

PUBLIC DISCLOSURE

January 5, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Assumption
Charter #5316**

**141 North Chestnut Street
Assumption, Illinois 62510**

**Office of the Comptroller of the Currency
Champaign Field Office
2009 Fox Drive, Suite B
Champaign, IL 61820**

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 **First National Bank of Assumption** prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of January 5, 1999. Our assessment of the bank's performance covers the period since January 8, 1996. The rating received at that time was "Satisfactory Record of Meeting Community Credit Needs". 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 **Satisfactory Record of Meeting Community Credit Needs**.

This rating is based on analyses of the bank's lending performance from January 8, 1996 - January 5, 1999. The lending performance test includes analysis of the bank's average loan-to-deposit ratio, the volume of total lending within the bank's assessment area, the distribution of credit to borrowers of different incomes and to businesses of different sizes, and the bank's level of compliance with Fair Lending laws and regulations.

The bank's Satisfactory Record of Meeting Community Credit Needs rating is supported by the following:

- The bank's loan-to-deposit ratio is reasonable.
- The bank's level of lending inside the assessment area is good.
- The distribution of loans inside the assessment area to small farms and businesses is good. The distribution of installment loans to individuals of different income levels is excellent.

DESCRIPTION OF INSTITUTION

The First National Bank of Assumption is a \$18 million institution in Assumption, Illinois. Assumption is located in the northeastern corner of Christian County, approximately 60 miles southeast of Springfield, the state's Capitol. Assumption has a population of 1,400 residents. The bank has no branches or ATMs and offers traditional products.

Loans have been growing since the last CRA examination. On December 31, 1995, gross loans totaled \$6.4 million. As of December 31, 1998, gross loans totaled \$8.9 million. The real estate and farm loan portfolios are the areas where growth has been the most significant.

As shown in the *Table 1*, loan originations have primarily been spread between agriculture, real estate, and consumer loans. The table shows the breakdown of loan originations made from January 8, 1996 through January 5, 1999. A total of 914 loans were made, with the dollar volume being approximately \$14.8 million.

Total Originations Since January 8, 1996		
Table 1		
Type of Loans	Number Made	Dollar Amount Made
Residential Real Estate	135	\$4,366,000
Consumer	547	\$3,795,000
Agricultural	113	\$5,183,000
Commercial	119	\$1,413,000
Total	914	\$14,757,000

Source: Detailed origination reports provided by the bank.

Based on the community contacts held during the previous CRA reviews, no significant unfulfilled community credit needs are known to exist. No community contacts were made during this examination.

The bank has no financial or legal impediments that restrict it from meeting the credit needs of its local community.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area includes two Block Numbering Areas (BNAs) in Christian County and two BNAs in Shelby County. The population of the assessment area is 13,148. Based on 1990 census data, all four BNAs are designated middle-income. The following demographic information for the assessment area is based on 1990 census data unless otherwise noted:

Housing Stock:	85% of the housing units are 1-4 family.
Occupancy:	70% are owner occupied, 21% are renter occupied, and 9% are vacant.
Home Values:	Median home value is \$38,491.
Age of Homes:	Median year of homes built is 1957.
Income:	Median family income is \$39,500 (1998 HUD).
Income Levels:	19% of families are designated low-income, 13% are moderate-income, 19% are middle-income, and 49% are upper-income.

The economic conditions in Christian and Shelby counties over the last few years have remained stable. The economy is largely dependent upon agriculture and many residents commute to Decatur, Illinois for employment. The local unemployment rate is approximately the same as the overall state level.

The local branch of First National Bank of Pana is the bank's main competition. Normal competition exist within a commutable distance of Assumption. In nearby Taylorville, Pana and Decatur, Illinois, numerous purveyors of financial services exist.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN-TO-DEPOSIT RATIO

The First National Bank of Assumption's (FNB) loan-to-deposit ratio is reasonable. During the assessment period, the bank's net loan-to-deposit ratio ranged from 48% to 56%, and averaged 52%. This average ratio is slightly lower than the 58% average net loan-to-deposit ratio of the banks in Christian and Shelby counties, having total assets between \$10 million and \$25 million.

LENDING IN THE ASSESSMENT AREA

The bank's lending inside the assessment area is good. As illustrated in *Table 2*, our analysis of a sample of loans revealed that 95% of the dollar amount, and 91% of the number of loans, were made inside the bank's assessment area.

LOAN PENETRATION ANALYSIS				
Table 2				
<i>Type of Loan</i>	<i>Within Assessment Area</i>		<i>Outside Assessment Area</i>	
Residential Real Estate	\$1,127,000	91%	\$108,000	9%
	27	87%	4	13%
Commercial Loans	\$497,000	94%	\$29,000	6%
	30	91%	3	9%
Agricultural Loans	\$1,658,000	100%	\$0	0%
	35	100%	0	0%
Installment Loans	\$140,000	84%	\$27,000	16%
	26	84%	5	16%
Total	\$3,422,000	95%	\$164,000	5%
	118	91%	12	9%

Source: This table is an analysis using the following sample: 35 agricultural loans, 33 commercial loans, 31 residential real estate loans, and 31 installment loans. This sample covered the time period of 1/08/98 - 1/5/99.

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

First National Bank of Assumption's record of lending to borrowers of all income levels and to small businesses and farms within its assessment area is excellent. Nineteen percent of the population of the bank's assessment area is considered low-income, with an additional thirteen percent classified as moderate-income. Income levels used in our analysis are based on the 1998 nonmetropolitan median family income for Illinois, which is \$39,500.

Consumer Loan Analysis

First National Bank of Assumption originates installment loans to individuals of different income levels in high proportion to the area's income characteristics. As illustrated in *Table 3*, the amount of installment loans made to low- and moderate-income borrowers was good. Our analysis indicates that 69% of the number and 76% of the dollar amount of installment loans sampled were made to low- and moderate-income borrowers. This compares favorably to the assessment area's ratio of 32% of families in the low- and moderate-income categories.

INSTALLMENT LOANS					
Distribution of Borrowers' Income Levels					
Table 3					
<i>Income Level</i>	<i># of Loans</i>	<i>%</i>	<i>\$ of Loans</i>	<i>%</i>	<i>% of Families in Each Category</i>
Low - Income Less than 50% of Median	13	50%	\$74,000	53%	19%
Moderate - Income 50% - 79% of Median	5	19%	\$33,000	23%	13%
Middle - Income 80%-119% of Median	5	19%	\$11,000	8%	19%
Upper - Income 120% or more of Median	3	12%	\$22,000	16%	49%
Actual Totals	26	100%	\$140,000	100%	100%

Source: This table is an analysis based on a sample of 26 consumer installment loans that were made in the bank's assessment area between 1/1/98 and 1/5/99.

Commercial Loan Analysis

As shown on *Tables 4 & 5*, the bank's distribution of lending to small businesses and small farms within the assessment area is good. Our sample of sixty-five commercial and agricultural loans in the assessment area showed 86% of the number and 71% of the dollar amount of these loans were made to businesses and farms with gross revenues of less than \$500,000. Small businesses are defined as a business with annual gross revenues below \$1 million. Small farms are defined as a farm with annual gross revenues below \$500,000. *Table 5* shows that 91% of the number of loans sampled were small dollar amounts.

COMMERCIAL LOANS				
Distribution to Various Businesses and Farms by Revenue Size				
Table 4				
<i>Gross Revenues</i>	<i># of Loans</i>	<i>%</i>	<i>\$ of Loans</i>	<i>%</i>
Less than \$100,000	30	46%	\$241,000	11%
\$100,000 - 250,000	19	29%	\$740,000	34%
\$250,000 - 500,000	7	11%	\$552,000	26%
\$500,000 - 1,000,000	9	14%	\$622,000	29%
More than \$1,000,000	0	0%	\$0	0%
Totals	65	100%	\$2,155,000	100%

COMMERCIAL LOANS				
Distribution to Various Businesses and Farms by Loan Size				
Table 5				
<i>Loan Size</i>	<i># of Loans</i>	<i>%</i>	<i>\$ of Loans</i>	<i>%</i>
Less than \$25,000	41	63%	\$215,000	10%
\$25,000 - 100,000	18	28%	\$933,000	43%
\$100,000 - 500,000	6	9%	\$1,007,000	47%
More than \$500,000	0	0%	\$0	0%
Actual Totals	65	100%	\$2,155,000	100%

Source: Tables 4 and 5 represent an analysis based on a sample of 65 agricultural loans made to businesses and farms located inside the bank's assessment area between 1/1/98 and 1/5/99.

GEOGRAPHIC DISTRIBUTION OF LOANS

A review of the geographic distribution of loans was not necessary, due to the fact that all four BNAs in the assessment area are middle-income.

COMPLIANCE WITH FAIR LENDING LAWS

The First National Bank of Assumption is in compliance with the substantive provisions of the anti-discriminatory laws and regulations. There is no evidence of practices to discourage individuals from applying for credit. The bank generally solicits credit applications from all segments of its assessment area.

WRITTEN COMPLAINTS

The First National Bank of Assumption has not received any written complaints about its performance in helping to meet the credit needs within its assessment area.