



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**January 05, 2004**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank Of Ogden  
Charter Number 5304**

**102 S. East Ave. P.O. Box 47  
Ogden, IL 61859**

**Comptroller of the Currency  
Champaign Field Office  
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.**

- **The distribution of loans reflects, given the demographics of the assessment areas, satisfactory penetration among individuals of different income levels (including low- and moderate-income) and businesses and farms of different sizes.**
- **A majority of the loans are originated within the bank's assessment areas.**
- **The bank's loan-to-deposit ratio is reasonable based on the institution's size, financial condition, and assessment areas' credit needs.**

**The bank's overall rating is based primarily on the assessment area that received a full-scope review.**

## **DESCRIPTION OF INSTITUTION**

The First National Bank of Ogden (FNB) is a \$65 million intrastate institution situated in Ogden, Illinois. Ogden is a village of approximately 700, located in East Central Champaign County. Ogden is an agricultural community approximately 15 miles east of Champaign/Urbana. This institution is owned by Longview Capital Corporation, a four-bank holding company with total assets of \$178 million, as of September 30, 2003. Longview Capital Corporation is headquartered out of Newman, IL. The bank has an operating subsidiary, Midwest AgriCredit Company, which does not negatively impact the bank's ability to meet the credit needs of the community.

FNB operates two full service branches located in St. Joseph and Royal, Illinois. FNB has not opened or closed any branches since the previous CRA examination. The bank offers two non-deposit network ATMs located in convenience store gas stations in St. Joseph and Ogden. Bank customers have access to seven additional surcharge-free ATMs that are owned by other banks owned by the holding company.

FNB offers a full range of retail and commercial banking products normally associated with a community bank. Net loans were \$41.5 million on September 30, 2003 or 63% of total assets. The bank's primary lending is agricultural, but does a fair amount of commercial and residential real estate lending as well. The following represents this institution's loan and lease portfolio mix as of September 30, 2003:

Residential Real Estate	\$ 10.9 million	26%
Commercial	\$ 13.4 million	32%
Agricultural related	\$ 16.8 million	40%
Consumer Installment	\$ 0.8 million	2%

The bank's portfolio mix has changed somewhat during this evaluation period. Commercial loans increased from 24% of gross loans to 32%, while agricultural loans decreased from 44% to 40%, residential real estate loans decreased from 28% to 26%, and consumer installment loans decreased from 4% to 2%.

Other loan products that the bank utilizes to serve the community include the Farm Service Administration (FSA) guaranteed loans, the Small Business Administration (SBA) loans, and the Illinois Farm Development Authority (IFDA) guaranteed loans. The bank currently has three SBA loans, eleven FSA loans, and three IFDA loans.

Tier one capital totals \$4.5 million. There were no financial, legal, or other impediments that would hinder the bank's ability to help meet the credit needs of its assessment area. The type of CRA activities is consistent with the bank's size, its financial capability, local economic conditions, and credit needs of the community. The bank was rated "Satisfactory" at its last CRA examination on June 1, 1999.

## **SCOPE OF THE EVALUATION**

- The evaluation period covers loans originated during 2002 and 2003. 1990 and 2000 census data was utilized for evaluating residential loans originated in 2002 and 2003, respectively.
- FNB has two assessment areas (AAs). A majority of the bank's loans and deposits are generated from the Champaign County AA. The Champaign County AA received a full-scope review. A limited review was performed for the Vermillion County assessment area.
- As part of this CRA evaluation, we tested a representative sample of FNB's publicly filed data on home mortgage loans. We determined the data was accurate and reliable. The data was utilized in our analysis.
- FNB provided information regarding qualified investments. We reviewed this information.

## **DESCRIPTION OF THE ASSESSMENT AREAS**

### **Champaign County Assessment Area**

This assessment area consists of census tracts #107 and #108 in Metropolitan Statistical Area (MSA) #1400 in Champaign County. These census tracts are in eastern Champaign County. Both census tracts are middle income. 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:

<b>Table 1 – Demographic Information for Champaign County Assessment Area (AA)</b>		
	<b>1990 Census Data</b>	<b>2000 Census Data</b>
Population:	9,979	11,103
Housing Stock: <i>1-4 family housing units</i>	95%	97%
Occupancy: <i>owner-occupied, renter-occupied, vacant</i>	76%, 19%, 5%	80%, 16%, 4%
Home Values: <i>Median home value</i>	\$58,259	\$92,492
Age of Homes: <i>Median year of homes built</i>	1960	1966
Income: <i>Median family income</i>	\$37,104	\$56,492
Income Levels: <i>Low-, moderate-, middle-, upper-income</i>	12%, 18%, 33%, 37%	12%, 18%, 28%, 42%
Updated Income: 2003 HUD Champaign County MSA median family income is \$58,700		
Farms: <i>% of small farms in the assessment area</i>	98%	97%
Businesses: <i>% of small businesses in the assessment area</i>	80%	72%

### **Vermillion County Assessment Area**

This assessment area consists of one census tract in western Vermillion County (#108), which is contiguous to the Champaign assessment area. The census tract is middle income. Vermillion County is a non-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:

<b>Table 2 – Demographic Information for Vermillion County Assessment Area (AA)</b>		
	<b>1990 Census Data</b>	<b>2000 Census Data</b>
Population:	3,558	3,454
Housing Stock: <i>1-4 family housing units</i>	78%	79%
Occupancy: <i>owner-occupied, renter-occupied, vacant</i>	76%, 17%, 7%	79%, 17%, 4%
Home Values: <i>Median home value</i>	\$42,900	\$60,600
Age of Homes: <i>Median year of homes built</i>	1964	1965
Income: <i>Median family income</i>	\$34,614	\$46,709
Income Levels: <i>Low-, moderate-, middle-, upper-income</i>	14%, 18%, 21%, 47%	12%, 18%, 28%, 42%
Updated Income: 2003 HUD non-MSA Illinois median family income is \$48,200		
Farms: <i>% of small farms in the assessment area</i>	95%	97%
Businesses: <i>% of small businesses in the assessment area</i>	80%	67%

### **Champaign and Vermillion County Assessment Areas**

The local economy is stable and driven by agriculture. A majority of the residents commute to either Champaign-Urbana or Danville for employment. The major employers in Champaign-

Urbana are the University of Illinois, Carle and Provena Hospitals, and Kraft Foods. The major employers for Danville are Teepac, a food processing plant, the State of Illinois Prison, and McClain Trucking, a distribution center for convenience stores. One of the major employers in the assessment area is the St. Joseph-Ogden school district. November 2003 unemployment rates for Champaign and Vermillion counties were 3% and 8.4%. The state unemployment rate was 6.4% compared with the national rate of 5.6%.

FNB faces competition from rural community banks and from branches of larger regional and national banks located in Champaign and Vermillion counties, specifically in the cities of Champaign-Urbana and Danville. There are thirteen other small community banks in Vermillion and Champaign counties with total assets between \$10 million and \$80 million. There are six banks with locations within the bank's assessment areas.

A local realtor was contacted during this examination. Per the contact, the main community needs are home loans and home improvement loans. The realtor stated that the community's credit needs are generally met, area banks are doing a good job of investing in the community development.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

This review concentrated on the bank's primary loan products. As of September 30, 2003, the bank's primary loan products are residential real estate, agricultural and commercial loans. Therefore, we utilized 2002 and 2003 originations for these loan types to evaluate the lending performance component.

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

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

A majority of the bank's business is generated from the Champaign County AA and all of the bank's branches are located in the Champaign County AA. While the following findings are for the Champaign County AA, the information provided to us shows that the findings from an analysis of the Vermillion County AA would not be inconsistent with the findings for the Champaign County AA.

#### **Agricultural loans**

Fifty percent of the agricultural loans sampled in the Champaign County assessment area were made to small farms, while seventy-seven percent of the dollar amounts were loans made to small farms. Small farms are farms with annual gross revenues of less than one million dollars. Demographic data for the Champaign AA shows that ninety-eight percent of the farms in the assessment area have revenues equal to or less than one million dollars. Fifty percent of the agricultural loans sampled in the Champaign assessment area did not contain adequate income

information to properly analyze the bank's performance. With ninety-five percent of the agricultural sample being comprised of loans originated for less than \$100 thousand, it is assumed that a majority of these loans were to small farms. The bank's performance of lending to farms of different sizes is reasonable.

The following table shows the distribution of agricultural loans among farms of different sizes within the Champaign County assessment area:

Farm Revenues	≤\$1,000,000	>\$1,000,000
% of AA Farms*	98%	1%
% of Bank Loans in AA by #	50%	0%
% of Bank Loans in AA by \$	77%	0%

Source: This table is based on a sample of 20 agricultural loans that were originated in 2002 and 2003.

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

### **Commercial Loans**

Seventy-five percent of the business loans sampled in the Champaign County assessment area were made to small businesses, while eighty-three percent of the dollar amounts were loans made to small businesses. Small businesses are businesses with annual gross revenues of less than one million dollars. The demographic data for the Champaign AA shows that eighty percent of the businesses in the assessment area have revenues equal to or less than one million dollars. The bank's performance of lending to businesses of different sizes is reasonable.

The following table shows the distribution of commercial loans among businesses of different sizes within the Champaign County assessment area:

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	80%	5%
% of Bank Loans in AA by #	75%	5%
% of Bank Loans in AA by \$	83%	8%

Source: This table is based on a sample of 20 commercial loans that were originated in 2002 and 2003.

\* 15% of AA businesses did not report revenue data

### **Residential Real Estate Loan Origination and Refinances**

The distribution of loans reflects, given the demographics of the Champaign assessment area, reasonable penetration for residential real estate refinances and residential real estate originations, among individuals of different income levels (including low-, moderate-income).

The bank's 2002 performance with low-income borrowers for residential real estate loan refinances and originations is less than favorable compared with 1990 demographic data which shows that 12% of the assessment area is made up of low-income families. However, their 2003 performance compares favorably to 2000 demographic data which also shows that 12% of the

assessment is made up of low-income families.

The bank's 2002 and 2003 performance with moderate-income borrowers for residential real estate loan refinances is favorable compared with 1990 and 2000 demographic data which shows that 18% of the assessment area is made up of moderate-income families. The bank's 2002 performance with moderate-income borrowers for residential real estate loan originations is favorable compared with the percent of moderate-income families that make up the assessment area's population.

The following tables show the distribution of residential real estate loan originations and refinances among borrowers of different income levels within the Champaign County assessment area:

<b>Table 5 – Refinance Residential Real Estate Loans in the Champaign AA by Income Distribution</b>						
<u>Income Level</u>	<u>Year</u>	<u>% of families 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 <sup>1</sup>	12%	3	8%	\$96,000	3%
	2003 <sup>2</sup>	12%	5	13%	\$162,000	6%
Moderate-Income 50%-79% of Median	2002 <sup>1</sup>	18%	10	27%	\$626,000	21%
	2003 <sup>2</sup>	18%	9	23%	\$697,000	23%
Middle-Income 80%-119% of Median	2002 <sup>1</sup>	33%	10	27%	\$734,000	25%
	2003 <sup>2</sup>	28%	15	37%	\$1,249,000	42%
Upper-Income 120% or more of Median	2002 <sup>1</sup>	37%	14	38%	\$1,462,000	50%
	2003 <sup>2</sup>	42%	11	27%	\$874,000	29%

Source: <sup>1</sup>2002 Home Mortgage Disclosure Act (HMDA) data and 1990 U.S. Census data. <sup>2</sup>2003 HMDA data and 2000 U.S. Census data.

<b>Table 6 – Purchase Residential Real Estate Loans in the Champaign AA by Income Distribution</b>						
<u>Income Level</u>	<u>Year</u>	<u>% of families 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 <sup>1</sup>	12%	0	0%	\$0	0%
	2003 <sup>2</sup>	12%	1	12%	\$60,000	6%
Moderate-Income 50%-79% of Median	2002 <sup>1</sup>	18%	4	45%	\$358,000	46%
	2003 <sup>2</sup>	18%	0	0%	\$0	0%
Middle-Income 80%-119% of Median	2002 <sup>1</sup>	33%	2	22%	\$123,000	16%
	2003 <sup>2</sup>	28%	3	38%	\$353,000	35%
Upper-Income 120% or more of Median	2002 <sup>1</sup>	37%	3	33%	\$290,000	38%
	2003 <sup>2</sup>	42%	4	50%	\$603,000	59%

Source: <sup>1</sup>2002 Home Mortgage Disclosure Act (HMDA) data and 1990 U.S. Census data. <sup>2</sup>2003 HMDA data and 2000 U.S. Census data.

### Lending in Assessment Area

A majority of the loans are originated within the bank's assessment areas. Based on the sample of agricultural and commercial loans and Home Mortgage Disclosure Act (HMDA) data, 69% of the number and 60% of the dollar amount were made within the bank's assessment areas. The following table shows the dollar amount and the number of loans used in our analysis that fall within the assessment area and outside the assessment area:

<b>Table 7 - Lending in FNB's Assessment Areas</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total \$000's
	#	%	#	%		\$000's	%	\$000's	%	
Agricultural	12	60%	8	40%	20	\$684	79%	\$187	21%	\$871
Commercial	14	70%	6	30%	20	\$549	29%	\$1,320	71%	\$1,867
Refinance Residential RE	81	74%	29	26%	110	\$6,184	65%	\$3,316	35%	\$9,500
Purchase Residential RE	17	55%	14	45%	31	\$1,731	58%	\$1,279	42%	\$3,010
<b>Totals</b>	124	69%	57	31%	181	\$9,148	60%	\$6,102	40%	\$15,248

Source: This table is based on 2002 and 2003 HMDA data for residential real estate loans and a sample of 20 commercial loans and 20 agricultural loans originated in 2002 and 2003.

## **Loan-to-Deposit Ratio**

The bank's loan-to-deposit ratio is reasonable based on the institution's size, financial condition, and assessment areas' credit needs. During the past seventeen quarters, FNB's loan-to-deposit ratio has averaged 72.93%. This average ratio is favorable compared to the 69.63% quarterly average for the seven banks located in Champaign and Vermillion Counties with total assets between \$30 million and \$80 million.

## **Geographic Distribution of Loans**

A geographic distribution was not performed, as the assessment areas do not include any low- or moderate-income census tracts.

## **Other Lending and Related Activities**

*Illini Community Development Corporation (CDC)* – This is a prior investment that continues to meet the qualified investment test. The bank's investment is \$55,150 or 7%. The CDC is currently assisting twenty-two small businesses in the assessment areas. The CDC loaned these businesses a total of \$1.8 million, while FNB provided four of these projects with additional financing of \$529 thousand.

*Midwest AgriCredit Company* – The bank and its affiliates formed this operating subsidiary in 2000. The subsidiary is engaged in agricultural lending to full- and less than full-time farmers whose primary business and vocation is farming. The lending activities are primarily performed in the bank's assessment area and include lending for farm operations, machinery, and land. This additional lending arm of the bank provides supplementary sources of funds to meet the credit needs of the bank's assessment area agricultural borrowers by providing access to capital markets for agricultural lending through a borrowing agreement with a AgriBank, FCB, a farm credit bank. FNB's ownership interest is 25% or \$250,000. As of November 30, 2003 the subsidiary had loans to ten borrowers for a total of \$973 thousand.

The bank's investments provide a benefit to the community, but do not significantly enhance their performance under the Community Reinvestment Act.

## **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**

An analysis of public comments and consumer complaint information was performed according to the OCC's risk-based fair lending approach. We found no evidence of illegal discrimination

or other illegal credit practices. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1999.