

**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**March 22, 2004**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank in Georgetown  
Charter Number 13448**

**111 South Main Street  
Georgetown, IL 61846**

**Comptroller of the Currency  
Champaign Field Office  
3001 Research Road Suite E2  
Champaign, IL 61822**

**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.**

## INSTITUTION'S CRA RATING

**This institution is rated Satisfactory.**

- **The distribution of loans reflects, given the demographics of the assessment area, satisfactory penetration among individuals of different income levels (including low- and moderate-income) and businesses and farms of different sizes.**
- **A majority of the loans are originated within the bank's assessment area.**
- **The bank's loan-to-deposit ratio is reasonable based on the institution's size, financial condition, and assessment area's credit needs.**

## DESCRIPTION OF INSTITUTION

The First National Bank in Georgetown (FNB) is a \$24 million intrastate institution situated in Georgetown, Illinois. Georgetown, with a population of 3,700, is in the southeastern corner of East Central Illinois' Vermilion County. Georgetown is located on State Highway 1 and is only 13 miles from Danville. This institution is owned by Longview Capital Corporation, a four-bank holding company with total assets of \$178 million, as of September 30, 2003. Longview Capital Corporation is headquartered out of Newman, IL. The bank has an operating subsidiary, Midwest AgriCredit Company, which does not negatively impact the bank's ability to meet the credit needs of the community.

FNB does not operate a branch, but has three non-deposit ATM located in local convenience-store gas stations. FNB has not opened or closed any branches since the previous CRA examination. Bank customers have access to seven additional surcharge-free ATMs that are owned by other banks owned by the holding company.

FNB offers a full range of retail and commercial banking products normally associated with a community bank. Net loans were \$12.3 million on December 31, 2003, or 51% of total assets. The following represents this institution's loan and lease portfolio mix as of September 30, 2003:

Residential Real Estate	\$ 3.7 million	30%
Commercial	\$ 5.1 million	41%
Agricultural related	\$ 3.2 million	26%
Consumer Installment	\$ 0.4 million	3%

During years 2002 and 2003, the bank originated the following loans:

Commercial	\$6.1 million	38 originations
Agricultural related	\$5.0 million	59 originations
Residential Real Estate	\$3.9 million	43 originations
Consumer	\$0.5 million	70 originations

The bank offers standard loan products to the community. Additional loan products that the bank offers include Farm Service Administration (FSA) guaranteed loans, Small Business Administration (SBA) loans, and Illinois Farm Development Authority (IFDA) guaranteed loans. The bank currently has one SBA loan and eleven FSA loans.

Tier one capital totals \$3.1 million. There were no financial, legal, or other impediments that would hinder the bank’s ability to help meet the credit needs of its assessment area. Bank activities are consistent with the bank’s size, its financial capability, local economic conditions, and credit needs of the community. The bank was rated “Satisfactory” at its last CRA examination on October 14, 1998.

## DESCRIPTION OF THE ASSESSMENT AREA

This assessment area consists of census tracts #105.00, #0106.00, #0109.00, #0110.00, and #0111.00 in southern Vermilion County. Vermilion County was made a Metropolitan Statistical Area (MSA) in the 2000 Census and is referred to as MSA #19180.

All five census tracts are located in or around Georgetown and all are middle-income. This assessment area conforms to the regulation and does not arbitrarily exclude low- or moderate-income areas. The following demographic information for the assessment area is based on census data:

<b>Table 1 – Demographic Information for Assessment Area (AA)</b>		
	<b>1990 Census Data</b>	<b>2000 Census Data</b>
Population:	19,839	18,871
Housing Stock: <i>1-4 family housing units</i>	80%	81%
Occupancy: <i>owner-occupied, renter-occupied, vacant</i>	74%, 19%, 7%	74%, 19%, 7%
Home Values: <i>Median home value</i>	\$35,150	\$48,539
Age of Homes: <i>Median year of homes built</i>	1956	1960
Income: <i>Median family income</i>	\$27,636	\$40,981
Family Income Levels (%): <i>Low-, moderate-, middle-, upper-income</i>	23%, 19%, 22%, 36%	18%, 21%, 26%, 35%
Household Income Levels(%): <i>Low-, moderate-, middle-, upper-income</i>	26%, 17%, 19%, 38%	21%, 19%, 22%, 38%
Updated Income: 2002 HUD Non-MSA Illinois median family income was \$46,700. 2003 HUD Non-MSA Illinois median family income was \$48,200.		
Farms: <i>% of small farms in the assessment area</i>	98%	96%
Businesses: <i>% of small businesses in the assessment area</i>	82%	68%

The local economy is stable and driven by agriculture. A majority of the residents commute to Danville for employment. The major employers for Danville are Teepac, a food processing plant, the State of Illinois Prison, and McClain Trucking, a distribution center for convenience stores. One of the major employers in the assessment area is the Georgetown – Ridge Farm school district. January 2004 unemployment rate for Vermilion County was 9.3%, compared to the state rate of 6.2%. The national unemployment rate for February 2004 was 5.6%.

FNB faces competition from rural community banks and from branches of larger regional and national banks located in the Danville. There are thirteen other community banks with locations in Vermilion County. There are six banks, other than FNB, with locations within the bank's assessment areas.

A local farm organization and a real estate agent were contacted during this examination. According to the contacts, community financial needs are basic financial services, including agricultural operating lines, small business loans, and housing loans for low- and moderate-income borrowers. The contacts stated that area banks are meeting the community's credit needs.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

This review concentrated on the bank's primary loan products. Based upon origination dollars, the primary products are commercial and agricultural loans. Based upon the number of originated loans, the primary products are consumer and agricultural loans. Therefore, commercial, agricultural, and consumer loans were reviewed to evaluate lending to borrowers of different incomes and to businesses and farms of different sizes. To assess the degree of lending within the assessment area, the first twenty loans reviewed (regardless of loan product type) were utilized.

We utilized 2002 and 2003 originations to evaluate the bank's performance. 1990 and 2000 census data was utilized for evaluating consumer loans originated in 2002 and 2003, respectively.

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

The distribution of loans reflects, given the demographics of the assessment area, satisfactory penetration among individuals of different income levels (including low- and moderate-income) and businesses and farms of different sizes.

### **Agricultural loans**

One hundred percent of the agricultural loans sampled in the assessment area were made to small farms. Small farms are farms with annual gross revenues of less than one million dollars. Demographic data for the AA shows that ninety-six percent of the farms in the assessment area have revenues equal to or less than one million dollars. The bank's performance of lending to farms of different sizes is more than reasonable.

## **Commercial Loans**

The bank's performance of lending to businesses of different sizes is less than reasonable compared to the area's demographics. Fifty-nine percent of the business loans originated in the assessment areas during 2002 and 2003, were made to small businesses, while forty-nine percent of the dollar amounts were loans made to small businesses. Small businesses are businesses with annual gross revenues of less than one million dollars. The demographic data for the AA shows that sixty-eight percent of the businesses in the assessment area have revenues equal to or less than one million dollars. It is important to note that five of the six originations to large businesses were to the same company. Also, three of the six originations to large businesses exceeded \$250,000. The largest loan originated to a small business was slightly over \$100,000. The following table shows the distribution of commercial loans among businesses of different sizes within the assessment area:

<b>Table 2 - Borrower Distribution of Loans to Businesses in the AA</b>		
<b>Business Revenues (or Sales)</b>	<b>≤\$1,000,000</b>	<b>&gt;\$1,000,000</b>
<b>% of AA Businesses*</b>	68%	5%
<b>% of Bank Loans in AA by #</b>	59%	35%
<b>% of Bank Loans in AA by \$</b>	24%	76%

Source: This table is based on the 17 commercial loans from the AA that were originated in 2002 and 2003. One origination did not have revenue information in the file and affected the number ratios, but did not affect the dollar ratios.

\* 28% of AA businesses did not report revenue data

## **Consumer Loan Originations**

The distribution of loans reflects, given the demographics of the assessment area, more than reasonable penetration for consumer originations, among individuals of different income levels (including low- and moderate-income).

The bank's 2002 performance in originating consumer loans to low-income borrowers is favorable compared to demographic data. Forty-five percent of consumer loans were made to low-income borrowers, while 1990 demographic data shows that 26% of the assessment area is made up of low-income households. Additionally, FNB's 2003 performance compares favorably to 2000 demographic data. Forty-five percent of consumer loans were made to low-income borrowers compared to demographic data showing 21% of the assessment is made up of low-income households.

The bank's 2002 performance in originating consumer loans to moderate-income borrowers is favorable compared to demographic data. Twenty percent of the consumer loan originations in 2002 were made to moderate-income borrowers, as compared to 1990 demographic data where 17% of the assessment area is made up of moderate-income households. The 2003 performance with moderate-income borrowers for consumer loan originations is slightly less than favorable when considering 2000 demographic data.

The following tables show the distribution of consumer loan originations among borrowers of different income levels within the assessment area:

<b>Table 3 – Consumer Loans in the AA by Income Distribution</b>						
<u>Income Level</u>	<u>Year</u>	<u>% of families in the AA</u>	<u># of Loans</u>	<u>% of #</u>	<u>\$ of Loans</u>	<u>% of \$</u>
Low-Income Less than 50% of Median	2002 <sup>1</sup>	26%	9	45%	\$41,329	37%
	2003 <sup>2</sup>	21%	9	45%	\$23,143	31%
Moderate-Income 50%-79% of Median	2002 <sup>1</sup>	17%	4	20%	\$19,827	18%
	2003 <sup>2</sup>	18%	3	15%	\$9,280	13%
Middle-Income 80%-119% of Median	2002 <sup>1</sup>	19%	5	25%	\$43,975	39%
	2003 <sup>2</sup>	22%	6	30%	\$38,126	51%
Upper-Income 120% or more of Median	2002 <sup>1</sup>	38%	2	10%	\$6,745	6%
	2003 <sup>2</sup>	39%	2	10%	\$3,560	5%

Source: <sup>1</sup> Sample of 20 consumer loans originated in the AA for 2002 and 1990 U.S. Census data. <sup>2</sup> 20 loans in the AA originated in 2003 and 2000 U.S. Census data.

### **Lending in Assessment Area**

A majority of the loans are originated within the bank's assessment areas. Based on a sample of twenty loans originated in 2002 and 2003 by the bank, 75% of the number and 75% of the dollar amount were made within the bank's assessment areas.

### **Loan-to-Deposit Ratio**

The bank's loan-to-deposit ratio is reasonable based on the institution's size, financial condition, and assessment area's credit needs. During the past twenty-one quarters, FNB's loan-to-deposit ratio has averaged 67.47%. This average ratio is favorable compared to the 63.37% quarterly average for the seven other banks headquartered in Vermilion County and near-by Edgar County with total assets under \$75 million.

### **Geographic Distribution of Loans**

A geographic distribution was not performed, as the assessment areas do not include any low- or moderate-income census tracts.

## **Other Lending and Related Activities**

*Illini Community Development Corporation (CDC)* – This is a prior investment that continues to meet the qualified investment test. The bank’s investment is \$25,000. The purpose of the CDC is to assist small businesses. The CDC has not directly assisted any businesses in the bank’s assessment area during this evaluation period.

*Midwest AgriCredit Company* – The bank and its affiliates formed this operating subsidiary in 2000. The subsidiary is engaged in agricultural lending to full- and less than full-time farmers whose primary business and vocation is farming. Lending activities are primarily performed in the bank’s assessment area and include credit for farm operations, machinery, and land. This additional lending arm of the bank provides supplementary sources of funds to meet the credit needs of the bank’s assessment area agricultural borrowers by providing access to capital markets for agricultural lending through a borrowing agreement with a AgriBank, FCB, a farm credit bank. Midwest Agricredit has assisted the bank in meeting the community’s agricultural credit needs through participating in three loans. The bank’s ownership interest is 25% or \$250,000.

The bank’s investments provide a benefit to the community, but do not significantly enhance their performance under the Community Reinvestment Act.

## **Responses to Complaints**

FNB has not received any complaints about its performance in helping to meet assessment area needs during this evaluation period.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of illegal discrimination or other illegal credit practices.