



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

August 11, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank in Amboy
Charter Number 14244**

**220 East Main Street, P.O. Box 80
Amboy, Illinois 61310**

**Office of the Comptroller of the Currency
440 South LaSalle Street, Suite 2700
Chicago, Illinois 60605**

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 in Amboy** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **August 11, 1997**. 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 "Outstanding."

A substantial majority of First National Bank in Amboy's loan originations are located within the bank's assessment area. The bank's record of lending to borrowers of different income levels, including low- and moderate-income individuals, is good.

DESCRIPTION OF INSTITUTION

The First National Bank in Amboy (FNB Amboy) is an \$81 million bank with the main bank located in Amboy and two full-service branches in Dixon, Illinois. Customers are also served through two automatic teller machines (ATM's) in Amboy and four ATM's in Dixon. FNB Amboy is 100% owned by Amboy Bankcorp, Inc., a one-bank holding company. The bank offers traditional banking services and basic lending products. The loan portfolio mix is as follows: residential real estate 34%, commercial and ag real estate 26%, agricultural 14%, commercial 10%, and instalment 14%. There are no financial conditions, legal constraints, or other factors that hinder the bank's ability to help meet the credit needs of its assessment area. The bank received a "Satisfactory" rating at the October 4, 1994 CRA examination.

DESCRIPTION OF ASSESSMENT AREA: LEE COUNTY

The bank's assessment area (AA) is defined as Lee County. The county is located in northwestern Illinois, about 100 miles west of Chicago, and has a population of 34,556. The land is primarily farmland with a river passing through the northern part of the county. Eleven communities are within the county, with Dixon being the largest. The AA meets the legal requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

Lee County is comprised of 8 middle-income Block Numbering Areas (BNA's) and 1 upper-income BNA. Thirteen percent of the population in Lee County is low-income, 17% is moderate-income, 27% is middle-income, and 43% is upper-income. Approximately 65% of housing units within the county are owner-occupied and the median age of housing is 47 years.

The economy within Lee County is stable. The housing market is on the upswing as growth moves west from Chicago and the suburbs. The number of housing starts is increasing as well as the average home prices. The major industries are manufacturing and farming. The largest employers within Lee County are Raynor Garage Doors, Illinois Department of Transportation, Sauk Valley Community College, Crest Foods, KSB Hospital, and Borg-Warner Automotive. The unemployment for Lee County is low at 3%.

The main bank's primary competition is the local First Federal Savings branch and Farm Credit Services. Dixon competitors include Amcore, Home Banc, First Bank, and First Federal of Sterling. The bank considers all of the seven state and national banks in Lee County to be similarly situated based on either asset size, competition, or location.

A community contact was made during our exam with a city official. The contact stated the most important credit needs in the community are business and agribusiness loans. He indicated the bank is very involved in community development projects and is meeting the area's credit needs. He is unaware of any complaints of discrimination by any of the local banks and the community perception of the local banks is good.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

LOAN-TO-DEPOSIT RATIO

The bank’s loan-to-deposit ratio exceeds the standards for satisfactory performance. Their average loan-to-deposit ratio for the prior 10 quarters equals 72.47% compared to 61.65% for peer banks in Lee County.

LENDING IN ASSESSMENT AREA

The bank’s record of lending within the assessment area is excellent and exceeds the standards for satisfactory performance. The following table details the bank’s lending within and outside of the AA by dollar volume and number of loans based on originations between January 1, 1995 and July 25, 1997.

FNB IN AMBOY’S RECORD OF LENDING IN LEE COUNTY

	DOLLAR VOLUME		NUMBER OF LOANS	
	WITHIN AA	OUTSIDE AA	WITHIN AA	OUTSIDE AA
Residential Real Estate	\$21,055,074	\$2,933,415	544	49
	88%	12%	92%	8%
Small Business	\$16,614,985	\$2,409,912	573	62
	87%	13%	90%	10%
Small Farm	\$27,917,243	\$655,657	542	20
	98%	2%	96%	4%
TOTAL	\$65,587,302	\$5,998,984	1,659	131
	92%	8%	93%	7%

Source: Examiner prepared from the bank’s loan trials.

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. It approximates the income distribution of the population in the assessment area. Thirty percent of the AA’s families are low- or moderate-income. Based on a sample of 61% of the residential real estate loans originated within the AA between January 1, 1995 and July 25,1997, 26% of the loans were originated to low- and moderate-income borrowers. In addition, 38% of the loans originated for less than \$25,000, 36% originated for \$25,000 to \$49,000, 21% originated for \$50,000 to \$99,000, and 5% originated for \$100,000 or more. The following table summarizes the bank’s distribution of loan originations among borrowers of different income levels:

RESIDENTIAL REAL ESTATE LENDING WITHIN LEE COUNTY TO BORROWERS OF DIFFERENT INCOME LEVELS

January 1, 1995 to July 25, 1997	\$ VOLUME ORIGINATED	% ORIGINATED	# ORIGINATED	% ORIGINATED
Low-income	\$856,516	7%	28	8%
Moderate-income	\$1,831,939	15%	61	18%
Middle-income	\$2,744,462	27%	84	25%
Upper-income	\$6,617,194	55%	160	48%
TOTAL SAMPLE	\$12,050,111	100%	333	100%

Source: Examiner prepared from the bank’s loan trials.

Using loan size as a proxy for business and farm revenues, the bank's record of lending to small businesses and farms is excellent and exceeds the standards for satisfactory performance. As detailed in the following table, a substantial portion of the loans originated during the evaluation period to small businesses and farms originated for less than \$25,000.

**DISTRIBUTION OF SMALL BUSINESS AND AG LOAN SAMPLE
WITHIN LEE COUNTY BY LOAN SIZE**

January 1, 1995 to July 25, 1997	SMALL BUSINESS LOANS		SMALL FARM LOANS	
	#	%	#	%
LESS THAN \$25,000	442	77%	657	61%
\$25,000 - \$49,000	48	8%	129	12%
\$50,000 - \$99,000	34	6%	137	13%
\$100,00 - \$249,000	31	6%	106	10%
\$250,000 OR MORE	9	3%	43	4%
TOTAL	574	100%	1,072	100%

Source: Examiner prepared from the bank's loan trials.

GEOGRAPHIC DISTRIBUTION OF LOANS

An analysis of the bank's lending among different geographies within the assessment area was not performed. It would not be meaningful since all of the Block Numbering Areas within Lee County are middle- and upper-income.

RESPONSE TO COMPLAINTS

The bank has not received any complaints since the prior examination relative to their performance under the Community Reinvestment Act.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified during our examination.