



## PUBLIC DISCLOSURE

October 10, 2018

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Robinson Savings Bank, National Association  
Charter Number 23393

501 East Main Street  
Robinson, IL 62454

Office of the Comptroller of the Currency

Harris Center, 3001 Research Road, Suite E-2, Champaign, IL 61822

**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, and should not 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.

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## **Overall CRA Rating      Satisfactory**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

The major factors that support the rating for First Robinson Savings Bank, National Association (FRSB) include:

- FRSB demonstrated adequate responsiveness to the needs and opportunities of its assessment area (AA), primarily through community development (CD) loans and services.
- Lending to borrowers of different incomes is reasonable.
- The distribution of loans reflects reasonable dispersion among different income tracts throughout the AA.
- FRSB originated a majority of its primary loan product with the AA.
- The loan-to-deposit ratio is reasonable.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

First Robinson Savings Bank, National Association (FRSB) is a \$335.7 million interstate financial institution headquartered in Robinson, Illinois (IL). The bank is a wholly owned subsidiary of First Robinson Financial Corporation, a one-bank holding company. The bank is a full-service banking institution and operates three banking offices in Robinson, Palestine, and Oblong in IL, and two branches in Vincennes, Indiana (IN). The bank owns and operates seven automated teller machines (ATMs) in IL, three of which are deposit-taking and located at the branches. There are five ATMs in IN, four of which are deposit-taking and two are located at the branches. The other two deposit-taking ATMs are at Knox Plaza in Vincennes, IN, (opened February 1, 2017) and Speedy Pete's Marathon Station in Monroe City, IN. Based on the branch locations, FRSB has established two AAs containing Crawford County in IL (Illinois Non-MSA AA) and Knox County in IN (Indiana Non-MSA AA). FRSB opened the second branch in Vincennes, IN, on June 11, 2018. There have been no merger or acquisition activities affecting the bank's CRA performance since the last evaluation.

FRSB offers conventional deposit and loan products. In addition, the bank offers online and mobile banking. The bank also offers fiduciary asset management, retail non-deposit investment sales, and insurance products.

As of December 31, 2017, the bank's loan portfolio totaled \$193.8 million, or 57.7 percent of total assets. Tier 1 capital was \$28.6 million. The following table represents the loan portfolio mix:

| <b>Loan Portfolio Summary by Loan Product</b>    |                                 |
|--|---------------------------------|
| <b>Loan Category</b>                             | <b>% of Outstanding Dollars</b> |
| Home Loans                                       | 43.9%                           |
| Business Loans, including Commercial Real Estate | 35.6%                           |
| Farm Loans, including farmland                   | 14.0%                           |
| Consumer loans                                   | 6.5%                            |

Source: December 31, 2017 Uniform Bank Performance Report (UBPR)

FRSB's business strategy is to be a community bank dedicated to equal, friendly, and quality service. There are no known impediments limiting the bank's ability to help meet the credit needs of its local community, including low- and moderate-income families and neighborhoods. FRSB's deposit market share in the IL Non-MSA AA, at 39.8 percent, ranks first out of seven banks serving the AA. In the IN Non-MSA AA, deposit market share is 10.3 percent and ranks fourth out of nine banks. FRSB received a "Satisfactory" rating during the November 23, 2015 evaluation under the small bank evaluation procedures.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We evaluated FRSB's CRA performance using Intermediate Small Bank evaluation procedures. We reviewed the bank's record of meeting the credit needs of its AA through lending activities and CD activities. The evaluation period for this review is from November 24, 2015, to December 31, 2017.

Based on both the number and dollar volume of loan origination data supplied by the bank, FRSB's primary lending product is home mortgage loans. Home mortgage loans represent 32.1 percent of the number and 42.5 percent of the dollar volume of originations for 2016 and 2017. We sampled home mortgage loans for this evaluation.

For analysis purposes, we compared the bank's lending performance with demographic data from the 2010 United States (U.S.) Census, the 2015 American Community Survey (ACS) U.S. Census, and Home Mortgage Disclosure Act Aggregate data from 2016 and 2017. The income designation of some CTs in the AA changed in 2017, based upon the 2015 ACS. Therefore, we reviewed the 2015/2016 loan sample separately from the 2017 loan sample. No affiliate activity was included in this analysis. Refer to the table in Appendix A for more information on the scope of the review.

### **Selection of Areas for Full-Scope Review**

FRSB has two AAs within different states and we completed a full-scope review of both AAs. Community profiles for the AAs are in Appendix B.

### **Ratings**

FRSB's overall rating is based on both the State of Illinois and State of Indiana ratings. The State of Illinois rating is based on the IL Non-MSA AA, while the State of Indiana rating is based on the IN Non-MSA AA. We placed more weight on performance in the State of Illinois, as a higher percentage of deposit and loan originations were made in Illinois compared to Indiana. As of December 31, 2017, 67.4 percent of total deposits originated in Illinois. During the evaluation period, 57.1 percent of home loan originations were made in Illinois. The lending and CD tests received equal weight in arriving at the overall rating.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) 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. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Criteria

FRSB's performance under the lending test is satisfactory. Lending to borrowers of different incomes is reasonable. Geographic distribution of loans among different income geographies is reasonable. FRSB originated a majority of its primary loan products within the AA. The loan-to-deposit ratio is reasonable.

### Loan-to-Deposit Ratio

FRSB's loan-to-deposit ratio is reasonable based on its size, financial condition, AA credit needs, and local competition. The loan-to-deposit ratio averaged 77.6 percent over the past nine quarters. The timeframe used for this calculation represents the first quarter-end after the start of the last CRA evaluation through December 31, 2017.

Over the past nine quarters, the bank's loan-to-deposit ratio reflects a decreasing trend from a high of 83.8 percent to 71.0 percent. The bank's loan-to-deposit ratio is below the average of similarly situated banks within and adjacent to its AA. We reviewed the loan-to-deposit ratio for all banks with total assets between \$90 million and \$456 million in counties located in and around the bank's AA. This group of five similarly situated banks averaged a loan-to-deposit ratio of 88.1 percent. FRSB's loan-to-deposit ratio average was the second lowest of this group.

It is also important to note that FRSB's loan-to-deposit ratio does not include loans the bank originated and sold. In 2017, FRSB sold 179 home loans totaling \$22 million into the secondary market. This further supports that this criterion is reasonable.

### Lending in Assessment Area

FRSB originated a majority of its primary loan product within the AA. Our sample showed 80.0 percent of the total number and 73.8 percent of the total dollar volume of these loans were originated within the AA.

**Table D - Lending Inside and Outside of the Assessment Area**

| Loan Category | Number of Loans |      |         |      | Total<br># | Dollar Amount of Loans \$(000s) |      |         |      | Total<br>\$(000s) |
|---------------|-----------------|------|---------|------|------------|---------------------------------|------|---------|------|-------------------|
|               | Inside          |      | Outside |      |            | Inside                          |      | Outside |      |                   |
|               | #               | %    | #       | %    |            | \$                              | %    | \$      | %    |                   |
| Home Mortgage | 16              | 80.0 | 4       | 20.0 | 20         | 1,863                           | 73.8 | 660     | 26.2 | 2,523             |

Source: Sample of 20 home loans originated between 01/01/2016 and 12/31/2017.

## **State Rating**

### **State of ILLINOIS**

#### **CRA rating for ILLINOIS: Satisfactory**

**The lending test is rated: Satisfactory**

**The community development test is rated: Satisfactory**

The major factors that support the rating for the State of Illinois include:

- FRSB demonstrated adequate responsiveness to the needs and opportunities of its AA, primarily through community development loans, services, and branch distribution
- Lending to borrowers of different incomes is reasonable.

### **Description of Institution's Operations in ILLINOIS**

FRSB has one AA in Illinois. Please see the IL Non-MSA AA community profile in Appendix B for a description of this AA.

### **Scope of Evaluation in ILLINIOS**

This analysis reflects a full-scope review of the one AA in this state.

### **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS**

FRSB's performance in IL is satisfactory for both the lending test and the CD test.

#### **LENDING TEST**

FRSB's performance under the lending test in IL is satisfactory. Lending to borrowers of different incomes is reasonable. Distribution of loans among different income geographies is excellent. We placed more weight on lending to borrowers of different incomes, as the percentage of low – and moderate-income (LMI) borrowers in the AA (35.5 percent) is higher than the percentage of LMI geographies (16.7 percent).

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

Refer to Table P in appendix C for the facts and data used to evaluate the borrower distribution of the bank's loan originations and purchases.

FRSB's lending to borrowers of different incomes was reasonable in the IL Non-MSA AA.

### *Home Loans*

The overall borrower distribution of home mortgage loans was reasonable. Borrower distribution of loans sampled was reasonable in 2016 and excellent in 2017. The analysis considered loans made to low- and moderate-income borrowers, performance context information, and demographic and aggregate peer data comparators. We gave more weight to the 2016 analysis based on the larger sample completed

FRSB also offers an alternative loan program to assist LMI borrowers. The USDA Guaranteed Rural Development Housing Loan Program requires little or no down payment. FRSB facilitated 25 loans to LMI borrowers in the IL Non-MSA AA during the evaluation period. This excludes two USDA rural development loans captured in the 2016 loan sample.

In evaluating the borrower distribution of home loans, we noted the number of families with incomes below the poverty level in the AA was 11.1 percent in 2016 and 8.6 percent in 2017. People living in poverty have a difficult time qualifying for traditional mortgages. We also considered the age of the housing stock, which was 57 years overall in 2016; same for the moderate-income CT. The median age of housing stock improved slightly in 2017 to 54 years overall, but increased to 61 years in the moderate-income CTs. Older housing often costs more to maintain, frequently requires significant repairs to bring dwellings up to code requirements, and often is less energy efficient. All of these factors add to the overall cost of homeownership, which can affect the ability of LMI individuals to qualify for home mortgage loans.

The overall borrower distribution of home mortgage loans originated in 2016 was reasonable. FRSB had reasonable distribution to both LMI borrowers. Although significantly below the demographic comparator, the distribution to low-income borrowers was near the aggregate peer data comparator. The distribution to moderate-income borrowers was near both the demographic and aggregate peer data comparators.

The overall borrower distribution of home mortgage loans originated in 2017 was excellent, primarily due to the distribution of loans to moderate-income borrowers. The distribution to moderate-income borrowers was excellent, as bank performance significantly exceeded both the demographic and aggregate peer data comparators. While significantly below the demographic comparator, the distribution to low-income borrowers was near the aggregate peer data comparator. In 2017, there was a slightly

higher percentage of moderate-income families in the IL Non-MSA AA than low-income families.

### **Geographic Distribution of Loans**

Refer to Table O in appendix C for the facts and data used to evaluate the geographic distribution of the bank's loan originations and purchases.

FRSB's overall geographic distribution of home loans reflects excellent dispersion among different income tracts in the IL Non-MSA AA.

We analyzed FRSB's home mortgage lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous lending gaps in the AA.

#### *Home Loans*

The overall geographic distribution of home mortgage loans in the AA is excellent based on the findings from the 2017 analysis.

Our analysis considered that families residing in the moderate-income CT that live below the poverty level totaled 12.8 percent in 2017. The moderate-income CT accounted for 16.7 percent of CTs in 2017 in the AA. There were no moderate-income CTs in the AA in 2016. There are no low-income CTs in the AA. FRSB made nine USDA Rural Development loans to borrowers located in the moderate-income CT in 2017.

FRSB's performance reflects excellent dispersion within the moderate-income CT in the 2017 analysis. The percentage of home loans made in the moderate-income CT significantly exceeded both the demographic and aggregate peer data comparators.

Geographic distribution analysis of home loans originated in 2016 is not meaningful as there were no LMI geographies in the AA at that time.

### **Responses to Complaints**

FRSB has not received any complaints regarding its CRA performance during the evaluation period.

### **COMMUNITY DEVELOPMENT TEST**

FRSB's performance under the CD test is satisfactory in the IL Non-MSA AA. The bank demonstrated adequate responsiveness to the needs and opportunities of its AA. FRSB provided adequate responsiveness to AA needs primarily through CD loans and services. FRSB provided \$775,011 in CD loans, primarily responding to needs for economic development that created/retained 33 jobs in the AA, revitalization and stabilization of the moderate-income geography, and affordable housing for LMI individuals. The bank also made \$31,072 in qualified investments/donations primarily

focused on providing community services to LMI individuals in the AA. Twenty-two organizations in the AA benefitted from CD services provided by 14 bank employees. These organizations primarily provide community services to LMI individuals and economic development. Total CD loans and qualified investments are \$806,083, representing 2.8 percent of tier 1 capital.

### **Number and Amount of Community Development Loans**

FRSB's level of CD loans provided adequate responsiveness to community credit needs in the IL Non-MSA AA. During the evaluation period, the bank originated six CD loans totaling \$775,011 (2.7 percent of tier 1 capital) in the AA. These loans resulted in economic development that created/retained 33 jobs in the AA and promoted revitalization and stabilization of the moderate-income CT. In addition, the loans provided affordable housing for LMI individuals. These loans supported the acquisition or refinance of three multi-family rental properties with 26 units.

During the evaluation period, FRSB originated two loans totaling \$173,600 to two small businesses that promoted economic development and created/retained 33 jobs for LMI individuals in the AA. FRSB also originated one loan to a local school district for \$104,100 for facility upgrades, including a property located in the moderate-income CT. This helped to revitalize and stabilize the moderate-income geography by improving the school district property and education opportunities in the AA.

The bank originated three loans totaling \$497,311 to three borrowers that provided affordable housing for LMI individuals. These loans helped the borrowers to purchase or refinance three apartment buildings that provided affordable housing in Robinson and Palestine, IL. One government subsidized eight-unit apartment building is located in the moderate-income CT. A comparison of rents to median rents in the AA confirms that all of these properties primarily accommodate LMI families. These properties provided 26 units for affordable housing.

### **Number and Amount of Qualified Investments**

The level of qualified investments reflects poor responsiveness to community needs in the IL Non-MSA AA. During the evaluation period, FRSB made 29 qualified investments through grants/donations totaling \$31,072, and representing 0.1 percent of tier 1 capital.

The bank provided 29 grants/donations totaling \$31,072 to 16 nonprofit organizations that provide community services to LMI individuals.

- \$14,594 to support education opportunities in Crawford County, including a school where a majority of students in the school district participate in the free (or reduced) lunch program. This includes \$6,987 to nonprofit organizations that sponsor the Crawford County CEO Program. The CEO Program provides business leadership development training for high school students. Other

donations supported nonprofit organizations that provide scholarships, literacy programs, after school programs, and sport programs for LMI individuals.

- \$11,629 to support food banks, including expanding a food bank in Palestine, as well as a program that provides weekend meal bags for LMI students in the Robinson School District. The bank sponsored a fundraising event for the school meals program by providing food and labor.
- The remaining funds were provided to nonprofit organizations primarily supporting health and social services for LMI individuals.

### **Extent to Which the Bank Provides Community Development Services**

The extent to which FRSB provides CD services in the IL Non-MSA AA provides excellent responsiveness to community needs. The branch structure provides good accessibility to banking services in the moderate-income CT. The bank headquarters is located in the moderate-income CT in Robinson, representing 33.3 percent of branches in the AA. This exceeds the percentage of moderate-income CTs in the AA of 16.7 percent in 2017. The bank does not charge bank customers transaction fees at its seven ATMs in IL. The bank offers free basic checking with no minimum balance, free online/mobile banking, and free electronic bill pay. In addition, the bank offers a second chance “New Beginnings” debit card deposit account, for customers who have a low Chex Systems score due to account closures at other banks. While the bank does not maintain records showing how these alternative methods of delivery and free accounts increase access, these services generally help to increase access to financial services for all individuals, including LMI individuals.

The bank provides technical assistance to one nonprofit organization that provides affordable housing opportunities for LMI families. The bank provides free loan servicing on 10 loans. One employee dedicates 10 hours per month to this service.

Fourteen employees provided 981 hours of financial technical assistance that benefited 22 different organizations primarily focused on community services to LMI individuals and economic development. Thirteen employees participated in these organizations in a leadership capacity, either as a board member, officer, or educational instructor.

- Seven individuals serve as board members and/or officers of seven nonprofit organizations that support education opportunities for LMI individuals, and/or support a school district located in the moderate-income CT.
- Five individuals serve as board members and/or officers of five economic development organizations.
- Three individuals serve as board members and/or officers of three different nonprofit community service organizations that provide services to LMI individuals.
- Three individuals taught financial literacy programs at one school district, where a majority of students in the school district participate in the free (or reduced) lunch program, in 2016 and 2017, as well as the Robinson Correctional Center in 2016.

- Two staff assisted with fundraising for three organizations that provide community services to LMI families, and one economic development organization. The bank also sponsored these fundraising events by providing the food and labor.
- One person provided technical assistance by participating on a committee to promote economic development through improving broadband access in the AA.

### **Responsiveness to Community Development Needs**

FRSB's community development activities, as a whole, demonstrate adequate responsiveness to CD needs in the IL Non-MSA AA. The bank's branch structure is accessible to moderate-income geographies with 33.3 percent of branches located in the moderate-income CT. Community contacts identified the need for affordable housing, down payment assistance programs, financial education, and small business loans. The bank primarily responded to AA needs through CD loans and services. Combined CD loans and investments total \$806,083 and 2.8 percent of tier 1 capital. Fourteen employees provided 981 hours of financial technical assistance that benefited twenty-two different organizations primarily focused on community services to LMI individuals and economic development.

To support affordable housing needs, FRSB originated three loans totaling \$497,311 to three borrowers to purchase or refinance three apartment buildings. These properties provided 26 units for affordable housing to LMI families in the AA. In addition, the bank provides technical assistance in the form of free loan servicing to one nonprofit organization that provides affordable housing to LMI families. The bank also offers alternative loan programs that include down payment assistance to LMI customers.

To support economic development, the bank originated two CD loans totaling \$173,600 in the AA that created or retained 33 jobs for LMI individuals. One loan for \$104,100 helped to revitalize and stabilize the moderate-income CT. In addition, five bank employees serve in leadership roles at five economic development organizations, two employees assisted with fundraising efforts benefiting one economic development organization, and one employee participated in a committee focused on improving community infrastructure.

In addition, 10 bank employees serve in leadership roles at 10 nonprofit community service organizations that provide services to LMI individuals. Three bank employees taught financial education programs primarily benefiting LMI individuals. Two employees assisted with fundraising efforts that benefited three nonprofit organizations. The bank also made 29 donations totaling \$31,072 to organizations providing community services to LMI individuals. The poverty rate at 8.6 percent of families and significant number of LMI families at 35.5 percent of the population emphasizes the need for community services for LMI individuals.

## **State Rating**

### **State of INDIANA**

#### **CRA rating for the INDIANA: Satisfactory**

**The lending test is rated: Satisfactory**

**The community development test is rated: Satisfactory**

The major factors that support the rating for the State of Indiana include:

- FRSB demonstrated adequate responsiveness to the needs and opportunities of its AA, primarily through community development loans, services, and branch distribution
- Lending to borrowers of different incomes is reasonable.
- Geographic distribution of loans among different income geographies is reasonable.

### **Description of Institution's Operations in INDIANA**

FRSB has one AA in IN. Please see the IN Non-MSA AA community profile in Appendix B for a description of this AA.

### **Scope of Evaluation in INDIANA**

This analysis reflects a full-scope review of the one AA in this state.

### **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN INDIANA**

FRSB's performance in IN is satisfactory for both the lending test and the community development test.

## LENDING TEST

FRSB's performance under the lending test in IN is satisfactory. Lending to borrowers of different incomes is reasonable. Distribution of loans among different income geographies is reasonable.

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

Refer to Table P in appendix C for the facts and data used to evaluate the borrower distribution of the bank's loan originations and purchases.

FRSB's lending to borrowers of different incomes was reasonable in the IN Non-MSA AA.

#### *Home Loans*

The overall borrower distribution of home mortgage loans was reasonable. While borrower distribution of loans sampled was excellent in 2016, the poor performance in 2017 lowers the overall conclusion to reasonable. The analysis considered loans made to LMI borrowers, performance context information, and demographic and aggregate peer data comparators. The percentage of home loan originations was higher in 2016 (58.3 percent) compared to 2017 (41.7 percent) in the IN Non-MSA AA.

FRSB also offers an alternative loan program to assist LMI borrowers. The USDA Guaranteed Rural Development Housing Loan Program requires little or no down payment. FRSB facilitated eight loans to LMI borrowers in the IN Non-MSA AA during the evaluation period.

In evaluating the borrower distribution of home loans, we noted the number of families with incomes below the poverty level was 12.6 percent in 2016 and 11.1 percent in 2017. People living in poverty have a difficult time qualifying for traditional mortgages. We also considered the age of the housing stock, which was 60 years overall and 71 years in the moderate-income CT in 2016. The median age of housing stock improved slightly in 2017 to 58 years overall, but increased to 73 years in the moderate-income CTs. Older housing often costs more to maintain, frequently requires significant repairs to bring dwellings up to code requirements, and often is less energy efficient. All of these factors add to the overall cost of homeownership, which can affect the ability of LMI individuals to qualify for home mortgage loans. In both 2016 and 2017, there was a higher percentage of low-income families than moderate-income families in the Indiana Non-MSA AA.

The overall borrower distribution of home mortgage loans originated in 2016 was excellent. FRSB had excellent distribution to moderate-income borrowers, as bank performance significantly exceeded both the demographic and aggregate peer data comparators. The distribution to low-income borrowers was near the demographic comparator and significantly exceeded the aggregate peer data comparator.

The overall borrower distribution of home mortgage loans originated in 2017 was poor. The distribution to both LMI borrowers sampled was poor. Bank performance for low-income borrowers was significantly lower than the demographic comparator and below the aggregate peer data comparator. Bank performance for moderate-income borrowers was lower than both the demographic and aggregate peer data comparators. Management noted that LMI homebuyers were applying for FHA loan programs offered at competing banks rather than USDA loans, due to less restrictive rules on property condition. Home sellers in Vincennes are less willing to make property repairs to meet the program requirements.

### **Geographic Distribution of Loans**

Refer to Table O in appendix C for the facts and data used to evaluate the geographic distribution of the bank's loan originations and purchases.

FRSB's overall geographic distribution of home loans reflects reasonable dispersion among different income tracts in the IN Non-MSA AA.

We analyzed FRSB's home mortgage lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous lending gaps in the AA.

#### *Home Loans*

The overall geographic distribution of home mortgage loans in the AA is reasonable, primarily due to the findings from the 2016 analysis. We gave more weight to the 2016 analysis as the percentage of home loan originations was higher in 2016 compared to 2017 in the IN Non-MSA AA. In addition, moderate-income CTs represented a higher percentage of the AA in 2016 compared to 2017.

Our analysis considered that families residing in the moderate-income CTs that live below the poverty level totaled 21.1 percent in 2016 and 16.6 percent in 2017. In addition, availability of owner-occupied housing in the moderate-income CTs, where housing prices are more affordable, declined from 22.0 percent in 2016 to only 15.0 percent in 2017. Vincennes University is actively buying properties near campus to build a new student housing complex. Moderate-income CTs accounted for 40.0 percent of CTs in the AA in 2016 and 30.0 percent in 2017. There are no low-income CTs in the AA. The bank made five USDA Rural Development loans to borrowers located in the moderate-income CTs during the evaluation period.

FRSB's performance reflects reasonable dispersion within the moderate-income CTs in the 2016 analysis. Although significantly lower than the demographic comparator, the percentage of home loans made in the moderate-income CTs was near the comparator for aggregate peer data.

FRSB's performance reflects excellent dispersion within the moderate-income CTs in the 2017 analysis. The percentage of home loans made in the moderate-income CTs significantly exceeded both the demographic and aggregate peer data comparators.

## Responses to Complaints

FRSB has not received any complaints regarding its CRA performance during the evaluation period.

## COMMUNITY DEVELOPMENT TEST

FRSB's performance under the CD test is rated satisfactory in the IN Non-MSA AA. The bank demonstrated adequate responsiveness to the needs and opportunities of its AA. FRSB provided adequate responsiveness to AA needs primarily through CD loans and services. FRSB provided \$972,400 in CD loans, primarily responding to needs for economic development that created 16 jobs in the AA, revitalization and stabilization of LMI geographies, and affordable housing for LMI individuals. The bank also made \$12,072 in qualified investments/donations primarily focused on providing community services to LMI individuals in the AA. Eight organizations in the AA benefitted from community development services provided by two bank employees. These organizations primarily provide community services to LMI individuals and economic development. Total community development loans and qualified investments are \$984,472, representing 3.4 percent of tier 1 capital.

### Number and Amount of Community Development Loans

FRSB's level of community development loans provided adequate responsiveness to community credit needs in the IN Non-MDA AA. During the evaluation period, the bank originated four CD loans totaling \$972,400 (3.4 percent of tier 1 capital) in the AA. These loans resulted in economic development that created 16 jobs in the AA and promoted revitalization and stabilization of LMI geographies. In addition, the loans provided affordable housing for LMI individuals. These loans financed the purchase of two multi-family rental properties with 13 units that have rents below the AA median level.

During the evaluation period, FRSB originated two loans totaling \$570,000 to two small businesses that promoted economic development and created 16 jobs for LMI individuals in the AA. Both start-up businesses are located in moderate-income CTs.

The bank originated three loans totaling \$402,400 to two borrowers that provided affordable housing for LMI individuals. These loans helped the borrowers to purchase two apartment buildings that provided affordable housing in Vincennes, IN. Both apartment buildings are located in moderate-income CTs. A comparison of rents to median rents in the AA confirms that all of these properties primarily accommodate LMI families. These properties provided 13 units for affordable housing.

## Number and Amount of Qualified Investments

The level of qualified investments reflects poor responsiveness to community needs in the IN Non-MSA AA. During the evaluation period, FRSB made 13 qualified investments through grants/donations totaling \$12,072, and representing less than 0.1 percent of tier 1 capital.

The bank provided 13 grants/donations totaling \$12,072 to 12 organizations that provide community services to LMI individuals.

- \$9,202 to schools located in Knox County, where a majority of students in these school districts participate in the free (or reduced) lunch program, and other nonprofit organizations that provide scholarships and other educational opportunities for LMI individuals. This includes \$6,667 to the Midland Institute of Entrepreneurship, which sponsors the Knox County CEO Program. The CEO Program provides business leadership development training for high school students.
- The remaining funds were provided to nonprofit organizations primarily providing health care for LMI individuals.

## Extent to Which the Bank Provides Community Development Services

The extent to which FRSB provides CD services in the IN Non-MSA AA provides excellent responsiveness to community needs. The branch structure provides reasonable accessibility to banking services in moderate-income CTs. While situated in middle-income CTs, both branches in Vincennes, IN, are adjacent to moderate-income CTs in the AA. Review of loan originations shows the bank is reaching customers in these moderate-income CTs. The bank does not charge bank customers transaction fees at its five ATMs in this AA. The bank offers free basic checking with no minimum balance, free online/mobile banking, and free electronic bill pay. In addition, the bank offers a second chance “New Beginnings” debit card deposit account, for customers who have a low Chex Systems score due to account closures at other banks. While the bank does not maintain records showing how these alternative methods of delivery and free accounts increase access, these services generally help to increase access to financial services for all individuals, including LMI individuals.

Two employees provided 404 hours of financial technical assistance that benefited eight different organizations primarily focused on community services to LMI individuals and economic development. Both employees participated in these organizations in a leadership capacity, either as a board member and/or officer.

- Two individuals serve as board members and/or officers of six different nonprofit community service organizations that provide services to LMI individuals.
- Both individuals serve as board members and/or officers of two economic development organizations.

## **Responsiveness to Community Development Needs**

FRSB's CD activities, as a whole, demonstrate adequate responsiveness to community development needs in the IN Non-MSA AA. Community contacts identified the need for affordable housing, home improvement loans, and small business loans. The bank primarily responded to AA needs through CD loans and services. Combined CD loans and investments total \$984,472 and 3.4 percent of tier 1 capital. Two employees provided 404 hours of financial technical assistance that benefited eight different organizations primarily focused on community services to LMI individuals and economic development.

To support affordable housing needs, FRSB originated two loans totaling \$402,400 to two borrowers to purchase two apartment buildings. These properties provided 13 units for affordable housing to LMI families in the AA. The bank also offers alternative loan programs that include down payment assistance to LMI customers.

To support economic development, the bank originated two CD loans totaling \$570,000 in the AA that created 16 jobs for LMI individuals. These loans to two startup small businesses also helped to revitalize and stabilize LMI geographies. With 30.0 percent of AA CTs designated moderate income, there is a need for revitalization within the AA. In addition, two bank employees serve in leadership roles at two economic development organizations.

In addition, two bank employees serve in leadership roles at six nonprofit community service organizations that provide services to LMI individuals. The bank also made 13 donations totaling \$12,072 to organizations providing community services to LMI individuals. The poverty rate at 11.1 percent of families and significant number of LMI families at 37.7 percent of the population emphasizes the need for community services for LMI individuals.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

|   |  |                          |
|---|--|--------------------------|
| <b>Time Period Reviewed</b>                             | Lending Test (excludes CD loans): (11/24/15 to 12/31/17)<br>Investment and Service Tests and<br>CD Loans: (11/24/15 to 12/31/17) |                          |
| <b>Financial Institution</b>                            | <b>Products Reviewed</b>   |                          |
| First Robinson Savings Bank (FRSB)<br>Robinson, IL      | Home Loans   |                          |
| <b>Affiliate(s)</b>                                     | <b>Affiliate Relationship</b>  | <b>Products Reviewed</b> |
| <i>Not Applicable</i>                                   |  |                          |
| <b>List of Assessment Areas and Type of Examination</b> |  |                          |
| <b>Assessment Area</b>                                  | <b>Type of Exam</b>  | <b>Other Information</b> |
| Illinois Non-MSA AA                                     | Full-Scope   |                          |
| Indiana Non-MSA AA                                      | Full-Scope   |                          |

# Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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| RATINGS                                |                     | BANK NAME                         |                           |
|--|---------------------|-----------------------------------|---------------------------|
| Overall Bank:                          | Lending Test Rating | Community Development Test Rating | Overall Bank/State Rating |
| FIRST ROBINSON SAVINGS BANK N.A.       | Satisfactory        | Satisfactory                      | Satisfactory              |
| Multistate Metropolitan Area or State: |                     |                                   |                           |
| ILLINOIS                               | Satisfactory        | Satisfactory                      | Satisfactory              |
| INDIANA                                | Satisfactory        | Satisfactory                      | Satisfactory              |

## Appendix C: Community Profiles for Full-Scope Areas

### Illinois Non-MSA AA

| Table A – Demographic Information of the Assessment Area  |        |               |                              |                  |                 |               |
|---|--------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Illinois Non-MSA AA 2016   |        |               |                              |                  |                 |               |
| Demographic Characteristics   | #      | Low<br>% of # | Moderate<br>% of #           | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)   | 6      | 0.0           | 0.0                          | 83.3             | 16.7            | 0.0           |
| Population by Geography   | 19,817 | 0.0           | 0.0                          | 85.5             | 14.5            | 0.0           |
| Housing Units by Geography  | 8,733  | 0.0           | 0.0                          | 86.2             | 13.8            | 0.0           |
| Owner-Occupied Units by Geography   | 6,286  | 0.0           | 0.0                          | 83.5             | 16.5            | 0.0           |
| Occupied Rental Units by Geography  | 1,533  | 0.0           | 0.0                          | 94.4             | 5.6             | 0.0           |
| Vacant Units by Geography   | 914    | 0.0           | 0.0                          | 91.0             | 9.0             | 0.0           |
| Businesses by Geography   | 965    | 0.0           | 0.0                          | 88.5             | 11.5            | 0.0           |
| Farms by Geography  | 152    | 0.0           | 0.0                          | 69.7             | 30.3            | 0.0           |
| Family Distribution by Income Level   | 5,237  | 20.1          | 19.0                         | 23.0             | 37.9            | 0.0           |
| Household Distribution by Income Level  | 7,819  | 22.8          | 16.2                         | 22.8             | 38.2            | 0.0           |
| Updated Median Family Income Non-MSAs - IL  |        | \$58,000      | Median Housing Value         |                  |                 | \$69,868      |
|   |        |               | Median Gross Rent            |                  |                 | \$521         |
|   |        |               | Families Below Poverty Level |                  |                 | 11.1%         |
| <p><i>Source: 2010 U.S. Census and 2016 D&amp;B Data</i><br/> <i>Due to rounding, totals may not equal 100.0</i><br/>                     (*) The NA category consists of geographies that have not been assigned an income classification.</p> |        |               |                              |                  |                 |               |

| Table A – Demographic Information of the Assessment Area  |        |            |                              |               |              |            |
|---|--------|------------|------------------------------|---------------|--------------|------------|
| Assessment Area: Illinois Non-MSA 2017  |        |            |                              |               |              |            |
| Demographic Characteristics   | #      | Low % of # | Moderate % of #              | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts)   | 6      | 0.0        | 16.7                         | 50.0          | 33.3         | 0.0        |
| Population by Geography   | 19,541 | 0.0        | 15.5                         | 52.1          | 32.4         | 0.0        |
| Housing Units by Geography  | 8,643  | 0.0        | 18.8                         | 49.1          | 32.1         | 0.0        |
| Owner-Occupied Units by Geography   | 6,072  | 0.0        | 15.6                         | 47.7          | 36.7         | 0.0        |
| Occupied Rental Units by Geography  | 1,548  | 0.0        | 22.5                         | 57.2          | 20.3         | 0.0        |
| Vacant Units by Geography   | 1,023  | 0.0        | 31.8                         | 45.1          | 23.2         | 0.0        |
| Businesses by Geography   | 927    | 0.0        | 21.1                         | 50.1          | 28.8         | 0.0        |
| Farms by Geography  | 151    | 0.0        | 0.7                          | 45.7          | 53.6         | 0.0        |
| Family Distribution by Income Level   | 5,047  | 17.4       | 18.1                         | 19.7          | 44.8         | 0.0        |
| Household Distribution by Income Level  | 7,620  | 22.4       | 15.2                         | 18.5          | 43.9         | 0.0        |
| Updated Median Family Income Non-MSAs – IL  |        | \$60,400   | Median Housing Value         |               |              | \$82,529   |
|   |        |            | Median Gross Rent            |               |              | \$558      |
|   |        |            | Families Below Poverty Level |               |              | 8.6%       |
| <i>Source: 2010 U.S. Census &amp; 2015 ACS Census and 2017 D&amp;B Data</i><br><i>Due to rounding, totals may not equal 100.0</i><br><i>(*) The NA category consists of geographies that have not been assigned an income classification.</i> |        |            |                              |               |              |            |

The IL Non-MSA AA consists of Crawford County in IL. It is located in South East IL and borders the IN state line. This county is not located within an MSA. The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies. There were no low- or moderate income CTs in 2016 and one moderate-income CT in 2017 in the AA. The branch in Robinson is located in the moderate-income CT.

The 2015 ACS changed the income designations of two CTs in the AA for 2017. Between 2016 and 2017, CT #8802 in Crawford County was changed to upper-income from middle-income and CT #8804 was changed to moderate-income from middle-income.

Competition in the AA comes from seven FDIC-insured depository institutions, one credit union, and one mortgage company. As of June 30, 2017, FRSB's deposits in the AA totaled \$175.4 million, which is 39.8 percent of the market. The bank's deposit market share ranks first out of seven FDIC-insured depository institutions, per the June 2017 FDIC deposit market share data. The top three depository institutions account for 77.3 percent of total deposits in the AA. The depository institutions with the second and third highest deposit market share are First National Bank in Olney and First Financial Bank N.A.

### Employment and Economic Factors

According to the Bureau of Labor Statistics, unemployment in Crawford County was 4.9 percent in December 2017. During the evaluation period, unemployment in the AA peaked at 7.3 percent in January 2017. The state and national unemployment rates are 4.7 percent and 4.1 percent, respectively, in December 2017. Similarly, state and national unemployment rates have fallen from 6.7 percent and 5.0 percent, respectively, for the same period.

The percentage of families in the AAs living below the poverty level is 8.6 percent. Families residing in the moderate-income CTs that live below the poverty level total 12.8 percent. Moderate-income geographies account for 16.7 percent of the CTs in the AA based on the 2015 ACS U.S. Census.

Industries driving the local economy include agriculture, manufacturing, healthcare, and accommodation/food service. The largest employers in Crawford County are Marathon Petroleum Corp., Hershey Company, Crawford Memorial Hospital, and local school districts/community college. Businesses in the AA are 76.4 percent small businesses with gross annual revenues of \$1 million or less, 6.2 percent businesses with gross annual revenues over \$1 million, and 17.4 percent where businesses did not report revenue information. Businesses located in the moderate-income CTs total 20.6 percent (425 businesses) of total businesses in the AA.

### Housing

Only 18.8 percent (1,622 units) of total housing units are in the moderate-income CT. According to the 2015 ACS U.S. Census, housing units in the moderate-income CT were 58.5 percent owner-occupied (949 units), 21.5 percent rentals (348 units), and 20.0 percent vacant (325 units). The median monthly gross rent in the AA was \$558. The median age of housing units in the moderate-income CTs is 61 years.

### Community Contact

We performed one community contact with an affordable housing organization, and reviewed a recent community contact with an economic development organization in the AA. Identified credit needs include affordable housing for LMI individuals and families, down payment and closing cost assistance programs, home ownership education and credit counseling services, and support for organizations developing affordable housing. He also commented that rising property taxes and the age and condition of the housing inventory requiring costly repairs can be prohibitive for potential LMI homebuyers. Other identified credit needs include small business loans, as well as reliable broadband access.

**Indiana Non-MSA AA**

| <b>Table A – Demographic Information of the Assessment Area</b>  |          |                       |                              |                          |                         |                       |
|--|----------|-----------------------|------------------------------|--------------------------|-------------------------|-----------------------|
| <b>Assessment Area: Robinson Indiana Non-MSA 2016</b>  |          |                       |                              |                          |                         |                       |
| <b>Demographic Characteristics</b>   | <b>#</b> | <b>Low<br/>% of #</b> | <b>Moderate<br/>% of #</b>   | <b>Middle<br/>% of #</b> | <b>Upper<br/>% of #</b> | <b>NA*<br/>% of #</b> |
| Geographies (Census Tracts)  | 10       | 0.0                   | 40.0                         | 60.0                     | 0.0                     | 0.0                   |
| Population by Geography  | 38,440   | 0.0                   | 32.6                         | 67.4                     | 0.0                     | 0.0                   |
| Housing Units by Geography   | 17,150   | 0.0                   | 31.7                         | 68.3                     | 0.0                     | 0.0                   |
| Owner-Occupied Units by Geography  | 10,365   | 0.0                   | 22.0                         | 78.0                     | 0.0                     | 0.0                   |
| Occupied Rental Units by Geography   | 4,491    | 0.0                   | 44.0                         | 56.0                     | 0.0                     | 0.0                   |
| Vacant Units by Geography  | 2,294    | 0.0                   | 51.1                         | 48.9                     | 0.0                     | 0.0                   |
| Businesses by Geography  | 2,149    | 0.0                   | 34.8                         | 65.2                     | 0.0                     | 0.0                   |
| Farms by Geography   | 257      | 0.0                   | 4.7                          | 95.3                     | 0.0                     | 0.0                   |
| Family Distribution by Income Level  | 9,702    | 22.1                  | 18.5                         | 22.5                     | 36.8                    | 0.0                   |
| Household Distribution by Income Level   | 14,856   | 29.8                  | 15.4                         | 17.9                     | 36.9                    | 0.0                   |
| Median Family Income Non-MSAs - IN   |          | \$53,037              | Median Housing Value         |                          |                         | \$86,175              |
|  |          |                       | Median Gross Rent            |                          |                         | \$530                 |
|  |          |                       | Families Below Poverty Level |                          |                         | 12.6%                 |
| <p><i>Source: 2010 U.S. Census and 2016 D&amp;B Data</i><br/> <i>Due to rounding, totals may not equal 100.0</i><br/> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i></p> |          |                       |                              |                          |                         |                       |

**Table A – Demographic Information of the Assessment Area****Assessment Area: Indiana Non-MSA 2017**

| <b>Demographic Characteristics</b>     | <b>#</b> | <b>Low<br/>% of #</b> | <b>Moderate<br/>% of #</b>   | <b>Middle<br/>% of #</b> | <b>Upper<br/>% of #</b> | <b>NA*<br/>% of #</b> |
|--|----------|-----------------------|------------------------------|--------------------------|-------------------------|-----------------------|
| Geographies (Census Tracts)            | 10       | 0.0                   | 30.0                         | 40.0                     | 30.0                    | 0.0                   |
| Population by Geography                | 38,062   | 0.0                   | 23.0                         | 48.0                     | 29.0                    | 0.0                   |
| Housing Units by Geography             | 16,997   | 0.0                   | 22.8                         | 47.4                     | 29.7                    | 0.0                   |
| Owner-Occupied Units by Geography      | 9,755    | 0.0                   | 15.0                         | 50.3                     | 34.7                    | 0.0                   |
| Occupied Rental Units by Geography     | 5,024    | 0.0                   | 35.9                         | 45.0                     | 19.0                    | 0.0                   |
| Vacant Units by Geography              | 2,218    | 0.0                   | 27.5                         | 40.2                     | 32.2                    | 0.0                   |
| Businesses by Geography                | 2,103    | 0.0                   | 28.7                         | 47.3                     | 24.1                    | 0.0                   |
| Farms by Geography                     | 283      | 0.0                   | 2.8                          | 56.5                     | 40.6                    | 0.0                   |
| Family Distribution by Income Level    | 9,362    | 19.2                  | 18.5                         | 22.0                     | 40.3                    | 0.0                   |
| Household Distribution by Income Level | 14,779   | 26.1                  | 17.7                         | 17.0                     | 39.2                    | 0.0                   |
| Median Family Income Non-MSAs - IN     |          | \$55,741              | Median Housing Value         |                          |                         | \$90,864              |
|  |          |                       | Median Gross Rent            |                          |                         | \$628                 |
|  |          |                       | Families Below Poverty Level |                          |                         | 11.1%                 |

Source: 2010 U.S. Census & 2015 ACS Census and 2017 D&B Data

Due to rounding, totals may not equal 100.0

(\*) The NA category consists of geographies that have not been assigned an income classification.

The IN Non-MSA AA consists of Knox County in Indiana. Knox County is located in southwestern Indiana, approximately 58 miles southwest of Terre Haute, and bordering the State of Illinois. The county is not located within an MSA. The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies. There are no low-income CTs. In 2016 there were four moderate-income CTs, and in 2017 there were three moderate-income CTs in the AA.

The 2015 changed the income designations of four CTs in the AA for 2017. Between 2016 and 2017, CT #9550 in Knox County was changed to middle-income from moderate-income and CTs #9511, #9557, and #9558 were changed to upper-income from middle-income.

Competition in the AA comes from nine FDIC-insured depository institutions, three credit unions, and three mortgage companies. As of June 30, 2017, FRSB's deposits in the AA totaled \$77.7 million, which is 10.9 percent of the market. The bank's deposit market share ranks fourth out of nine FDIC-insured depository institutions, per the June 2017 FDIC deposit market share data. The top three depository institutions account for 69.2 percent of total deposits in the AA. The three depository institutions with highest deposit market share are German American Bancorp, Old National Bank, and Regions Bank.

### Employment and Economic Factors

According to the Bureau of Labor Statistics, unemployment in Knox County was 2.8 percent in December 2017. During the evaluation period, unemployment in the AA peaked at 5.0 percent in February 2016. The state and national unemployment rates are 3.1 percent and 4.1 percent, respectively, in December 2017. Similarly, state and national unemployment rates have fallen from 5.1 percent and 5.0 percent, respectively, for the same period.

The percentage of families in the AAs living below the poverty level is 11.1 percent. Families residing in the moderate-income CTs that live below the poverty level total 16.6 percent. Moderate-income geographies account for 30.0 percent of the CTs in the AA based on the 2015 ACS U.S. Census.

Industries driving the local economy include agriculture, healthcare, manufacturing, and retail. The largest employers in Knox County are Good Samaritan Hospital, Vincennes University, Futaba Indiana of America, and Sunrise Coal. Businesses in the AA are 76.9 percent small businesses with gross annual revenues of \$1 million or less, 6.3 percent businesses with gross annual revenues over \$1 million, and 16.8 percent where businesses did not report revenue information. Businesses located in the moderate-income CTs total 28.7 percent (603 businesses) of total businesses in the AA.

### Housing

Only 22.8 percent (3,878 units) of total housing units are in the moderate-income CTs. According to the 2015 ACS U.S. Census, housing units in the moderate-income CTs were 37.7 percent owner-occupied (1,463 units), 46.5 percent rentals (1,804 units), and 15.8 percent vacant (611 units). The median monthly gross rent in the AA was \$628, and \$587 in the moderate-income CTs. The median age of housing units in the moderate-income CTs is 73 years.

### Community Contact

We performed one community contact with an economic development organization, and reviewed another recent community contact with an affordable housing organization in the AA. Identified credit needs include affordable housing for LMI individuals and families, including small dollar loans for home repairs and improvements. Other credit needs include small business loans, including micro loans, gap financing, and government guaranteed loan programs. This includes support for organizations that provide revolving loan funds and workforce training and development, as well as reliable broadband access.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) "aggregate" is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the AA. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

The following is a listing and brief description of the tables included in each set:

**Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

**Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents aggregate peer data for the years the data is available.

**Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** **2016**

| Assessment Area: | Total Home Mortgage Loans |       |            |                | Low-Income Tracts                 |              |           | Moderate-Income Tracts            |              |           | Middle-Income Tracts              |              |           | Upper-Income Tracts               |              |           | Not Available-Income Tracts       |              |           |
|------------------|---------------------------|-------|------------|----------------|-----------------------------------|--------------|-----------|-----------------------------------|--------------|-----------|-----------------------------------|--------------|-----------|-----------------------------------|--------------|-----------|-----------------------------------|--------------|-----------|
|                  | #                         | \$    | % of Total | Overall Market | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate |
| Illinois Non MSA | 30                        | 3,043 | --         | 154            | 0.0                               | NA           | 0.0       | 0.0                               | NA           | 0.0       | 83.5                              | 100          | 85.7      | 16.5                              | 0.0          | 14.3      | 0.0                               | 0.0          | 0.0       |
| Indiana Non MSA  | 20                        | 1,942 | --         | 811            | 0.0                               | NA           | 0.0       | 22.0                              | 15.0         | 17.6      | 78.0                              | 85.0         | 82.4      | 0.0                               | 0.0          | 0.0       | 0.0                               | 0.0          | 0.0       |

Source: 2010 U.S. Census; Sample of 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data  
 Due to rounding, totals may not equal 100.0.

**Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** **2017**

| Assessment Area: | Total Home Mortgage Loans |       |            |                | Low-Income Tracts                 |              |           | Moderate-Income Tracts            |              |           | Middle-Income Tracts              |              |           | Upper-Income Tracts               |              |           | Not Available-Income Tracts       |              |           |
|------------------|---------------------------|-------|------------|----------------|-----------------------------------|--------------|-----------|-----------------------------------|--------------|-----------|-----------------------------------|--------------|-----------|-----------------------------------|--------------|-----------|-----------------------------------|--------------|-----------|
|                  | #                         | \$    | % of Total | Overall Market | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate |
| Illinois Non MSA | 20                        | 1,889 | --         | 146            | 0.0                               | NA           | 0.0       | 15.6                              | 25.0         | 20.5      | 47.7                              | 50.0         | 45.2      | 36.7                              | 25.0         | 34.2      | 0.0                               | 0.0          | 0.0       |
| Indiana Non MSA  | 40                        | 4,729 | --         | 725            | 0.0                               | NA           | 0.0       | 15.0                              | 22.5         | 17.5      | 50.3                              | 60.0         | 47.3      | 34.7                              | 17.5         | 35.2      | 0.0                               | 0            | 0.0       |

Source: 2015 ACS Census; Sample of 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Peer Data,  
 Due to rounding, totals may not equal 100.0

**Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2016**

| Assessment Area: | Total Home Mortgage Loans |       |            |                | Low-Income Borrowers |              |           | Moderate-Income Borrowers |              |           | Middle-Income Borrowers |              |           | Upper-Income Borrowers |              |           | Not Available-Income Borrowers |              |           |
|------------------|---------------------------|-------|------------|----------------|----------------------|--------------|-----------|---------------------------|--------------|-----------|-------------------------|--------------|-----------|------------------------|--------------|-----------|--------------------------------|--------------|-----------|
|                  | #                         | \$    | % of Total | Overall Market | % Families           | % Bank Loans | Aggregate | % Families                | % Bank Loans | Aggregate | % Families              | % Bank Loans | Aggregate | % Families             | % Bank Loans | Aggregate | % Families                     | % Bank Loans | Aggregate |
| Illinois Non MSA | 30                        | 3,043 | --         | 154            | 20.1                 | 10.0         | 9.7       | 19.0                      | 16.7         | 18.8      | 23.0                    | 10.0         | 26.6      | 37.9                   | 63.3         | 33.8      | 0.0                            | 0.0          | 11.0      |
| Indiana Non MSA  | 20                        | 1,942 | --         | 811            | 22.1                 | 20.0         | 7.6       | 18.5                      | 35.0         | 19.0      | 22.5                    | 5.0          | 24.2      | 36.8                   | 40.0         | 33.7      | 0.0                            | --           | 15.5      |

Source: 2010 U.S. Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data.  
Due to rounding, totals may not equal 100.0

**Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2017**

| Assessment Area: | Total Home Mortgage Loans |       |            |                | Low-Income Borrowers |              |           | Moderate-Income Borrowers |              |           | Middle-Income Borrowers |              |           | Upper-Income Borrowers |              |           | Not Available-Income Borrowers |              |           |
|------------------|---------------------------|-------|------------|----------------|----------------------|--------------|-----------|---------------------------|--------------|-----------|-------------------------|--------------|-----------|------------------------|--------------|-----------|--------------------------------|--------------|-----------|
|                  | #                         | \$    | % of Total | Overall Market | % Families           | % Bank Loans | Aggregate | % Families                | % Bank Loans | Aggregate | % Families              | % Bank Loans | Aggregate | % Families             | % Bank Loans | Aggregate | % Families                     | % Bank Loans | Aggregate |
| Illinois Non MSA | 20                        | 3,692 | --         | 146            | 17.4                 | 10.0         | 11.0      | 18.1                      | 25.0         | 21.2      | 19.7                    | 10.0         | 21.2      | 44.8                   | 55.0         | 31.5      | 0.0                            | 0.0          | 15.1      |
| Indiana Non MSA  | 40                        | 4,729 | --         | 725            | 19.2                 | 7.5          | 11.0      | 18.5                      | 15.0         | 19.3      | 22.0                    | 15.0         | 22.3      | 40.3                   | 62.5         | 29.9      | 0.0                            | 0.0          | 17.4      |

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data.  
Due to rounding, totals may not equal 100.0