



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 11, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank in Tremont
Charter No. 13579
134 S. Sampson
Tremont, Illinois 61568**

**Office of the Comptroller of the Currency
111 W. Washington Street, Suite 300
East Peoria, Illinois 61611**

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 in Tremont (FNB)** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 11, 1997**. This evaluation is based on information from the last CRA examination dated March 29, 1994 to the current examination dated March 11, 1997. 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 Outstanding.

A majority of loans originated by the First National Bank in Tremont are within the assessment area. The bank's record of lending to borrowers of different income levels, including low- and moderate-income individuals, is good. FNB's record of lending to small farms and small businesses within their assessment area is good.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>THE FIRST NATIONAL BANK IN TREMONT</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	Not relevant given the income level of census tracts in the assessment area.		
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

The First National Bank in Tremont is a \$36 million bank located in a small community approximately fifteen miles southeast of Peoria, Illinois in Tazewell County. FNB has one office in downtown Tremont, a middle-income area, with a drive-up and ATM at that location. The bank is a wholly-owned subsidiary of Tremont Bancorp, Inc., a one-bank holding company.

The bank offers traditional banking services and lending products. Their primary business focus is residential real estate and commercial lending. The loan portfolio mix is as follows: residential real estate 35%, commercial 36%, agricultural 14%, and instalment 15%.

There are no financial conditions, legal constraints, or other factors that hinder the bank's ability to meet the credit needs of its assessment area (AA). A "Satisfactory" rating was received during the March 29, 1994 CRA examination.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of eight census tracts (CT) in Tazewell county. The AA is comprised of six middle-income, and two upper-income CTs. There are no low- or moderate-income CTs in the assessment area. The location of the census tracts by income level is as follows:

- Middle-income: 216.04, 216.05, 217.01, 217.02, 219, 220 in Tazewell County;
- Upper-income: 215 & 216.06 in Tazewell County (includes Morton and Groveland north of Tremont)

According to 1990 census data, the total population of the bank's assessment area is 33,431. The assessment area consists of part of the Peoria Metropolitan Statistical Area (MSA) which has a median family income of \$43,600. Within the AA, 12% of the families are low-income, 17% are moderate-income, 26% are middle-income, and 45% are upper-income. There are 12,892 total housing units in the AA of which 74% percent are owner-occupied, 22% are rental-occupied, and 4% are vacant. The median age of the homes in the assessment area is 36 years while the median housing price is \$64,000.

The economy of the assessment area is strong. Major employers include Caterpillar, DP Consultants, Trekon/Library Store, financial institutions, and the local school district. The unemployment rate for the assessment area is low at 2%. The large number of banks, thrift institutions, Farm Credit Services, and finance companies provide a high level of competition in the financial services market. Bank management identified three similarly situated institutions within their assessment area based on asset size and/or business focus.

A community contact was made with one local realtor during the examination. The contact indicated local financial institutions are responsive to community credit needs and there are no significant unmet credit needs in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit ratio is good compared to other local banks in the assessment area and based on the community credit needs. Their average loan-to-deposit ratio for the eleven quarters ending December 31, 1996 equals 72%, above the average ratio of 70% for local similarly situated banks. During these eleven quarters, FNBs loan-to-deposit ratio has increased from 72.42% on June 30, 1994 to 77.95% on December 31, 1996.

LENDING IN THE ASSESSMENT AREA

The bank's record of lending within the assessment area is good. The following table details the bank's lending within and outside of the AA by dollar volume and number of loan originations between January 1, 1994 and February 27, 1997. Our analysis includes all residential, business, farm, and instalment loans reported on the bank's loan trials.

LOAN TYPE	DOLLAR VOLUME		NUMBER OF LOANS	
	WITHIN AA	OUTSIDE AA	WITHIN AA	OUTSIDE AA
Residential Real Estate	4,635,548	1,985,244	93	28
	70%	30%	77%	23%
Business	5,913,883	1,242,739	216	61
	83%	17%	78%	22%
Farm	2,507,822	587,226	61	36
	81%	19%	63%	37%
Consumer Instalment	2,257,175	521,002	288	65
	81%	19%	82%	18%
TOTAL SAMPLE	14,747,881	4,336,211	657	190
	77%	23%	78%	22%

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

The bank's record of lending to borrowers of different incomes and businesses of different sizes is good. The real estate loan distribution approximates the income characteristics of the AA. The following table outlines the bank's residential real estate lending record to borrowers of different incomes based on a sample of 66 loans, or 71% of residential real estate loans originated within the AA between January 1, 1994 and February 27, 1997.

INCOME LEVEL OF BORROWER	\$ VOLUME ORIGINATED	% ORIGINATED	# ORIGINATED	% ORIGINATED
Low-income	123,000	4%	9	14%
Moderate-income	224,000	7%	8	12%
Middle-income	882,100	28%	20	30%
Upper-income	1,962,000	61%	29	44%
TOTAL SAMPLE	3,191,100	100%	66	100%

The bank's record of lending to businesses and farms of different sizes is excellent. Using loan amount as a proxy for business and farm size, the following table details the distribution by loan size of business and farm loans originated within the AA between January 1, 1994 and February 27, 1997:

LOAN SIZE (\$)	BUSINESS LOANS		FARM LOANS	
< 50,000	183	85%	41	67%
50,000 - 99,999	19	8%	11	18%
100,000 - 249,999	13	6%	8	13%
250,000 - 999,999	1	1%	1	2%
> 1,000,000	0	0%	0	0%
TOTAL SAMPLE	216	100%	61	100%

FNB meets many of the credit needs of low- and moderate-income individuals through the origination of small residential mortgages under \$25,000. In the last three years, 25 residential real estate loans were originated for \$25,000 or less which accounts for 27% of the residential real estate loans within the AA.

GEOGRAPHIC DISTRIBUTION OF LOANS

We did not perform an analysis of the geographic distribution of loans since none of the census tracts making up the bank's assessment area are designated as low- or moderate-income areas.

COMPLIANCE WITH ANTI-DISCRIMINATION LAWS

We did not identify violations of any substantive provisions of the anti-discrimination laws and regulations during our examination.