



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

November 8, 1999

COMMUNITY REINVESTMENT ACT

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

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

**Comptroller of the Currency
Harris Center
3001 Research Road, Suite E-2
Champaign, Illinois 61822**

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.

TABLE OF CONTENTS

General Information3

Overall CRA Rating3

Description of Institution4

Description of Assessment Area5

Conclusions with Respect to Performance Tests

Lending to Businesses and Farms of Different Sizes..... 6

Assessment Area Concentration.....7

Loan-To-Deposit Ratio.....8

Distribution of Loans by Income Level of the Geography.....8

Compliance with Fair Lending Laws.....8

Written Complaints.....8

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 Community Reinvestment Act (CRA) performance of First National Bank of Chrisman as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of November 8, 1999. Our assessment of the bank's performance covers the period since November 12, 1996. The rating received at that time was Satisfactory. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

OVERALL CRA RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The major factors that support this rating include:

- Origination of loans to businesses and farms is reasonable given the area's characteristics. A sample of loans made to farms shows that one hundred percent of the farm loans in the assessment area were made to small farms. While revenue information was not available on many of the business loans we reviewed, size of the loans indicated that all of the commercial loans in the assessment area were small business loans.
- A majority of the bank's loans are located in the bank's assessment area. The bank originated 67% of commercial loans and 92% of farm loans inside its assessment area. The bank extended loans in all geographies of the assessment area.
- The bank's loan-to-deposit ratio is reasonable, with the average during the evaluation period being 68%.
- The First National Bank of Chrisman is in compliance with the substantive provisions of the anti-discriminatory laws and regulations. No written complaints were received during this evaluation period.

DESCRIPTION OF INSTITUTION

The First National Bank of Chrisman (FNB) is a \$45 million institution operating from a main office in Chrisman, Illinois and a branch facility in Hume, Illinois. The branch in Hume offers teller services only.

This institution is a subsidiary of Chrisman Bancorp, Inc., a one-bank holding company. FNB is affiliated with five other community banks located in central and southern Illinois through common ownership of the holding companies. Chrisman is a community of approximately 1,100 located in the northeast corner of Edgar County, near the Indiana State line. Chrisman is approximately 30 miles south of Danville, Illinois, with Hume being 10 miles west of Chrisman.

The bank's loan and lease portfolio totals approximately \$26 million and makes up 58% of total assets. As seen in *Table 1*, the bank's primary lending focus is agricultural and commercial.

LOAN MIX AT SEPTEMBER 30, 1999		
Per Uniform Bank Performance Report		
Table 1		
Type of Loans	%	Dollars
Residential Real Estate	9%	\$2,359,000
Consumer	11%	\$2,883,000
Agricultural	41%	\$10,747,000
Commercial	39%	\$10,222,000
Total	100%	\$26,211,000

As residential real estate and consumer loans make up only a small portion of the portfolio, these areas were not reviewed during this examination.

The bank has originated 305 agricultural loans with a total dollar amount of \$18,026,999 and 157 commercial loans totaling \$21,125,345, since November 12, 1996.

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 (AA) consists of three block-numbering areas (BNAs) in Edgar County and two BNAs in Vermilion County. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income areas. All of the BNAs are middle-income, based on the 1990 Median Family Income of the assessment area of \$29,136. The following demographic information for the assessment area is based on 1990 census data:

Housing Stock:	87% of the housing units are 1-4 family.
Occupancy:	69% are owner occupied, 21% are renter occupied, and 10% are vacant.
Home Values:	Median home value is \$32,998.
Age of Homes:	Median year of homes built is 1947.
Income Levels:	20% of families are designated low-income, 20% are moderate-income, 23% are middle-income, and 37% are upper-income.

The 1999 U.S. Department of Housing and Urban Development (HUD) estimated Illinois non-MSA median family income was \$41,500. The assessment area is made up of 15,541 people in 5,984 households. Fourteen percent of these households are below poverty level.

The assessment area contains 33 small farms (100% of the farms in the AA where sales volume is available) and 264 small businesses (92% of the businesses in the AA where sales volume is available).

The local economy is stable and driven by agriculture and small businesses. The largest employers of the AA's population are various large manufacturing companies in Danville and Paris, Illinois and Clinton, Indiana. As of June 1999, the unemployment rate for Edgar and Vermilion Counties were 4.6% and 5.7%, respectively.

There are seventeen banks headquartered in Vermilion and Edgar counties, with twelve of these institutions having total assets under \$100 million. A total of 24 institutions have a presence in these two counties.

A community contact was made with a local auctioneer, who works with commercial and agricultural land. He stated that community needs are being met and that the largest need currently is for small farm loans, as farmers continue to struggle with low prices.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TO BUSINESSES AND FARMS OF DIFFERENT SIZES

The First National Bank of Chrisman satisfactorily extends credit to smaller-sized agricultural and commercial borrowers within its assessment area.

Agricultural Analysis

The bank's distribution of lending to small farms within the assessment area reflects reasonable penetration. As shown in *Table 2*, 100% of the number and dollars of loans sampled in the assessment area were made to small farms. All farms in the assessment are considered small farms. Small farms are defined as a farm with annual gross revenues below \$1,000,000.

AGRICULTURAL LOANS				
Sample Distribution to Various Farms by Revenue Size				
Table 2				
<i>Gross Revenues</i>	<i># of Loans</i>	<i>%</i>	<i>\$ of Loans</i>	<i>%</i>
Less than \$100,000	3	15%	\$65,500	5%
\$100,001 - 250,000	10	50%	\$661,994	50%
\$250,001 - 500,000	6	30%	\$502,000	38%
\$500,000 - \$1,000,000	1	5%	\$100,000	7%
Totals	20	100%	\$1,329,494	100%

Source: This table is based on a sample of 20 agricultural loans originated in the bank's assessment area between 11/12/96 and 11/02/99, for which the bank obtained income information. The original sample was 30 loans, of which 27 were located in the assessment area. Seven loans that were located in the assessment area did not have income information documented in their files.

Commercial Analysis

The bank's record of lending to small businesses is satisfactory. This conclusion was obtained by using loan size. This was performed because 15 out of 21 commercial loans in the assessment area did not have income information documented in their files. As shown on *Table 3*, 100% of the commercial loans sampled in the assessment area were small business loans. Small business loans are commercial loans where the credit is less than one million dollars.

COMMERCIAL LOANS				
Sample Distribution to Commercial Loans by Loan Size				
Table 3				
<i>Loan Size</i>	<i># of Loans</i>	<i>%</i>	<i>\$ of Loans</i>	<i>%</i>
Less than \$100,000	21	100%	\$537,280	100%
\$100,001 - 250,000	0	0%	\$0	0%
\$250,001 - 500,000	0	0%	\$0	0%
\$500,001 - \$1,000,000	0	0%	\$0	0%
Totals	21	100%	\$537,280	100%

Source: This table is based on a sample of 21 commercial loans originated in the bank's assessment area between 11/12/96 and 11/02/99. Our original sample included 30 commercial loans, of which these 21 were in the assessment area.

ASSESSMENT AREA CONCENTRATION

A majority of the bank's loans are located within the assessment area. As illustrated in *Table 4*, the bank originated 67% of the number of commercial loans and 92% of the number of agricultural loans in the assessment area. The dollar amount of commercial loans outside the AA was high due to a large loan to a single borrower and several large participation loans purchased from affiliate institutions.

LOAN PENETRATION ANALYSIS				
Table 4				
<i>Type of Loan</i>	<i>Within Assessment Area</i>		<i>Outside Assessment Area</i>	
Commercial Loans	\$2,396,501	11%	\$18,728,844	89%
	105	67%	52	33%
Agricultural Loans	\$16,601,424	92%	\$1,425,575	8%
	280	92%	25	8%
Total of Agricultural and Commercial Loans	\$18,997,925	49%	\$20,154,419	51%
	365	83%	77	17%

Source: This table was completed using a computer generated bank report of loans originated from 11/12/96 to 11/02/99.

LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit ratio is reasonable. During the assessment period, the bank's average quarterly loan-to-deposit ratio was 67.89%. This average ratio is comparable to the 63.68% average quarterly loan-to-deposit ratio of the eight banks headquartered in Edgar and Vermilion Counties with total assets under \$60 million.

DISTRIBUTIONS OF LOANS BY INCOME LEVEL OF THE GEOGRAPHY

The geographic distribution of loans would not be meaningful for this assessment area, as all BNAs are middle-income. However, it is noted that FNB lends to all five BNAs in their AA. There were no conspicuous gaps in the bank's lending.

COMPLIANCE WITH FAIR LENDING LAWS

The First National Bank of Chrisman 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. This is based upon a review of ten residential and consumer loans originated since August 1997.

WRITTEN COMPLAINTS

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