

Washington, DC 20219

PUBLIC DISCLOSURE

September 1, 1999

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**First National Bank of Mount Auburn
Charter Number: 9922**

**502 Broad Street
Mount Auburn, Illinois**

**Office of the Comptroller of the Currency
Champaign Field Office
3001 Research Road, Suite E2
Champaign, Illinois 61822**

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 Mt. Auburn prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of September 7, 1999. 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 Record of Meeting Community Credit Needs.

This rating is based on an analysis of the bank's lending performance from June 1, 1996 to June 30, 1999. The First National Bank of Mt. Auburn (FNB) received a satisfactory rating at its last CRA examination, dated May 13, 1996. The lending performance test includes analyses of the distribution of credit to borrowers of different incomes and farms of different sizes, the bank's average loan-to-deposit ratio, the volume of total lending within the bank's assessment area, and the bank's level of compliance with fair lending laws and regulations.

The following supports the bank's satisfactory rating:

- FNB's loan distribution to borrowers of different incomes and to farms of different sizes is reasonable.
- FNB's average loan-to-deposit ratio is satisfactory.
- A majority of loans originated during the evaluation period were extended within the bank's assessment area.

DESCRIPTION OF INSTITUTION:

First National Bank of Mt. Auburn is a \$16 million institution located in Mt. Auburn (Christian County), Illinois, which is approximately 38 miles east of Springfield, Illinois. The bank has no branches and no automated teller machines. First National Bank is 100% owned by LBT Bancshares, a two-bank holding company located in Litchfield, Illinois. FNB's primary focus is

residential and agricultural lending; these loans comprised the largest portion of the bank's loan portfolio on its June 30, 1999 Call Report. Loans comprise \$8 million (48.8%) of the bank's total assets. FNB's loan portfolio is broken down as follows: \$3.3 million (40%) in mortgage loans, \$2.5 million (30%) in agriculture loans, \$1.4 million (17%) in commercial loans, and \$1.1 million (13%) in loans to individuals and other loan types. The bank makes adjustable-rate mortgage loans, FHA loans, and fixed rate mortgages through Freddie Mac. The bank does not have any legal impediments that would hinder meeting the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA:

First National Bank of Mt. Auburn's assessment area is comprised of a single Block Numbering Area which is in northern Christian County. Based on 1990 census data, the assessment area has a population of 3,090 and is designated as a middle-income tract. The median family income for the assessment area is \$31,280, while the statewide non-metropolitan median family income is \$41,500. There are 1,239 housing units in the assessment area, of which 891 (72%) are owner-occupied. The median age of housing is 48 years and the average value is \$43,400. FNB's assessment area complies with the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

There are 921 families residing in the bank's assessment area. 1990 census data indicates that the breakdown of families by income category is as follows: 18% low-income, 17% moderate-income, 21% middle-income, and 44% upper-income. The local economy is stable with low unemployment and minimal population growth.

The assessment area's primary industry is agriculture. Local residents commute to nearby Springfield, Decatur, and Taylorville for employment in teaching, government agencies, and factories such as Caterpillar. First National Bank's main competitors include Citizens Bank of Edinburg, First State Bank of Morrisonville, First National Bank of Assumption, and Illini Bank (branch) in Mechanicsburg.

During our evaluation of the bank's CRA performance we spoke with one local business owner. The contact indicated that area banks are adequately meeting credit needs. However, local school funding is needed.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

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

First National Bank of Mt. Auburn satisfactorily extends credit to consumers of various income levels, and satisfactorily extends credit to smaller-sized agricultural borrowers within its assessment area. Eighteen percent of the population in the bank's assessment area is considered low-income, with an additional seventeen percent classified as moderate-income. Income levels used in our analysis are based on the 1999 nonmetropolitan median family income (MFI) for Illinois of \$41,500, the 1998 nonmetropolitan MFI of \$39,500, and the 1997 nonmetropolitan MFI of \$37,600. Our loan sample included loans from 1997, 1998, and through June 30, 1999. The applicable MFI was used in our analysis.

Agricultural Loan Analysis

Since the bank does not routinely collect revenue information for all farm loans, an analysis of the data would not be meaningful. Therefore, loan size was used as a proxy for farm size.

The bank's record of lending to small farms is good. As shown in Table 1, all loans sampled in the assessment area were for amounts less than \$40,000.

AGRUCULTURAL LOANS				
Proforma Distribution to Various Farm Sizes				
Table 1				
Loan Size	# of Loans	%	\$ of Loans (\$000s)	%
Less than \$20,000	8	66%	330	21%
\$20,001 - \$30,000	2	17%	55	35%
\$30,000 - \$40,000	2	17%	70	44%
Totals	12	100%	\$158	100%

Source: This table is based on a sample of agricultural loans originated in the bank's assessment area between 6/1/96 and 6/30/99.

Mortgage Loan Analysis

First National Bank of Mt. Auburn originates real estate loans to individuals of different income levels in reasonable proportion to the area's income characteristics, as shown in Table 2. The sample indicates that housing loans made to low income families is lower than the area demographics. However, discussions with bank personnel indicated that there is limited availability of lower-cost housing within the area.

MORTGAGE LOAN ANALYSIS
Proforma Distribution of Borrowers' Income Levels
Table 2

Income Level	# of Loans	%	\$ of Loans (\$000s)	%	% of Families in Each Category
Low - Income Less than 50% of Median	2	12%	48	8%	18%
Moderate - Income 50% - 79% of Median	4	25%	139	23%	17%
Middle - Income 80% - 119% of Median	6	38%	272	45%	21%
Upper - Income 120% or more of Median	4	25%	149	24%	44%
Totals	16	100%	\$610	100%	100%

Source: This table is based on a sample of mortgage loans originated in the bank's assessment area between 6/1/96 and 6/30/99.

LENDING IN THE ASSESSMENT AREA

The majority of First National Bank of Mt. Auburn's lending is within its assessment area. We sampled 24 residential real estate loans originated during the evaluation period to perform our analysis. Our sample showed that 16 of 24 (66%) of the number of loans and \$648,200 of \$947,200 (68%) of the loan dollars were extended within the bank's assessment area. We also reviewed a sample of 20 farm loans originated during the evaluation period. We noted that FNB extended 12 of these 20 loans (60%) and \$158,150 of 212,650 (74%) within the bank's assessment area. These figures represent a reasonable amount of lending within the bank's assessment area.

LOAN-TO-DEPOSIT RATIO

First National Bank's average loan-to-deposit ratio is comparable to other local banks and meets the standards of satisfactory performance. We used loan-to-deposit information for each quarter between May 1, 1996 and May 31, 1999 and compared First National Bank to all banks in the assessment area with total assets under \$25 million. FNB's average loan-to-deposit ratio of 54.65% was comparable to the average of three peer banks. Average loan-to-deposit ratios for the three banks ranged from 37% to 76%.

GEOGRAPHIC DISTRIBUTION OF LOANS

We did not evaluate First National Bank of Mt. Auburn's geographic distribution of loans within its assessment area. Such an analysis would not provide meaningful information, as the one BNA in the bank's assessment area is middle-income.

RESPONSE TO COMPLAINTS

First National Bank of Mt. Auburn has not received any complaints regarding CRA performance during this evaluation period.

COMPLIANCE WITH FAIR LENDING LAWS

A comparative file analysis was not performed at this evaluation. A sample of ten loans was reviewed representing a variety of consumer installment and real estate loan products for compliance with substantive consumer protections under the Equal Credit Opportunity Act. No evidence was found to indicate that the bank was not complying 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 assessment area.