

# **PUBLIC DISCLOSURE**

**January 11, 1999**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank of Lacon  
Charter Number 347  
111 S. Broad Street  
P.O. Box 308  
Lacon, IL 61540**

**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 CRA performance of **First National Bank of Lacon (FNB)** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **January 11, 1999**. This evaluation is based on information from the last CRA examination dated January 23, 1996 to the current examination dated January 11, 1999. 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 ASatisfactory.@

A majority of FNB's loan originations are located within the bank's assessment area. The bank's distribution of lending to people and businesses of different income levels, including low- and moderate-income individuals and small businesses is good.

## **DESCRIPTION OF INSTITUTION**

FNB of Lacon is a \$43 million bank in Lacon, Illinois, located approximately thirty miles north of Peoria. FNB has one office in downtown Lacon, with a drive-up facility at that location. FNB has one Automated Teller Machine (ATM) located in Lacon, a middle-income area.

FNB is wholly-owned by First Lacon Corporation, a one bank holding company. The bank offers traditional banking services and lending products. Their primary business focus is agricultural and commercial lending. The loan portfolio mix is as follows: agricultural 35%, commercial 34%, residential real estate 19%, and instalment 12%.

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 (AA). An 'Outstanding' rating was received during the January 23, 1996, CRA examination.

## **DESCRIPTION OF ASSESSMENT AREAS:**

The bank's assessment area consists of five Block Numbering Areas (BNAs) in Marshall County. All of the BNAs in the AA are designated as middle-income. There are no low-, moderate-, or upper-income BNAs in the AA.

According to 1990 census data, the total population of the bank's AA is 12,846. The 1998 non-Metropolitan Statistical Area (MSA) statewide median family income for Illinois is \$39,500. Potential borrowers earning less than 50% of the non-MSA statewide median family income are designated as low-income, while those earning 50% - 80%, 80% - 120%, and more than 120% are designated as moderate-, middle-, and upper-income, respectively. Within the AA, 16% of the families are low-income, 19% are moderate-income, 22% are middle-income, and 43% are upper-income. The unemployment rate for the AA is low at 2%.

There are 5,317 total housing units in the AA, of which 70% are owner-occupied, 22% are rental-occupied, and 8% are vacant. The median age of homes in the AA is 46 years, while the median housing price is \$44,478.

Economic conditions in the AA are stable. The local economy includes manufacturing and agricultural industries. Principal employers are Caterpillar, CILCO, MetaTec, and Goodrich in Henry, IL.

The large number of banks, thrift institutions, and CEFCU provide a high level of competition in the financial services market. Alpha Community Bank, Henry State Bank, and Wenona State Bank are the similarly situated institutions within the AA which were identified based on asset size and/or business focus.

A community contact was made with one local Realtor during the examination. The contact indicated local financial institutions are responsive to community credit needs and there are no significant unmet credit needs in the community.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

**LOAN-TO-DEPOSIT RATIO**

The bank's loan-to-deposit ratio meets the standards for satisfactory performance. The average loan-to-deposit ratio for the eleven quarters ending September 30, 1998 equals 58.94% compared to 60.08% for local similarly situated banks. During these eleven quarters, FNB's loan-to-deposit ratio has increased from 57.87% on March 31, 1996 to 60.94% on September 30, 1998.

**LENDING IN ASSESSMENT AREA**

The bank's record of lending within the AA is reasonable and meets the standards for satisfactory performance. The following table details the bank's lending within and outside the AA by dollar volume and number of loan originations in the evaluation period.

LOAN TYPE	DOLLAR VOLUME		NUMBER OF LOANS	
	WITHIN AA	OUTSIDE AA	WITHIN AA	OUTSIDE AA
Residential Real Estate	\$3,296,213	\$217,300	100	6
	94%	6%	94%	6%
Business	\$7,528,965	\$2,734,655	180	46
	73%	27%	80%	20%
Agricultural	\$8,915,220	\$2,975,050	188	60
	75%	25%	76%	24%
Consumer Instalment	\$4,253,956	\$945,354	680	131
	82%	18%	84%	16%
TOTAL	\$23,994,354	\$6,872,359	1148	243
	78%	22%	83%	17%

Source: Bank Records (1/1/96 to 12/23/98)

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

The distribution of residential real estate reflects good penetration among individuals of different income levels including low- and moderate-income individuals. Based on a sample of 73% of the residential real estate loans originated within the AA during the evaluation period, 10% were originated to low-income borrowers and 27% originated to moderate-income borrowers.

FNB accommodates low- and moderate-income individuals by granting small dollar personal and real estate loans. Forty-six percent of the real estate loans originated for less than \$25,000, 32% originated for \$25,000 to \$49,999, 20% originated for \$50,000 to \$99,999, and 2% originated for \$100,000 or more.

The following tables summarize the bank's distribution of loan originations among borrowers of different income levels:

### RESIDENTIAL REAL ESTATE LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS

INCOME LEVEL OF BORROWER	% OF FAMILIES	\$ VOLUME ORIGINATED	% ORIGINATED	# ORIGINATED	% ORIGINATED
Low-income	16%	\$170,800	6%	7	10%
Moderate-income	19%	\$643,813	22%	20	27%
Middle-income	22%	\$917,300	32%	17	23%
Upper-income	43%	\$1,171,373	40%	29	40%
<b>TOTAL</b>	100%	\$2,903,286	100%	73	100%

Source: Bank Records (1/1/96 to 12/23/98)

Using loan size as a proxy for business and farm revenues, the bank's record of lending to small businesses and farms is good. 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 \$50,000.

**DISTRIBUTION OF SMALL BUSINESS AND AG LOAN SAMPLE  
BY LOAN SIZE**

LOAN SIZE (\$)	BUSINESS LOANS		FARM LOANS	
	#	%	#	%
<\$25,000	117	65%	106	56%
\$25,000 - 49,999	22	12%	25	13%
\$50,000 - \$99,999	19	11%	33	18%
\$100,000 - \$249,999	18	10%	18	10%
\$250,000 - \$999,999	4	2%	6	3%
<b>TOTAL</b>	180	100%	188	100%

Source: Bank Records.

**GEOGRAPHIC DISTRIBUTION OF LOANS**

We did not analyze the geographic distribution of loans since none of the BNAs making up the bank's assessment area are designated as low- or moderate-income areas.

**RESPONSE TO COMPLAINTS**

The bank has not received any complaints since the prior examination relative to its performance under the CRA.

**COMPLIANCE WITH ANTIDISCRIMINATION LAWS**

We did not identify violations of any substantive provisions of the antidiscrimination laws and regulations during our examination.

## **INVESTMENTS AND SERVICES**

The bank has contributed \$3000 to Marshall County Habitat for Humanity. The Habitat for Humanity works with people to build affordable housing for low- and moderate-income individuals.