



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 12, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Pana
Charter #13478

309 S. Locust Street
Pana, Illinois 62557

Office of the Comptroller of the Currency
Devonshire Corporate Centre
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 Pana prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of July 12, 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 bank's geographic distribution of loan originations reflects a reasonable dispersion throughout the assessment area. Also, the bank has a reasonable dispersion of loan originations to customers of different income levels.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>FIRST NATIONAL BANK OF PANA</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		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

First National Bank of Pana is a \$64 million bank located in Pana, Illinois. This institution has a full service branch located in Assumption, Illinois, approximately 10 miles north of Pana. The branch in Assumption is equipped with an automatic teller machine for customer service and convenience. Pana is a community of 6,000 located in Christian County in South Central Illinois approximately 40 miles southeast of Springfield and 35 miles south of Decatur.

This institution serves the needs of the community by offering a variety of loan products. These loan products include commercial and agricultural loans (operating, equipment, and real estate), residential loans (construction, purchase, refinance, and home improvement), and installment and personal loans (new and used autos and trucks, debt consolidation, and unsecured).

The following represents this institution's loan portfolio mix as of March 31, 1996:

Commercial	9%
Residential Real Estate	38%
Commercial Real Estate	13%
Consumer and Personal	17%
Agricultural Related	23%

The bank does not have any financial or legal impediments restricting it from meeting the credit needs of its local community. The last CRA examination included the issuance of a public evaluation dated June 22, 1992, where the bank received a satisfactory rating.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of four Block Numbering Areas (BNAs) in Christian County, (#9586, #9587, #9588, and #9589), and two BNAs, (#9592 and #9596) in Shelby County. This assessment area conforms to the regulation and does not arbitrarily exclude low- or moderate-income areas. Two of the BNAs (one in each county) are moderate income, while the other four BNAs are middle income. The bank's assessment area does not have low- or upper-income BNAs based on 1990 census data. The 1996 nonmetropolitan median family income for Illinois is \$36,000. The following demographic information on the bank's assessment area is based on 1990 census data:

Housing Stock:	83% of the housing units are 1-4 family.
Occupancy:	69% owner occupied, 21% renter occupied and 10% vacant.
Home Values:	The median home value is \$33,550.
Age of Homes:	The median year of homes built is 1954.
Income:	Median family income of the assessment area is \$29,257.
Income Levels:	21% of the families are low income, 21% are moderate income, 27% are middle income, and 31% are upper income.

The local economy is stable and is driven by agriculture. Many residents commute to Decatur and Springfield, where they hold state government and industrial jobs. The largest employer in the county is GSI, Inc., a grain bin manufacturer. Unemployment for Christian County was 6.1% in May 1996, which is slightly higher than the Illinois average of 5.1%. Shelby County's unemployment rate was 5.2% as of May 1996.

The bank's primary competitors are Peoples Bank and Trust of Pana, First National Bank of Assumption, and Shelby County State Bank, Shelbyville, IL. Other competition comes from a local savings and loan association.

Five community contacts were performed by various regulatory agencies from January 20, 1995 through January 10, 1996. Local government officials and realtors contacted stated that the community credit needs include long-term fixed-rate mortgages, agricultural loans, and small personal loans.

LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit ratio is reasonable based on the institution's size and assessment area credit needs. During the most recent 17 calendar quarters, the bank's loan-to-deposit ratio grew from 46% on June 30, 1992 to 68% on June 30, 1996, and during this time it averaged 58%. This is in line with the average loan-to-deposit ratios of the bank's three primary competitors ranging from 47% to 67%.

LENDING IN ASSESSMENT AREA

A majority of the loans being originated are within the bank's assessment area. Based on a sample of loans originated from June 1, 1995 through May 31, 1996, (including 98 residential mortgage, 16 consumer/installment, 10 commercial, and 10 agricultural) 77% of the number and 78% of the dollar amount of the loans were made within the bank's assessment area.

The following table shows the dollar amount and number of loans from our sample that fall within and outside the assessment area:

Type of Loan	Within Assessment Area		Outside Assessment Area	
	Dollar Amount	Percentage	Dollar Amount	Percentage
Residential Real Estate	\$1,888,137	71%	\$753,396	29%
	73	74%	25	26%
Installment Loans	\$101,093	92%	\$8,800	8%
	14	88%	2	13%
Commercial Loans	\$2,555,968	69%	\$1,158,367	31%
	7	70%	3	30%
Agricultural Loans	\$2,514,097	97%	\$85,455	3%
	9	100%	1	0%
Total of Sample	\$7,059,295	78%	\$2,006,018	22%
	102	77%	31	23%

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

The bank has done a reasonable job of lending to consumers of all income levels. Based upon our sample of residential mortgages and installment loans in the assessment area, the bank has made 39% of their consumer loans to low-and moderate-income consumers.

The following table shows the distribution of residential real estate and installment originations among borrowers of different income levels within the assessment area:

Income Level	# of Loans	%	\$ of Loans	%
Low - Income	14	16%	\$257,499	13%
Moderate - Income	20	23%	\$359,232	18%
Middle - Income	21	24%	\$511,797	26%
Upper - Income	32	37%	\$860,702	43%

The following table demonstrates that the bank has done a reasonable job of lending to businesses and farms of all sizes in the assessment area. The table presents information from the commercial and agricultural sample:

Gross Revenues	# of Loans	%	\$ of Loans	%
Less than \$100,000	4	24%	\$380,570	7%
\$100,000 - 250,000	3	18%	\$461,473	9%
\$250,000 - 500,000	5	29%	\$1,374,179	25%
\$500,000 - 1,000,000	4	24%	\$2,315,348	42%
More than \$1,000,000	1	5%	\$939,833	17%

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. The following table shows the distribution of loans in the different income BNA categories for the assessment area:

BNA Characteristics	# of Loans	%	\$ of Loans	%
Moderate Income	44	43%	\$2,879,765	41%
Middle Income	59	57%	\$4,179,534	59%

The sample reflected lending in all BNAs in the assessment area.

COMPLIANCE WITH FAIR LENDING LAWS

First National Bank of Pana is in compliance with the substantive provisions of the antidiscrimination 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.