



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

April 19, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank & Trust Company
Charter Number 1926

2 Kelli Court
Clinton, IL 61727-0000

Office of the Comptroller of the Currency

CENTRAL ILLINOIS & CENTRAL IND Field Office
Harris Center 3001 Research Road
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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 major factors that support First National Bank & Trust's (FNB&T) rating include:

- **The borrower distribution of loans reflects reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes, given the demographics of the assessment area.**
- **A substantial 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, assessment area's credit needs, and competition.**

SCOPE OF EXAMINATION

This Performance Evaluation assesses FNB&T's record of meeting the credit needs of the communities in which it operates. We evaluated FNB&T under the Small Bank performance criterion, which includes a lending test. The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area (AA) through its lending activities.

- FNB&T has one AA that consists of all five census tracts (#9714, #9715, #9716, #9717, and #9718) in DeWitt County. The DeWitt County census tracts include four middle-income and one upper-income designation.
- The evaluation period covers loans originated or purchased from January 1, 2008 through March 31, 2010.
- The lending test is based on FNB&T's primary loan products. Primary loan products were ascertained from the bank's record of loans originated during the evaluation period. They include residential real estate loans and commercial loans.
- The bank is not located in a Metropolitan Statistical Area and is not subject to the requirements of the Home Mortgage Disclosure Act. Therefore, FNB&T is not required to maintain income information on residential real estate loans or revenue information on commercial loans outside of the individual credit files. The bank does not collect census tract data on their loans. Therefore, we selected a random sample of twenty residential real estate loans and twenty commercial loans, originated during the evaluation period, to determine this data for the In the Assessment Area lending review. A sample of twenty residential real estate loans and twenty agricultural loans from within the AA was utilized to conduct the Borrower Distribution review.

Census data for the year 2000, 2008 Updated HUD Family Income Data, and 2009 Dun & Bradstreet Business Geo-demographic Data were also utilized in assessing FNB&T's lending

performance. We also used deposit information, reported annually to the Federal Deposit Insurance Corporation (FDIC), to determine the bank's market share and market presence in the AA. The most recent deposit information available is as of June 30, 2007.

DESCRIPTION OF INSTITUTION

First National Bank and Trust Company of Clinton (FNB&T) is a \$101 million intrastate financial institution located in Clinton, Illinois (DeWitt County). Clinton is the County Seat of DeWitt County, and is located in the heart of Central Illinois at the intersection of State Routes 51, 54, and 10. Logistically, Clinton is forty-five miles northeast of Springfield, Illinois, 45 miles west of Champaign, Illinois, twenty-two miles south of Bloomington, Illinois, and eighteen miles north of Decatur, Illinois. Management has not opened or closed any branches during this evaluation period; however, in May 2007, the main office was moved from 400 South Side Square, which is located in a moderate-income census tract, to 2 Kelli Court, which is also located in a moderate-income census tract. FNB&T has a drive-up facility, also located in Clinton, Illinois. All of the bank's locations have deposit taking ATM's.

FNB&T is one hundred percent owned by First Clinton Bancorporation Inc., a single bank holding company. There is no affiliate activity considered in this evaluation. The bank's business strategy is to attract new loan customers, while continuing to provide quality service to existing customers. The bank's mission statement is "Safe, friendly, and progressive - You are our most valuable asset!"

The bank offers a full range of retail and commercial banking products normally associated with a community bank. Gross loans total \$37 million on December 31, 2009, representing thirty-six percent of total assets. The following represents the bank's loan and lease portfolio mix as of December 31, 2009:

Residential Real Estate Loans	\$ 18 million	49%
Commercial Loans	\$ 10 million	27%
Agricultural Loans	\$ 5 million	13%
Consumer Loans	\$ 3 million	8%
Other Loans	\$ 1 million	3%

From January 1, 2008 through March 31, 2009, the bank originated 731 loans totaling approximately \$28 million. According to bank reports, 157 of these loans were residential real estate loans (\$16 million), 100 were commercial loans (\$6 million), 379 were consumer loans (\$3 million), and 95 were agricultural loans (\$3 million). Based on these numbers, the bank has two primary lending products: Residential real estate loans and commercial loans. These loans account for seventy-nine percent of the total dollar of all loans originated during the evaluation period.

FNB&T offers standard loan products to the community. Additionally, the bank makes loans to local municipalities such as school districts, fire protection districts, and townships. As of March 31, 2010, these loans totaled approximately \$800 thousand. Tier one capital totals \$11 million as of December 31, 2009. 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 January 3, 2005.

DESCRIPTION OF ASSESSMENT AREA(S)

The assessment area (AA) consists of all five census tracts (#9714, #9715, #9716, #9717, and #9718) in DeWitt County. The DeWitt County census tracts include four middle-income and one upper-income designations. DeWitt County is not located 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 2000 census data:

Population:	16,798
Housing Stock: <i>1-4 family housing units</i>	89%
Occupancy: <i>owner-occupied, renter-occupied, vacant</i>	65%, 22%, 7%
Home Values: <i>Median home value</i>	\$75,938
Age of Homes: <i>Median year of homes built</i>	1955
Income: <i>Median family income</i>	\$49,846
Family Income Levels (%): <i>Low-, moderate-, middle-, upper-income</i>	14%, 16%, 22%, 48%
Income: <i>HUD Updated MSA Median Family Income</i>	\$54,400
	2008 Business Data
Farms: <i>% of small farms in the assessment area</i>	99%
Businesses: <i>% of small businesses in the assessment area</i>	59%
<i>Percent of farms not reporting revenue figures</i>	<1%
<i>Percent of businesses not reporting revenue figures</i>	38%

Economic Data

The local economy is stable but weakened and mirrors the general economic decline. Local small businesses and the agricultural community lend to the areas economic stability. The February 2010 unemployment rate for DeWitt County was **twelve percent**. The state unemployment rate was also **twelve percent**, compared to the national rate of approximately **ten percent**.

Major area employers include R.R. Donnelly (business forms manufacturer), Exelon Nuclear (power station/utility/gas generation), Clinton Community Unit #15 (school), DeWitt County Municipality, and John Warner Hospital. Additional employers include Trinity Corporation (wind tower bases), Syngenta (seed/fertilizer plant), and Walmart (retail). While farming remains one of the areas more influential industries, having good years in 2008 and 2009, the agricultural economy remains volatile because it takes a significant amount of acreage to make money, and most of the farms in DeWitt County are small family operational farms. It is also important to note that Clinton is a “bedroom” community for individuals who commute to the surrounding cities of Decatur, Bloomington, and Champaign, for employment with heavy manufacturers and insurance companies.

FNB&T faces competition from several community banks with locations in Clinton, Farmer City, and Kenney, and from larger regional and national competition located in Decatur, Bloomington, Champaign, and Springfield. There are six other financial institutions located in DeWitt County. As of June 30, 2009, FNB&T owned approximately twenty-two percent of the deposit market share, compared to these six financial institutions. Additional competition comes from Farm Credit Services, local credit unions such as State Farm, Earth Movers, and State of Illinois, as well as area auto dealers.

A local Economic Development Corporation and a local Community Action Group were contacted during the evaluation period. Needs identified by these organizations include: Participation in a revolving loan fund with the USDA; Gap financing; Educating loan officers with regard to USDA programs; Recommending individuals to serve on a loan review committee, and Financial literacy programs. It was noted that an officer of FNB&T currently sits on the City of Clinton Strategic Planning Committee and that the bank has made various in-kind donations in support of economic development.

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 based on the institution's size, financial condition, assessment area's credit needs, and local competition. FNB&T's quarterly average loan-to-deposit ratio for the period October 1, 2004 through December 31, 2009 was sixty-seven percent. The quarterly average loan-to-deposit ratios for other similarly situated financial institutions over the same time period ranged from fifty-four percent to ninety-one percent. FNB's average loan-to-deposit ratio is higher than four of the eight similarly situated banks, which range in asset size from \$40 million to \$287 million. The similarly situated banks utilized for comparison purposes are eight community banks located in DeWitt, Piatt, Logan, and Macon Counties.

It is worthy to note that FNB&T's loan-to-deposit ratio has trended downward since the second quarter of 2009, due to rapid deposit growth related to a failed financial institution in Clinton, Illinois. From the fourth quarter of 2004 to the fourth quarter of 2009, the bank's ratio has ranged from a high of eighty percent to a low of fifty percent.

Lending in Assessment Area

A substantial majority of FNB&T's loans are originated within the bank's AA. Based on a sample of twenty residential real estate loans and twenty commercial loans originated from January 1, 2008 through March 31, 2010, ninety-five percent of the number of loans and ninety-nine percent of the dollar amount of loans were made within the bank's assessment area. The following table illustrates loans made inside and outside of the bank's AA during the evaluation period:

Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Real Estate Loans	20	100%	0	0%	20	\$1,171	100%	\$0	0%	\$1,171
Commercial Loans	18	90%	2	10%	20	\$5,689	99%	\$51	1%	\$5,740
Totals	38	95%	2	5%	40	\$6,860	99%	\$51	1%	\$6,911

Source: Random sample of twenty residential real estate loans and twenty commercial loans originated from January 1, 2008 through March 31, 2010.

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

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

Residential Real Estate Loans

The distribution of residential real estate loans reflects reasonable penetration among individuals of different income levels (including low- and moderate-income), given the demographics of the AA. Based on our loan sample, loans made to low-income borrowers (five percent), is below the percent of low-income families (fourteen percent) within the AA. Although the percentage of loans to low-income borrowers is below the demographic comparator, performance is considered reasonable, given the family poverty rate of six percent and unemployment rate in DeWitt County of twelve percent. With income below the poverty level, it is difficult to afford home ownership. In addition, thirty-two percent of the population is on social security, and two percent is on public assistance. Loans made to moderate-income borrowers (fifteen percent), is close to the percent of moderate-income families within the AA (sixteen percent). The following table shows the distribution of residential real estate loan originations among borrowers of different income levels within the AA:

Borrower Distribution of Residential Real Estate Loans in the Assessment Area								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Sample	14%	5%	16%	15%	23%	45%	47%	35%

Source: Sample of twenty residential real estate loans originated in the AA, from January 1, 2008 through March 31, 2010 and 2000 U.S. Census data.

Commercial Loans

The distribution of loans to businesses reflects more than reasonable penetration among businesses of different sizes. Sixty-five percent of the number of business loans sampled in the assessment area was made to small businesses, as compared to fifty-nine percent of small businesses located in the AA. Small businesses are businesses with annual gross revenues of less than one million dollars. Because five of the twenty loans sampled did not have revenue information, we also performed an analysis of business loans by proxy (loan size). This analysis assumes that smaller businesses would request smaller loans. Based on loan size, the distribution of loans to businesses also reflects more than reasonable penetration among businesses of different sizes. Eighty percent of the number of loans made was less than \$100 thousand, as compared to fifty-nine percent of small businesses located in the AA. The following tables illustrate the borrower distribution of business loan originations in the AA by revenues and by loan size:

Borrower Distribution of Loans to Businesses in the Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AABusinesses	59%	3%	38%	100%
% of Bank Loans in AA by #	65%	10%	25%	100%
% of Bank Loans in AA by \$	11%	79%	10%	100%

Source: Random sample of twenty business loans from the AA that were originated from January 1, 2008 through March 31, 2010 and 2008 Business Geo-demographic Data. Five loans totaling \$565,870 in the sample did not have revenue information in the file.

Borrower Distribution of Loans to Businesses by Loan Size in the Assessment Area				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	16	80%	\$419,591	7%
\$100,001 - \$250,000	0	0%	\$0	0%
\$250,001 - \$500,000	2	10%	\$776,000	14%
Over \$500,000	2	10%	\$4,500,000	79%

Source: Random sample of twenty business loans from the AA that were originated from January 1, 2008 through March 1, 201 and 2008 Business Geo-demographic Data.

Geographic Distribution of Loans

A geographic distribution analysis was not performed, as the AA does not include any low- or moderate-income census tracts.

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 inconsistent with

helping to meet community credit needs.