

# **PUBLIC DISCLOSURE**

**December 31, 1998**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The Farmers National Bank of Griggsville  
Charter Number 14466  
112 West Quincy  
PO Box 518  
Griggsville, IL 62340**

**Office of the Comptroller of the Currency  
440 South LaSalle Street, Suite 2700  
Chicago, Illinois 60605**

**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 **The Farmers National Bank of Griggsville (FNB)** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 22, 1999**. This evaluation is based on information from the last CRA examination dated January 1, 1996 to the current examination dated December 31, 1998. 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 **ASatisfactory.**@

FNB's loan originations to small farms and small businesses is good, and its loan to deposit ratio is strong. A majority of loan originations are located within the bank's assessment area. The bank's distribution of lending to individuals with different income levels, including low- and moderate-income people, is reasonable.

## **DESCRIPTION OF INSTITUTION**

FNB is a \$16 million bank in Griggsville, Illinois, located midway between Quincy and Springfield, Illinois, along the Central Illinois Expressway (I-72). FNB has its main office in Griggsville and one branch in Milton, a small village about 22 miles south. A drive-up facility is available at the main office, and Automated Teller Machines (ATMs) are located at the Casey's General Store in Griggsville, the Perry Fast Stop in Perry, and at the branch in Milton.

FNB is wholly-owned by Griggsville Bancshares, a one bank holding company. The bank offers traditional banking services and lending products. Their primary business focus is agricultural and residential real estate lending. The loan portfolio mix is as follows: Farm real estate/Agricultural production - 41%, Residential real estate - 29%, Consumer instalment - 16%, and Commercial real estate/Business loans - 14%.

There are no financial conditions, legal constraints, or other factors that hinder the bank's ability to help meet the credit needs of its assessment area (AA). A Satisfactory rating was received during the January 1, 1996, CRA examination.

## **DESCRIPTION OF ASSESSMENT AREAS:**

The bank's assessment area consists of two Block Numbering Areas (BNAs) in Pike County. Both of the BNAs in the AA are designated as moderate-income. There are no middle-, or upper-income BNAs in the AA.

According to 1990 census data, the total population of the bank's AA is 6,481. The 1998 non-Metropolitan Statistical Area (MSA) statewide median family income for Illinois is \$39,500. Potential borrowers earning less than 50% of the non-MSA statewide median family income are designated as low-income, while those earning 50% - 80%, 80% - 120%, and more than 120% are designated as moderate-, middle-, and upper-income, respectively. Within the AA, 32% of the families are low-income, 21% are moderate-income, 26% are middle-income, and 21% are upper-income.

There are 3,049 total housing units in the AA, of which 62% are owner-occupied, 22% are rental-occupied, and 16% are vacant. The median age of homes in the AA is 47 years, while the median housing price is \$20,824.

Economic conditions in the AA are stable and influenced by agriculture and other local employers involved in manufacturing, meat processing, and services. Principal employers in the bank's AA are Trio Manufacturing, Tate Cheese, and the Griggsville School District. Many of the bank's customers also commute to nearby communities for employment including: Excel (Beardstown), Tenneco (Jacksonville), and National Starch (Meredosia). The unemployment rate for the AA is low at 4.75%. A moderate number of banks in Pike County provide a significant level of competition in the financial services market. The Kinderhook State Bank, First National Bank of Barry, Farmers State Bank of Pittsfield, and Corn Belt Bank and Trust Company, Pittsfield, are similarly situated institutions within the AA based on business focus.

A community contact was made with a local public official. The contact indicated local financial institutions are responsive to community credit needs and there are no significant unmet credit needs in the community. The contact did suggest that local economic conditions are hurting due to recent depressed agricultural prices and that future credit needs would likely be some form of disaster relief loans for area farmers.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

**LOAN-TO-DEPOSIT RATIO**

The bank's loan-to-deposit ratio exceeds the standards for satisfactory performance. FNB's average loan-to-deposit ratio for the eight quarters ending December 31, 1998 totaled 77.54% compared to 73.94% for the four other similarly situated banks.

**LENDING IN ASSESSMENT AREA**

The bank's record of lending within the AA is reasonable and meets the standards for satisfactory performance. The following table details the bank's lending within and outside the AA by dollar volume and number of loan originations during the evaluation period.

LOAN TYPE	DOLLAR VOLUME		NUMBER OF LOANS	
	WITHIN AA	OUTSIDE AA	WITHIN AA	OUTSIDE AA
Residential Real Estate	\$2,727,142	\$209,593	76	8
	93%	7%	90%	10%
Business	\$1,417,559	\$547,563	45	14
	72%	28%	76%	24%
Agricultural	\$3,180,627	\$1,425,790	85	26
	69%	31%	77%	23%
TOTAL	\$7,325,328	\$2,182,946	206	48
	77%	23%	81%	19%

Source: Bank Records (1/1/96 to 12/31/98)

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

The distribution of residential real estate lending reflects reasonable penetration among individuals of different income levels including low- and moderate-income individuals. Based on our review of all residential real estate loans originated within the AA during the evaluation period, 41% were originated to low- and moderate-income borrowers. This is reasonably comparable to the bank’s demographic statistics which indicate that 53% of all families are designated as low- or moderate-income. The following tables summarize the bank’s distribution of loan originations among borrowers of different income levels:

**RESIDENTIAL REAL ESTATE LENDING  
TO BORROWERS OF DIFFERENT INCOME LEVELS**

<b>INCOME LEVEL OF BORROWER</b>	<b>% OF FAMILIES</b>	<b>\$ VOLUME ORIGINATED</b>	<b>% ORIGINATED</b>	<b># ORIGINATED</b>	<b>% ORIGINATED</b>
<b>Low-income</b>	32%	\$180,633	7%	11	13%
<b>Moderate-income</b>	21%	\$713,559	28%	24	28%
<b>Middle-income</b>	26%	\$586,008	23%	19	23%
<b>Upper-income</b>	21%	\$1,090,661	42%	30	36%
<b>TOTAL</b>	100%	\$2,570,861	100%	84	100%

Source: Bank Records (1/1/96 to 12/31/98)

Using loan size as a proxy for business and farm revenues, the bank’s record of lending to small businesses and farms is good. As detailed in the following table, more than 50% of loans originated during the evaluation period to small businesses and farms originated for less than \$25,000.

**DISTRIBUTION OF SMALL BUSINESS AND AG LOAN SAMPLE  
BY LOAN SIZE**

<b>LOAN SIZE (\$)</b>	<b>BUSINESS LOANS</b>		<b>FARM LOANS</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>&lt;\$25,000</b>	117	65%	59	53%
<b>\$25,000 - 49,999</b>	22	12%	19	17%
<b>\$50,000 - \$99,999</b>	19	11%	20	18%
<b>Over \$100,000</b>	18	10%	13	12%
<b>TOTAL</b>	180	100%	111	100%

## **GEOGRAPHIC DISTRIBUTION OF LOANS**

We did not analyze the geographic distribution of loans since both of the BNAs making up the bank's assessment area are designated as moderate-income areas.

## **RESPONSE TO COMPLAINTS**

The bank has not received any complaints since the prior examination relative to its performance under the CRA.

## **COMPLIANCE WITH ANTIDISCRIMINATION LAWS**

We did not identify violations of any substantive provisions of the antidiscrimination laws and regulations during our examination.

## **INVESTMENTS AND SERVICES**

The bank's activity in investments and services is limited due to the unavailability of opportunities to purchase municipal investments or provide services which directly benefit low- or moderate-income individuals. The bank opened a branch in Milton, IL, a village located in a moderate-income BNA. The branch offers a full line of products and services and includes an ATM for convenience. No branch closings have occurred since the last CRA examination.