



PUBLIC DISCLOSURE

June 12, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank in Taylorville
Charter Number 14769

322 West Main
Taylorville, IL 62568

Office of the Comptroller of the Currency

Harris Center
3001 Research Road
Champaign, IL 61822-1089

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 primary factors supporting the bank's rating include:

- The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- A substantial majority of loans, by both number and dollar amount, originated to borrowers inside the bank's AA.
- The distribution of loans reflects reasonable penetration among farms and businesses of different sizes, given the demographics of the AA.
- The geographic distribution of loans reflects reasonable penetration in geographies of different income levels, given the demographics of the AA.

SCOPE OF EXAMINATION

We evaluated the bank under the small bank performance standards, which entailed a review of the bank's records of meeting the credit needs of the assessment area through lending activities. The evaluation period for this review is from May 11, 2009, to June 17, 2014. The bank's business and lending strategies have not changed since the previous evaluation.

For the lending performance component of the evaluation, we selected a sample from a bank-prepared report of all loan originations for the period January 1, 2012, through December 31, 2013. Based on this information we determined the bank's primary credit products, considering number and dollar volume, to be agriculture and commercial loans. In order to assess the bank's loan-to-deposit performance, we used deposit information reported to the Federal Deposit Insurance Corporation as of June 30, 2013, to determine the bank's market share and market presence in the AA. For our analysis, we utilized 2010 U.S. Census data and 2013 Business Geodemographics. There is no affiliate activity considered in this evaluation.

DESCRIPTION OF INSTITUTION

The First National Bank in Taylorville (FNBT) is a \$209 million intrastate financial institution located in Taylorville, Illinois. Taylorville, the county seat of Christian County, is located on State Highways 29, 48, and 104 in central Illinois, approximately 30 miles from both Springfield and Decatur, Illinois. The bank is a wholly owned subsidiary of First Bancorp of Taylorville, Inc., a one-bank holding company with consolidated total assets of \$235 million.

The bank is a full service banking institution and operates two banking offices in Christian County, including the main office in Taylorville and a branch in Mount Auburn, Illinois. The Mount Auburn branch was established when the bank merged with its affiliate bank, First National Bank of Mount Auburn, in May 2008. Five automated teller machines (ATMs) are available at a gas station, car wash, The Moose Lodge, the main office in Taylorville, and the branch in Mount Auburn. The ATM at the car wash is deposit taking. All bank locations and

ATMs are located in middle-income census tracts. The bank has not closed any branches during the evaluation period.

The bank offers a full range of retail and commercial banking products and services normally associated with a community bank. The bank offers Internet and telephone banking, as alternative delivery services. Net loans totaled \$76 million on March 31, 2014, representing 36 percent of total assets and 43 percent of deposits. The following table represents the bank’s loan portfolio mix as of March 31, 2014:

Loan Type	Percent of Total Loans
Residential Real Estate	31.48%
Commercial	24.75%
Consumer	9.47%
Ag	33.26%
Other	1.04%

Source: March 31, 2014 Uniform Bank Performance Report

Tier 1 capital is \$25 million as of March 31, 2014. The bank’s business strategy during the evaluation period has been to grow the loan portfolio, primarily within the AA. The financial condition of the bank does not impede its ability to meet the credit needs of the area. The bank received a Satisfactory rating on its last CRA performance evaluation dated May 11, 2009.

DESCRIPTION OF ASSESSMENT AREA(S)

The bank’s AA consists of all census tracts in Christian County, which is a non-Metropolitan Statistical Area (MSA). This AA is legal, meets the requirements of the regulation, and does not arbitrarily exclude any low- or moderate-income geography. The AA includes one moderate-income and nine middle-income census tracts. The moderate-income tract is located on the southeast side of Christian County, in Pana, IL.

The following table contains information about the AA farms and businesses:

Demographic Information for the AA					
	#	% Low	% Moderate	% Middle	% Upper
Farms by census tract level	438	0.00%	2.05%	97.95%	0.00%
Businesses by census tract level	2,256	0.00%	5.32%	94.68%	0.00%
% of Farms in AA that are Small Farms		99.54%	% of Businesses in AA that are Small Businesses		73.05%

Source: 2013 Business Geodemographic

The local economy is stagnant, with very little growth or new business activity. The April 2014 Unemployment rate for Christian County was 7.4 percent compared to the state and national rates of 7.9 percent and 6.3 percent respectively. Agriculture represents approximately 16

percent of local business, and is central to the local economy, as many jobs in the AA are ancillary to production farming. Non-farm employment opportunities within the AA include healthcare, education, correctional facilities, and manufacturing. Many Christian County residents commute to Springfield and Decatur, located just outside the AA, for employment with the state government, hospitals, universities, and some large, international, heavy manufacturing companies (Caterpillar, ADM, and Staley's).

Bank competition within the AA is strong, with 13 institutions serving Christian County. These institutions include several significantly larger regional and national institutions. Out of those 13 institutions, FNB Taylorville has the largest market share of deposits at 22 percent; the next largest institution has 20 percent of the market share. Loan competition, particularly for new, quality credits, is very strong.

During this evaluation, we made one community contact with a representative of a federal government office familiar with Christian County. The contact stated that Christian County has lost a significant number of manufacturing jobs. The contact also mentioned that population has declined. Small business loans that assist in job retention or creation are a credit need for the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's performance under the Lending Test is satisfactory. FNBT originated a majority of their primary product loans within the AA. The loan-to-deposit ratio is satisfactory given the financial condition and credit needs of the AA. Borrower penetration to farms and businesses of various sizes within the AA is reasonable. The geographic distribution of loans reflects reasonable penetration in geographies of different income levels.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and AA credit needs. The bank's average loan-to-deposit ratio for the preceding twenty quarters was 50 percent, with a high of 56 percent, and low of 42 percent. The loan-to-deposit ratio as of March 31, 2014, was at the low point for the evaluation period.

The bank's loan-to-deposit ratio is below the similarly situated institutions' quarterly average of 66 percent for the same twenty quarters. However, the bank's ratio is within the range of the six other institutions. We reviewed six institutions with total assets less than \$200 million located within or near the AA. The similarly situated range was from 38 percent to 82 percent.

Several factors have impacted the bank's loan-to-deposit ratio, including low loan demand, competition, deposit growth, loss of a correspondent bank that provided loan participation opportunities, secondary market sales, and seasonality of agriculture credits.

Lending in Assessment Area

The majority of loans sampled originated within the AA. In total, 80 percent of the number of loans, and 75 percent of the dollar volume of loans, originated to borrowers within the assessment area:

Lending within the AA										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agricultural Loans	18	90.00%	2	10.00%	20	\$3,484	92.12%	\$298	7.88%	\$3,782
Commercial Loans	14	70.00%	6	30.00%	20	\$1,450	51.08%	\$1,388	48.92%	\$2,838
Totals	32	80.00%	8	20.00%	40	\$4,933	74.52%	\$1,687	25.48%	\$6,620

*Source: Sample of 20 Agricultural and 20 Commercial loans originated between January 1, 2012, and December 31, 2013.

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

The distribution of loans reflects reasonable penetration among farms and businesses of different sizes, given the demographics of the AA. In reaching our conclusions, we placed more weight on agricultural loans as they represent the largest volume between the two primary products.

Agricultural Loans

The bank's lending performance to farms is reasonable and consistent with the demographics of the AA. The bank originated 95 percent of agricultural loans sampled to small farms. Small farms are those with gross annual revenues equal to, or less than, one million dollars.

Demographic data for the AA shows that 99.54 percent of farms have revenues of one million dollars or less.

Borrower Distribution to Farms in AA				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Farms	99.54%	0%	0.46%	100.00%
% of Bank Loans in AA by #	95.00%	5.00%	0.00%	100.00%
% of Bank Loans in AA by \$	98.22%	1.78%	0.00%	100.00%

Source: Sample of 20 loans originated between January 1, 2012, and December 31, 2013, and 2013 Business Geodemographic Data.

Commercial Loans

The bank's lending performance to businesses within the AA is excellent and compares favorably to the demographics of the AA. Eighty percent of loans sampled were to small businesses. Small businesses are those having gross annual revenues of one million dollars or less. Geodemographic data from 2013 shows that 73.05 percent of businesses within the AA

have revenues of one million dollars or less. It is important to recognize that some of the businesses in the AA that did not report revenue data are likely also small businesses.

Borrower Distribution to Businesses in AA				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	73.05%	3.41%	23.54%	100.00%
% of Bank Loans in AA by #	80.00%	20.00%	0.00%	100.00%
% of Bank Loans in AA by \$	82.98%	17.02%	0.00%	100.00%

Source: Sample of 20 loans originated between January 1, 2012, and December 31, 2013, and 2013 Business Geodemographic Data.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable penetration in geographies of different income levels, given the demographics of the AA. We did not identify any unexplainable conspicuous lending gaps in the AA.

Agricultural Loans

The geographic distribution of agricultural loans has reasonable dispersion, and is generally in line with the demographics of the assessment area. The bank did not originate any loans to borrowers within the one moderate census tract in the AA. However, there are only nine farms located in that tract, which accounts for two percent of all farms in the AA. Competition for agricultural loans in this area is extremely strong, and there are three banks in the immediate vicinity of the moderate-income census tract, that likely serve those borrowers.

Geographic Distribution of Agricultural Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
% of Total	0.00%	0.00%	2.05%	0.00%	97.95%	100.00%	0.00%	0.00%

**Source: Sample of 20 loans originated between January 1, 2012, and December 31, 2013, and 2013 Business Geodemographic Data.*

Commercial Loans

The geographic distribution of commercial loans has reasonable dispersion, and is consistent with demographic data of the AA. The percentage of loans originated within the moderate-income census tract represents 5 percent of the number of loans sampled. Businesses within the moderate-income tract represent approximately 5.4 percent of businesses in the AA.

Geographic Distribution of Commercial Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Business	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
% of Total	0.00%	0.00%	5.32%	5.00%	96.68%	95.00%	0.00%	0.00%

**Source: Sample of 20 loans originated between January 1, 2012, and December 31, 2013, and 2013 Business Geodemographic Data.*

Responses to Complaints

The bank did not receive any CRA complaints since the last evaluation.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), in determining a national bank’s CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s lending performance. We did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping meet the credit needs of the assessment area.