

Washington, DC 20219

PUBLIC DISCLOSURE

December 4, 2000

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Paxton
Charter #13809**

**P.O. Box 95
Paxton, Illinois 60957**

**Office of the Comptroller of the Currency
Champaign Field Office
3001 Research Road, Suite E2
Champaign, IL 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 CRA performance of **First National Bank of Paxton** prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of December 4, 2000. Our assessment of the bank's performance covers the period since September 23, 1996. The rating received at that time was *A* Satisfactory Record of Meeting Community Credit Needs^A. 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**.

Major Conclusions:

- The bank has a good record of lending to small farms and small businesses.
- The bank has a satisfactory record of providing consumer credit and real estate loans to low-and moderate-income individuals.
- A substantial majority of the bank's loans are within its assessment area.

DESCRIPTION OF INSTITUTION

First National Bank of Paxton is a \$60 million institution operating from Paxton, Illinois. The bank has one limited service branch located in Paxton, adjacent to the main bank. The bank also has two cash dispensing ATMs located in Paxton. Paxton is a community of approximately 4,500 located in Ford County in east central Illinois on Interstate 57 and Illinois Route 9, approximately 30 miles north of Champaign. The bank is a wholly owned subsidiary of Agricultural Banking Corporation, a two-bank holding company located in Paxton, IL. Holding Company assets total approximately \$110 million. FNB of Paxton's affiliate bank, Cissna Park State Bank, has assets of approximately \$50 million.

The bank's loan portfolio totals approximately \$28 million, or 40% to total assets. The loan mix at September 30, 2000 was as follows:

1 - 4 Family Residential Real Estate	22%	\$ 6,109,011
All Other Real Estate	35%	\$ 9,689,242
Commercial	17%	\$ 4,709,960
Agriculture	14%	\$ 3,969,954
Consumer	12%	\$ 3,228,930

As shown in *Table 1*, loan originations from a number and dollar standpoint have been centered in consumer and real estate loans. The table shows the breakdown of loan originations made from September 23, 1996 through September 30, 2000. A total of 1,536 loans were made, with the dollar volume being \$33,853,770.

Total Originations Since September 23, 1996		
Table 1		
Type of Loans	Number Made	Dollar Amount Made
Real Estate	339	\$19,430,077
Consumer	765	\$6,194,711
Agricultural	179	\$2,534,337
Commercial	253	\$5,694,645
Total	1,536	\$33,853,770

The bank has no financial or legal impediments that restrict it from meeting the credit needs of its local community. The bank's previous CRA rating as of September 23, 1996 was Satisfactory.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of two Block Numbering Areas in Ford County (#9617 and #9618) and one in southern Iroquois County (#9507). The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. Based on 1990 census data, all of the census tracts are middle income. The following demographic information on the bank's assessment area is also based on 1990 census data:

Median Family Income:	\$43,600
Housing Stock:	94% of the housing units are 1-4 family.
Occupancy:	69% are owner occupied; 20% are renter occupied; and 11% are vacant.
Home Values:	Median home value is \$45,348.
Age of Homes:	Median year of homes built is 1951.
Income Levels:	14% of families are designated low-income; 18% are moderate-income; 26% are middle-income; and 42% are upper-income.

The local economy is stable and is driven by agriculture, small business and light industry. The largest employers include Baltimore Air Coil, the Paxton-Buckley-Loda school district, ITW-Deltar, and Ford County. The unemployment rate in Ford County as of September 30, 2000 was 3%. The unemployment rate in Iroquois County as of September 30, 2000 was 3.5%.

The bank's major competition consists of a national bank in Paxton, along with five smaller, locally owned community banks located throughout Ford and Iroquois Counties. All of the banks have assets of \$60 million or less.

We performed one community contact with a representative from a civic organization. Our discussion with the representative supports that local banking services and credit accessibility are available. No specific credit needs were identified as not being met by the local financial institutions. The local area credit needs are centered in residential real estate loans and agricultural and small business loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

First National Bank of Paxton adequately extends credit to consumers of all income levels, and its record of extending credit to small agricultural and commercial borrowers within its assessment area is good. Income levels used in our analysis are based on the 2000 nonmetropolitan median family income for Illinois of \$43,600, the 1999 nonmetropolitan median family income of \$41,500, the 1998 nonmetropolitan median family income of \$39,500 and the 1997 nonmetropolitan median family income of \$37,600. (Our sample included originations from 2000, 1999, 1998, and 1997. The applicable year's median family income was used in our analysis.)

Mortgage Loan Analysis

First National Bank of Paxton originates real estate loans to individuals of different income levels in reasonable proportion to the area's income characteristics.

As illustrated in *Table 2*, our analysis of a residential real estate loan sample indicated that the bank provides home loans to low-income borrowers at a level close to the population's characteristics. Ten percent of the number of residential real estate loans was made to low-income borrowers as compared to 14% of area families in the same category. Additionally, 20% of the number of residential real estate loans were made to moderate-income borrowers. This level exceeds the percentage of families in the same income category. These numbers are reasonable considering that nearly 10% of the assessment area's population is below poverty level, and the average median housing cost in the bank's assessment area is \$45,348.

REAL ESTATE LOANS					
Proforma Distribution of Borrowers~ Income Levels					
Table 2					
<i>Income Level</i>	<i># of Loans</i>	<i>%</i>	<i>\$ Total of Loans</i>	<i>%</i>	<i>% of Area Families in Each Category</i>
Low - Income Less than 50% of Median	2	10%	\$85,000	7%	14%
Moderate - Income 50% - 79% of Median	4	20%	\$157,816	13%	18%
Middle - Income 80%-119% of Median	8	40%	\$548,605	45%	26%
Upper - Income 120% or more of Median	6	30%	\$431,736	35%	42%
Totals	20	100%	\$1,223,157	100%	100%

Source: This table is a proforma analysis based on a sample of twenty real estate loans originated in the bank's assessment area between 9/23/96 and 9/30/00.

Consumer Loan Analysis

First National Bank of Paxton originates retail loans to individuals of different income levels in reasonable proportion to the area's income characteristics.

As shown in *Table 3*, the amount of consumer loans made to low- and moderate-income borrowers was good. Our analysis indicates that 29% of the number, and 20% of the dollars, of consumer loans were made to low-income borrowers. Twenty-nine percent of the number and 18% of the dollars, of consumer loans were made to moderate-income borrowers. The percentage of the number of loans made to low-income and moderate-income borrowers exceeds the percent of families in each of these categories.

Consumer Loans					
Proforma Distribution of Borrowers~ Income Levels					
Table 3					
<i>Income Level</i>	<i># of Loans</i>	<i>%</i>	<i>\$ Total of Loans</i>	<i>%</i>	<i>% of Area Families in Each Category</i>
Low - Income Less than 50% of Median	4	29%	\$18,952	20%	14%
Moderate - Income 50% - 79% of Median	4	29%	\$17,528	18%	18%
Middle - Income 80%-119% of Median	3	21%	\$21,202	22%	26%
Upper - Income 120% or more of Median	3	21%	\$38,064	40%	42%
Totals	14	100%	\$95,746	100%	100%

Source: This table is a proforma analysis based on a sample of fourteen consumer installment loans originated in the bank's assessment area between 9/23/96 and 9/30/00.

Commercial and Agricultural Loan Analysis

The bank's record of lending to small businesses is good. As shown on *Table 4*, 67% of the number of the loans, and 28% of the dollar of loans sampled in the assessment area were to businesses with annual gross revenues of less than \$1 million. (A small business is defined as a business having annual gross revenues of \$1 million or less.)

COMMERCIAL LOANS				
Proforma Distribution to Various Business Sizes				
Table 4				
<i>Gross Revenues</i>	<i># of Loans</i>	<i>%</i>	<i>\$ Total of Loans</i>	<i>%</i>
Less than \$100,000	4	27%	\$28,300	4%
\$100,001 -250,000	1	7%	\$6,000	1%
\$250,001-500,000	2	13%	\$92,275	12%
\$500,000 - \$1MM	3	20%	\$88,000	11%
Over \$1MM	5	33%	\$565,495	72%
Totals	15	100%	\$780,070	100%

Source: This table based on a sample of fifteen commercial loans originated in the bank's assessment area between 9/23/96 and 9/30/00.

The bank's record of lending to small farms is good. As shown on *Table 5*, all loans sampled in the assessment area were made to farms with gross annual revenues of less than \$1 million. (A small farm is defined as one having annual gross revenues of \$1 million or less.)

AGRICULTURAL LOANS				
Proforma Distribution to Various Farm Sizes				
Table 5				
<i>Gross Revenues</i>	<i># of Loans</i>	<i>%</i>	<i>\$ Total of Loans</i>	<i>%</i>
Less than \$100,000	3	18%	\$67,500	14%
\$100,001 -250,000	9	53%	\$247,558	50%
\$250,000 - \$500,000	5	29%	\$177,677	36%
Over \$500,000	0	0	0	0
Totals	17	100%	\$492,735	100%

Source: This table is based on a sample of seventeen agricultural loans originated in the bank's assessment area between 9/23/96 and 9/30/00.

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 thirteen quarters ending September 30, 2000 was 43.9%, ranging from a low of 36.99% to a high of 49.48%. While this ratio is below the average loan-to-deposit ratio of similarly situated banks, the ratio shows significant improvement over a ratio of 28.13% noted during the previous examination ending June 30, 1996. The similarly situated banks are six banks in Ford and Iroquois counties with assets of less than \$60 million. The combined average loan-to-deposit ratio for these banks was 63.96% for the same thirteen quarters. Individual averages of the similarly situated banks ranged from a low of 46.21% to a high of 77.90%.

LENDING IN THE ASSESSMENT AREA

A substantial majority of loans originated are within the assessment area. As illustrated in *Table 6*, our analysis of a sample of loans revealed that 79% of the dollar amount, and approximately 74% of the number of loans, were made inside the bank's assessment area.

LOAN PENETRATION ANALYSIS				
Table 6				
<i>Type of Loan</i>	<i>Within Assessment Area</i>		<i>Outside Assessment Area</i>	
Residential Real Estate	\$1,223,157	81%	\$283,000	19%
	20	74%	7	26%
Consumer Loans	\$137,600	65%	\$74,148	35%
	20	71%	8	29%
Agricultural Loans	\$532,899	67%	\$267,175	33%
	20	74%	7	26%
Commercial Loans	\$1,011,452	88%	\$141,019	12%
	22	76%	7	24%
Total	\$2,905,108	79%	\$765,342	21%
	82	74%	29	26%

Source: This table is a proforma analysis using the following sample: 27 mortgage loans, 28 consumer loans, 27 agricultural loans, and 29 commercial loans. This sample covered the period of 9/23/1996 through 9/30/00.

GEOGRAPHIC DISTRIBUTION OF LOANS

A review of the geographic distribution of loans would not be meaningful since all of the BNAs in the assessment area are middle-income.

COMPLIANCE WITH FAIR LENDING LAWS

An analysis of small business and small farm lending data, public comments, and consumer complaint information was performed according to the OCC's risk based analysis approach. The analysis of the lending data revealed no significant differences for applicants by collected prohibited basis. In addition, an analysis of the consumer complaint data and public comments revealed no substantive fair lending issues that warranted a more detailed review.

WRITTEN COMPLAINTS

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