15.00%	0.00%	100.00%
% of bank loans in AA by \$	63.17%	36.83%	0.00%	100.00%

Sources: Sample of 20 business loans originated between 1/1/2012 and 12/31/2013 made within the AA and 2013 Business Geodemographic data.

Farm Loans

The distribution of loans to farms reflects reasonable penetration among farms of different sizes. The bank originated 90 percent of the number of agricultural loans sampled in the AA to small farms, as compared to the demographic data that shows 99

percent of farms located in the AA are small farms. Two farms (1 percent) in the AA did not report revenue information. Small farms are farms with annual gross revenues of one million dollars or less. The following table illustrates the borrower distribution of agricultural loan originations in the AA by revenues:

Borrower Distribution for Farm Loans within AA				
Farm Revenues	< = \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA farms	98.84%	0.00%	1.16%	100.00%
% of bank loans in AA by #	90.00%	10.00%	0.00%	100.00%
% of bank loans in AA by \$	47.32%	52.68%	0.00%	100.00%

Sources: Sample of 20 agricultural loans originated between 1/1/2012 and 12/31/2013 made within the AA and 2013 Business Geodemographic data.

Geographic Distribution of Loans

A geographic distribution analysis was not meaningful to the evaluation. FNBT's AA does not contain any low- or moderate-income tracts.

Responses to Complaints

FNBT did not receive any CRA complaints during this evaluation period.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), in determining a national bank's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance.

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