



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

June 9, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Arcola
Charter #2204**

**P.O. Box 100
Arcola, Illinois 61910-0100**

Office of the Comptroller of the Currency

**2009 Fox Drive, Suite B
Champaign, IL 61820**

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 Arcola prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of June 9, 1997. Our assessment of the bank's performance covers the period since June 19, 1994. 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**.

This rating is based on the fact that a substantial majority (85% of the number and 84% of the dollar amount) of the loans originated between January 1, 1996 and April 30, 1997 were located within the bank's assessment area. Additionally, the distribution of borrowers reflects a reasonable penetration among individuals of different income levels and businesses and farms of different sizes.

DESCRIPTION OF INSTITUTION

First National Bank of Arcola is a \$112 million bank operating from a main bank in Arcola and two full service branches located in Tuscola and Arthur. Arcola is a community of approximately 2,700 located in Douglas County in East Central Illinois on Interstate 57 and Illinois Route 133, approximately 30 miles south of Champaign and 15 miles north of Mattoon.

The following represents this institution's loan portfolio mix as of March 31, 1997:

Commercial Loans	29%
Real Estate Loans	32%
Consumer Loans	18%
Agricultural Loans	21%

The bank does not have any financial or legal impediments restricting it from meeting the credit needs of the community.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of nine Block Numbering Areas (BNAs): #9520, #9521, #9522, #9523, and #9524 in Douglas County; #9769 and #9770 in Moultrie County; and #0001 and #0002 in Coles County. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies. Eight of the census tracts are middle income, and one is upper income. There are no low- or moderate-income census tracts within the assessment area. The following demographic information on the bank's assessment area is based on 1990 census data:

- Housing Stock - 85% of the housing units are 1-4 family.
- Occupancy - 70% are owner occupied, 22% renter occupied and 6% vacant.
- Home Values - The Median Home Value is \$45,400.
- Age of Homes - The Median Year of Homes Built is 1957.
- Income - Median Family income of the assessment area is \$31,795.
- Income Levels - 16% of the families are low income, 17% are moderate income, 23% are middle income, and 44% are upper income.

The local economy is stable and is driven by agriculture, tourism, and light industry. The largest employers include Littlefuse, Cap and Gown, and Libman Broom. The bank's major competition consists of First Mid-Illinois, Central Illinois Bank, and several other banks located throughout Douglas, Coles and Moultrie counties.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit ratio is less than reasonable given the institution's size, financial condition, and assessment area credit needs. The average loan-to-deposit ratio for 13 quarters ended March 31, 1997 was 24.97%. The bank's loan portfolio has increased slightly during this time, but the loan-to-deposit ratio has actually declined, due to a \$20 million increase in deposits from the purchase of the Arthur branch during the first quarter of 1996. Even excluding these factors, the loan-to-deposit ratio is still well below that of similarly situated banks. The similarly situated banks are 8 banks in Douglas, Coles and Moultrie counties with assets between \$50 and \$200 million. The average loan-to-deposit ratio for these banks was 70.49% for the last five quarters.

LENDING IN ASSESSMENT AREA

A substantial majority of loans originated are within the assessment area. Based on loans originated from January 1, 1996 through April 30, 1997, 88% of the number of loans and 94% of the dollar amount of loans were made within the bank's assessment area.

FIRST NATIONAL BANK'S RECORD OF LENDING

Type of Loan	Within Assessment Area		Outside Assessment Area	
Residential Real Estate	\$1,219,915	100%	\$0	0%
	16	100%	0	0%
Consumer	\$2,037,310	83%	\$347,096	17%
	579	85%	106	15%
Commercial	\$1,758,547	96%	\$73,007	4%
	105	97%	3	3%
Agriculture	\$5,165,528	95%	\$253,600	5%
	127	95%	7	5%
Total	\$10,181,300	94%	\$673,703	6%
	827	88%	116	12%

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

The bank has done a good job of lending to people of all income levels. Although there are no low- or moderate-income census tracts within the bank’s assessment area, 33% of the population is in the low- to moderate-income category.

The following tables show the distribution of installment, residential, commercial and agricultural loan originations among borrowers of different income levels and businesses of different sizes within the assessment area. These tables were based on a sample of loans (including 54 installment and 12 residential mortgage) originated from January 1, 1996 through April 30, 1997. Income levels are based on 1997 non-metropolitan median family income for Illinois of \$36,700.

Installment Loans

Income Level	# of Loans	%	\$ of Loans	%
Low - Income Less than 50% of Median	35	65%	\$90,901	45%
Moderate - Income 50% to less than 80% of Median	10	18%	\$53,078	26%
Middle - Income 80% to less than 120% of Median	6	11%	\$32,013	16%
Upper - Income 120% or more of Median	3	6%	\$25,094	13%

Based upon the sample, the bank has made 83% of the number of their installment loans to low- and moderate-income people. This percentage is greater than the percentage of low- and moderate-income families in the population of the assessment area.

Residential Mortgage Loans

Income Level	# of Loans	%	\$ of Loans	%
Low - Income Less than 50% of Median	1	8%	\$7,358	2%
Moderate - Income 50% to less than 80% of Median	3	25%	\$75,940	17%
Middle - Income 80% to less than 120% of Median	3	25%	\$112,920	26%
Upper - Income 120% or more of Median	5	42%	\$273,807	62%

Based upon our sample, the bank has made 33% of the number and 19% of the dollar volume of residential loans to low- and moderate-income people. This compares to the 33% of low- and moderate-income families in the bank's assessment area.

The bank's record of lending to business and farms of different sizes is good. A substantial majority of the loans reviewed were for amounts under \$100,000. The following tables detail the distribution by loan size of business and farm loans originated between January 1, 1996 and April 30, 1997.

Agricultural Loans

Loan Size	# of Loans	%	\$ of Loans	%
Less than \$100,000	114	90%	\$2,965,528	57%
\$100,000-\$250,000	11	8%	\$1,275,000	25%
\$250,001-\$500,000	1	1%	\$350,000	7%
Over \$500,000	1	1%	\$575,000	11%

Commercial Loans

Loan Size	# of Loans	%	\$ of Loans	%
Less than \$100,000	104	99%	\$1,558,547	89%
\$100,001-\$250,000	1	1%	\$200,000	11%

The bank has demonstrated a willingness to make loans of both small and large amounts to businesses and farms of different sizes.

GEOGRAPHIC DISTRIBUTION OF LOANS

Because all Block Numbering Areas in the bank's assessment area are upper or middle-income tracts, a geographic distribution analysis of the bank's loan originations would not be meaningful, and is not considered in the overall CRA rating.

COMPLIANCE WITH FAIR LENDING LAWS

First National Bank of Arcola is in compliance with the substantive provisions of the anti-discriminatory laws and regulations. There is no evidence of practices to discourage individuals from applying for credit. The bank generally solicits credit applications from all segments of its assessment area, including low- and moderate-income areas.