



PUBLIC DISCLOSURE

January 3, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Arenzville
Charter Number 9183**

**110 S. Charles
Arenzville, Illinois 62611**

Comptroller of the Currency

**111 W. Washington Street, Suite 300
East Peoria, Illinois 61611**

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 Community Reinvestment Act (CRA) performance of **First National Bank of Arenzville (FNB), Arenzville, Illinois**, as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of **January 3, 2001**. 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”.

The First National Bank (FNB) of Arenzville loan originations to small farms and small businesses is adequate, and its loan to deposit ratio is satisfactory. The majority of loan originations are located within the bank's assessment area. The bank's distribution of lending to individuals with different income levels, including low- and moderate- income people, is reasonable.

DESCRIPTION OF INSTITUTION

The First National bank of Arenzville, Illinois is a \$33 million bank located in Cass County, approximately fifty miles west of Springfield and 60 miles east of Quincy, Illinois. FNB has its main office in Arenzville and a newly opened branch in South Jacksonville, a larger city about 20 miles southeast. A drive-up facility is available at the main office and at the branch in South Jacksonville, and Automated Teller Machines (ATM's) are located in Arenzville and in South Jacksonville. There is a cash-dispensing machine at the Illinois College in Jacksonville. The branch in South Jacksonville was opened in May 2000.

FNB is wholly owned by Arenzville Bancorp, a one-bank holding company. The bank offers traditional banking services and lending products. FNB continues to be community oriented and predominantly dependent on agriculture. Their primary business focus is agricultural and residential real estate lending. By opening the branch in South Jacksonville management plans to diversify the loan portfolio by focusing on making consumer and commercial loans. Management has also been expanding their lease/financing program. The loan portfolio mix is as follows: farm real estate/agricultural production - 39%, residential real estate - 27%, commercial real estate/business loans - 25%, and consumer instalment - 9%. There are no financial conditions, legal constraints, or other factors that hinder the bank's ability to meet the credit needs of its assessment area (AA). A “Satisfactory” rating was received during the October 21, 1996 CRA examination.

DESCRIPTION OF ASSESSMENT AREAS

The bank's assessment area (AA) consists of fifteen Block Numbering Areas (BNA's) in Cass and Morgan Counties. The AA meets the legal requirements of the regulation and does not arbitrarily exclude any low- or moderate- income areas. The AA is comprised of 1 moderate-income BNA, 13 middle-income BNA's, and 1 upper-income BNA. There are no low-income BNA's in the AA. The location of the BNA's by income level is as follows:

Moderate-income: 9517 in Morgan County (includes the north central section of Jacksonville)

Middle-income: 9601, 9602, 9603, 9604, 9605 in Cass County;
9514, 9515, 9516, 9518, 9520, 9521, 9522, 9523 in Morgan County

Upper-income: 9519 in Morgan County (includes the west section of Jacksonville)

According to the 1990 census data, the total population of the bank's AA is 49,834. The 2000 weighted average of MSA/Non-MSA's updated median family income for Illinois is \$43,600. Potential borrowers earning less than 50% of the non-MSA statewide median family income are designated as low-income, while those earning 50% - 80% are designated moderate-income, 80% - 120% are designated middle-income, and more than 120% are designated as upper-income, respectively. Within the AA, 17% of the families are low-income, 18% are moderate-income, 25% are middle-income, and 40% are upper-income. There are 20,422 total housing units in the AA of which 64% are owner-occupied, 28% are rental-occupied, and 8% are vacant. The median age of the homes in the AA is 43 years old while the median housing price is \$43,244.

Economic conditions in the AA are stable and influenced by agriculture and other local employers involved in manufacturing, meat processing, and services. Major employers include Excel (meat processing plant), Pactiv (factory in Jacksonville), EMI (manufacturer of music CD's in Jacksonville) and Passavant Hospital (Jacksonville). The unemployment rate for the AA is low at 2.43%. The market for financial services is moderately competitive. There is a bank in every small town.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit ratio meets the standards for satisfactory performance. FNB's average loan-to-deposit ratio for the thirteen quarters ending September 30, 2000 totaled 71.83% compared to 72.83% for five other similarly situated banks.

LENDING IN ASSESSMENT AREA

The bank's record of lending within the AA is reasonable and meets the standards for satisfactory performance. The following table details the bank's lending within and outside the AA by dollar volume and number of loan originations during the evaluation period.

LOAN TYPE	DOLLAR VOLUME		NUMBER OF LOANS	
	Within AA	Outside AA	Within AA	Outside AA
Residential Real Estate	\$6,777,990	823,801	126	19
	89%	11%	87%	13%
Business/Commercial	\$7,445,146	\$2,453,958	192	11
	75%	25%	95%	5%
Agricultural	\$13,932,688	\$441,520	256	10
	97%	3%	96%	4%
Consumer	\$3,452,795	\$300,739	422	54
	92%	8%	89%	11%
TOTAL	\$31,608,619	\$4,020,018	996	94
	89%	11%	91%	9%

Source: Bank Records (9/30/96 to 12/31/00)

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

The Distribution of residential real estate lending reflects reasonable penetration among individuals of different income levels including low- and moderate- income individuals. Based on our review of all residential real estate loans originated within the AA during the evaluation period, 23% were originated to low- and moderate- income borrowers. The following table outlines the bank's residential real estate lending record to borrowers of different incomes based on a sample of 100 loans, or 69% of the residential real estate loans originated within the AA between September 30, 1996 and December 31, 2000.

RESIDENTIAL REAL ESTATE LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS

Income Level of Borrower	\$ Originated	% Originated	# Originated	% Originated
Low-Income	\$435,323	9%	15	15%
Moderate-Income	\$680,089	14%	17	17%
Middle-Income	\$1,415,508	28%	28	28%
Upper-Income	\$2,483,393	50%	40	40%
TOTAL	\$5,014,313	100%	100	100%

Source: Bank Records (9/30/96 to 12/31/00)

The bank's record of lending to small businesses and farms is excellent. Using loan amount as a proxy for business and farm size, the following table details the distribution by loan size of business and farm loans within the AA between September 30, 1996 through December 31,

2000. More than 73% of loans originated during the evaluation period were to small business and farms for less than \$50,000.

DISTRIBUTION OF SMALL BUSINESS AND AG LOAN SAMPLE BY LOAN SIZE

LOAN SIZE (\$)	BUSINESS LOANS		FARM LOANS		
	\$	#	%	#	%
<\$50,000		166	77%	186	70%
\$50,000 - \$99,999		25	12%	35	13%
\$100,000 - \$249,999		18	8%	32	12%
\$250,000 - \$999,999		6	3%	13	5%
>\$1,000,000		0	0%	0	0%
TOTAL SAMPLE		215	100%	266	100%

Source: Bank Records (9/30/96 to 12/31/00)

FNB meets many of the credit needs of low- and moderate- income individuals through the origination of small residential mortgages under \$25,000. In the last four years, 32 residential real estate loans were originated for \$25,000 or less which accounts for 22% of the residential real estate loans with in the AA.

GEOGRAPHIC DISTRIBUTION OF LOANS

The banks' geographic distribution of residential real estate, business, and agricultural loans is reasonable based upon the demographics of the AA. All agricultural areas throughout the AA are located in the middle-income BNA's. The moderate and upper-income BNA's located in Jacksonville are primarily residential with a few small businesses dispersed throughout the area.

Our analysis is based on the dollar volume and number of originations of residential real estate and business loans reported on bank trials. The following two tables reflect the geographic distribution of these loan originations between September 30, 1996 through December 31, 2000.

RESIDENTIAL REAL ESTATE LOAN ORIGINATIONS BY INCOME LEVEL OF BNA'S WITHIN AA

Income Level Of BNA	\$ Originations	% Originations	# Originations	% Originations
LOW-INCOME	<i>THERE ARE</i>	<i>NO LOW -</i>	<i>INCOME</i>	<i>BNA'S IN AA</i>
MODERATE-INCOME	\$102,000	1%	2	1%
MIDDLE-INCOME	\$7,299,191	96%	140	97%
UPPER-INCOME	\$200,600	3%	3	2%
TOTAL	\$7,601,791	100%	145	100%

Source: Bank Records (9/30/96 to 12/31/00)

AGRICULTURAL LOAN ORIGINATIONS BY INCOME LEVEL OF BNA'S WITHIN AA

Income Level Of BNA	\$ Originations	% Originations	# Originations	% Originations
LOW-INCOME	<i>THERE ARE</i>	<i>NO LOW -</i>	<i>INCOME</i>	<i>BNA'S IN AA</i>
MODERATE-INCOME	\$ 0	0%	0	0%
MIDDLE-INCOME	\$14,369,181	99%	265	99%
UPPER-INCOME	\$5,026	1%	1	1%
TOTAL	\$14,374,207	100%	266	100%

Source: Bank Records (9/30/96 to 12/31/00)

COMMERCIAL LOAN ORIGINATIONS BY INCOME LEVEL OF BNA'S WITHIN AA

Income Level Of BNA	\$ Originations	% Originations	# Originations	% Originations
LOW-INCOME	<i>THERE ARE</i>	<i>NO LOW -</i>	<i>INCOME</i>	<i>BNA'S IN AA</i>
MODERATE-INCOME	\$ 0	0%	0	0%
MIDDLE-INCOME	\$9,200,039	93%	201	93%
UPPER-INCOME	\$699,064	7%	14	7%
\$9,899,103	100%	215	100%	

Source: Bank Records (9/30/96 to 12/31/00)

RESPONSE TO COMPLIANTS

The bank has not received any complaints since the prior examination relative to its performance under the CRA.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

We did not identify violations of any substantive provisions of the antidiscrimination laws and regulations during our examination.

INVESTMENT AND SERVICES

The bank's activity in investments and services is limited due to the unavailability of opportunities to purchase municipal investments or provide services, which directly benefit low-

or moderate- income individuals. The bank opened a branch in May 2000 in South Jacksonville, IL, a city located with a moderate-income BNA. The branch offers a full line of products and services and includes an ATM for convenience. No branch closings have occurred since the last CRA examination.