



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 19, 2001

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**First National Bank of Catlin
Charter #7276**

**P.O. Box 649
Catlin, Illinois 61817**

**Office of the Comptroller of the Currency
Champaign Field Office
3001 Research Road, Suite E2
Champaign, IL 61822**

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 CRA performance of **First National Bank of Catlin** prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of March 19, 2001. Our assessment of the bank's performance covers the period since March 31, 1997. The rating received at that time was **A Satisfactory Record of Meeting Community Credit Needs**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

INSTITUTION'S CRA RATING

This institution is rated **Satisfactory**.

Major Conclusions:

- The bank has a satisfactory record of providing consumer credit and real estate loans to low- and moderate-income individuals.
- A substantial majority of the bank's loans are within its assessment area.
- The bank has a good record of making small farm and small business loans.

DESCRIPTION OF INSTITUTION

First National Bank of Catlin is a \$28 million intrastate institution operating from Catlin, Illinois. The bank has a drive-up facility located in Catlin, and a full service branch located in Georgetown, Illinois. The bank also has two ATMs, one that is located in Catlin, and the other in Oakwood, Illinois. Catlin is a community of approximately 2,300 located in Vermilion County in east central Illinois about six miles southwest of Danville, Illinois, the county seat. Catlin is four minutes from Interstate Highway 74. The bank is a wholly owned subsidiary of Butler Point, Inc., a one-bank holding company located in Catlin, IL. Holding Company assets total approximately \$3.0 million as of December 31, 2000. The bank's loan portfolio totals approximately \$10.7 million, or 39% of total assets. Tier 1 capital is \$2,918,000. The loan mix at December 30, 2000 was as follows:

1 - 4 Family Residential Real Estate	23%	\$ 2,451,000
All Other Real Estate	9%	\$ 1,015,000
Commercial	2%	\$ 202,000
Agriculture	4%	\$ 394,000
Consumer	62%	\$ 6,671,000

As shown in *Table 1*, loan originations from a number standpoint were centered consumer loans. However, from a dollar standpoint, loan originations were centered in consumer and real estate loans. The table shows the breakdown of loan originations made from March 31, 1997 through December 30, 2000. During that period 1,382 loans were made, with the dollar volume being \$13,362,554.

Total Originations Since March 31, 1997		
Table 1		
Type of Loans	Number Made	Dollar Amount Made
Real Estate	157	\$4,009,111
Consumer	1003	\$6,415,254
Agricultural	140	\$1,691,298
Commercial	82	\$1,246,891
Total	1382	\$13,362,554

The bank has no financial or legal impediments that restrict it from meeting the credit needs of its local community. The bank's previous CRA rating as of March 31, 1997 was Satisfactory.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of six Block Numbering Areas in Vermilion County (BNAs #106, #107.01, #107.02, #108, #109, and #110). Major villages and towns within the assessment area include Westville, Belgium, Tilton, Oakwood, Fithian, Muncie, Fairmount, Sidell, Indianaola, and Georgetown. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. Based on 1990 census data, one BNA (17%) is moderate-income, one BNA (17%) is upper-income and the remaining four BNAs (66%) are middle-income. There are no low-income BNAs in the bank's assessment area. The following demographic information on the bank's assessment area is also based on 1990 census data, unless otherwise indicated:

2001 HUD Adjusted

Median Family Income	\$44,900
Housing Stock:	87% of the housing units are 1-4 family
Occupancy:	75% owner occupied; 19% renter occupied; 6% vacant
Home Values:	Median Home Value - \$37,950
Age of Homes:	Median Year of Homes Built - 1955
Income:	Median Family Income of Assessment Area - \$29,457
Income Levels:	20% of the families are low income; 19% are moderate income; 21% are middle income; and 40% are upper income

The local economy is stressed with an eroding industrial base. There are few employment opportunities in the bank's assessment area. Major types of industry in Vermilion County include manufacturing, retail trade, and services. The largest employers in the assessment area include Georgetown public school system; Big R Department store; Eagle Grocery Store; the bank, and a local grain elevator. The area's previous largest employer, Nacco, which employed approximately 700 individuals, announced its closing in November of 2000. The majority of people commute to Danville and the surrounding Vermilion County area for economic support. As of December 31, 2000, the unemployment rate for Vermilion County was 6.5%. This rate is relatively higher than the State of Illinois unemployment rate of 4.8% for the same period. Local school demographics indicate that approximately thirty-four percent (34%) of the students in the bank's assessment area come from families who are low-income wage earners.

In addition to the five banks located in Vermilion County, all with assets of less than \$100 million, the bank's major competition includes numerous credit unions located outside of the bank's assessment area. These credit unions are located in Danville, where a majority of the work force in the bank's assessment area obtains employment. They include a teacher's credit union, a veteran's administration credit union, and three manufacturing credit unions.

We performed one community contact with a representative from the local school district. Our discussion with the representative supports that local banking services and credit accessibility are available. No specific credit needs were identified as not being met by the local financial

institutions. The local area credit needs are centered in consumer and residential real estate loans with limited need for agricultural and small business loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

First National Bank of Catlin adequately extends credit to consumers of all income levels, and its record of extending credit to small agricultural and commercial borrowers within its assessment area is good. Income levels used in our analysis are based on the 2000 nonmetropolitan median family income for Illinois of \$43,600, the 1999 nonmetropolitan median family income of \$41,500, the 1998 nonmetropolitan median family income of \$39,500 and the 1997 nonmetropolitan median family income of \$37,600. (Our sample included originations from 2000, 1999, 1998, and 1997. The applicable year's median family income was used in our analysis.)

Consumer Loan Analysis

First National Bank of Catlin originates retail loans to individuals of different income levels in reasonable proportion to the area's income characteristics.

As shown in *Table 2*, the amount of consumer loans made to low- and moderate-income borrowers was good. Our analysis indicates that thirty-eight percent (38%) of the number, and thirty-seven percent (37%) of the dollars, of consumer loans were made to low-income borrowers. Twenty-four percent (24%) of the number and twenty-two percent (22%) of the dollar of consumer loans were made to moderate-income borrowers. The percentage of the number of loans made to low-income and moderate-income borrowers exceeds the percent of families in each of these categories.

Consumer Loans					
Proforma Distribution of Borrowers≈ Income Levels					
Table 2					
<i>Income Level</i>	<i># of Loans</i>	<i>%</i>	<i>\$ Total of Loans</i>	<i>%</i>	<i>% of Area Families in Each Category</i>
Low - Income Less than 50% of Median	8	38%	\$111,780	37%	20%
Moderate - Income 50% - 79% of Median	5	24%	\$65,353	22%	19%
Middle - Income 80%-119% of Median	4	19%	\$72,606	24%	21%
Upper - Income 120% or more of Median	4	19%	\$51,821	17%	40%
Totals	21	100%	\$301,560	100%	100%

Source: This table is a proforma analysis based on a sample of twenty-one consumer installment loans originated in the bank's assessment area between 3/31/97 and 12/30/00.

Mortgage Loan Analysis

First National Bank of Catlin originates real estate loans to individuals of different income levels in reasonable proportion to the area's income characteristics.

As illustrated in *Table 3*, our analysis of a residential real estate loan sample indicated that the bank provides home loans to low-income borrowers at a level that is less than the population's characteristics. Nine percent (9%) of the number and four percent (4%) of the dollar of residential real estate loans was made to low-income borrowers as compared to twenty percent (20%) of area families in the same category. This is reasonable; however, the 1990 census data shows that twelve percent (12%) of the households in the bank's assessment area are below poverty level, while the median housing cost in the assessment area is \$37,950. Eighteen percent (18%) of the number and nineteen percent (19%) of the dollar of residential real estate loans were made to moderate-income borrowers. This level is close to or the same as the percentage of families (19%) in the same income category.

REAL ESTATE LOANS Proforma Distribution of Borrowers≈ Income Levels Table 3					
<i>Income Level</i>	<i># of Loans</i>	<i>%</i>	<i>\$ Total of Loans</i>	<i>%</i>	<i>% of Area Families in Each Category</i>
Low-Income Less than 50% of Median	2	9%	\$22,591	4%	20%
Moderate-Income 50% - 79% of Median	4	18%	\$94,018	19%	19%
Middle-Income 80%-119% of Median	6	27%	\$103,224	21%	21%
Upper-Income 120% or more of Median	10	46%	\$275,525	56%	40%
Totals	22	100%	\$495,358	100%	100%

Source: This table is a proforma analysis based on a sample of twenty-two real estate loans originated in the bank's assessment area between 3/31/1997 and 12/30/2000.

Commercial and Agricultural Loan Analysis

Since the bank does not routinely collect revenue information for all business and farm loans, an analysis of the data would not be meaningful. Therefore, loan size was used as a proxy for business or farm size. This means that if the dollar amount of the loan was small, we presumed that the business or farm borrowing the funds was also small.

The bank's record of lending to small businesses is good. As shown on *Table 4*, all loans sampled in the assessment area were for amounts less than \$250,000.

COMMERCIAL LOANS				
Proforma Distribution to Various Business Sizes				
Table 4				
<i>Loan Size</i>	<i># of Loans</i>	<i>%</i>	<i>\$ Total of Loans</i>	<i>%</i>
Less than \$100,000	19	90%	\$257,031	41%
\$100,001 -250,000	2	10%	\$373,272	59%
\$250,001-500,000	0	0%	\$0.00	0%
\$500,000 - \$1MM	0	0%	\$0.00	0%
Over \$1MM	0	0%	\$0.00	0%
Totals	21	100%	\$630,303	100%

Source: This table is based on a sample of twenty-one commercial loans originated in the bank's assessment area between 3/31/97 and 12/30/00.

The bank's record of lending to small farms is good. As shown on Table 5, 100% of the number and 100% of the dollars of the loans sampled in the assessment area were for amounts less than \$100,000.

AGRICULTURAL LOANS				
Proforma Distribution to Various Farm Sizes				
Table 5				
<i>Loan Size</i>	<i># of Loans</i>	<i>%</i>	<i>\$ Total of Loans</i>	<i>%</i>
Less than \$100,000	20	100%	\$280,968	100%
\$100,001 -250,000	0	0%	\$0.00	0%
250,000 - \$500,000	0	0%	\$0.00	0%
Over \$500,000	0	0%	\$0.00	0%
Totals	20	100%	\$280,968	100%

Source: This table is based on a sample of twenty agricultural loans originated in the bank's assessment area between 3/31/97 and 12/30/00.

LOAN-TO-DEPOSIT RATIO

The Bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The average loan to deposit ratio for twelve quarters ending December 30, 2000 was 43.26%, ranging from a low of 39.29% to a high of 48.38%. While this ratio is below the average loan-to-deposit ratio of similarly situated banks, the ratio shows significant improvement over a ratio of 31.67% noted during the previous examination ending March 31, 1997. The similarly situated banks are five banks located in Vermilion County with assets of less than \$100 million. The combined average loan-to-deposit ratio for these banks was 68.83% for the same twelve quarters. Individual averages of the similarly situated banks ranged from a low of 48.64% to a high of 94.91%.

LENDING IN THE ASSESSMENT AREA

A substantial majority of direct loans originated are within the assessment area. As illustrated in *Table 6*, our analysis of a sample of loans revealed that 86% of the dollar amount, and approximately 77% of the number of loans, were made inside the bank's assessment area.

LOAN PENETRATION ANALYSIS				
Table 6				
<i>Type of Loan</i>	<i>Within Assessment Area</i>		<i>Outside Assessment Area</i>	
Residential Real Estate	\$606,214	92%	\$52,144	8%
	24	60%	6	20%
Consumer Loans	\$301,560	75%	\$98,325	25%
	21	75%	7	25%
Agricultural Loans	\$280,968	77%	\$82,902	23%
	20	77%	6	23%
Commercial Loans	\$791,134	89%	\$93,358	11%
	21	75%	7	25%
Total	\$1,979,875	86%	\$326,729	14%
	86	77%	26	23%

Source: This table is a proforma analysis using the following sample: 30 mortgage loans, 28 consumer loans, 26 agricultural loans, and 28 commercial loans. This sample covered the period of 3/31/97 through 12/30/00.

GEOGRAPHIC DISTRIBUTION OF LOANS

Based on our sample of forty-five consumer and real estate loans made from 3/31/97 through 12/31/00, the geographic distribution of loans within the assessment area is satisfactory. As shown in Tables 7 and 8, the penetration in the moderate-income BNA is low; however, this BNA is the site of a former GM plant with a high concentration of former union employees. Several credit unions capture a majority of the business from this area.

GEOGRAPHIC DISTRIBUTION OF HOME MORTGAGE LOANS					
Table 7					
<i>Census Tract</i>	<i># of Loans</i>	<i>%</i>	<i>\$ Total of Loans</i>	<i>%</i>	<i>% Owner Occupied *</i>
Low-Income	N/A	N/A	N/A	N/A	N/A
Moderate-Income	1	4%	\$13,847	2%	16%
Middle-Income	15	63%	\$295,898	49%	71%
Upper-Income	8	33%	\$296,468	49%	13%
Totals	24	100%	\$606,213	100%	100%

* Represents the percentage of homes owned by individuals in the assessment area

GEOGRAPHIC DISTRIBUTION OF CONSUMER LOANS					
Table 8					
<i>Census Tract</i>	<i># of Loans</i>	<i>%</i>	<i>\$ Total of Loans</i>	<i>%</i>	<i>% Population *</i>
Low-Income	N/A	N/A	N/A	N/A	N/A
Moderate-Income	1	5%	\$9,650	3%	16%
Middle-Income	14	67%	\$194,400	65%	67%
Upper-Income	6	28%	\$97,510	32%	17%
Totals	21	100%	\$301,560	100%	100%

* Represents the percentage of individuals in the assessment area

COMPLIANCE WITH FAIR LENDING LAWS

A fair lending review was last performed on February 7, 2000. The review revealed satisfactory compliance with fair lending regulations. Our review focused on loan terms. We noted no practices intended to discourage or impede potential borrowers from applying for credit.

WRITTEN COMPLAINTS

First National Bank of Catlin has not received written complaints about its performance in helping to meet the credit needs within its assessment area, during this evaluation period.