



PUBLIC DISCLOSURE

April 27, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**AmBank Illinois, N.A.
Charter Number 13605
600 West Main Street
Robinson, Illinois 62454**

**Office of the Comptroller of the Currency
Evansville Field Office
P.O. Box 20130
Evansville, Indiana 47708**

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 AmBank Illinois, N.A. (AmBank Illinois) for the time period of March 25, 1995 through April 27, 1998. This document was prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency. 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 Record of Meeting Community Credit Needs”.

AmBank Illinois has a satisfactory record of lending to borrowers of all income levels and to businesses and farms of all sizes. A substantial majority of the bank’s loans are to customers living within the bank’s assessment area.

DESCRIPTION OF INSTITUTION

AmBank Illinois, N.A. (AmBank Illinois) is a full-service bank located in Robinson, Illinois. AmBank Illinois is a wholly owned subsidiary of AmBanc Corporation, a multi-bank holding company located in Vincennes, Indiana. On March 31, 1998, AmBank Illinois had total assets of \$275 million. Earnings as of this date were \$857,000, representing a 1.25 percent return on assets.

AmBank Illinois is a full-service lender focusing on residential real estate, commercial, and consumer loans. There are no financial or legal impediments which would hamper the bank's ability to meet the credit needs of the community. AmBank Illinois has a strong capacity to serve the community's credit needs. Table 1 depicts several key balance sheet figures:

| Table 1 Balance Sheet as of March 31, 1998 | | | |
|---|---------------|-----------------------------|---------------|
| Net Loans | \$193,563,000 | Total Deposits | \$238,059,000 |
| Investments | \$61,343,000 | Other Liabilities | \$5,388,000 |
| Other Assets | \$20,310,000 | Total Liabilities | \$243,447,000 |
| | | Total Equity Capital | \$ 31,769,000 |
| Total Assets | \$275,216,000 | Total Liabilities & Capital | \$275,216,000 |

Source: Report of Condition.

As of March 31, 1998, the loan portfolio consisted of 59% real estate loans (76% of real estate loans are secured by 1-4 family residential properties), 16% consumer loans, 15% commercial loans and 10% agriculture loans.

AmBank Illinois has multiple banking offices and ATM sites in Clark, Crawford and Wabash Counties. Banking hours are Monday through Thursday from 8:00 A.M. to 4:00 P.M. and Friday 8:00 A.M. to 5:00 P.M. at the main office. Drive-up hours at the main office are offered Monday through Thursday from 7:30 A.M. to 4:00 P.M. and Friday 7:30 A.M. to 5:00 P.M. Automated Teller Machines (ATMs) are provided at the main office and most branch locations. The AmeriTouch banking system provides services for banking by telephone. The bank opened a new branch in Robinson, Illinois on March 4, 1996. A branch at 1302 West Main Street in Robinson, Illinois was closed on October 31, 1997. The bank improved their overall level of service with the branch opening and did not create any undue service gaps with the closed office.

DESCRIPTION OF ASSESSMENT AREA

AmBank Illinois' assessment area includes Clark, Crawford and Wabash County, Illinois. The assessment area contains fourteen Block Numbering Areas (BNAs). Thirteen BNAs are classified middle-income and one tract is classified upper-income. Income levels of census tracts are based on the statewide non-Metropolitan Statistical Area median family income. The income categories are defined as low, moderate, middle, and upper, which are less than 50%, 50% to 80%, 80% to

120%, and over 120%, respectively, of the non-MSA median family income of \$39,500. The assessment area is consistent with the guidelines of the regulation.

Table 2 depicts the number and percentage of families within the bank's assessment area based upon income level. The table reveals that 38.2% of the families have low or moderate incomes. This information is used to compare the bank's lending patterns to borrowers of different income levels.

| Table 2 Number and Percentage of Families in Each Income Level | | | | |
|---|--------------------------|------------------------|-----------------------|----------------|
| Low-Income Families | Moderate-Income Families | Middle-Income Families | Upper-Income Families | Total |
| 2,567 18.5% | 2,725 19.7% | 3,434 24.8% | 5,133 37.0% | 13,859 100% |

Source: 1990 U.S. Census Bureau Data.

The area surrounding Robinson is rural. Businesses in Robinson and nearby communities offer moderate employment and economic support. The largest employers in Crawford County are Marathon Oil with 600 employees and Hershey with 550 employees. Briggs Manufacturing, Fair Rite Industries, and the Illinois Department of Corrections each have in excess of 300 employees. The unemployment rate in Crawford County is 8.9% compared to the State of Illinois average of 4.8% (March 1998). Competition is provided by financial institutions affiliated with Evansville, Indiana bank holding companies and independent community banks.

Table 3 depicts the number and percentage of small businesses and farms within the bank's assessment area. Small businesses and small farms are defined as those with annual revenues of less than \$1,000,000. The table reveals that the majority of businesses in the assessment area are small. Review of AmBank Illinois' loan originations for March 1997 through April 1998 using loan size as an indicator, reflects that the majority of business and farm loans are to small businesses and small farms.

| Table 3 Number of Businesses and Farms in AmBank Illinois' Assessment Area | | | | |
|---|--|-------|--|------|
| | Annual Revenues of less than \$1,000,000 | | Annual Revenues of \$1,000,000 or more | |
| | # | % | # | % |
| Businesses | 1,260 | 92.6% | 100 | 7.4% |
| Farms | 63 | 98.4% | 1 | 1.6% |

Source: 1990 U.S. Census Bureau Data.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

To evaluate the bank's lending performance, the OCC reviewed the volume of all residential real estate loans originated between March 1997 and April 1998. This review was used to evaluate the bank's volume of lending inside the assessment area. We also sampled 38 individual residential real estate loans from this period to determine the volume of lending to borrowers of different income levels. A review of the geographic distribution of loans would be of no value due to the assessment area's composition of all middle and upper-income BNAs.

Lending inside assessment area:

The residential real estate loan activity shows that a substantial majority of the bank's loans are secured by property located within the assessment area. Table 4 illustrates AmBank Illinois' real estate loan activity:

| Table 4 Loans Originated Inside the Assessment Area | | | | |
|--|-----------------|-------|------------------------|-------|
| | Number of Loans | | Dollar Volume of Loans | |
| | # | % | \$000s | % |
| Inside the Assessment Area | 420 | 84.0% | \$16,725 | 79.7% |
| Outside the Assessment Area | 80 | 16.0% | \$4,251 | 20.3% |

Source: OCC's review of real estate loan originations. Dollar amounts are in thousands.

The bank's record of lending shows that 84.0% of the number and 79.7% of the dollar volume of real estate loans were secured by property located inside the bank's assessment area. AmBank Illinois' record of lending to borrowers in the assessment area is good.

Lending to borrowers of different incomes and to businesses of different sizes:

HOME MORTGAGE LOANS

To determine AmBank Illinois' record of extending home loans to individuals of different income levels in the assessment area, we reviewed the annual income of the borrowers selected in the residential real estate sample. **The sample shows a low penetration of loans to low- and moderate-income borrowers.** Table 5 reveals that the number of home mortgage loans to low- and moderate-income borrowers is 18.4%, and the dollar volume is 9.3% of the loans originated. The number of low- and moderate-income families in the assessment area is 38.2% as illustrated in Table 2. The bank's low penetration of loans to low- and moderate-income borrowers is somewhat mitigated when you consider that 9.1% of the low-income families have incomes below the poverty level and would possibly not qualify for a home loan.

| Borrower Income * | Number of Loans | | Dollar Volume | |
|-------------------|-----------------|-------|---------------|-------|
| | # | % | \$000's | % |
| Low-income | 0 | 0.0% | \$0 | 0.0% |
| Moderate-income | 7 | 18.4% | \$191 | 9.3% |
| Middle-income | 12 | 31.6% | \$659 | 32.1% |
| Upper-income | 19 | 50.0% | \$1,202 | 58.6% |
| TOTAL | 38 | 100% | \$2,052 | 100% |

Source: OCC's sample of residential real estate loans. Dollar amounts are in thousands. * The MSA's updated median family income is \$39,500. The income categories are defined as less than 50%, 50% to 80%, 80% to 120%, and 120%, respectively, of \$39,500.

SMALL BUSINESS AND SMALL FARM LOANS

The demographic data contained in Table 3 indicates that 93% of all businesses in AmBank Illinois' assessment area have annual incomes of less than \$1,000,000. A review of the bank's commercial loan originations for March 1997 through April 1998 using loan size as an indicator, reflects that the majority of business and farm loans made by AmBank Illinois are to small businesses and farms. To verify the bank's record of extending loans to businesses and farms of different sizes, we reviewed 85 business and farm loans. Table 6 shows the small business and small farm loans originated in the assessment area, by loan amount:

| Table 6 Small Business and Small Farm Loans By Loan Amount at Origination | | | | |
|---|----|-------|-------------|-------|
| Loan Amount at Origination | # | % | \$ | % |
| \$0 - \$100,000 | 70 | 82.4% | \$1,770,000 | 29.7% |
| \$100,001 - \$250,000 | 12 | 14.1% | \$2,023,000 | 33.9% |
| \$250,001 - \$1,000,000 | 3 | 3.5% | \$2,171,000 | 36.4% |
| More than \$1,000,000 | 0 | 0% | \$0 | 0% |
| TOTAL | 85 | 100% | \$5,964,000 | 100% |

Source: OCC's review of small business and small farm data.

Table 6 illustrates that the bank has a good record of making small dollar volume loans to small businesses and small farms. This is evidenced by the fact that 82.4% of the small business and small farm loans were in amounts less than \$100,000 with the average loan about \$25,000. These loans comprise 29.7% of the dollar volume of small business and small farm loans sampled. The bank's penetration of loans to small businesses and small farms is good.

Loan to deposit ratio:

AmBank Illinois' loan to deposit ratio since the last CRA examination averages 74%. This is reasonable for a bank of AmBank Illinois' size and condition in this area. The ratio for competitor banks in the market area range from 62% to over 90%.

Response to complaints:

AmBank Illinois has not received letters from the public regarding its CRA activities.

Compliance with antidiscrimination laws:

We tested the bank's compliance with the Equal Credit Opportunity Act and the Fair Housing Act. No violations of the substantive provisions of these antidiscrimination laws and regulations were identified.