



**SMALL BANK**

---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

## **PUBLIC DISCLOSURE**

**October 17, 2011**

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

The First National Bank of Raymond  
Charter Number 6910

403 East Broad Street  
Raymond, IL 62560

Office of the Comptroller of the Currency

St. Louis Field Office  
2350 Market Street, Room 100  
St. Louis, MO 63103

**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.**

All of the lending performance criteria meet the standards for satisfactory performance. The major factors that support this rating are:

- The bank's distribution of loans to individuals of different income levels and to farms of different sizes is reasonable.
- The geographic distribution of the bank's loans meets the standard for satisfactory performance.
- The bank's loan-to-deposit (LTD) ratio is reasonable. The bank's average LTD ratio for the last 28 quarters is 66%. The June 30, 2011 LTD ratio is 62%.
- The majority of the bank's loans by number (75%) and dollar amount (70%) are made in the bank's assessment areas (AAs).

**SCOPE OF EXAMINATION**

We used small bank procedures to evaluate the performance of the First National Bank of Raymond, IL (FNB) under the Community Reinvestment Act (CRA). We reviewed a sample of Home Mortgage Disclosure Act (HMDA) reportable loans and concluded that the bank's publicly filed HMDA data was accurate and reliable.

We evaluated FNB's mortgage, farm, and consumer lending using data for the period beginning January 1, 2009 through October 15, 2011. Small farm and residential real estate (RRE) loans represent the highest percentages of loans originated during this evaluation period by dollar volume. Consumer loans are the bank's largest product category by number of loans. Due to FNB's overall business focus, we gave the greatest weight to farm loans and RRE loans.

We included all RRE loans reported under the Home Mortgage Disclosure Act (HMDA) for the years 2009, 2010 and year-to-date 2011 for our analysis of the bank's lending activity. We also sampled 20 agricultural and 20 consumer loans originated or purchased from January 1, 2009 through October 15, 2011, and used that data to complete our analysis.

The bank has three AAs, as described under the Description of Assessment Areas; all received a full-scope review. The bank's overall rating is a blend of the conclusions for the three AAs.

**DESCRIPTION OF INSTITUTION**

First National Bank of Raymond (FNB) is an intrastate bank wholly owned by Raymond Bancorp, Inc., a one-bank holding company, located in the city of Raymond, Illinois. As of June 30, 2011, FNB had total assets of \$132 million, net loans of \$74 million, total deposits of \$119 million, and total risk based capital of \$13 million. FNB's assets represent

substantially all of the holding company's assets. There are no subsidiaries or affiliates. There have been no changes in the bank's corporate structure since the last CRA evaluation.

FNB is primarily an agricultural and RRE lender. The bank operates six offices and five depository automated teller machines (ATMs). The main office is located in Raymond, Illinois (Montgomery County). Branches are located in Girard and Virden (Macoupin County), Morrisonville (Christian County), and Pawnee (Sangamon County), Illinois. Management has not opened or closed any branches during this evaluation period.

FNB offers traditional bank services and loan products normally associated with a small rural community bank. As of June 30, 2011, net loans totaled \$74 million, representing 56% of total assets. The loan portfolio consisted of 43% farm real estate/agricultural production, 23% commercial real estate/business, 20% residential real estate, 10% consumer, and 4% other loans.

To help meet the community's credit needs, FNB originates and sells long-term fixed-rate residential real estate loans to the Federal Home Loan Bank. During the evaluation period, FNB originated and sold \$21 million of such loans. FNB also participated in the USDA Single Family Housing Guaranteed Loan Program, primarily used to help low-income individuals or households purchase homes in rural areas. During the evaluation period, FNB originated \$1.1 million of such loans. To help meet the agricultural needs of the community, the bank participates in the Illinois Finance Authority's (IFA) Beginning Farmer Bond Program.

There are no legal or financial constraints placed on the bank's ability to help meet the community credit needs. The bank has adequate resources to provide for the credit needs of its AA. The type and amount of CRA activities are consistent with the bank's size, its financial capacity, local economic conditions, and the credit needs of the community. FNB's last CRA evaluation was September 22, 2004, and we rated the bank Satisfactory.

## **DESCRIPTION OF ASSESSMENT AREAS**

FNB has three AAs: the northwest corner of Macoupin County in the St. Louis MO-IL Metropolitan Statistical Area (MSA); the southeast corner of Sangamon County in the Springfield, IL MSA; and adjoining non-MSA areas in Montgomery and Christian Counties. All AAs form a contiguous area, meet the requirements of the regulation, and do not arbitrarily exclude low- or moderate-income geographies.

### **Montgomery and Christian Counties (Non-MSA AA)**

Management designated portions of Montgomery and Christian Counties as one of the bank's AAs. This non-MSA AA is a contiguous area, meets the requirements of the regulation, and contains three Census Tracts (CTs): 9575 in Montgomery County and 9582 and 9590 in Christian County. Based on the 2000 MSA median family income, all three CTs are classified as middle-income. FNB's main office is located in CT 9575 in Montgomery County; the Morrisonville branch is in CT 9590 in Christian County. These two offices account for 55% of the bank's total deposits.

The primary products in the non-MSA AA are farm and RRE loans. We used all RRE loans and 20 agricultural loans originated or purchased within this AA in our analysis.

The 2000 census data shows that the total population in the non-MSA AA was 11,708, which included 3,411 families. Of these families, 490 or 14% were classified as low-income, 652 or 19% as moderate-income, 899 or 26% as middle-income, and 1,370 or 40% as upper-income. The non-MSA statewide median family income as of the 2000 Census was \$43,613. The 2011-updated figure, adjusted for inflation by the Department of Housing and Urban Development, was \$56,600. We used the 2011-updated figure in our analysis to determine borrower income levels.

Based on the 2000 census data for the non-MSA AA, approximately 15% of the population was age 65 and older, 20% of households were in retirement, and 7.5% of households lived below the poverty level. In 2000, the median housing value was \$65,777 and the median age of the housing stock was 55 years. Local housing was 89% 1-4 family units, with 77% being owner-occupied and 7% vacant.

Business data for 2010 indicates there are 212 farms in the non-MSA AA; 211 (99.5%) had revenues less than \$1 million, and one did not report revenues.

Economic conditions in the non-MSA AA are distressed as a result of the national recession. The local economy is primarily supported by agriculture and other service-related businesses. Major employers in the area are the local school districts, St. Francis Hospital, Hillsboro Medical Center, Dominion Energy, Wal-Mart Stores, Inc., State of Illinois Correctional Facilities, Freeman United Mining Company, Christian County Mental Health Association, Pleasant Hill Village, R & R Bindery, Pioneer, and GSI Group. Affinia, previously listed as a major employer in Montgomery County, closed in 2009. The plant employed approximately 250 workers when it ceased operations. The August 2011 unemployment rate was 11.9% for Montgomery County and 8.9% for Christian County. The national and Illinois unemployment rates for the same time period were 9.1% and 10%, respectively.

Competitive pressures are strong. There are 43 offices of 25 banks and thrifts operating in Montgomery and Christian Counties. In addition, credit unions, mortgage companies, investment services, farm services, and insurance company offices also offer loan products.

To further our understanding of the community's credit needs, we contacted a local housing authority office. Our contact did not identify any unmet credit needs.

### **Macoupin County (St. Louis, MO-IL MSA AA)**

Management designated CTs 9560 and 9561 in Macoupin County, which is part of the St. Louis, Missouri-Illinois MSA #41180, as FNB's second AA. This AA is a contiguous area and meets the requirements of the regulation. Based on the 2000 MSA median family income, CT 9560 is classified as moderate-income. The bank's Virden office is located in CT 9560. FNB's Girard office is located in CT 9561, a middle-income geography. These two offices account for about 35% of the bank's deposits.

The primary products in this AA are RRE and consumer loans. We sampled 20 consumer loans originated in this AA and relied on data reported under HMDA for our analysis of RRE loans.

The 2000 census data shows that the total population in this AA was 6,927, which included 1,897 families. Of these families, 475 or 25% were classified as low-income, 482 or 25% as moderate-income, 506 or 27% as middle-income, and 434 or 23% as upper-income. The MSA median family income as of the 2000 Census was \$53,435, and the 2011-updated figure was \$69,500. We used the 2011-updated figure in our analysis to determine borrower income levels.

In this AA, 19% of the population was age 65 and older, 20% of households were in retirement, and 11.9% of households lived below the poverty level based on the 2000 census data. In 2000, the median housing value was \$67,085 and the median age of the housing stock was 54 years. Local housing was 86% 1-4 family units, with 68% being owner-occupied and 10% vacant. The moderate-income CT has 48% of the AA's owner-occupied housing units and 49% of the AA's households.

Economic conditions in this AA are somewhat unfavorable due to the current recession. The local economy is primarily supported by service-related businesses. Major employers in the area are the local school districts, Prairie Farms, Exxon Mobile, and Illinois Valley Economic Development Corporation. The August 2011 unemployment rate for Macoupin County was 9.5%. This compares to the national and Illinois unemployment rates for the same time period at 9.1% and 10%, respectively.

Competitive pressures are strong. There are 27 offices of 16 banks and thrifts operating in Macoupin County. These numbers do not include credit unions, mortgage companies, investment services, farm services, and insurance company offices that also offer loan products.

To further our understanding of the community's credit needs, we contacted a local community action agency. Our contact did not identify any unmet credit needs.

### **Sangamon County (Springfield, IL MSA AA)**

Management designated CTs 33 and 34 in Sangamon County, which is part of the Springfield, Illinois MSA #44100, as FNB's third AA. This AA is a contiguous area and meets the requirements of the regulation. Based on the 2000 MSA median family income, the two census tracts are classified as middle-income. FNB's Pawnee office is located in CT 33 in Sangamon County. This office only accounts for 10% of the bank's total deposits.

The primary product in this AA is RRE loans. We relied on data reported under HMDA for RRE loans originated or purchased for our analysis of the bank's performance in this AA.

The 2000 census data shows that the total population in the AA was 10,919, which included 3,033 families. Of these families, 463 or 15% were classified as low-income, 588 or 19% as moderate-income, 942 or 31% as middle-income, and 1,040 or 34% as upper-income. The MSA median family income as of the 2000 Census was \$53,573, and the 2011-updated figure was \$69,100. We used the 2011-updated figure in our analysis to determine the borrower income levels.

In this AA, 11% of the population was age 65 and older, 18% of households were in retirement, and 5.7% of households lived below the poverty level based on the 2000 census data. In 2000, the median housing value was \$82,821 and the median age of the housing inventory was 43 years. Local housing was 90% 1-4 family units, with 75% being owner-occupied and 6% vacant.

Economic conditions in this AA are fair considering current national economic conditions. The local economy is primarily supported by service-related businesses. Major employers in the area are the local school districts, State of Illinois, Memorial Medical Center, St. John's Hospital, Horace Mann Insurance Company, and Illinois National Guard. The August 2011 unemployment rate for Sangamon County is 7.5%. This compares favorably to the national and Illinois unemployment rates of 9.1% and 10%, respectively.

Competitive pressures are strong. There are 88 offices of 26 banks and thrifts operating in Sangamon County. These numbers do not include credit unions, mortgage companies, investment services, farm services, and insurance company offices that offer loan products.

We conducted a community contact interview with a nonprofit organization that builds affordable housing throughout Sangamon County. There is a need for affordable housing. The contact also identified opportunities for banks to be involved in economic development including matched savings, financial education programs, and foreclosure assistance.

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

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

FNB's LTD ratio is reasonable given the institution's size, its financial condition, and the needs of the AA. As of June 30, 2011, the bank's LTD ratio is 62%. The average quarterly LTD ratio since the last evaluation is 66%. This ratio is above two comparable banks, and below seven, based on size and location. Competitor average quarterly LTD ratios range from 52% to 88% for the same time period.

### **Lending in Assessment Area**

Lending in the AA is satisfactory. A majority of farm, consumer, and RRE loans were made inside FNB's three AAs. Based on our sample of 20 small farm and 20 consumer loans, and all HMDA-reportable RRE loans made in 2009, 2010 and year-to-date 2011, 75% of the loans by number and 70% by dollar amount were made within the bank's AAs.

<b>Lending in FNB Raymond's AA</b>										
Loan Type	Number of Loans					Dollars of Loans (000)s				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential RE	280	75%	93	25%	373	\$20,208	69%	\$9,014	31%	\$29,222
Farm	15	75%	5	25%	20	\$2,366	81%	\$567	19%	\$2,933
Consumer	16	80%	4	20%	20	\$93	78%	\$27	22%	\$120
Totals	311	75%	102	25%	413	\$22,667	70%	\$9,608	30%	\$32,275

Source: 2009-YTD 2011 data reported under HMDA, and a sample of farm and consumer loans.

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

The bank's lending reflects reasonable penetration among borrowers of different income levels and farms of different sizes given the demographics and current economic factors.

#### **Montgomery and Christian Counties (Non-MSA AA)**

FNB's lending distribution to borrowers of different income levels in this AA is reasonable based on RRE and farm loans. Equal weight was placed on RRE and small farm loans. RRE loans are the AA's primary product type by number of loans and small farm loans are the AA's primary product type by dollar amount of loans.

#### **Residential Real Estate Loans**

The overall borrower distribution of RRE loans originated or purchased during the evaluation period is satisfactory.

<b>Borrower Distribution of Residential Real Estate Loans in Montgomery and Christian Counties</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	14.37	8.00	19.11	20.00	26.36	20.00	40.16	52.00
Home Improvement	14.37	0.00	19.11	14.29	26.36	35.71	40.16	50.00
Home Refinancing	14.37	8.79	19.11	20.88	26.36	18.68	40.16	51.65

Source: 2009-YTD 2011 data reported under HMDA; U.S. Census data for 2000.

The borrower distribution for home purchase loans meets the standards for satisfactory performance. The percentage of home purchase loans made to low-income borrowers is lower than the percentage of low-income families in the AA. However, 5% of families lived below the poverty level as of the 2000 Census. The percentage of home purchase loans made to moderate-income borrowers exceeds the percentage of moderate-income families in the AA.

The borrower distribution for home refinancing loans meets the standards for satisfactory performance. The percentage of home refinancing loans made to low-income borrowers is lower than the percentage of low-income families in the AA. This is considered adequate given that 5% of the families in the AA live below the poverty level. The percentage of home refinancing loans made to moderate-income borrowers exceeds the percentage of moderate-income families in the AA.

The borrower distribution for home improvement loans does not meet the standards for satisfactory performance. However, little weight is given to home improvement loans as only 14 were extended in this AA during the rating period.

**Small Farm Loans**

The distribution of the bank’s loans to small farms is satisfactory. The percentage of loans made to farms with revenues of \$1 million or less meets the market demographics.

<b>Borrower Distribution of Loans to Farms in Montgomery and Christian Counties</b>				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	99.53%	0%	0.47%	100%
% of Bank Loans in AA by #	100%	0%	0%	100%
% of Bank Loans in AA by \$	100%	0%	0%	100%

*Source: Farm loan sample; 2010 Dunn and Bradstreet data.*

**Macoupin County (St. Louis, MO- IL MSA AA)**

FNB’s lending distribution to borrowers of different income levels in this AA is excellent based on RRE and consumer loans. RRE are the AA’s primary product type by dollar amount. Consumer loans are the AA’s primary product by number of loans.

**Residential Real Estate Loans**

The overall borrower distribution of RRE loans originated or purchased during the evaluation period is more than reasonable.

<b>Borrower Distribution of Residential Real Estate Loans in Macoupin County</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans						
Home Purchase	25.04	37.50	25.41	20.83	26.67	25.00	22.88	16.67
Home Improvement	25.04	20.00	25.41	20.00	26.67	40.00	22.88	20.00
Home Refinancing	25.04	24.49	25.41	26.53	26.67	26.53	22.88	22.45

*Source: 2009-YTD 2011 data reported under HMDA; U.S. Census data for 2000.*

The borrower distribution for home purchase loans exceeds the standards for satisfactory performance. The percentage of home purchase loans made to low-income borrowers is significantly higher than the percentage of low-income families in the AA. The percentage of home purchase loans made to moderate-income borrowers is lower than the percentage of moderate-income families in the AA.

The borrower distribution for home refinancing loans exceeds the standards for satisfactory performance. The percentage of home refinancing loans made to low-income borrowers is near the percentage of low-income families in the AA. The percentage of home refinancing loans made to moderate-income borrowers is higher than the percentage of moderate-income families in the AA.

The borrower distribution for home improvement loans meets the standards for satisfactory performance. However, little weight is given to home improvement loans as only 5 were extended during the rating period.

Consumer Loans

The overall borrower distribution of consumer loans originated or purchased during the evaluation period is excellent. The percentage of consumer loans made to low-income borrowers significantly exceeds the percentage of low-income households in the AA. The percentage of consumer loans made to moderate-income borrowers is also much higher than the percentage of moderate-income households in the AA.

<b>Borrower Distribution of Consumer Loans in Macoupin County</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	23%	35%	18%	30%	19%	15%	40%	20%

*Source: Consumer loan sample; 2000 U.S. Census data.*

**Sangamon County (Springfield, IL MSA AA)**

FNB’s lending distribution to borrowers of different income levels in this AA is reasonable based on the analysis of RRE loans made in this AA. RRE loans are the AA’s most significant primary product type by dollar amount and number.

Residential Real Estate Loans

The overall borrower distribution of RRE loans originated or purchased during the evaluation period is excellent.

<b>Borrower Distribution of Residential Real Estate Loans in Sangamon County</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	15.27	16.67	19.39	25.00	31.06	20.83	34.29	37.50
Home Improvement	15.27	0.00	19.39	60.00	31.06	0.00	34.29	40.00
Home Refinancing	15.27	12.50	19.39	25.00	31.06	20.00	34.29	42.50

*Source: 2009-YTD 2011 data reported under HMDA; U.S. Census data for 2000.*

The borrower distribution for home purchase loans exceeds the standards for satisfactory performance. The percentage of home purchase loans made to low-income borrowers is higher than the percentage of low-income families in the AA. The percentage of home purchase loans made to moderate-income borrowers exceeds the percentage of moderate-income families in the AA.

The borrower distribution for home refinancing loans exceeds the standards for satisfactory performance. The percentage of home refinancing loans made to low-income borrowers is slightly lower than the percentage of low-income families in the AA. As of the 2000 US Census, 5% of the families in the AA lived below the poverty level. The percentage of home refinancing loans made to moderate-income borrowers exceeds the percentage of moderate-income families in the AA.

The borrower distribution for home improvement loans meets the standards for satisfactory performance. Even though little weight is given to home improvement loans, it is noted that 3 of the 5 loans made were extended to moderate-income borrowers.

## **Geographic Distribution of Loans**

The geographic distribution of the bank's loans is reasonable based on the analysis of Macoupin County's AA, which encompassed a moderate-income CT only. The other AAs do not have low- or moderate-income geographies. Our analysis of all primary loan products used in this evaluation also indicates the bank is lending in all geographies within their AAs.

### **Macoupin County (St. Louis, MO- IL MSA AA)**

The geographic distribution of the bank's loans in this AA meets the standard for satisfactory performance.

#### **Residential Real Estate Loans**

The geographic distribution of RRE loans originated or purchased during the evaluation period is reasonable when factoring in the local economic conditions. The percentage of home purchase loans and home refinancing loans made to borrowers in the moderate-income CT is somewhat lower than the percentage of owner-occupied units located in the moderate-income CT.

The percentage of home improvement loans made to borrowers in the moderate-income CT exceeds the percentage of owner-occupied units located in moderate-income CT. It is notable that 4 of the 5 home improvement loans made in this AA are within the moderate-income geography, even though little weight is given to this category.

<b>Geographic Distribution of Residential Real Estate Loans in Macoupin County</b>								
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
Home Purchase	NA	NA	48.17	41.67	51.83	58.33	NA	NA
Home Improvement	NA	NA	48.17	80.00	51.83	20.00	NA	NA
Home Refinancing	NA	NA	48.17	42.86	51.83	57.14	NA	NA

Source: 2009 – YTD 2011 data reported under HMDA; 2000 U.S. Census data.

**Consumer Loans**

The geographic distribution of consumer loans reflects a poor dispersion in this AA. The percentage of consumer loans made to borrowers in the moderate-income CT is lower than the percentage of households located in the moderate-income CT. This is considered adequate, however, given the current high unemployment rate and the number of households in the AA living below the poverty level (12%).

<b>Table 3B - Geographic Distribution of Consumer Loans in Macoupin County</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	NA	NA	49	40	51	60	NA	NA

Source: Consumer loan sample; 2000 U.S. Census data.

**Responses to Complaints**

No CRA-related complaints have been received since the prior CRA evaluation.

**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.