



## **PUBLIC DISCLOSURE**

May 15, 2017

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

The First National Bank of Raymond  
Charter Number 6910

403 East Broad Street  
Raymond, Illinois 62560

Office of the Comptroller of the Currency

211 Fulton Street  
Suite 604  
Peoria, Illinois 61602

**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 lending test is rated Satisfactory. The major factors supporting the institution's rating are:

- The borrower distribution of loans reflects reasonable penetration.
- The majority of loans originated by the bank are to customers within its assessment areas (AAs).
- The quarterly average loan-to-deposit (LTD) ratio of 61 percent is reasonable.

**SCOPE OF EXAMINATION**

This Community Reinvestment Act Performance Evaluation (CRA PE) assesses The First National Bank of Raymond's (FNB Raymond's or bank's) ability to meet the credit needs of the communities in which it operates. We evaluated FNB Raymond under the Small Bank performance criterion which includes a lending test. The lending test evaluates the bank's record of helping to meet the credit needs of its AAs through its lending activities.

The evaluation period covers the period between the date of the prior CRA PE of October 17, 2011, and May 15, 2017. The rating of the previous CRA PE was Satisfactory.

The Illinois Non-Metropolitan Statistical Area AA (IL Non-MSA AA) received a full-scope review and a greater weighting in our analysis for the lending test, as a majority of deposits, 52 percent, were obtained from this AA. The St. Louis Missouri Illinois Metropolitan Statistical Area AA (St Louis MO-IL MSA AA) and Springfield Illinois Metropolitan Statistical Area AA (Springfield IL MSA AA) received limited scope reviews as they accounted for 35 percent and 13 percent of deposits, respectively.

We evaluated the dollar volume of loans originated or purchased for the lending period between January 1, 2015, and December 31, 2016, and compared them to 2010 US Census data.

We based the lending test on the bank's primary loan products, which are agriculture loans, business loans (excluding commercial real estate), and residential real estate loans reportable under the Home Mortgage Disclosure Act (HMDA). The primary products accounted for 81 percent of loans, by dollar, originated or purchased between January 1, 2015, and December 31, 2016.

Agriculture loans received more weight in our analyses as this product accounted for 51 percent, by dollar, of originated or purchased loans, while business loans accounted for 24 percent, and residential loans accounted for 21 percent.

We conducted a data integrity review on May 8, 2017, of the HMDA data for reportable loans originated or purchased between January 1, 2015, and December 31, 2016. We

utilized a random sample and verified reported data against source documents. We found the HMDA data to be reliable for use in this evaluation.

We obtained and reviewed a random sample of agriculture and business loans originated or purchased between January 1, 2015, and December 31, 2016. We obtained the gross revenues of farms and businesses, as well as geocoding data for each loan in our sample.

## DESCRIPTION OF INSTITUTION

FNB Raymond, wholly owned by Raymond Bancorp, Inc., is a \$144 million intrastate financial institution headquartered in Raymond, Illinois, near Interstate 55, south of Springfield, Illinois. The bank has five offices located in small town, rural areas of Christian County, Macoupin County, Montgomery County, and Sangamon County. The bank also has five automated teller machines (ATMs).

The bank closed its mini bank facility in Virden, Illinois, on October 12, 2012. The mini bank offered drive-up service and ATM access. The closing of the mini bank did not materially impact the bank's ability to meet the banking needs of the area. A full service office is located 0.3 miles away in Virden, Illinois, and the ATM access remains at the closed mini branch location.

The bank has not changed its strategy of providing its customers traditional banking products and services. Products and services are available in person at bank offices and drive-up facilities. Banking is also accessible through ATM access, telebanking, internet banking, and mobile banking. Please refer to the CRA Public File for a detailed listing of products and services offered by the bank.

The loan portfolio, at March 31, 2017, consisted of the following:

<b>Table 1 – Loan Portfolio Summary by Loan Type</b>		
<b>Loan Category</b>	<b>\$(000)</b>	<b>%</b>
Agriculture Loans	47,469	51
Commercial Loans	24,209	26
Residential Loans	16,069	17
Consumer Loans	5,589	6
<b>Total Loans in Portfolio</b>	<b>\$93,336</b>	<b>100%</b>

*Source: March 31, 2017 Call Report*

Raymond Bancorp, Inc. is a one-bank holding company with assets comprised of FNB Raymond. Raymond Bancorp, Inc. does not negatively affect FNB Raymond's ability to meet the credit needs of the community.

There are no legal or financial circumstances that impede the bank's ability to meet the credit needs of its AAs.

## DESCRIPTION OF ASSESSMENT AREAS

The IL Non-MSA AA includes three adjacent census tracts (CTs) in Montgomery and Christian counties. One CT is located in the northern section of Montgomery County, which runs along Interstate 55. Two CTs are located in the western portion of Christian County. The AA includes two offices and two ATMs in middle-income CTs.

The St. Louis MO-IL MSA AA includes two adjacent CTs in northeast Macoupin County, west of Interstate 55. The AA includes two offices and two ATMs in middle-income CTs.

The Springfield IL MSA AA includes two adjacent CTs in the southern portion of Sangamon County, along Interstate 55. The AA includes one office and one ATM in a middle-income CT.

The following tables and narratives provide demographic and performance context for the AAs.

### IL Non-MSA AA:

Table 2 – Demographic Information for IL Non-MSA AA						
Demographic Characteristics	#	Low	Moderate	Middle	Upper	NA
		% of #	% of #	% of #	% of #	% of #
Geographies (Census Tracts)	3	0	0	100	0	0
Population by Geography	11,811	0	0	100	0	0
Housing Units by Geography	5,285	0	0	100	0	0
Owner-Occupied Units by Geography	4,114	0	0	100	0	0
Occupied Rental Units by Geography	737	0	0	100	0	0
Vacant Units by Geography	434	0	0	100	0	0
Businesses by Geography	507	0	0	100	0	0
Farms by Geography	147	0	0	100	0	0
Family Distribution by Income Level	3,504	16.8	16.4	20.4	46.3	0
Household Distribution by Income Level	4,851	20.6	14.2	15.6	49.5	0
Median Family Income Non-MSAs - IL	\$54,499		Median Housing Value			\$83,659

Source: 2010 U.S. Census and 2016 Dun and Bradstreet data.

The number of housing units where the monthly owner costs exceed 30 percent of income was 819, or 15.50 percent of total housing units. The number of housing units where the monthly rental costs exceed 30 percent of income was 196, or 3.71 percent of total housing units. The weighted average monthly gross rent was \$574, and the weighted average median housing was \$83,659. The percent of families below poverty levels was 9.62 percent in the AA.

Unemployment is high in the IL Non-MSA AA and exceeds the State of Illinois unemployment rates of 6.0 percent and 5.6 percent, at December 31, 2015, and December 31, 2016, respectively. Christian County had an unemployment rate 7.2 and 6.3 percent at December 31, 2015, and December 31, 2016, respectively. Montgomery County had an unemployment rate of 8.5 percent and 7.0 percent at December 31, 2015, and December 31, 2016, respectively.

The major employment sectors in Christian and Montgomery counties include retail and food services, education, health care, manufacturing, and agriculture.

Agriculture is a major economic contributor in the combined AAs. The predominant crops grown in the combined AAs are corn and soybean. The commodity prices of corn and soybeans, along with consolidation of family farms, has contributed to the growth in size and revenue of farms.

Competition for deposits and loans is high in the AA. FNB Raymond held a 4.12 percent deposit market share among 23 FDIC insured financial institutions in Christian and Montgomery counties, at June 30, 2016. There is additional competition for loans from credit unions, farm services, and mortgage companies.

The percent of families below poverty, the percent of housing costs exceeding 30 percent of income, and high unemployment may limit opportunities to lend in the AA.

We contacted individuals from an economic development group in Montgomery County and a local farm supply and elevator business in Raymond, Illinois. The contacts both noted that while the local economy is stable, unemployment is high compared to the State of Illinois. One contact stated high property taxes were a barrier to families moving into the area. The contacts had no negative perceptions of FNB Raymond and did not identify areas where improved access to credit was needed. The contacts noted that FNB Raymond works with local homeowners, businesses, and farmers to help them get the credit they need.

**St. Louis MO-IL MSA AA:**

Table 3 – Demographic Information for St. Louis MO-IL MSA AA						
Demographic Characteristics	#	Low	Moderate	Middle	Upper	NA
		% of #	% of #	% of #	% of #	% of #
Geographies (Census Tracts)	2	0	0	100	0	0
Population by Geography	6,802	0	0	100	0	0
Housing Units by Geography	3,248	0	0	100	0	0
Owner-Occupied Units by Geography	2,112	0	0	100	0	0
Occupied Rental Units by Geography	761	0	0	100	0	0
Vacant Units by Geography	375	0	0	100	0	0
Businesses by Geography	292	0	0	100	0	0
Farms by Geography	26	0	0	100	0	0
Family Distribution by Income Level	1,976	29.3	16.6	26.7	27.4	0
Household Distribution by Income Level	2,873	30.1	16.7	19.8	33.4	0
Median Family Income MSA - 41180 St. Louis, MO-IL MSA	\$66,798	Median Housing Value			\$83,890	

Source: 2010 U.S. Census and 2016 Dun and Bradstreet data.

The number of housing units where the monthly owner costs exceed 30 percent of income was 495, or 15.24 percent of total housing units. The number of housing units where the monthly rental costs exceed 30 percent of income was 307 or 9.45 percent of total housing units. The weighted average monthly gross rent was \$529 and the weighted average median housing was \$83,890. The percent of families below poverty levels was 12.45 percent.

Unemployment is high in the St. Louis MO-IL MSA AA and exceeds the State of Illinois unemployment rates of 6.0 percent and 5.6 percent, at December 31, 2015, and December 31, 2016, respectively. Macoupin County had unemployment rates of 6.5 percent and 5.8 percent at December 31, 2015, and December 31, 2016, respectively.

Major employment sectors in Macoupin County include retail and food services, health care, education, and agriculture.

Competition for deposits and loans is high in the AA. FNB Raymond held a 4.86 percent deposit market share among 14 FDIC insured financial institutions in Macoupin County, at June 30, 2016. There is additional competition for loans from credit unions, farm services, and mortgage companies.

The small number of farms, percent of families below poverty, high unemployment, and percent of housing costs exceeding 30 percent of income may limit opportunities to lend in the AA.

**Springfield IL MSA AA:**

Table 4 – Demographic Information for Springfield IL MSA AA						
Demographic Characteristics	#	Low	Moderate	Middle	Upper	NA
		% of #	% of #	% of #	% of #	% of #
Geographies (Census Tracts)	2	0	0	100	0	0
Population by Geography	11,294	0	0	100	0	0
Housing Units by Geography	4,711	0	0	100	0	0
Owner-Occupied Units by Geography	3,457	0	0	100	0	0
Occupied Rental Units by Geography	886	0	0	100	0	0
Vacant Units by Geography	368	0	0	100	0	0
Businesses by Geography	383	0	0	100	0	0
Farms by Geography	56	0	0	100	0	0
Family Distribution by Income Level	3,145	20	17	25.1	37.9	0
Household Distribution by Income Level	4,343	20.8	16.7	20.6	41.9	0
Median Family Income MSA - 44100 Springfield, IL MSA		\$66,823	Median Housing Value			\$104,445

Source: 2010 U.S. Census and 2016 Dun and Bradstreet data.

The number of housing units where the monthly owner costs exceed 30 percent of income was 525, or 11.14 percent. The number of housing units where the monthly rental costs exceed 30 percent of income was 358, or 7.60 percent. The weighted average monthly gross rent was \$657 and the weighted average median housing was \$104,445. The percent of families below poverty levels was 5.95 percent.

The unemployment rates in the Springfield IL MSA AA compare favorably to the State of Illinois unemployment rates of 6.0 percent and 5.6 percent, at December 31, 2015, and December 31, 2016, respectively. Unemployment rates in Sangamon County were 5.3 percent and 4.8 percent, at December 31, 2015 and December 31, 2016, respectively.

Major employment sectors in Sangamon County include retail and food services, government, health care, education, and manufacturing.

Competition for deposits and loans in the AA is high. FNB Raymond held a 0.30 percent deposit market share among 25 FDIC insured financial institutions in Sangamon County, at June 30, 2016. There is additional competition for loans from credit unions, farm services, and mortgage companies. The AA's proximity to the much larger banking market of Springfield, Illinois adds additional competition for agriculture, business, and residential loans.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

FNB Raymond meets the standard for Satisfactory performance.

### Loan-to-Deposit Ratio

FNB Raymond’s average LTD ratio is reasonable given, the size, financial condition, level of competition, and lending opportunities available in the AAs. The LTD ratio is calculated on a bank-wide quarterly average since the prior CRA PE. The quarterly LTD ratio averaged 61 percent over 22 quarters from December 31, 2011, through March 31, 2017, with a low of 55 percent and a high of 75 percent. The similarly situated financial institutions, which range in size from \$81 million to \$203 million, are community institutions that compete with FNB Raymond for deposits in the AAs. The similarly situated institutions had an overall average LTD ratio of 65 percent, with an average low of 23 and a high of 93 percent.

### Lending in Assessment Area

FNB Raymond originated or purchased a majority of loans to customers inside its AAs during the evaluation period, both by number and dollar volume. The proportion of lending inside versus outside the assessment areas is calculated on a bank-wide basis.

Table 5 - Lending in Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
					(000)		(000)		(000)	
Agriculture	37	62	23	38	60	6,590	64	3,690	36	10,280
Residential	148	64	85	36	233	11,947	59	8,398	41	20,345
Business	36	78	10	22	46	4,778	86	748	14	5,562
Totals	221	65	118	35	339	23,315	64	12,872	36	36,187

Source: In/Out sample of agriculture and business loans and data reported under HMDA between January 1, 2015 and December 31, 2016.

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

The borrower distribution reflects reasonable penetration in the AAs.

#### Agriculture Loans – Full Scope AA

The borrower distribution reflects reasonable penetration among farms of different sizes in the IL Non-MSA AA, given the performance context of the market environment of corn and soybean production, yield improvements, and consolidation of family farms.

<b>Table 6 - Borrower Distribution of Loans to Farms in IL Non-MSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	100%	0%	0%	100%
% of Bank Loans in AA by #	65%	35%	0%	100%
% of Bank Loans in AA by \$	43%	57%	0%	100%

Source: Sample of agriculture loans from January 1, 2015 through December 31, 2016; Dun and Bradstreet data, as of June 30, 2016.

Agriculture Loans – Limited Scope AAs

Performance in the St. Louis MO-IL MSA AA is consistent with the full-scope review as the borrower distribution reflects reasonable penetration among farms of different sizes. Agriculture lending is not a primary product in the St. Louis MO-IL MSA AA, thus little weight was given to the performance. Only 11 agriculture loans could be geocoded to the AA. Additionally, there were only 26 farms in the St. Louis MO-IL MSA AA per 2010 US Census data and Dun and Bradstreet data, as of June 30, 2016.

Performance in the Springfield IL MSA AA is consistent with the full-scope review as the borrower distribution reflects reasonable penetration among farms of different sizes.

HMDA Loans – Full Scope AA

There were a limited number of loans originated by type of residential loan in each AA, thus an analysis by type would not be meaningful. As a result, we combined the lending for purchase, refinance, and home improvement for both full-scope and limited-scope AAs.

The borrower distribution reflects excellent penetration to borrowers of different income levels in the IL Non-MSA AA, given the performance context. The lending performance to low-income borrowers is near the standard, but given the performance context, the performance is excellent. Lending to moderate-income borrowers is excellent as the performance exceeds the standard.

<b>Table 7 - Borrower Distribution of Residential Real Estate Loans in IL Non-MSA AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential	17	16	16	18	20	19	46	45

Source: Data reported under HMDA between January 1, 2015 and December, 31, 2016; 2010 US Census data.

HMDA Loans – Limited Scope AAs

The performance in the St. Louis MO-IL MSA AA is not consistent with the full-scope review as the borrower distribution to low- and moderate-income borrowers reflects reasonable penetration.

The performance in the Springfield IL MSA AA is not consistent with the full-scope review as the borrower distribution to low-and moderate-income borrowers reflects reasonable penetration.

Business Loans – Full Scope AA

The borrower distribution reflects reasonable penetration among businesses of different sizes in the IL Non-MSA AA, given the performance context.

<b>Table 8 - Borrower Distribution of Loans to Businesses in IL Non-MSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	76%	5%	19%	100%
% of Bank Loans in AA by #	75%	20%	5%	100%
% of Bank Loans in AA by \$	41%	57%	3%	100%

*Source: Sample of business loans from January 1, 2015 through December 31, 2016; Dun and Bradstreet data, as of June 30, 2016.*

Business Loans – Limited Scope AAs

The performance in the St. Louis Mo-IL MSA AA is consistent with the full-scope review as the lending performance to businesses reflects reasonable penetration.

The performance in the Springfield IL MSA AA is consistent with the full-scope review as the lending performance to businesses reflects reasonable performance. Business lending is not a primary product in the Springfield IL MSA AA, thus little weight was given to the performance. Only 12 business loans could be geocoded to the AA.

**Geographic Distribution of Loans**

There are no low- or moderate-income CTs in the AAs.

**Responses to Complaints**

There were no complaints received regarding the bank’s performance in helping to meet the credit needs of its AAs during the evaluation period.

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

Pursuant to 12 CFR. 25.28(c), or 12 CFR 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.