



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 31, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Catlin
Charter #7276**

**P.O. Box 649
Catlin, Illinois 61817**

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 of Catlin prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of March 31, 1997. Our assessment of the bank's performance covers the period since January 9, 1995. 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 (72% of the number and 76% of the dollar amount) of the direct 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 of Catlin with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank of Catlin</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 Catlin is a \$28 million dollar bank operating from a main bank and a drive-up facility in Catlin, and a full service branch in Georgetown, Illinois. The bank is a wholly-owned subsidiary of Butler Point, Inc., a one bank holding company with no other affiliates.

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

Commercial Loans	3%
Real Estate Loans	18%
Consumer Loans	67%
Agricultural related	12%

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 six Block Numbering Areas (BNAs) #106, #107.01, #107.02, #108, #109, and #110 in Vermilion County. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies. One of the BNA's is moderate income, one is upper income and the remaining four are middle income. The following demographic information on the bank's assessment area is based on 1990 census data:

Housing Stock - 87% of the housing units are 1-4 family.

Occupancy - 75% owner occupied, 19% renter occupied and 6% vacant.

Home Values - The Median Home Value is \$35,500.

Age of Homes - The Median Year of Homes Built is 1954.

Income - Median Family income of the assessment area is \$28,549.

Income Levels - 20% of the families are low income, 19% are moderate income, 21% are middle income, and 40% are upper income.

Catlin is a community of approximately 2,200 located in Vermilion County, in East Central Illinois, about 6 miles southwest of Danville, Illinois. Local economic conditions are fair, with an eroding industrial base. There are few employment opportunities in Catlin, with the top 10 employers in Catlin employing about 120 people. The majority of people commute to Danville and the surrounding Vermilion County area. Banking competition is intense with numerous credit unions and banks located in Vermilion County.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

LOAN-TO-DEPOSIT RATIO

Overall, the bank's loan-to-deposit ratio is satisfactory. The average loan-to-deposit ratio for eight quarters ended March 31, 1997 is 31.67%. This is somewhat below the average loan-to-deposit ratio of four similarly situated banks which ranged from 42% to 73%. However, the bank's ratio has shown an improving trend, ranging from a low of 25.06% to a high of 41.54% on March 31, 1997.

During 1996 and the first quarter of 1997 the bank has actively increased loan volume by 75%, which is reflected in an increasing loan-to-deposit ratio. To fund these loans, the bank has partially relied on increasing deposits of public funds. Between June 30, 1996 and March 31, 1997 these public funds averaged 11.8% of total deposits, with a high level of 14.7% on December 31, 1996. Without these funds the bank would reflect a higher loan-to-deposit ratio.

The loan-to-deposit ratio could also be affected by the fact that a significant portion of the bank's customers are retired individuals, whose borrowing needs may be for smaller loans. Bank data shows that 24% of its customers have automatic deposits of monthly retirement checks. During 1996, the bank originated 276 loans with balances less than \$5,000. While these loans amounted to 33.6% of the number of loans made, they only represent 10.12% of the dollar volume of loans made.

LENDING IN ASSESSMENT AREA

A majority of the bank's direct loans being originated are from within the assessment area. Based on loans originated from January of 1995 through December of 1996, 72% of the number of loans and 76% 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	\$884,954	85%	\$72,000	15%
	18	86%	3	14%
Consumer	\$1,257,750	74%	\$432,074	26%
	244	72%	87	28%
Commercial	\$478,106	54%	\$406,848	46%
	25	72%	34	58%
Agriculture	\$971,167	94%	\$62,800	6%
	81	88%	11	12%
Total	\$3,111,366	76%	\$972,722	24%
	348	72%	135	28%

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 income census tracts and only one moderate income census tract within the bank's assessment area, 39% 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 27 installment, 10 residential mortgage, 82 commercial, and 25 agricultural) originated from January of 1995 through December of 1996. Income levels are based off of the 1997 non-metropolitan median family income for Illinois of \$37,600.

Installment Loans

Income Level	# of Loans	%	\$ of Loans	%
Low - Income Less than 50% of Median	10	37%	\$47,250	29%
Moderate - Income 50% to less than 80% of Median	11	41%	\$65,175	40%
Middle - Income 80% to less than 120% of Median	1	4%	\$ 964	1%
Upper - Income 120% or more of Median	5	19%	\$52,212	32%

Based upon the sample, the bank has made 78% 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 Less than 50% of Median	3	30%	\$57,725	23%
Moderate - Income 50% to less than 80% of Median	5	50%	\$110,500	51%
Middle - Income 80% to less than 120% of Median	0	0%	\$0	0%
Upper - Income 120% or more of Median	2	20%	\$57,005	26%

Based upon our sample, the bank has made 80% of the number and 74% of the dollar volume of residential loans to low- and moderate-income people.

The bank's record of lending to businesses and farms of different sizes is good. All of the farms and commercial loans reviewed were for amounts under \$100M. The following tables detail the distribution by loan size of business and farm loans originated between January 1, 1995 and December 31, 1996.

Agricultural Loans

Loan Size	# of Loans	%	\$ of Loans	%
Less than \$25,000	21	84%	\$275,785	58%
\$25,001-\$50,000	3	12%	\$235,500	23%
\$50,001-\$100,000	1	4%	\$90,291	19%
Over \$100,000	0	0%	\$0	0%

Commercial Loans

Loan Size	# of Loans	%	\$ of Loans	%
Less than \$25,000	22	65%	\$134,322	31%
\$25,001-\$50,000	7	20%	\$180,000	42%
\$50,001-\$100,000	5	15%	\$115,000	27%
Over \$100,000	0	0%	\$0	0%

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

The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. The main bank is located in the upper income BNA which explains the high loan volume for that particular BNA. The penetration in the moderate income BNA is low, however, this BNA is the site of a former GM plant with a high concentration of former union employees. There are several credit unions that capture a majority of the business from this area.

Census Tract Characteristics	Count	# of Loans	%	\$ of Loans	%
Low - Income	0	0	0	0	0
Moderate - Income	1	6	2%	\$ 39M	1%
Middle - Income	4	195	56%	\$1,717M	56%
Upper - Income	1	148	42%	\$1,320M	43%

COMPLIANCE WITH FAIR LENDING LAWS

First National Bank of Catlin 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.