



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**February 10, 2005**

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

**The First National Bank of Mt. Auburn  
Charter Number 9922**

**502 South Broad Street  
Mount Auburn, IL 62547**

**Comptroller of the Currency  
Central Illinois & Central Indiana  
3001 Research Road Suite E2  
Champaign, IL 61822**

**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.**

- **A majority of the loans are originated within the bank's assessment area.**
- **The distribution of loans reflects good penetration among individuals of different income levels (including low- and moderate-income) and businesses and farms of different sizes, given the demographics of the assessment area.**
- **The bank's loan-to-deposit ratio is reasonable based on the institution's size, financial condition, assessment area's credit needs, and competition.**

## **DESCRIPTION OF INSTITUTION**

First National Bank of Mount Auburn (FNB) is a \$21 million intrastate institution located in Mount Auburn, Illinois. Mount Auburn is located in Christian County, approximately 38 miles east of Springfield, Illinois, the state's capitol. The bank is 100% owned by First Bancorp of Taylorville, Inc, a two-bank holding company with total assets of \$145 million at December 31, 2004. FNB has no branches or ATM facilities. FNB has not opened or closed any branches during this evaluation period.

The bank offers a full range of retail and commercial banking products normally associated with a community bank. Gross loans total \$12.9 million on December 31, 2004, representing 63% of total assets. The following represents the bank's loan and lease portfolio mix as of December 31, 2004:

Residential Real Estate Loans	\$6.9 million	53%
Agricultural Loans	\$2.4 million	19%
Commercial Loans	\$2.3 million	18%
Consumer Loans	\$1.3 million	10 %

During 2003 and 2004, the bank originated 699 loans totaling \$15.8 million. According to bank reports, 457 of these loans were consumer (\$3.1 million), 89 were commercial (\$4.5 million), 91 were agricultural (\$3.3 million) and 62 were 1-4 family residential real estate (\$4.9 million).

The bank offers standard loan products to the community. The bank also makes loans to local municipalities totaling \$191,248. Tier one capital totals \$1.8 million. There are no financial, legal, or other impediments that would hinder the bank's ability to help meet the credit needs of its assessment area. Bank activities are consistent with the bank's size, its financial capacity, local economic conditions, and credit needs of the community. The bank was rated "Satisfactory" at its last CRA examination on September 1, 1999.

## DESCRIPTION OF THE ASSESSMENT AREA

The assessment area (AA) consists of census tract #9581 in Christian County. This census tract is designated as middle-income. Christian County is not located in a Metropolitan Statistical Area (MSA). This assessment area conforms to the regulation and does not arbitrarily exclude low- or moderate-income areas. The following demographic information for the assessment area is based on 2000 census data:

Population:	3,052
Housing Stock: <i>1-4 family housing units</i>	90%
Occupancy: <i>owner-occupied, renter-occupied, vacant</i>	77%, 17%, 6%
Home Values: <i>Median home value</i>	\$69,900
Age of Homes: <i>Median year of homes built</i>	1959
Income: <i>Median family income</i>	\$49,000
Family Income Levels (%): <i>Low-, moderate-, middle-, upper-income</i>	10%, 18%, 31%, 41%
Household Income Levels (%): <i>Low-, moderate-, middle-, upper-income</i>	13%, 16%, 23%, 48%
	<b>2004 Business Data</b>
Farms: <i>% of small farms in the assessment area</i>	99%
Businesses: <i>% of small businesses in the assessment area</i>	71%
<i>Percent of farms not reporting revenue figures</i>	1%
<i>Percent of businesses not reporting revenue figures</i>	23%

The local economy is stable and driven by agriculture. There are no large employers in the assessment area. Many of the residents commute to Springfield, Taylorville, and Decatur, Illinois for employment with State of Illinois government, heavy manufacturers, and insurance companies. The December 2004 unemployment rate for Christian County was 5.6%. The state unemployment rate was 5.8%, compared to the national rate of 5.4%.

FNB faces strong competition from several community banks with locations in Christian, Logan, Macon, and Sangamon Counties, and from larger regional and national competition located in Decatur and Springfield. There are fourteen other banks, one savings and loan association, three credit unions, and one finance company with offices in Christian County.

A local government official was contacted during the examination. The contact indicated that the area's financial institutions are meeting the community's credit needs.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

This review concentrated on the bank's primary loan products for the years 2003 and 2004, which based on origination information provided by the bank, was primarily commercial and consumer loans. We also reviewed residential real estate loans due to the dollar volume of loans generated during this time period. We utilized 2000 census data.

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

The overall distribution of loans reflects more than reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses and farms of different sizes, given the demographics of the assessment area.

### Commercial Loans

The bank's performance of lending to businesses of different sizes is reasonable. Revenue information was not available for 80% of the loans sampled. Therefore, loan size was used as a proxy for revenues. The relationship between loan size and business size is based on the assumption that large businesses require larger size loans and small businesses require smaller size loans. Small businesses are businesses with annual gross revenues of equal to or less than one million dollars. For this analysis, all loans for amounts less than \$500,000 were considered made to small businesses. Based on the loan size as a proxy for revenue, ninety-five percent of the loans sampled in the assessment area represent lending to small businesses. Demographic data for the assessment area shows that ninety-nine percent of the businesses in the assessment area have revenues equal to or less than one million dollars.

<b>Borrower Distribution of Loans to Businesses by Loan Size in the Assessment Area</b>				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$50,000	14	70%	\$88,006	5%
\$50,001 - \$100,000	3	15%	\$241,060	13%
\$100,001 - \$250,000	0	0%	\$0	0%
\$250,001 - \$500,000	2	10%	\$530,030	28%
Over \$500,000	1	5%	\$1,000,030	54%

*Source: This table is based on 20 commercial loans from the AA that were originated in 2003 and 2004.*

### Consumer Loan Originations

The distribution of loans reflects, given the demographics of the assessment area, more than reasonable penetration for consumer originations among individuals of different income levels (including low- and moderate-income). The bank's performance in originating consumer loans to both low- and moderate-income borrowers is favorable compared to demographic data. The following tables show the distribution of consumer loan originations among borrowers of different income levels within the assessment area:

<b>Borrower Distribution of Consumer Loans in the Assessment Area</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Sample	13%	25%	16%	40%	23%	30%	48%	5%

*Source: Sample of 20 consumer loans originated in the AA for 2003 and 2004 and 2000 U.S. Census data.*

### Residential Real Estate Loans

The distribution of loans reflects, given the demographics of the assessment area, more than reasonable penetration for residential real estate loans among individuals of different income levels (including low- and moderate-income). The bank's performance in originating residential real estate loans to both low- and moderate-income borrowers is favorable compared to demographic data. The following table shows the distribution of residential real estate loan originations among borrowers of different income levels within the assessment area:

<b>Borrower Distribution of Residential Real Estate Loans in the Assessment Area</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans						
Sample	10%	20%	18%	35%	31%	15%	41%	25%

*Source: Sample of 20 residential real estate loans originated in the AA for 2003 and 2004 and 2000 U.S. Census data. One loan in the sample did not have income information available.*

### **Geographic Distribution of Loans**

A geographic distribution analysis was not performed, as the assessment area does not include any low- or moderate-income census tracts.

### **Lending in Assessment Area**

A majority of loans are originated within the bank's assessment area. Based on a sample of sixty loans originated in 2003 and 2004, 78% of the number and 78% of the dollar amount were made within the bank's assessment area.

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

The bank's loan-to-deposit ratio is reasonable based on the institution's size, financial condition, assessment area's credit needs, and local competition. During the past twenty-one quarters through September 30, 2004, FNB's loan-to-deposit ratio has averaged 66%. This average ratio is favorable compared to the 64% quarterly average for three similarly situated banks with total assets between \$18 million and \$27 million headquartered in Christian and Macon Counties.

### **Responses to Complaints**

FNB has not received any complaints about its performance in helping to meet assessment area needs during this evaluation period.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of illegal discrimination or other illegal credit practices.