



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**September 21, 2006**

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

**First National Bank of Ivesdale  
Charter Number 6133**

**301 South Chapin Street  
Post Office Box 20  
Ivesdale, Illinois 61851**

**Comptroller of the Currency  
Central Illinois & Central Indiana  
3001 Research Road Suite E2  
Champaign, IL 61822**

**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 Outstanding.**

- **A substantial majority of the loans are originated within the bank's assessment area.**
- **The distribution of loans reflects reasonable penetration among individuals of different income levels (including low- and moderate-income) and good performance in lending to farms of different sizes, given the demographics of the assessment area.**
- **The bank's loan-to-deposit ratio is reasonable based on the institution's size, financial condition, assessment area's credit needs, and competition.**

## **DESCRIPTION OF INSTITUTION**

The First National Bank of Ivesdale (FNB) is a \$10 million financial institution located in Ivesdale, Illinois. Ivesdale is located in the southwest corner of Champaign County, near the Piatt County line, approximately twenty miles from Champaign, Illinois. The bank is 100% owned by Bement Bancshares, Inc., a three-bank holding company located in Bement, Illinois, with consolidated total assets of \$86 million at June 30, 2006.

The bank has no branch locations or automated teller machines (ATMs). However, customers can use the ATMs at the bank's affiliate banks, State Bank of Bement and State Bank of Cerro Gordo, without being charged a fee. The bank also offers telephone banking. The bank has not opened or closed any branch locations during this review period.

The bank offers a full range of retail and commercial banking products normally associated with a community bank. Net loans total \$5.2 million on June 30, 2006, representing 51% of total assets. The following represents the bank's loan portfolio mix as of June 30, 2006:

Farm Loans	\$2,071,000	39%
Consumer Loans	\$1,662,000	32%
Business Loans	\$ 948,000	18%
Residential Real Estate	\$ 595,000	11%

Total risk based capital is \$1.7 million. The bank has no legal or financial impediments that would hinder its ability to meet the credit needs of the assessment area. Bank activities are consistent with the bank's size, financial capacity, local economic conditions, and credit needs of the community. The bank was rated Satisfactory on its last CRA performance evaluation on June 12, 2001.

## DESCRIPTION OF THE ASSESSMENT AREA

The bank has two assessment areas (AA). One assessment area includes census tract #109 in Champaign County and census tracts #9546, #9547, and #9548 in Piatt County, which are all included in the Champaign-Urbana, IL, Metropolitan Statistical Area (MSA). Piatt County was included in the revised boundaries of the Champaign-Urbana MSA in 2004. This is the bank's primary assessment area. The majority of the bank's business is generated in this AA and the bank is located in this AA. This assessment area is referred to as the "MSA" assessment area in this analysis. Since most of the bank's business for lending and deposits is in the MSA AA, more weight is given to its performance in this assessment area for the overall performance rating.

The second assessment area consists of census tract #9523 in Douglas County, which is not located in an MSA, but is contiguous to both Champaign and Piatt Counties. This assessment area is referred to as the "Non-MSA" assessment area in this analysis. Due to the limited business generated from this AA, a limited review of the Non-MSA AA was performed.

All five census tracts in both assessment areas are moderate-income census tracts. Both assessment areas conform to the regulation and do not arbitrarily exclude low- or moderate-income areas. The following demographic information is based on 2000 census data:

<b>Demographic Information for Assessment Area</b>	<b>MSA</b>	<b>Non-MSA</b>
Population:	17,201	5,144
Housing Stock: <i>1-4 family housing units</i>	96%	94%
Occupancy: <i>owner-occupied, renter-occupied, vacant</i>	74%, 20%, 6%	74%, 22%, 5%
Home Values: <i>Median home value</i>	\$80,536	\$73,400
Age of Homes: <i>Median year of homes built</i>	1961	1963
Income: <i>Updated Median family income</i>	\$52,164	\$44,107
Income: <i>Median household income</i>	\$43,431	\$38,965
Family Income Levels (%): <i>Low-, moderate-, middle-, upper-income</i>	16%, 21%, 28%, 35%	13%, 19%, 26%, 42%
Household Income Levels (%): <i>Low-, moderate-, middle-, upper-income</i>	15%, 15%, 20%, 50%	16%, 15%, 24%, 45%
	<b>2005 Business Data</b>	<b>2005 Business Data</b>
Farms: <i>% of small farms in the assessment area</i>	97%	100%
Businesses: <i>% of small businesses in the assessment area</i>	63%	64%
<i>Percent of farms not reporting revenue figures</i>	1%	0%
<i>Percent of businesses not reporting revenue figures</i>	33%	25%

Note: MSA represents one census tract in Champaign County and three census tracts in Piatt County. Non-MSA represents one census tract in Douglas County.

The local economy is stable and driven by agriculture and small business. Many of the residents commute to Champaign and Urbana, Illinois, for employment with the University of Illinois, local government, financial services industries, hospitals, schools, and retail trade. The June 2006 unemployment rate for the Champaign-Urbana, IL, MSA was 4.1% and Douglas County

was 4.5%. The state unemployment rate was 4.7% and the national rate was 4.8%.

FNB Ivesdale faces strong competition from five banks in Piatt County, eight financial institutions in Douglas County, and twenty-five financial institutions in Champaign County. We made one community contact with a local housing authority representative in conjunction with this examination. The contact raised no concerns about the area financial institutions' efforts to meet community credit needs and support economic development programs in the area.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

This review concentrated on the bank's primary loan products for the years 2004, 2005, and year-to-date June 30, 2006, which based on origination information by dollar and number provided by the bank, was primarily farm and consumer loans.

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

The overall distribution of loans reflects reasonable penetration among individuals of different income levels (including low- and moderate-income) and good performance in lending to farms of different sizes, given the demographics of the assessment area.

A majority of the bank's business is generated in the MSA assessment area and the bank is located in the MSA assessment area. Therefore, more weight is given to the bank's performance in the MSA assessment area. While the following findings are for the MSA assessment area, the information provided to us shows that the findings from an analysis of the Non-MSA assessment area would be consistent with the findings for the MSA assessment area.

#### Farm Loans

The bank's performance of lending to farms of different sizes is good. Ninety-five percent of the number and ninety-nine percent of the dollars of farm loans sampled in the MSA assessment area were made to small farms. Small farms are farms with annual gross revenues of less than one million dollars. The bank's lending to small farms in the MSA assessment area is favorable compared to the demographic data.

<b>Borrower Distribution of Loans to Farms in the Assessment Area (MSA)</b>				
Gross Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Farms*	97%	2%	1%	100%
% of Bank Loans in AA by #	95%	0%	5%	100%
% of Bank Loans in AA by \$	99%	0%	1%	100%

*Source: This table is based on a sample of 20 farm loans from the AA that were originated in 2004, 2005, and year-to-date 6-30-2006. One loan for \$11,588 (10%) did not have income information in the file.*

#### Consumer Loans

The distribution of loans reflects reasonable penetration for consumer loan originations among individuals of different income levels, including low- and moderate-income, given the demographics of the MSA assessment area. Performance to moderate-income borrowers is good and significantly more favorable compared to the demographic data. Performance to low-income borrowers is weaker than the demographics, but considered reasonable given the household poverty rate of more than 6% in the assessment area.

<b>Consumer Loans in the MSA by Income Distribution</b>					
<u>Income Level</u>	<u>% of households in the AA</u>	<u># of Loans</u>	<u>% of #</u>	<u>\$ of Loans</u>	<u>% of \$</u>
Low-Income Less than 50% of Median	15%	1	5%	\$5,615	4%
Moderate-Income 50%-79% of Median	15%	4	20%	\$11,150	8%
Middle-Income 80%-119% of Median	20%	6	30%	\$40,092	27%
Upper-Income 120% or more of Median	50%	7	35%	\$50,969	35%

*Source: Sample of 20 consumer loans originated in the AA for 2004, 2005, and year-to-date 6-30-2006 and 2000 U.S. Census data. Two loans totaling \$38,035 in the sample (26%) did not have income information available.*

### **Geographic Distribution of Loans**

A geographic distribution analysis was not performed, as neither assessment area includes any low- or moderate-income census tracts.

### **Lending in Assessment Area**

A substantial majority of loans are originated within the bank's assessment area. Based on a sample of forty loans originated in 2004, 2005, and year-to-date June 30, 2006, 95% of the number and 99% of dollars were made within the bank's assessment area.

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

The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, assessment area (AA) credit needs, and local competition. The bank's loan to deposit ratio averaged 61% over the past twenty-one quarters. This average ratio is favorable compared to the 60% quarterly average for five similarly situated banks located in and near the bank's assessment area. The bank also has loan participations sold to an affiliate bank, which would increase the bank's loan-to-deposit ratio from 61% to over 62% as of June 30, 2006.

### **Responses to Complaints**

The bank has not received any complaints about its performance in helping to meet assessment area needs during this evaluation period.

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

We found no evidence of illegal discrimination or other illegal credit practices.