



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

May 11, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank in Taylorville
Charter Number 14769

322 West Main
Taylorville, IL 62568

Office of the Comptroller of the Currency

CENTRAL ILLINOIS & CENTRAL INDIANA Field Office
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.

The primary factors supporting the bank's rating include:

- The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- A substantial majority of loans, by both number and dollar amount, originated to borrowers inside the bank's AA.
- The distribution of loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and farms and businesses of different sizes, given the demographics of the AA.
- The geographic distribution of loans reflects reasonable penetration in geographies of different income levels, given the demographics of the AA.

SCOPE OF EXAMINATION

We evaluated the bank under the small bank performance standards. Using bank generated reports of all loan originations for the period January 1, 2007 through April 21, 2009, we determined the bank's primary credit products by dollar and number to be farm, business, and consumer loans. For this analysis, we also used deposit information, reported to the Federal Deposit Insurance Corporation, to determine the bank's market share and market presence in the assessment area. There is no affiliate activity considered in this evaluation.

DESCRIPTION OF INSTITUTION

The First National Bank in Taylorville (FNB) is a \$160 million intrastate financial institution located in Taylorville, Illinois. Taylorville, the county seat of Christian County, is located on State Highways 29, 48, and 104 in central Illinois, approximately 30 miles from both Springfield and Decatur, Illinois. The bank is a wholly owned subsidiary of First Bancorp of Taylorville, Inc., a one-bank holding company with consolidated total assets of \$173 million.

The bank is a full service banking institution and operates two banking offices in Christian County, including the main office in Taylorville and a branch in Mount Auburn, Illinois. The Mount Auburn branch was established when the bank merged with its affiliate bank, First National Bank of Mount Auburn, in May 2008. Five automated teller machines (ATMs) are available at two gas stations, a car wash, and the Moose Lodge in Taylorville and a tavern in Mount Auburn. The bank also offers Internet and telephone banking. The bank has not closed any branches during the evaluation period.

The bank offers a full range of retail and commercial banking products and services normally associated with a community bank. Gross loans total \$71.6 million on March 31, 2009, representing 47% of total assets and 52% of deposits. The following represents the bank's loan and lease portfolio mix as of March 31, 2009: 35 percent farm loans, 30 percent residential real estate loans, 28 percent business loans, and 7 percent consumer loans. Tier 1 capital is \$17.8 million as of March 31, 2009. The bank's business strategy during the evaluation period has been to grow through origination of business and farm lending inside and outside the assessment area. The bank's legal and financial circumstances do not impede its ability to meet the credit needs of the assessment area. The bank received a Satisfactory rating on its last CRA performance evaluation dated July 1, 2004.

DESCRIPTION OF ASSESSMENT AREA(S)

The bank's assessment area (AA) consists of all ten census tracts in Christian County. This AA is legal, meets the requirements of the regulation, and does not arbitrarily exclude any low- or moderate-income geography. The AA includes no low-income, one moderate-income (10%), eight middle-income (80%), and one upper-income (10%) census tracts. The moderate-income census tract is located on the south-east side of Taylorville.

The following demographic information is based on 2000 census data:

Population:	35,372
Population by Geography: <i>Low-, moderate-, middle-, upper-income tract</i>	0%, 8%, 86%, 6%
Housing Stock: <i>1-4 family housing units</i>	94%
Occupancy: <i>Owner-occupied, renter-occupied, vacant</i>	71%, 22%, 9%
Home Values: <i>Median home value</i>	\$61,232
Age of Homes: <i>Median year of homes built</i>	1953
Income: <i>Updated median family income for 2008</i>	\$51,900
Family Income Levels: <i>Low-, moderate-, middle-, upper-income</i>	16%, 19%, 27%, 38%
Income: <i>Weighted Average median household income</i>	\$36,835
Household Income Levels: <i>Low-, moderate-, middle-, upper-income</i>	21%, 17%, 21%, 41%
	2008 Business Data
Farms:	393
Farms: <i>Percent of small farms in the assessment area</i>	99%
Farms: <i>Percent not reporting revenue figures</i>	1%
Farms by Geography: <i>Low-, moderate-, middle-, upper-income tract</i>	0%, 1%, 82%, 17%
Businesses:	2,484
Businesses: <i>Percent of small businesses in the assessment area</i>	55%
Businesses: <i>Percent not reporting revenue figures</i>	42%
Businesses by Geography: <i>Low-, moderate-, middle-, upper-income tract</i>	0%, 8%, 86%, 6%

The local economy is stable and driven by agriculture. Many residents commute to Springfield and Decatur for employment with the State of Illinois government, hospitals,

universities, and heavy manufacturers including Caterpillar, ADM, and Staley's. Major employers in the assessment area include Ahlstrom Filtration Inc, Wal-Mart, State of Illinois Correctional Center, Kennedy Metal Products, Archway Merchandising, Waste Management, and Meadow Brook Meats, as well as two hospitals, school districts, and local governments. The March 2009 unemployment rate for the Christian County was 9.1% compared to the state and national rates of 9.1% and 8.5% respectively. The bank faces strong competition from several other financial institutions in the assessment area, including some significantly larger regional and national institutions located in Springfield and Decatur.

During this examination, we made one community contact with a representative of a non-profit housing developer in Christian County. He did not identify any specific unmet credit needs in the community. The organization is planning a capital expansion for a new Headstart facility and a homeownership counseling program, and would welcome financial contributions and leadership participation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's performance under the Lending Test is satisfactory.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and AA credit needs. The bank's loan-to-deposit ratio averaged fifty-two percent (52%) over twenty quarters between June 2004 and March 2009, ranging from a low of 48% to a high of 57%. The bank's loan-to-deposit ratio was 52% on March 31, 2009. This ratio is comparable with the average loan-to-deposit ratio for similarly situated banks in or near the assessment area. The similarly situated banks include two banks in the adjacent counties of Montgomery and Shelby, with assets between \$125 million and \$168 million. The combined loan-to-deposit ratio for the similarly situated banks was 62% for the same time period. FNB currently has \$4.9 million in loan participations sold to other banks. The bank's adjusted loan-to-deposit ratio for March 31, 2009 would be 57%. The bank's loan-to-deposit ratio is also affected by the seasonality of the farm loan portfolio, which is typically paid down during the first quarter of each year. The bank shows an additional \$14.7 million in unfunded loan commitments at March 31, 2009. The bank has the highest deposit market share in Christian County at 22%. A large volume of public funds (\$9.2 million at March 31, 2009, representing 7% of total deposits) impacts the loan-to-deposit ratio.

Lending in Assessment Area

The bank originated a substantial majority of loans within the assessment area. Eighty-seven percent (87%) of the number and eighty-six percent (86%) of the dollar volume of loans sampled were originated to borrowers within the bank's assessment area.

Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Farm	17	85%	3	15%	20	\$3,065	88%	\$415	12%	\$3,480
Business	17	85%	3	15%	20	\$527	75%	\$181	26%	\$708
Consumer	18	90%	2	10%	20	\$144	85%	\$26	15%	\$170
Totals	52	87%	8	13%	60	\$3,736	86%	\$622	14%	\$4,358

Source: A sample of 20 farm loans, 20 business loans, and 20 consumer loans that were originated between January 1, 2007 and April 21, 2009.

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

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

Farm Loans

The bank's performance of lending to farms of different sizes is reasonable. Ninety-five percent (95%) of the number of farm loans sampled in the assessment area were made to small farms. Small farms are farms with gross revenues equal to or less than one million dollars. One loan in the sample (5%) for \$505,820 did not have gross revenue information available. Demographic data for the assessment area shows that ninety-nine percent (99%) of the farms in the assessment area have revenues equal to or less than one million dollars.

Borrower Distribution of Loans to Farms in the Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Farms*	99%	0%	1%	100%
% of Bank Loans in AA by #	95%	0%	5%	100%
% of Bank Loans in AA by \$	83%	0%	17%	100%

Source: This table is based on 20 farm loans from the AA that were originated between January 1, 2007 and April 21, 2009, and 2000 U.S. Census data. One large loan totaling \$505,820 in the sample did not have revenue information in the file.

Business Loans

The bank's performance of lending to businesses of different sizes is more than reasonable. Eighty-five percent (85%) of the number of business loans sampled in the assessment area were made to small businesses. Small businesses are businesses with annual gross revenues of less than one million dollars. Demographic data for the assessment area shows that fifty-five percent (55%) of the businesses in the

assessment area have revenues equal to or less than one million dollars.

Borrower Distribution of Loans to Businesses in the Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses*	55%	3%	42%	100%
% of Bank Loans in AA by #	85%	15%	0%	100%
% of Bank Loans in AA by \$	67%	33%	0%	100%

Source: Sample of 20 business loans from the AA that were originated between January 1, 2007 and April 21, 2009, and 2000 U.S. Census data.

Consumer Loans

The distribution of consumer loans to borrowers of different income levels is reasonable. Performance with moderate-income borrowers in the assessment area of twenty percent (20%) exceeds the demographic comparator of seventeen percent (17%). Performance with low-income borrowers in the assessment area at ten (10%) is below the demographic comparator of twenty-one (21%). The effect of this on the bank’s overall CRA rating is mitigated by the high family poverty rate of nearly ten percent (10%) and the high unemployment rate in Christian County. Thirty-four percent (34%) of the population is on social security, and two percent is on public assistance.

Borrower Distribution of Consumer Loans in the Assessment Area								
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	21%	10%	17%	20%	21%	25%	41%	41%

Source: Sample of 60 consumer loans originated in the AA between January 1, 2007 and April 21, 2009, and 2000 U.S. Census data. Two small loans totaling \$13,610 did not have income information in the file.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable penetration in geographies of different income levels, given the demographics of the assessment area. Our geographic distribution analysis did not identify any unexplained conspicuous lending gaps in the assessment area.

Farm Loans

The geographic distribution of loans to farms is reasonable. Performance in the moderate-income census tract is near to the geographic comparator. There are only four farms located in the moderate-income census tract. Based on our sample, the bank has made loans to at least 25% (one out of four) farms located in the moderate-income census tract.

Geographic Distribution of Loans to Farms in the Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Farm Loans	0%	0%	10%	5%	80%	85%	10%	10%

Source: Sample of 20 farm loans originated in the AA between January 1, 2007 and April 21, 2009 and 2000 Census data.

Business Loans

The geographic distribution of small loans to businesses is excellent. Performance in the moderate-income census tract exceeds the geographic comparator. One of the bank’s ATMs is located in the moderate-income census tract.

Geographic Distribution of Loans to Businesses in the Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	0%	0%	10%	15%	80%	85%	10%	0%

Source: Sample of 20 business loans originated in the AA between January 1, 2007 and April 21, 2009 and 2000 Census data.

Consumer Loans

The bank's geographic distribution of consumer loans is reasonable. Performance in the moderate-income census tract meets the geographic comparator.

Geographic Distribution of Consumer Loans in the Assessment Area								
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	0%	0%	10%	10%	80%	87%	10%	3%

Source: Sample of 60 consumer loans originated in the AA between January 1, 2007 and April 21, 2009 and 2000 U.S. Census data.

Responses to Complaints

The bank has not received any CRA related complaints.

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.