



**SMALL BANK**

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

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## **PUBLIC DISCLOSURE**

**August 4, 2005**

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

**The First National Bank of Chrisman  
Charter Number 7111**

**147 W. Monroe Ave  
Chrisman, Illinois 61924-0020**

**Office of the Comptroller of the Currency  
Harris Center  
3001 Research Road, Suite E-2  
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 distribution of loans to borrowers with different incomes and to small farms provides more than reasonable penetration given the demographics of the assessment area.**

**A majority of the loans are originated within the bank's assessment area.**

**The bank's loan-to-deposit ratio is reasonable based on the institution's size, financial condition, and the assessment area's credit needs.**

## **DESCRIPTION OF INSTITUTION**

The First National Bank of Chrisman (FNBC) is a \$40 million intrastate institution headquartered in Chrisman, Illinois. Chrisman is a community of approximately 1,100 located in the northeast corner of Edgar County near the Indiana state line, approximately thirty miles south of Danville, Illinois. Chrisman Bancorp Incorporated, a one-bank holding company located in Springfield, Illinois, owns this institution.

FNBC previously had one branch in Hume, Illinois. This branch, which was located in a middle-income census tract in Edgar County, was closed December 31, 2004. The closing of this branch had no material impact on low- to moderate-income individuals or families. FNBC does not own or operate any automated teller machines (ATMs). FNBC does have a contract with another bank in Edgar County that allows the bank's customers to utilize their ATMs.

FNBC offers a full range of retail and commercial banking products normally associated with a community bank. Net loans were \$20.3 million on June 30, 2005, or fifty-two percent of total assets. The following represents this institution's loan and lease portfolio mix as reported on the June 30, 2005 Call Report:

Residential Real Estate	\$ 1.6 million	8%
Agricultural related	\$ 10.5 million	52%
Commercial	\$ 5.4 million	26%
Consumer Installment	\$ 2.8 million	14%

During 2003, 2004, and 2005, the bank originated 1410 loans for a total of \$31 million as noted below.

Agricultural related	\$10.7 million	35%	339	24%
Consumer Installment	\$ 7.9 million	25%	902	64%
Commercial	\$ 9.9 million	32%	74	5%
Residential Real Estate	\$ 2.5 million	8%	95	7%

*Source: Bank's internally generated new loan reports for 2003, 2004, and 2005.*

Tier one capital at June 30, 2005 totals \$4.6 million. There are no financial, legal, or other impediments that 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 capability, local economic conditions, and credit needs of the community. The bank was rated "Satisfactory" at its last CRA examination on November 8, 1999.

## DESCRIPTION OF THE ASSESSMENT AREAS

FNBC's assessment area (AA) consists of three census tracts (#701, #702, and #703) in Edgar County and two census tracts (#109 and #111) in southern Vermilion County. Vermilion County was made a Metropolitan Statistical Area (MSA) in the 2000 Census and is referred to as MSA #19180. According to the 2000 census data, all of the census tracts located in Edgar County are middle-income areas. According to the same data, one of the census tracts in the Vermillion County MSA AA is a middle-income area and one is an upper-income area. The AA conforms to the regulation and does not arbitrarily exclude low- or moderate- income areas. The following demographic information for the combined assessment areas is based on census data:

**Table 1 – Demographic Information for Assessment Area (AA)**

	<b>Edgar County AA</b>	<b>Vermillion County MSA AA</b>
Population:	9,994	3,111
Housing Stock: <i>1-4 family housing units</i>	89%	87%
Occupancy: <i>owner-occupied, renter-occupied, vacant</i>	69%, 21%, 9%	59%, 30%, 12%
Home Values: <i>Median home value</i>	\$54,545	\$40,323
Age of Homes: <i>Median year of homes built</i>	1949	1940
Income: <i>Median family income</i>	\$40,405	\$37,101
Family Income Levels (%): <i>Low-, moderate-, middle-, upper-income</i>	21%, 20%, 24%, 35%	26%, 16%, 29%, 29%
Household Income Levels(%): <i>Low-, moderate-, middle-, upper-income</i>	23%, 19%, 21%, 37%	31%, 16%, 23%, 30%
Updated Income: <i>2003HUD Non-MSA median family income was \$48,200; 2004 HUD Non-MSA median family income was \$49,000; 2005 HUD Non-MSA median family income is \$49,550; 2004 HUD MSA median family income was \$46,800; 2005 HUD MSA median family income is \$47,200.</i>		
Farms: <i>% of small farms in the assessment area</i>	98%	100%
Businesses: <i>% of small businesses in the assessment area</i>	64%	57%

The local economy is stable and driven by agriculture and small business. As of December 2004, the annual average unemployment rate for Edgar County (5.8%) is lower than the state average (6.2%) and only slightly higher than the national average (5.5%). The annual average unemployment rate for Vermilion County (8.3%) is higher, when compared to the state and national averages. Major employers in the Edgar County AA include North American Lighting, the school district, and Wal-Mart. Major employers in the Vermilion County MSA AA include Black Beauty Coal, McLane, Quaker, and Krupp Gerlach. Many individuals living in the bank's assessment area commute to Clinton, Indiana, Danville, Illinois, and Paris, Illinois to work in major industries such as Eli Lilly and Symington Windows. FNBC faces competition from several community banks, four larger regional banks, and one thrift institution. In addition to FNBC, there are five banks located in Edgar County, four of which have assets of less than \$100 million.

A local business owner and community leader indicated that the banks in the area are doing a good job of meeting the area's credit needs, particularly the agricultural needs. It was noted that there is a need for the banks in the area to become more involved in economic development, but that FNBC was already actively involved. Banks in the area have been forthcoming in providing loans for economic development. Future needs may include additional economic development loans to promote and entice small businesses and provide for additional housing projects.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

This review concentrated on the bank's primary loan products, which based on origination information provided by the bank, included agricultural loans (by dollar) and consumer loans (by number). We reviewed 2003, 2004, and 2005 originations to evaluate the bank's performance. Census data (2000) was utilized for evaluating consumer loans.

For purposes of this evaluation, the Non-MSA assessment area includes loan data based on a sample of loans originated in 2003 in both Edgar and Vermilion Counties and a sample of loans originated in 2004 and 2005 in Edgar County. The Vermilion County MSA includes loan data based on a sample of loans originated in 2004 and 2005 in Vermilion County only.

Small farms are farms with annual gross revenues of less than one million dollars.

Because the majority of the bank's lending was in the Non-MSA assessment area, this assessment area was given more weight in our analysis than the MSA assessment area.

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

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

#### **Agricultural Loans**

The bank's performance of lending to farms of different sizes is more than reasonable compared to the area's demographics.

#### Non-MSA Assessment Area

The bank's performance of lending to farms of different sizes is more than reasonable compared to the area's demographics. Based on a sample of twenty loans, one hundred percent of the number of farm loans originated in the Edgar County non-MSA AA during 2003, 2004, and 2005 were made to small farms. Demographic data for 2003 shows that ninety-nine percent of farms in the assessment area are small farms, while demographic data for 2004 shows that ninety-eight percent of the farms in the assessment area are small farms.

#### Vermilion County MSA Assessment Area

The bank's performance of lending to farms of different sizes is reasonable compared to the area's demographics. Ninety-five percent of the number of farm loans or nineteen of twenty sampled were made to small farms. Demographic data for 2004 shows that for the Vermilion County assessment area, one hundred percent of the farms in the assessment area are small farms.

#### Consumer Loans

The distribution of consumer loans reflects, given the demographics of the assessment area, more than reasonable penetration for originating consumer loans to individuals of different income levels.

#### Non-MSA Assessment Area

The bank's performance in originating consumer loans to low- and moderate-income borrowers is more than reasonable compared to demographic data.

Based on a sample of eight loans originated in 2003, thirty-eight percent of the number of loans (3) was made to low-income borrowers. This number significantly exceeds the percent of assessment area households (twenty-five percent) that are low-income. Based on the same sample, fifty percent of the number of loans or four were made to moderate-income borrowers. This number also significantly exceeds the percent of assessment area households (nineteen percent) that are moderate-income.

Based on a sample of twelve loans originated in 2004 and 2005, sixty-seven percent of the number of loans or eight were made to low-income borrowers. This number significantly exceeds the percent of assessment area households (twenty-three percent) that are low-income. Based on the same sample, eight percent of the number of loans or one were made to moderate-income borrowers. This number is significantly lower than the percent of assessment area households (nineteen percent) that are moderate-income.

The following tables display the distribution of consumer loan originations among borrowers of different income levels within the assessment area:

**Table 2 - Borrower Distribution of Consumer Loans in Non-MSA Assessment Area – 2003 Loans**

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	25%	38%	18%	50%	22%	0%	35%	13%

Source: Sample of 8 loans originated in 2003 in both Edgar and Vermilion Counties; 2000 census data

<b>Table 3 - Borrower Distribution of Consumer Loans in Non-MSA Assessment Area – 2004 and 2005 Loans</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%	67%	19%	8%	21%	17%	37%	8%

Source: Sample of 12 loans originated in 2004 and 2005 in Edgar County; 2000 census data

#### Vermilion County MSA Assessment Area

The bank's performance in originating consumer loans to low- and moderate-income borrowers is more than reasonable compared to demographic data.

Based on a sample of twenty loans originated in 2004 and 2005, fifteen percent of the number of loans (3) was made to low-income borrowers. This number is significantly lower than the percentage of assessment area households (thirty-one percent) that are low-income. This number is reasonable however, taking into consideration the number of households in the assessment area that are below the poverty level (nineteen percent) and the difficulty for these individuals to qualify for a consumer loan. Based on the same sample, thirty percent of the number of loans or six were made to moderate-income borrowers. This number significantly exceeds the percent of assessment area households (sixteen percent) that are moderate-income.

The following table displays the distribution of consumer loan originations among borrowers of different income levels within the assessment area:

**Table 4 - Borrower Distribution of Consumer Loans in Vermilion County MSA Assessment Area – 2004 and 2005 Loans**

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	31%	15%	16%	30%	23%	20%	30%	35%

Source: Sample of 20 loans originated in 2004 and 2005 in Vermilion County; 2000 census data

### Lending in Assessment Area

A majority of the loans are originated within the bank's assessment area. Based on 1410 loans originated by the bank during 2003, 2004 and 2005, eighty-five percent of the loans were made in the assessment area. See the following table for more information.

Table 5 - Lending in non-MSA and Vermilion County MSA AA										
Loan Type	Number of Loans				Dollars of Loans					
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	48	3%	22	2%	70	1,353,222	4%	8,594,860	28%	9,948,082
Agricultural	318	23%	21	1%	339	9,547,876	31%	1,174,226	4%	10,722,102
Consumer	749	53%	153	11%	902	5,793,360	19%	2,141,653	7%	7,935,013
Residential RE	75	5%	20	1%	95	1,676,569	5%	778,066	2%	2,454,635
Muni's	4	1%	0	0%	4	210,000	0%	0	0%	210,000
Totals	1194	85%	216	15%	1410	18,581,027	59%	12,688,805	41%	31,269,832

Source: Bank's system generated report of all loans originated in 2003, 2004 and 2005.

### Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable based on the institution's size, financial condition, and the assessment area's credit needs. During the past twenty-three quarters, FNBC's loan-to-deposit ratio has averaged sixty-six percent. This average ratio is slightly above the peer bank's quarterly average of sixty-one percent. Individual peer bank ratios ranged from a high of seventy-eight percent to a low of forty-four percent. Peer banks are five banks headquartered in Edgar and Vermilion Counties, with total assets ranging between \$47 million and \$26 million.

### Geographic Distribution of Loans

A geographic distribution analysis was not performed, as FNBC's assessment area does not contain any low-income or moderate-income census tracts.

### Responses to Complaints

FNBC 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.