



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 18, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Xenia
Charter No. 12096**

**Front Street, Box 4
Xenia, Illinois 62899**

Office of the Comptroller of the Currency

**Indianapolis Duty Station
8777 Purdue Rd. Suite 105
Indianapolis, In 46268**

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 **The First National Bank of Xenia** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of December 18, 1996. The date of the previous performance evaluation was April 27, 1993 and the rating was satisfactory. This evaluation covers the time period from April 28, 1993 through December 18, 1996. 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**.

The First National Bank of Xenia (FNB) has maintained a sound CRA performance. Factors supporting this rating include: a majority of lending is within the bank's assessment area, loans are made to borrowers of all income levels consistent with the demographics of the community, and lending to small businesses and farms is evident. The bank has not received any complaints from the public regarding its CRA performance.

The following table indicates the performance level of FNB with respect to each of the five performance criteria.

| SMALL INSTITUTION ASSESSMENT CRITERIA | <u>THE FIRST NATIONAL BANK OF XENIA</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 | An analysis of geographic distribution of loans was not meaningful | | |
| | | | |

DESCRIPTION OF INSTITUTION

FNB is a \$20 million financial institution headquartered in Xenia, Illinois. There are no financial constraints or legal impediments that could impair the bank's ability to meet the credit needs of the community.

As of September 30, 1996, the loan portfolio was comprised primarily of loans secured by real estate, as noted below. Consumer, agricultural and commercial loans comprised the remainder of the portfolio.

| LOAN PORTFOLIO COMPOSITION | OUTSTANDING | % OF GROSS LOANS |
|--|----------------------|-------------------------|
| 1-4 Family and multi-family residential properties | \$5.8 million | 65.2% |
| Commercial purpose loans | \$0.3 million | 3.3% |
| Consumer loans | \$1.7 million | 19.1% |
| Agricultural loans and loans secured by farmland | \$1.1 million | 12.4% |
| TOTAL | \$8.9 million | 100% |

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area encompasses the Illinois counties of Clay, Marion and Wayne. These counties are comprised of seven moderate-, fourteen middle- and one upper-income block numbering areas (BNAs). Low- or moderate-income areas are not arbitrarily excluded.

Clay, Marion and Wayne counties have populations of approximately 14,460, 41,561 and 17,241 respectively, according to 1990 Census information. The 1995 statewide non-Metropolitan Statistical Area (MSA) median family income is \$36,000. There are approximately 25,835 families in the bank's assessment area. Of these families, approximately 20 percent are low-income, 19 percent are moderate-income, 21 percent are middle-income and 40 percent are upper-income.

The primary focus of the local economy is agriculture. Manufacturers are also a significant source of employment in the area. In conjunction with our evaluation of FNB's CRA performance, representatives from two organizations were interviewed. These contacts identified agricultural loans and affordable housing loans as the most important credit needs in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

The bank's performance is satisfactory and is based upon the assessment area criteria on page 3. Our review included a sample of real estate mortgages, commercial loans and installment loans originated in 1996. Lending trends were consistent throughout the evaluation period.

Loan-to-deposit Ratio

The loan-to-deposit ratio is reasonable given the bank's size, financial condition and the credit needs within the assessment area.

A comparison of loan-to-deposit ratios was made between the bank and other financial institutions headquartered in the assessment area. FNB's average loan-to-deposit ratio since the prior CRA examination is approximately 53 percent. This ratio has remained fairly stable. Similarly situated banks in FNB's market area had an average loan-to-deposit ratio of approximately 55 percent over the same period.

Lending in the Assessment Area

A significant majority of loans are in the bank's assessment area.

Based on a sample of 41 installment loans, and all residential real estate (14) and commercial loans (47) originated in 1996, we found that 95 percent of installment, 100 percent of residential real estate and 98 percent of commercial loans were originated to borrowers residing inside the bank's assessment area. In terms of dollar volume, 95 percent of installment, 100 percent of residential real estate and 99 percent of commercial loans were inside the bank's assessment area.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Given the demographics of the assessment area, lending activity reflects reasonable penetration among individuals of different income levels. In addition, a notable portion of commercial loans are made to small businesses and farms.

The following table is based on a sample of installment and residential real estate loans originated in 1996.

Distribution By Borrower Income

| LOAN TYPE | Low-Income Category * | | Moderate-Income Category * | | Middle-Income Category * | | Upper-Income Category * | |
|-------------------------------|-----------------------|-----------|----------------------------|-----------|--------------------------|-----------|-------------------------|-----------|
| | Number | \$ Volume | Number | \$ Volume | Number | \$ Volume | Number | \$ Volume |
| Residential real estate loans | 0% | 0% | 21% | 19% | 29% | 26% | 50% | 55% |
| Installment loans | 39% | 33% | 39% | 46% | 22% | 21% | 0% | 0% |

* Income categories are defined as follows: 0-49% of the statewide non-MSA median family income is designated low-income; 50-79% is moderate-income; 80-119% is middle-income; and 120% and over is upper-income. As previously mentioned, of the families in the assessment area, approximately 20% are low-income, 19% are moderate-income, 21% are middle-income and 40% are upper-income.

We reviewed all commercial and agricultural loans originated in 1996. Our analysis indicated that 98 percent of these loans were to businesses and farms with less than \$1 million in annual gross revenue. In terms of dollar volume, 54 percent were to small businesses and 46 percent were to large businesses.

Geographic Distribution of Loans

An analysis of geographic distribution of loans was not meaningful based upon the income distribution by geography of the population.

Response to Complaints

The bank has not received any complaints from the public regarding its performance in meeting assessment area credit needs.

Other Considerations

No violation of the substantive provisions of the anti-discrimination laws and regulations were identified.