



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 30, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Dieterich
Charter # 9582**

**West Section Street, Box 186
Dieterich, Illinois 62424**

Office of the Comptroller of the Currency

**Fairview Heights Duty Station
13 Executive Drive, Suite 7
Fairview Heights, Illinois 62208**

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 **First National Bank of Dieterich** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 30, 1996. This evaluation is based on information accumulated since the last CRA assessment dated June 2, 1993. 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 Satisfactory.

- ▶ The bank's loan to deposit ratio is reasonable with an average ratio of 63% over the past thirteen quarters.
- ▶ A substantial majority of the loans sampled, 88%, were within the assessment area.
- ▶ The bank's level of lending to borrowers of different income levels is reasonable with 29% of the number of loans reviewed made to low- or moderate-income borrowers.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST NATIONAL BANK OF DIETERICH 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		X	
Response to Complaints	No complaints were received since the prior examination		

DESCRIPTION OF INSTITUTION

The First National Bank of Dieterich (FNB Dieterich) is wholly owned by Prime Banc Corporation, a one-bank holding company. As of June 30, 1996, bank assets totaled \$60,706,000. The bank's main office in Dieterich, Illinois, is complemented by two recently opened branch offices. The Teutopolis, Illinois, branch opened in mid-August 1996. The Newton, Illinois, branch opened September 30, 1996. These branches have not yet originated enough loans to make a significant impact on the bank's CRA performance. As of June 30, 1996, loans secured by 1-4 family residential properties represent 28% of the loan portfolio, commercial and industrial loans represent 30%, agricultural loans represent 31%, and loans to individuals represent 11%.

There are no financial or legal impediments to the bank's ability to meet the community credit needs of its designated assessment area. FNB Dieterich received a *Satisfactory Record of Meeting Community Credit Needs* at its last CRA examination, dated June 2, 1993.

DESCRIPTION OF ASSESSMENT AREA

FNB Dieterich has designated its assessment area as the eastern portion of Effingham County, Illinois, and all of Jasper County, Illinois. The block numbering areas (BNAs) which comprise this assessment area are 9505, 9597, 9598, 9773, 9774, and 9775. Of these six BNAs, 9774 is a moderate-income BNA, 9598 is an upper-income BNA, and the others are middle-income BNAs. This assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income areas.

The population of this assessment area as of the 1990 census was 23,088. The 1996 Illinois statewide non-Metropolitan Statistical Area (MSA) median family income is \$36,000. Census family income information aggregated for all BNAs indicates that 1,098 families or 17.01% are at low-, 1,164 families or 18.04% are at moderate-, 1,567 families or 24.27% are at middle-, and 2,626 families or 40.68% are at upper-income levels.

The condition of the local economy is good and growing. The prosperity of the assessment area depends on both economic health of Effingham and Teutopolis and local agricultural production. Furthermore, this area enjoys a wide diversity of employers. Several of the major employers, located in Effingham or Teutopolis, are Cross Roads Press, St. Anthony Hospital, Fetter's Corporation, Steven's Industries, and Three Z Printing. September 1996 unemployment figures for Effingham County were 5.4%, but they were considerably higher in Jasper County at 7.0%. This compares to the Illinois unemployment rate of 4.9% and the national rate of 5.0% for the same period.

Although FNB Dieterich is the only financial institution in Dieterich, strong competition is provided by ten other financial institutions which are located in Teutopolis, Newton, and Effingham. Five of these institutions are similar in size to FNB Dieterich.

We performed a community contact during the examination. Our contact represented a local not-for-profit organization. This person's experience and leadership roles in numerous community development organizations have given him extensive knowledge of the community. Based on this contact, the ongoing credit needs of the area include loans for 1-4 family housing, low-cost/multi-family housing, business and farm operating needs, and commercial business development.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to Deposit Ratio: The bank's loan to deposit ratio is reasonable. The bank's average loan to deposit ratio for the thirteen quarters from June 30, 1993 to June 30, 1996 was 63%. As of June 30, 1996, the ratio was 57%. Five similarly situated area institutions have current loan to deposit ratios ranging from 47% to 77% and average ratios for the period ranging from 47% to 76%.

Lending in the Assessment Area: A substantial majority of the bank's loans are within the assessment area. During the examination, we reviewed all loans secured by 1-4 family residences that were made since the beginning of the year. This category of loans was selected as it represents the bank's largest dollar volume of a consumer-oriented credit product. Using the bank's assigned geographic designations, this analysis disclosed that 88% of the number of loans and 87% of the dollar amount of these extensions of credit were made to borrowers located within the bank's assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes: The distribution of loans to borrowers of different income levels reflects a reasonable penetration among families of different income levels and businesses and farms of different sizes.

Based on a sample of the 1-4 family residential loans described above, we determined the distribution of credit within the assessment area by borrower income level. The findings of this analysis are presented in the following table.

Income Levels	% By # of Loans	% By \$ of Loans	% of Population
Low	4.77%	1.05%	17.01%
Moderate	23.81%	18.90%	18.04%
Middle	35.71%	37.54%	24.27%
Upper	35.71%	42.51%	40.68%

The percentage of loans to low-income families is not commensurate with the percentage of low-income families in the assessment area. However, low-income families are more likely to

occupy rental units than be homeowners. Therefore, fewer low-income families are likely to apply for this type of credit. In order to meet the credit needs of low-income families, the bank does offer and provide loans to low-income borrowers which are not secured by 1-4 family residences.

As of June 30, 1996, the bank reported 202 commercial loans outstanding. Of these loans, 84% were in amounts of \$100,000 or less, and 14% were in amounts from \$100,000 to \$250,000. As of the same date, the bank reported 323 farm loans outstanding. Of these loans, 90% were in amounts of \$100,000 or less and 9% were in amounts from \$100,000 to \$250,000. All but two of the commercial loans were to businesses with annual gross revenues of \$1,000,000 or less. All of the agricultural loans were to farms with annual gross revenues of \$1,000,000 or less.

Geographic Distribution of the Bank's Loans: The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. This conclusion is based on the sample of 1-4 family residential loans described above. Based on this sample, 28% of the number of loans and 29% of the dollar amount of the loans were made in the one moderate-income BNA tract. The balance of the loans were made in the middle-income BNA tracts. Although there was no loan penetration in the one upper-income geography, this is not a concern. The bank has just begun to focus its lending efforts in that area. In mid-August 1996, the bank established a branch adjacent to that BNA. That branch is currently housed in a mobile trailer while the bank completes construction of a permanent facility at that location.

Compliance with Antidiscrimination Laws: In conjunction with the CRA evaluation, we performed a review of the bank's compliance with the Equal Credit Opportunity Act and the Fair Housing Act. No violations of these antidiscrimination laws and regulations were identified.