



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

September 2, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Amboy
Charter Number 14244**

**220 East Main Street
Amboy, Illinois 61310**

**Comptroller of the Currency
ADC – Northern Illinois, Eastern Iowa
111 E. Washington, Suite 300
East Peoria, Illinois**

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.

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INSTITUTION'S CRA RATING

This institution is rated “Satisfactory”.

- The bank’s record of lending to borrowers of different income levels, including low- and moderate-income individuals, is reasonable.
- The number and dollar volume of loans originated to small farms and small business within the Assessment Area satisfactorily demonstrate the bank’s commitment to the community.

DESCRIPTION OF INSTITUTION

- First National Bank of Amboy (FNB) is a \$131 million dollar community national bank located in Amboy, Illinois. Amboy is located in northwest Illinois approximately 25 miles north of Princeton. In addition to the main bank, there are two drive-up branches in Amboy, and two branches in Dixon, 10 miles to the northwest. The drive-in branch in Dixon was opened since the previous examination. The population of Amboy is approximately 2,400 and of Dixon is approximately 15,000. Surrounding real estate is principally farmland. Deposit gathering ATMs are located at the main bank and both Amboy drive-up facilities.
- The bank is a subsidiary of Amboy Bancorp, Inc., a one-bank holding company. It has no affiliates.
- There has been no merger or acquisition activity that affected the scope of the bank's operations during the evaluation period.
- Other:
 - Loans represent 52 percent of total assets.
 - The bank has no foreign deposits.
 - The loan portfolio consists of the following types of loans, consistent with the bank’s strategy:

First National Bank of Amboy Loan Portfolio Composition	
Residential Real Estate	35%
Commercial Credit	16%
Consumer Credit	9%
Commercial Real Estate	16%
Agricultural Production	10%
Farmland	14%
TOTAL	100%

Source: June 30, 2003 FFIEC Official Reports of Condition and Income

- FNB offers a full range of services, including; commercial, agricultural and consumer loans, and deposit products, including all traditional products of a full-service bank.
- There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs in its Assessment Area (AA).
- The date of the last CRA examination was August 11, 1997, under small bank procedures in use at that time, and its rating was “Outstanding”.

DESCRIPTION OF FNB ASSESSMENT AREA

- The AA meets the requirements of the regulation. The bank’s AA includes eight middle-income and one upper-income Block Numbering Areas (BNAs) in Lee County, Illinois.
- According to 1990 Census data, the population of the AA is 34,392. The 2002 non-Metropolitan Statistical Area (MSA) statewide median family income for Illinois is \$46,700. Potential borrowers earning less than 50 percent of the non-MSA statewide median family income are designated as low-income; those earning 51-80 percent are moderate-income; those earning 81-120 percent are middle-income and those earning more than 120 percent are upper-income. Within the AA, 13 percent of families are low-income; 17 percent are moderate income; 27 percent are middle-income, and 43 percent are upper-income.
- There are 13,314 housing units in the AA, of which 65 percent are owner-occupied, 29 percent are rentals and six percent are vacant. The median age of homes in the AA is 50 years, while the median housing price is \$47,602.
- Economic conditions in the AA are stable. The primary employers are manufacturing and agriculture. Major employers include RayOVac, Raynor Garage Doors, the Illinois Department of Transportation, Sauk Valley Community College, Crest Foods and Borg-Warner Automotive. There is significant competition from other financial institutions in the area. Unemployment is moderate at three percent.
- A community contact was made with a local business person during the examination. The contact indicated no unmet credit needs in the communities and has heard no complaints about any of the local banks.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

- The loan-to-deposit ratio is reasonable, and meets the standard for satisfactory performance. FNB's loan-to-deposit ratio at 50 percent compares somewhat unfavorably to similarly situated banks in the AA as of June 30, 2003. Among banks in the county, the ratios range from 65 percent to 73 percent.
- Over the past six years, the bank's quarterly average loan-to-deposit ratio has ranged from 55 percent to 77 percent. The average from December 31, 1998 to December 31, 2002 was 65 percent.

Lending in Assessment Area

- A majority of the loans, by dollar volume and number, are to borrowers within the bank's AA. This meets the standard for satisfactory performance.

Lending in Lee County Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	147	85%	27	15%	174	7,038,005	78%	1,976,176	22%	9,014,181
Ag Production	126	91%	13	9%	139	7,868,804	92%	685,716	8%	8,554,520
1-4 Family R/E	141	81%	34	19%	175	7,799,466	82%	1,672,121	18%	9,471,587
2 nd REM	40	85%	7	15%	47	1,604,814	89%	207,221	11%	1,812,035
Multifamily R/E	3	100%	0	0%	3	513,000	100%	0	0%	513,000
Construction	7	88%	1	12%	8	554,304	81%	130,000	19%	684,304
Consumer	287	81%	68	19%	355	2,414,482	75%	792,950	25%	3,207,432
Comm'l R/E	29	76%	9	24%	38	4,011,612	69%	1,809,418	31%	5,821,030
Farmland	46	85%	8	15%	54	9,077,812	83%	1,866,219	17%	10,944,031
Totals	826	83%	167	17%	993	40,882,299	82%	9,139,821	18%	50,022,120

Source: Bank MIS.

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

- The bank's performance under this criterion meets the standard for satisfactory performance. In addition to providing real estate financing for low- and moderate-income individuals, the bank originates small dollar personal loans.
- Of 175 residential, first mortgage loans originated from September 1997 through the present, by dollar amount, seven percent were for less than \$25,000; 25 percent were between \$25-50,000; 20 percent were between \$50-75,000; 17 percent were between \$75-100,000, and 31 percent were greater than \$100,000. By number of originations, 25 percent were for less

than \$25,000; 35 percent were between \$25-50,000; 18 percent were between \$50-75,000; 11 percent were between \$75-100,000, and 11 percent were greater than \$100,000.

- To determine how the bank's lending relates to the income levels of families within the AA, we sampled 25 loans made in 2002.

Distribution of Residential Real Estate Loans in Lee County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families
First Mortgage	18%	13%	26%	17%	39%	27%	17%	43%

Source: Bank Files, U.S. Census data.

We used loan size as a proxy to demonstrate the bank's effectiveness in meeting the credit needs of small businesses and small farms. FNB originates commercial and agricultural loans for working capital, equipment and inventory; FSA and other government guaranteed loans for agricultural production, and loans on commercial and farm real estate.

Distribution of Loans to Businesses by Loan Size in Lee County Assessment Area				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$25,000	118	55%	\$1,565,857	9%
\$25,001 - \$50,000	33	15%	\$1,233,036	7%
\$50,001 - \$100,000	29	13%	\$3,358,727	20%
\$100,001-\$500,000	32	15%	\$6,522,089	39%
More than \$500,000	5	2%	\$3,949,248	25%
Total	217	100%	\$16,628,957	100%

Source: Bank MIS

Distribution of Loans to Farms by Loan Size in Lee County Assessment Area				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$25,000	91	48%	\$1,097,040	6%
\$25,001 - \$50,000	24	12%	\$954,440	5%
\$50,001 - \$100,000	26	13%	\$2,026,336	10%
\$100,001 - \$500,000	49	25%	\$12,410,648	64%
More than \$500,000	3	2%	\$3,010,087	15%
Total	193	100%	\$19,498,551	100%

Source: Bank MIS

Geographic Distribution of Loans

- Because there are no low- or moderate-income BNAs in the AA, analysis of the geographic distribution of loans is not meaningful to the examination.

Responses to Complaints

- FNB has not received any complaints about its performance in helping to meet assessment area credit needs.

Fair Lending Review

- Based on an analysis of available information and according to the OCC's risk based fair lending approach, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. No violations of the substantive provisions of the anti-discrimination laws and regulations were identified.