



SMALL BANK

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

PUBLIC DISCLOSURE

July 01, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank in Taylorville
Charter Number 14769**

**322 West Main
Taylorville, IL 62568**

**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 geographic distribution of loans reflects satisfactory penetration in geographies of different income levels within the bank's assessment area, 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 Taylorville (FNB) is a \$123 million intrastate 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 Springfield and Decatur, Illinois. This institution is owned by First Bancorp of Taylorville, Inc., a two-bank holding company with total assets of \$143 million at December 31, 2003.

FNB has no branch facilities. The bank maintains three ATMs located in kiosks at gas stations in Taylorville. 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. Net loans total \$56.2 million on December 31, 2003, representing 46% of total assets. The following represents the bank's loan and lease portfolio mix as of December 31, 2003:

Commercial Loans	\$21.8 million	39%
Agricultural Loans	\$14.8 million	26%
Residential Real Estate Loans	\$12.9 million	23%
Consumer Loans	\$ 6.7 million	12%

During the years of 2002 and 2003, the bank originated 1,337 loans totaling \$56.3 million. According to bank reports, 668 of these loans were consumer, 513 were commercial and agricultural, and 156 were 1-4 family residential real estate.

The bank offers standard loan products to the community. Additional loan products that the bank offers includes Farm Services Administration (FSA) guaranteed loans and Illinois Farm Development Authority (IFDA) guaranteed loans. The bank has provided one loan to a small business that qualifies for, and participates in, the City of Taylorville's Main Street Improvement Program. The bank also provides loans to several municipalities within the assessment area.

Tier one capital totals \$11 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 July 20, 1998.

DESCRIPTION OF THE ASSESSMENT AREA

The assessment area consists of Christian County. Christian County has ten census tracts that include one moderate-income, eight middle-income, and one upper-income designations. Christian County is not 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 census data:

Table 1 – Demographic Information for Assessment Area (AA)		
	1990 Census Data	2000 Census Data
Population:	34,418	35,372
Housing Stock: <i>1-4 family housing units</i>	85%	88%
Occupancy: <i>owner-occupied, renter-occupied, vacant</i>	69%, 24%, 7%	71%, 22%, 7%
Home Values: <i>Median home value</i>	\$37,566	\$61,232
Age of Homes: <i>Median year of homes built</i>	1950	1953
Income: <i>Median family income</i>	\$30,484	\$43,605
Family Income Levels (%): <i>Low-, moderate-, middle-, upper-income</i>	18%, 18%, 25%, 39%	16%, 19%, 26%, 39%
Household Income Levels(%): <i>Low-, moderate-, middle-, upper-income</i>	23%, 17%, 18%, 42%	21%, 17%, 21%, 41%
Updated Income: 2002 HUD Non-MSA Illinois median family income was \$46,700. 2003 HUD Non-MSA Illinois median family income was \$48,200.		
	2002 Business Data	2003 Business Data
Farms: <i>% of small farms in the assessment area</i>	99%	99%
Businesses: <i>% of small businesses in the assessment area</i>	81%	68%
<i>Percent of businesses not reporting revenue figures</i>	14%	27%

The local economy is stable and driven by agriculture. Many of the residents commute to Springfield and Decatur for employment with the State of Illinois government, hospitals, universities, and heavy manufacturers including Caterpillar, ADM, Staley's, and Mueller's. Some of the major employers in the county are Dominion Power Plant, Ahlstrom Filtration Inc, Macon Metals Products, Christian County Medical Clinic, St. Vincent's Hospital, Wal-Mart, and the State of Illinois Correctional Center. Local governments and school districts make up some of the other employers in the assessment area. The December 2003 unemployment rate for Christian County was 5.8%. The state unemployment rate was 6.4%, compared to the national rate of 5.7%.

FNB faces competition from several community banks with locations in Taylorville and Christian County, and from larger regional and national competition located in Springfield and

Decatur. There are thirteen other banks, one savings and loan association, two credit unions, and a finance company with locations in Christian County.

A local government official was contacted during the examination. The contact indicated that area financial institutions are meeting the community's credit needs and are supportive of economic development programs in the area.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

This review concentrated on the bank's primary loan products, which based on origination information provided by the bank included commercial, agricultural, and consumer loans. We utilized 2002 and 2003 originations to evaluate the bank's performance. 1990 and 2000 census data was utilized for evaluating consumer loans originated in 2002 and 2003, respectively.

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

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

Agricultural loans

The bank's performance of lending to farms of different sizes is reasonable. Ninety-nine percent of the dollar and ninety-five percent of the number of agricultural loans sampled in the assessment area were made to small farms. Small farms are farms with annual gross revenues of less than one million dollars. One loan in the sample did not contain financial information. Demographic data for the AA shows that ninety-nine percent of the farms in the assessment area have revenues equal to or less than one million dollars.

Table 2 - Borrower Distribution of Loans to Farms in the AA		
Gross Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Farms*	99%	0%
% of Bank Loans in AA by #	95%	0%
% of Bank Loans in AA by \$	99%	0%

Source: This table is based on 20 farm loans from the AA that were originated in 2002 and 2003.

One small loan in the sample did not have revenue information in the file.

*1% of AA farms did not report revenue data.

Commercial Loans

The bank's performance of lending to businesses of different sizes is reasonable. Seventy percent of the number and fifty-seven percent of the dollar amount 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. One loan in the sample did not contain financial information. Demographic data for the AA shows that sixty-eight percent of the businesses in

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

Table 3 - Borrower Distribution of Loans to Businesses in the AA		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	68%	5%
% of Bank Loans in AA by #	70%	25%
% of Bank Loans in AA by \$	57%	43%

Source: This table is based on 20 commercial loans from the AA that were originated in 2002 and 2003. One small loan in the sample did not have revenue information in the file.

* 27% of AA businesses did not report revenue data.

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 2002 and 2003 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:

Table 4 – Consumer Loans in the AA by Income Distribution						
<u>Income Level</u>	<u>Year</u>	<u>% of households in the AA</u>	<u># of Loans</u>	<u>% of #</u>	<u>\$ of Loans</u>	<u>% of \$</u>
Low-Income Less than 50% of Median	2002 ¹	18%	7	35%	\$62,565	35%
	2003 ²	16%	4	20%	\$19,752	11%
Moderate-Income 50%-79% of Median	2002 ¹	18%	5	25%	\$43,409	24%
	2003 ²	19%	4	20%	\$48,639	26%
Middle-Income 80%-119% of Median	2002 ¹	25%	4	20%	\$50,043	28%
	2003 ²	26%	4	20%	\$37,411	20%
Upper-Income 120% or more of Median	2002 ¹	39%	2	10%	\$5,500	3%
	2003 ²	39%	5	25%	\$51,731	28%

Source: ¹ Sample of 20 consumer loans originated in the AA for 2002 and 1990 U.S. Census data. Two loans totaling \$18,000 in the 2002 sample did not have income information available. ² Sample of 20 loans in the AA originated in 2003 and 2000 U.S. Census data. Three loans totaling \$30,101 in the 2003 sample did not have income information available.

Geographic Distribution of Loans

The overall geographic distribution of loans reflects, given the demographics of the assessment area, satisfactory penetration to geographies of different income levels with the bank's

assessment area.

Commercial and Agricultural Loans

The bank's geographic distribution of both business and farm loans is more than reasonable. Ten percent of the loans sampled in the assessment area are to businesses located in a moderate-income census tract. Demographic data for the assessment area shows that nine percent of businesses are located in the moderate-income census tract.

Five percent of the loans sampled in the assessment area are to farms located in a moderate-income census tract. This compares favorably to demographic data, which shows only one percent of assessment area farms are located in the moderate-income census tract.

Table 3A - Geographic Distribution of Loans to Businesses/Farms in Christian County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Business Loans	0%	0%	9%	10%	86%	90%	5%	0%
Farm Loans	0%	0%	1%	5%	84%	90%	15%	5%

Source: Sample of 20 business and 20 farm loans from the AA that were originated in 2002 and 2003.

Consumer Loans

The bank's geographic distribution of consumer loans is reasonable. While the bank's 2002 and 2003 performance in originating consumer loans in the moderate-income census tract is lower than the demographic data for the assessment area, this census tract is primarily zoned for commercial businesses. As noted in the demographic data, this moderate-income census tract has become more commercial in recent years with the number of businesses increasing 20% in 2003 alone. The reasonableness of the bank's geographic distribution of consumer loans is further supported by its geographic distribution of business and farm loans and its performance in the other factors, particularly lending to individuals of different incomes (including low- and moderate-income).

Table 3B - Geographic Distribution of Consumer Loans in Christian County				
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 2002 ¹	0%	0%	17%	10%	83%	90%	0%	0%
Consumer Loans 2003 ²	0%	0%	8%	5%	86%	85%	6%	10%

Source: ¹ Sample of 20 consumer loans originated in the AA for 2002 and 1990 U.S. Census data. ² Sample of 20 consumer loans originated in the AA for 2003 and 2000 Census data. Business data for 2002 and 2003 was also referenced.

Lending in Assessment Area

A majority of the loans are originated within the bank's assessment areas. Based on a sample of sixty loans originated in 2002 and 2003 by the bank, 83% of the number and 76% of the dollar amount were made within the bank's assessment areas.

Community Development Lending

The bank has provided two community development loans for \$500,000 and \$568,000 since the previous examination. Both loans financed rent-subsidized low- and moderate-income housing apartment building complexes with 10 and 24 units respectively in Taylorville and Rochester.

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-four quarters, FNB's loan-to-deposit ratio has averaged 58%. This average ratio is lower compared to the 69% quarterly average for six similarly situated banks headquartered in Christian, Montgomery, and Shelby Counties with total assets between \$93 million and \$136 million. FNB has the largest market share of deposits (18% at June 30, 2003) in the county. A large volume of public funds (\$7 million at December 31, 2003) impacts the loan-to-deposit ratio.

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.