



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

September 23, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank in Paxton
Charter #13809**

**P.O. Box 95
Paxton, Illinois 60957**

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 in Paxton prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of September 23, 1996. Our assessment of the bank's performance covers the period since February 22, 1993. 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 reviewed 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.

The following table indicates the performance level of First National Bank in Paxton with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank in Paxton</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio			X
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes	X		
Geographic Distribution of Loans		N/A	
Response to Complaints	No complaints were received since the prior examination		

DESCRIPTION OF INSTITUTION

First National Bank in Paxton is a \$60 million bank operating from 2 locations in Paxton, Illinois. The bank is a wholly-owned subsidiary of Agricultural Banking Corp, a two bank holding company. Paxton is a community of approximately 4,500 located in Ford County in East Central Illinois on Interstate 57 and Illinois Route 9, approximately 30 miles north of Champaign.

The following represents this institution's loan portfolio mix as of June 30, 1996:

Commercial Loans	38%
Real Estate Loans	20%
Consumer Loans	15%
Agricultural related	27%

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 two Block Numbering Areas (BNAs) #9617 and #9618 in Ford County and BNA # 9507 in southern Iroquois County. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies. All of the census tracts are middle 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 - 93% of the housing units are 1-4 family.

Occupancy - 69% owner occupied, 20% renter occupied and 6% vacant.

Home Values - The Median Home Value is \$45,200.

Age of Homes - The Median Year of Homes Built is 1953.

Income - Median Family income of the assessment area is \$32,869.

Income Levels - 14% of the families are low income, 18% are moderate income, 26% are middle income, and 42% are upper income.

The local economy is stable and is driven by agriculture, small business, and light industry. The largest employers include Baltimore Air Coil, the Paxton-Buckley-Loda school district, ITW-Deltar, and Ford County. The bank's major competition consists of a national bank in Paxton along with several smaller banks located throughout Ford and Iroquois 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 June 30, 1996 was 28.13%. This ratio shows an improving trend, ranging from a low of 23.78% to a high of 32.46%, but is below the average loan-to-deposit ratio of similarly situated banks. The similarly situated banks are 6 banks in Ford and Iroquois counties with assets of less than \$60 million. The average loan-to-deposit ratio for these banks was 54.14% for the last four quarters.

LENDING IN ASSESSMENT AREA

A substantial majority of loans being originated are from within the assessment area. Based on loans originated from March of 1994 through June of 1996, 85% of the number of loans and 84% of the dollar amount of the 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	\$5,046,079	88%	\$709,964	12%
	207	87%	32	13%
Consumer	\$6,010,633	82%	\$1,276,669	18%
	1,357	82%	297	18%
Commercial	\$16,225,326	90%	\$1,773,558	10%
	578	95%	30	5%
Agriculture	\$11,741,697	74%	\$4,085,933	26%
	386	78%	106	22%
Total	\$41,026,283	84%	\$7,971,124	16%
	2,556	85%	466	15%

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, 32% 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 49 installment, 17 residential mortgage, 58 commercial, and 35 agricultural) originated from March of 1994 through June of 1996. Income levels are based off of the 1996 non-metropolitan median family income for Illinois of \$36,000.

Installment Loans

Income Level	# of Loans	%	\$ of Loans	%
Low - Income	17	35%	\$53,052	17%
Moderate - Income	15	31%	\$72,610	24%
Middle - Income	8	16%	\$63,373	20%
Upper - Income	9	18%	\$120,363	39%

Based upon the sample, the bank has made 66% 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	1	6%	\$10,000	2%
Moderate - Income	5	29%	\$110,500	18%
Middle - Income	7	41%	\$179,256	30%
Upper - Income	4	24%	\$306,500	50%

Despite the increasing cost of housing in the Paxton area the bank still made 35% of the number of their residential mortgage loans to low- and moderate-income people. This is just above the percentage of low- and moderate-income families in the assessment area.

Agricultural Loans

Total Revenues	# of Loans	%	\$ of Loans	%
\$0-\$100,000	29	83%	\$845,800	78%
\$100,000-\$250,000	6	17%	\$235,500	22%
Over \$250,000	0	0%	\$0	0%

Commercial Loans

Total Revenues	# of Loans	%	\$ of Loans	%
\$0-\$100,000	22	38%	\$134,322	4%
\$100,000-\$250,000	7	12%	\$180,000	6%
\$250,000-\$500,000	5	9%	\$115,000	4%
\$500,000-\$1,000,000	0	0%	\$0	0%
Over \$1,000,000	24	41%	\$2,852,518	87%

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 middle-income tracts, a geographic distribution analysis of the bank's loan origination would not be meaningful, and is not considered in the overall CRA rating.

COMPLIANCE WITH FAIR LENDING LAWS

First National Bank in Paxton 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.