



## **PUBLIC DISCLOSURE**

September 15, 2014

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

The Fisher National Bank  
Charter Number 14757

102 East Division Street  
Fisher, IL 61843

Office of the Comptroller of the Currency

Harris Center  
3001 Research Road  
Champaign, IL 61822-1089

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 this rating include:

- The bank originates a majority of its primary loan products (business loans and residential home loans) within the assessment area (AA).
- The bank's loan to deposit ratio is reasonable.
- The bank's distribution of loans represents reasonable penetration among borrowers of different incomes and businesses of different sizes.

## **SCOPE OF EXAMINATION**

We evaluated The Fisher National Bank's CRA performance under the small bank examination performance standards, which assess the bank's record of meeting credit needs of its AA through lending activities. The evaluation period is from January 22, 2009, to September 15, 2014.

Based upon both number and dollar volume of loan origination information supplied by the bank, the primary loan products are business loans and residential home loans. We used the Home Mortgage Disclosure Act (HMDA) data for residential home loans and a sample of business loans to conduct the analysis. As the primary lending products did not change since the prior examination, we utilized loans originated from January 1, 2012, to December 31, 2013. We also utilized 2010 US Census data, 2013 Business Demographic data, and FDIC deposit market share data as of June 30, 2013, in our analysis.

## **DESCRIPTION OF INSTITUTION**

The Fisher National Bank is an intrastate bank headquartered in Fisher, IL. The bank is wholly owned by Fisher Bancorp, Inc., a one-bank holding company also located in Fisher, IL. In addition to the main bank, the bank has one branch located eleven miles south of Fisher on the east side of Mahomet, IL. Both locations include automated teller machines (ATMs) that do not accept deposits. The bank opened a loan production office (FNB Mortgage Solutions) in south Champaign in late 2012. The bank opened a deposit production office (DPO) at the same location in early 2014. The DPO is limited solely to the opening of deposit accounts and does not accept deposits. The bank offers both online and telephone banking, as alternative delivery services.

Fisher National Bank offers a range of deposit and loan products, and services. As of June 30, 2014, the bank had \$103 million in total assets and tier one capital of \$10 million. The gross loan portfolio totaled \$73 million and represented 71 percent of total assets. The bank's strategy has been to increase business, farm, and residential home loans both inside and outside of its AA. The following represents the loan portfolio mix:

<b>Loan Portfolio Summary by Loan Product</b>	
<b>Loan Category</b>	<b>% of Outstanding Dollars</b>
Home Loans	48%
Business Loans and Commercial RE	27%
Farm Loans and Farm Land	15%
Consumer Loans	10%

Source: June 30, 2014 Call Report Data.

There are no known impediments limiting Fisher National Bank’s ability to meet the credit needs of its AA. The bank received an “Outstanding” rating at its previous CRA examination dated January 21, 2009.

**DESCRIPTION OF ASSESSMENT AREA(S)**

Fisher National Bank’s AA consists of four contiguous census tracts (#105, #106.01, #106.03, and #106.04) in Champaign County, and one census tract (#9545) in Piatt County. Both counties are within the Champaign-Urbana, Illinois Metropolitan Statistical Area #16580. The AA included census tract 106.02 at the previous examination, but the 2010 census divided that tract into tracts 106.03 and 106.04. Since the previous CRA evaluation, the bank expanded the AA to include an additional census tract (#9545) in Piatt County due to increased loan originations in the Mansfield area. The five census tracts are all defined as middle-income and have a total population of 24,797. The AA is legal, meets the requirements of the regulation, and does not arbitrarily exclude any low- or moderate-income areas.

The local economy is stable. Major employers within the AA include the local school districts and Farm Credit Services. Farming also provides a major contribution to the local economy. Many residents within the AA commute to Champaign-Urbana for work. Major employers within Champaign-Urbana are the University of Illinois, Carle Clinic/Carle Foundation Hospital and Kraft Foods. The July 2014 unemployment rate was 7.3 percent for Champaign County and 6.5 percent for Piatt County. These rates are consistent with the national average of 6.5 percent and the state of Illinois average of 7.0 percent, as of July 2014.

The AA contains 1,542 businesses, with 75 percent defined as small businesses (annual gross revenues of \$1 million or less). Businesses reporting annual gross revenues over \$1 million represent 3 percent of AA businesses, with the remaining 22 percent not reporting revenue data.

Fisher National Bank faces strong competition from other local community banks, and branches of larger regional and nationwide institutions. The bank has a 2.05 percent share of deposits within Champaign County based upon June 30, 2013 Federal Deposit Insurance Corporation (FDIC) reported information.

We utilized a community contact with a federal government official conducted in June of 2014. Our contact indicated that the University of Illinois has benefited the community and a number of start-up businesses are located in Champaign-Urbana. The contact mentioned that the City of Rantoul (located 11 miles east of Fisher) is still feeling the impact of the closure of an Air Force

base twenty years ago. Affordable housing for low- and moderate-income individuals continues to be an ongoing credit need for the area.

Owner-occupied housing units total 7,538 and represent 76 percent of the housing units within the AA. Rental units and vacant units represent 18 and 6 percent, respectively. The table below provides additional demographic information for families that live within the AA:

<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	
Family Distribution by Income Level	7,163	13%	16%	25%	46%	
HUD Adjusted Median Family Income for 2013		72,000	Median Housing Value			159,329
HUD Adjusted Median Family Income for 2012		68,000	Families Below Poverty Level			5.25%

Source: 2010 US Census and 2012 and 2013 HUD updated Median Family Income.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

Fisher National Bank’s performance of meeting the community credit needs is satisfactory. The bank has a reasonable loan-to-deposit ratio and originates a majority of loans within the AA. The bank has reasonable penetration to borrowers of different incomes and businesses of different sizes.

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

Fisher National Bank’s net loan-to-deposit ratio is reasonable given the bank’s size, financial condition, AA’s credit needs, and local competition.

The bank’s net loan-to-deposit ratio averaged 74 percent over the 22 quarters since the last CRA examination. The ratio ranged from a low of 66 percent to a high of 80 percent during the period, with the June 30, 2014 ratio being the high point.

Fisher National Bank’s net loan-to-deposit ratio compares favorably to four other banks within Champaign County with assets between \$75 million and \$200 million. The average quarterly net loan-to-deposit ratio for these similarly situated banks was 72 percent over the same period. Additionally, we note the bank sells and services residential home loans that are not included in the bank’s loan-to-deposit ratio.

## Lending in Assessment Area

Fisher National Bank originates a majority of its loans inside the AA. Our sample showed 56 percent of the total number of loans and 63 percent of the total dollar volume of loans were located within the assessment area.

Lending within the AA										
Type of Loans	Number of Loans					Dollar of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business	11	55%	9	45%	20	\$ 744	62%	\$ 458	38%	\$ 1,202
RE-Home Purchase	89	42%	123	58%	212	\$ 9,273	43%	\$12,271	57%	\$21,544
RE-Home Refinance	166	69%	76	31%	242	\$24,274	76%	\$ 7,544	24%	\$31,818
RE-Home Improvement	9	60%	6	40%	15	\$ 278	67%	\$ 136	33%	\$ 414
Totals	275	56%	214	44%	489	\$34,569	63%	\$20,409	37%	\$54,978

Source: 2012 and 2013 HMDA data for residential purchase, refinance and home improvement loans, and a sample of 20 business loans originated between 1/1/2012 and 12/31/2013.

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

Fisher National Bank's 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 AA. We placed greater weight on residential real estate loans than business loans due to the volume of originations.

### Residential Real Estate Loans

The distribution of residential real estate loans reflects reasonable penetration to borrowers of different income levels. We weighed the performance of home refinance loans more heavily than home purchase and home improvement loans. Home refinance loans represent 63 percent of the home loans made within the AA.

Performance of providing home loans to low-income borrowers is reasonable. The penetration for home refinance loans to low-income borrowers is below the demographic comparator. However, the excellent penetration for home purchase and home improvement loans to low-income borrowers supports the reasonable conclusion.

Performance with moderate-income borrowers is reasonable. The bank's percentage of home refinance and home purchase loans are near demographic comparators. The lower penetration for home improvement loans to moderate-income borrowers has little impact on the conclusion, as only nine home improvement loans were made within the AA.

<b>Borrower Distribution of Residential Real Estate Loans in the AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Purchase	13%	19%	16%	16%	25%	24%	46%	41%
Refinance	13%	5%	16%	15%	25%	23%	46%	57%
Home Improvement	13%	33%	16%	11%	25%	33%	46%	22%

Source: 2012 and 2013 HMDA data for residential purchase, refinance and home improvement loans, and 2010 U.S. Census data.

### Business Loans

The distribution of loans reflects excellent penetration among businesses of different sizes. Small business loans (businesses with gross annual revenues of \$1 million or less) comprised 86 percent of the total business loans originated during the review period. This ratio is higher than the demographic data that indicates 75 percent of the businesses located within the AA are small businesses. It is important to recognize that some of the businesses that did not report revenues in the demographic data are likely also small businesses.

<b>Borrower Distribution for Business Loans within AA</b>				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA businesses	75%	3%	22%	100%
% of bank loans in AA by #	86%	14%	0%	100%
% of bank loans in AA by \$	88%	12%	0%	100%

Sources: Sample of 20 business loans originated between 1/1/2012 and 12/31/2013 made within the AA and 2013 Business Geodemographic Data.

## **Geographic Distribution of Loans**

A geographic distribution analysis was not meaningful to the evaluation. There are no low- or moderate-income census tracts within the AA.

## **Responses to Complaints**

Fisher National Bank did not receive any complaints regarding its CRA performance during the assessment period.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c), in determining a national bank's CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.