



Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

February 10, 1998

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

**The Dulaney National Bank of Marshall  
Charter #4759**

**415 Archer Street  
Marshall, Illinois 62441**

**Office of the Comptroller of the Currency  
Indianapolis Field Office  
8777 Purdue Road, Suite 105  
Indianapolis, Indiana 46268**

**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 CRA performance of **The Dulaney National Bank of Marshall** prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of February 10, 1998. Our assessment of the bank's performance covers the period since January 14, 1994. The rating received at that time was "Satisfactory Record of Meeting Community Credit Needs". 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**".

This rating is based on the bank's loan-to-deposit ratio, which is reasonable given the assessment area credit needs. A majority of loans were originated within the bank's assessment area during the sampled period of January 1, 1997 to December 31, 1997. Additionally, the distribution of loans reflects a reasonable penetration among individuals of different income levels and to businesses and farms of different sizes.

## DESCRIPTION OF INSTITUTION

The Dulaney National Bank of Marshall (DNB) is a \$42 million bank in Marshall, Illinois, which is located in Clark County. This institution is owned by Dulaney Bancorp, Inc. The bank offers one ATM for customer service and convenience, along with a drive-up teller window facility in downtown Marshall. Marshall is located on Interstate 70, approximately 50 miles northeast of Effingham, Illinois and 20 miles southwest of Terre Haute, Indiana.

This institution serves the needs of the community by offering a variety of loan products. These loan products include commercial and agricultural loans (operating, equipment, and real estate), residential loans (construction, purchase, refinance, and home improvement), and consumer instalment loans (new and used autos and trucks, debt consolidation, and unsecured). The table below shows the changes in the composition and growth of the loan portfolio from December 31, 1993 to September 30, 1997.

<b>DNB LOAN PORTFOLIO MIX</b>					
	<i>December 31, 1993</i>		<i>September 30, 1997</i>		
<i>Loan Category</i>	<i>\$000's</i>	<i>% Loans</i>	<i>\$000's</i>	<i>% Loans</i>	<i>Dollar Loan Growth</i>
Residential Real Estate	\$ 5,975	43%	\$11,249	59%	+ 92%
Commercial	\$ 3,443	25%	\$ 2,555	13%	- 26%
Consumer Instalment	\$ 1,704	13%	\$ 2,899	15%	+ 70%
Agricultural	\$ 2,671	19%	\$ 2,514	13%	- 6%
Total Gross Loans	\$13,793	100%	\$19,217	100%	+ 39%

Source: Call report data submitted for quarter end December 31, 1993 and September 30, 1997.

The bank has no financial or legal impediments which restrict meeting the credit needs of its local community.

## DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is Clark County, population 15,921, and consists of four Block Numbering Areas (BNAs). The assessment area conforms to the regulation and does not arbitrarily exclude low- or moderate-income areas. Based on 1990 census data, all four BNAs are designated as middle-income areas. The following demographic information for Clark County is based on 1990 census data

Housing Stock: 84% of the housing units are 1-4 family.  
 Occupancy: 70% owner occupied, 20% renter occupied and 10% vacant.  
 Home Values: Median home value is \$34,252.  
 Age of Homes: Median year of homes built is 1956.  
 Income: Median family income is \$28,469.  
 Income Levels: 24% of families are considered low-income, 15% moderate-income, 21% middle-income, 40% upper-income.

The local economy is stable and driven by agriculture. Many residents commute to Terre Haute, Indiana, where they hold service and industrial jobs. The largest employer in Clark County is TRW Electronics, Inc. Unemployment is in line with state and national averages.

The First National Bank of Marshall, Casey National Bank, and branches of First Bank & Trust, and AmBank are the only other banks that have a presence in Clark County. Other competition stems from financial institutions in Paris, Illinois and Terre Haute, Indiana.

One community contact was performed by the Office of the Comptroller of the Currency with the local housing authority in February 1998. Small dollar consumer loans and affordable deposit accounts were identified as the community banking needs.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

DNB's lending trends have not changed significantly during the evaluation period. Lending activity for 1997 is shown on the following table:

<b>TOTAL 1997 LOAN ORIGINATIONS</b>							
<i>Residential Real Estate</i>		<i>Commercial</i>		<i>Consumer Installment</i>		<i>Agricultural</i>	
#	\$	#	\$	#	\$	#	\$
52	\$3,052,100	259	\$3,875,600	160	\$935,700	61	\$1,199,000

Source: DNB board reports.

Our analysis of the bank's performance was based on a sample of the 1997 loans originated from January 1, 1997 through December 31, 1997.

**LOAN-TO-DEPOSIT RATIO**

DNB's loan-to-deposit ratio is reasonable based on the institution's size and the assessment area's credit needs. The bank's net loan-to-deposit ratio increased from 39% on December 31, 1993 to 57% on December 31, 1997, and averaged 47% during this period. DNB's ratio is lower than the 64% average net loan-to-deposit ratio of the four competing banks in Clark and Edgar Counties. DNB's average ratio is comparable to the bank's closest competition, First National Bank of Marshall, whose average net loan-to-deposit ratio was 49% during the same period.

The other banks used in this comparison are Casey National Bank, Citizens National Bank of Paris, and Edgar County Bank & Trust. Total assets of the four competing banks range from \$42 million to \$143 million.

One factor mitigating DNB’s lower net loan-to-deposit ratio compared to the competition is the increasing trend. Also, the difference between DNB’s ratio and its competition can be attributed to DNB’s close proximity to and the competitive pressure from banks in Terre Haute, Indiana. It is likely that residents of Clark County, who work in Terre Haute, select bank services near their employer for convenience.

**LENDING IN ASSESSMENT AREA**

DNB reasonably provides credit within its assessment area. Our analysis revealed that 88% of the number, and 53% of the dollar amount of loans were made within the bank’s assessment area. The disparity between the high number and lower dollar amounts of loans is attributed to the local area’s low commercial loan demand, which translates into smaller dollar loan originations inside the assessment area.

The following table shows the dollar amount and number of loans from our sample that fall within and outside the assessment area:

<b>DNB LOAN PENETRATION</b>				
<i>Type of Loan</i>	<i>Within Assessment Area</i>		<i>Outside Assessment Area</i>	
Residential Real Estate	\$1,252,500	79%	\$332,725	21%
	30	94%	2	6%
Commercial Loans	\$492,158	25%	\$1,473,602	75%
	11	69%	5	31%
Consumer Loans	\$135,158	83%	\$27,406	17%
	19	91%	2	10%
Agricultural Loans	\$170,400	97%	\$5,000	3%
	12	92%	1	8%
Total of Sample	\$2,050,216	53%	\$1,838,733	47%
	72	88%	10	12%

**LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES:**

The bank satisfactorily extends credit to consumers of all income levels, and satisfactorily extends credit to the smaller-sized commercial and agricultural borrowers within its assessment area. Forty percent of the population of Clark County are considered to have income within the low- and moderate-income ranges. Income levels are based on the 1997 nonmetropolitan median family income for Illinois, which is \$36,700.

The following tables show that DNB originates loans to individuals of different income levels commensurate with the area’s income characteristics. Based on the sample, 34% of the number of residential real estate loans and 63% of the number of instalment loans were made to low- and moderate-income borrowers.

<b>RESIDENTIAL MORTGAGE LOANS</b>					
<i>Income Level</i>	<i># of Loans</i>	<i>%</i>	<i>\$ of Loans</i>	<i>%</i>	<i>% of Families in Each Category</i>
Low - Income Less than 50% of Median	4	15%	\$114,800	10%	19%
Moderate - Income 50% - 79% of Median	5	19%	\$113,600	10%	21%
Middle - Income 80%-119% of Median	9	33%	\$341,800	30%	25%
Upper - Income 120% or more of Median	9	33%	\$577,300	50%	35%
Totals	27	100%	\$1,147,500	100%	100%

Source: This table is based on the 30 residential real estate loans from the sample that were made in the bank’s assessment area. Three of the sampled real estate loan files did not disclose income information and were not included in our analysis.

<b>INSTALMENT LOANS</b>					
<i>Income Level</i>	<i># of Loans</i>	<i>%</i>	<i>\$ of Loans</i>	<i>%</i>	<i>% of Families in Each Category</i>
Low - Income Less than 50% of Median	7	37%	\$22,082	16%	19%
Moderate - Income 50% - 79% of Median	5	26%	\$60,205	45%	21%
Middle - Income 80%-119% of Median	4	21%	\$16,547	12%	25%
Upper - Income 120% or more of Median	3	16%	\$36,324	27%	35%
Totals	19	100%	\$135,158	100%	100%

Source: This table is based on the 19 consumer instalment loans from the sample that were made in the bank's assessment area.

The following table shows the distribution of loans extended to commercial and agricultural borrowers of different sizes within the assessment area. Based on our sample, a substantial majority (87%) of the number of loans, and 38% of the dollars of loans, were extended to small businesses with gross revenue below \$1 million and farms with gross revenue below \$500,000.

<b>COMMERCIAL AND AGRICULTURAL LOANS</b>				
<i>Gross Revenues</i>	<i># of Loans</i>	<i>%</i>	<i>\$ of Loans</i>	<i>%</i>
Less than \$100,000	14	61%	\$130,950	20%
\$100,000 - 250,000	4	18%	\$54,000	8%
\$250,000 - 500,000	1	4%	\$14,008	2%
\$500,000 - 1,000,000	1	4%	\$54,000	8%
More than \$1,000,000	3	13%	\$409,600	62%
Totals	23	100%	\$662,558	100%

Source: This table is based on the 23 commercial and agricultural loans from the sample that were made to businesses and farmers located inside the bank's assessment area.

## **GEOGRAPHIC DISTRIBUTION OF LOANS**

A review of the geographic distribution of loans was not conducted because all four BNAs are designated as middle-income areas.

## **COMPLIANCE WITH FAIR LENDING LAWS**

The Dulaney National Bank of Marshall is in compliance with the substantive provisions of the antidiscrimination laws and regulations. There is no evidence of practices to discourage individuals from applying for credit. Credit applications are solicited from all segments of its assessment area. DNB received no complaints from the public regarding its CRA performance.