



PUBLIC DISCLOSURE

April 29, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Dieterich
Charter Number 9582

101 South Main, Dieterich, IL 62424

Office of the Comptroller of the Currency

Harris Center - 3001 Research Road, Suite E-2, Champaign, IL 61822-1089

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated Satisfactory.

The Community Development Test is rated Satisfactory.

- The First National Bank of Dieterich's (FNBD) loan-to-deposit ratio is reasonable and a majority of their primary products are originated within assessment areas (AA).
- FNBD's borrower and geographical distributions are reasonable.
- FNBD had adequate responsiveness to community needs primarily through community development loans and ensuring that financial services are available to low- and moderate-income geographies and individuals.

Scope of Examination

We evaluated FNBD under the Intermediate Small Bank examination procedures, which evaluate the bank's record of meeting the credit needs of its AAs through lending activities and community development activities. We previously utilized the Small Bank examination procedures for FNBD CRA examinations. Due to growth, the bank met the Intermediate Small Bank definition, as of January 1, 2012. The evaluation period for this review is from May 5, 2010, to April 29, 2013. Based on both the number and dollar volume of loan origination data supplied by the bank, FNBD's primary lending products are residential home mortgages and business loans. As the bank's business strategy and lending products have not significantly changed since the prior examination, the lending test utilized data from January 1, 2011, to March 31, 2013. The community development test utilized information for the entire evaluation period.

We reviewed two samples of primarily loan products for the Non-MSA AAs. We compared lending data for the year 2011 with demographic data from the 2000 U.S. Census. We compared lending data for 2012 and year-to-date 2013 with demographic data from 2010 U.S. Census. As the St. Louis MSA AA was an addition in 2012, the lending sample for this AA only contains loans originated in 2012 and 2013. We utilized the 2010 U.S. Census data as the comparator for the St. Louis MSA AA sample.

FNBD has three AAs: Effingham/Jasper Counties AA, Randolph County AA, and St. Louis MSA AA. The bank added the last two AAs in January 2012, with the purchase of The First State Bank of Red Bud. We combined the Effingham/Jasper Counties AA and Randolph County AAs for analysis purposes. This is acceptable, as these two AAs are non-MSA counties in the State of Illinois and referred to in this examination as Non-MSA AAs. We placed more reliance on the Non-MSA AAs findings throughout this examination. A substantial majority of the branches, deposits, and loans are within the Non-MSA AAs.

Description of Institution

FNBD is a \$534 million intrastate financial institution headquartered in Dieterich, Illinois. Dieterich is located in eastern Effingham County, approximately 14 miles southeast of Effingham, Illinois. The bank is a wholly owned subsidiary of Prime Banc Corporation, a one-bank holding company located in Dieterich, Illinois.

The bank is a full-service banking institution and operates seven banking offices in Dieterich, Effingham, Newton, Red Bud, and Belleville, Illinois. The institution's locations in Red Bud and Belleville resulted from the merger with The First State Bank of Red Bud in January 2012. The merger with The First State Bank of Red Bud contributed \$95 million in assets. The bank has not closed any branches during the evaluation period.

The institution has automated teller machines (ATMs) at ten locations, including at all branches, with exception of the main bank in Dieterich. Additional ATMs are located at the Effingham County Courthouse, Steven's Industries in Teutopolis, Meyer Gas Station on Route 32 near Lake Sara, and along Route 33 in Dieterich. The bank offers conventional mortgage products, consumer, commercial real estate, and commercial business and agricultural loans. In addition, the institution offers a full line of deposit products including savings accounts, certificates of deposit, money market, NOW accounts, and individual retirement account (IRAs). Furthermore, the bank also offers Internet, mobile, and telephone banking.

As of March 31, 2013, the institution's gross loan portfolio totaled \$281 million, or 52 percent of total assets. Tier 1 capital is \$47 million. The following table represents the loan portfolio mix:

Loan Portfolio Summary by Loan Product	
Loan Category	% of Outstanding Dollars
Business Loans	61.33%
Home Loans	22.12%
Farm Loans	12.47%
Consumer Loans	3.76%
Other Loans & Leases	0.32%

Source: March 31, 2013 Uniform Bank Performance Report (UBPR)

There are no known impediments limiting FNBD's ability to help meet the credit needs of its local community, including those of low- and moderate-income families and neighborhoods. The bank's business strategy during evaluation period has been growth and expansion, while maintaining quality customer service and community banking appeal. At its previous CRA examination dated May 4, 2010, the bank received a rating of "Satisfactory".

Description of Assessment Area(S)

FNBD currently has three assessment areas in Illinois: Effingham/Jasper Counties, Randolph County, and portions of the St. Louis MSA. We combined the Effingham/Jasper Counties and Randolph County AAs for analysis purpose and referred to the combination as Non-MSA AAs.

Non-MSA AAs

These AAs include the counties of Effingham, Jasper, and Randolph. These AAs meet the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. Both Effingham and Jasper counties had middle-income census tracts designated at distressed areas on the 2010 and 2011 lists, due to population loss. The bank can continue to receive credit for qualified community development activities until June 1, 2013; one year after the 2012 list became effective.

Based upon the 2010 U.S. Census, 16 of the 20 census tracts included in the AA are middle-income tracts, three tracts in Effingham County are upper- income tracts and the remaining tract is a moderate-income tract in Jasper County. There are 830 owner-occupied housing units and 333 businesses in the moderate-income census tract.

The 2000 U.S. Census designated 18 tracts as middle-income and two tracts in Effingham County as upper-income.

Population of the AAs in 2010 was 77,416, which is a decline of 858 since 2000. Eighty-five percent of the housing stock is 1-4 family units and 72 percent is owner-occupied housing. Here is a summary of some demographic information for this AA:

Demographic Information for the AA					
	#	% Low	% Moderate	% Middle	% Upper
Families by Income Level (2000)	20,427	16%	19%	25%	40%
Families by Income Level (2010)	20,260	18%	18%	26%	38%
HUD – Adjusted Median Family Income (MFI):2011		\$56,600	Median Housing Value (2010)		\$97,299
HUD- Adjusted MFI: 2012		\$57,400	Families Below the Poverty (2010)		7.25%
HUD- Adjusted MFI: 2013		Not Available Yet	Unemployment Rate (avg. of 3 counties)		6.7%

Source: 2010 and 2000 U.S. Census Data; Unemployment Information is from the Department of Labor as of April 2013; Adjusted MFI is from HUD. (MFI used is for statewide non-MSA areas.)

The current economy in the AA is stable, although Effingham County has experienced some recent growth. Industries driving the local economy include agriculture, service, and manufacturing. All three counties have unemployment rates lower than state and national averages. Some of the larger employers in Effingham County include St. Anthony's Memorial Hospital, Quad Graphics, Sherwin Williams, Patterson Dental Supply, Inc., and Midland States Bank Corp. In Jasper County, large employers include GSI Group, Jasper County Community Unit School District #1, Ameren Energy Generating Company, and Total Printing Systems. In Randolph County, local hospitals (Red Bud Regional Hospital, Sparta Community Hospital, and Chester Hospital) are the major employers. Based upon 2012 business geodemographic data, seventy-two percent of businesses located in these AAs are small businesses based on revenue size.

Competition from other financial institutions is moderate. The bank's competitors include twenty-two other banks with at least one location within the AAs. FNBD has the largest deposit market share with 18 percent of the area's deposits.

In conducting this examination, we performed one community contact and reviewed two other contacts made in the AAs during this evaluation period. All three were community action agencies. Each covers an area including one of the three counties. Community credit needs include small business loans and smaller dollar consumer loans that amortize over three to six months. Other community-identified needs included foreclosure and homeownership counseling, financial literacy, participation in the Hardest Hit program, job training for low- and moderate-income individuals, funding of loan pools for small businesses creating jobs, and in-kind grants to community service organizations.

St. Louis MSA AA

This AA includes two counties within the St. Louis MSA (#41180). These two counties are St. Clair and Monroe. It is appropriate that the AA does not include the entire MSA. The MSA is actually a multi-state MSA, and FNBD only has one branch in the MSA, in St. Clair County, Illinois. It meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. The information for this AA is based on 2010 U.S. Census data. The bank did not have this AA prior to 2012.

Fifteen of the 66 census tracts are low-income, 10 are moderate-income, 25 are middle income, and 16 are upper-income. The low-income tracts are primarily located in East St. Louis and are not near the bank's branch. However, five of the moderate-income tracts are located within three miles from the branch in Southern Belleville.

Population of the AA was 303,013. Eighty-nine percent of the housing stock is 1-4 family units and 62 percent is owner-occupied housing. Here is a summary of some demographic information for this AA:

Demographic Information for the AA					
	#	% Low	% Moderate	% Middle	% Upper
Families by Income Level	78,491	19%	18%	25%	38%
HUD – Adjusted Median Family Income (MFI):2012		\$70,400	Median Housing Value		\$132,685
HUD- Adjusted MFI: 2013		Not Available Yet	Families Below the Poverty		11.22%
			Unemployment Rate (weighted avg. of 2 counties)		7.7%

Source: 2010 U.S. Census Data; Unemployment Information is from the Department of Labor as of April 2013; Adjusted MFI is from HUD. (MFI used is for statewide non-MSA areas.)

The current economy in the AA is growing in Monroe County and stable in St. Clair. Businesses driving the local economy include transportation, industrial, service, and retail. The major employer in the AA is Scott Air Force Base, which employs 13,000 individuals (both military and civilian). Other large employers in the AA include Memorial Hospital, Southwestern Illinois College, Southern Illinois Healthcare Foundation, and St. Elizabeth’s Hospital. Monroe has a low unemployment rate of 5.8 percent. However, a majority of the AA’s labor force is located in St. Clair County with an unemployment rate of 7.9 percent. St. Clair’s unemployment rate is above the national and MSA averages, but below the state average. Based upon 2012 business geodemographic data, 71 percent of businesses located in these AAs are small businesses based on revenue size.

Competition from other financial institutions is strong. The bank’s competitors include thirty other banks with at least one location within the AA. FNBD’s deposit share ranked 28th out of the thirty-one institutions in this AA.

In assessing the bank’s performance, we reviewed two community contacts performed during this evaluation period. One was with a community action agency that covered Monroe County and the other was a governmental agency that worked with economic development and community service organizations in St. Clair County. One community contact mentioned that Monroe County’s population and economy are growing, with families migrating out of the City of St. Louis. Contacts identified loans for affordable rental housing for low- and moderate-income individuals, housing rehabilitation loans, and small business loans as community credit needs. Other community needs include foreclosure and home-ownership counseling, financial literacy, and financial expertise provided to community service organizations, along with in-kind donations.

Conclusions with Respect to Performance Tests

LENDING TEST

FNBD's performance under the lending test is satisfactory. In addition to having a reasonable loan-to-deposit ratio, the bank originated a majority of the primary product loans within the bank's assessment area. Both borrower and geographic distributions are reasonable.

Loan-to-Deposit Ratio

FNBD's loan-to-deposit ratio is reasonable based on its size, financial condition, assessment area credit needs, and local competition. The loan-to-deposit ratio has averaged 59 percent over the past thirteen quarters, or since last examination through March 31, 2013. Over the last 13 quarters, the highest ratio was 61 percent, while the lowest was 54 percent. The bank's loan-to-deposit ratio is slightly lower than its peer group. The peer group average loan-to-deposit ratio was 65 percent. The peer group consists of nine institutions with assets between \$200 million and \$600 million located in Effingham, Jasper, Monroe, Randolph, and St. Clair counties. Excluding a peer institution with an average LTD ratio of 95 percent, the bank's LTD ratio is more in line with the remaining peer average LTD 61 percent.

Lending in Assessment Area

The bank originated a majority, or 70 percent, of FNBD's primary loan products within the bank's assessment areas at origination. The following table represents our random sample of the bank's home loans and business loans.

Lending in the AA										
Type of Loans	Number of Loans					Dollar of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Loans	17	85.00%	3	15.00%	20	\$1,760	86.44%	\$276	13.56%	\$2,036
Business Loans	11	55.00%	9	45.00%	20	\$4,923	79.98%	\$1,233	20.02%	\$6,158
Totals	28	70.00%	12	30.00%	40	\$6,685	81.58%	\$1,509	18.42%	\$8,194

Source: Same of 20 home loans and 20 business loans originated from 1/1/11 – 3/31/13.

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

FNBD's lending to borrowers of different incomes and to businesses of different sizes is reasonable. Conclusions from both AAs showed reasonable penetration.

Non-MSA AAs

The borrower distribution of both home loans to borrowers of different incomes and business loans to business of different sizes in these AAs are reasonable.

Home Loans

The distribution of home loans reflects reasonable penetration among borrowers of different income levels. The results from both samples showed similar results. The distribution to low-income borrowers was poor, as the percent of loans made to low-income borrowers was well below the percent of families in the AAs that are low-income. Considering that seven percent of the families in the AAs are below poverty level and would probably not qualify for a home loan, the difference is not as significant as it originally appears. The penetration among moderate borrowers is excellent. In both samples, 20 percent of the loans reviewed were originated to moderate-income borrowers, which is slightly above the demographic comparator.

Borrower Distribution for Home Loans within Non-MSA AAs (2011)								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of loans
Home Loans	16%	3%	19%	20%	26%	35%	39%	42%

Sources: Sample of 40 home loans originated between 1/1/11 and 12/31/11 made within the AAs and 2000 U.S. Census data.

Borrower Distribution for Home Loans within Non-MSA AAs (2012 & 2013)								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of loans
Home Loans	18%	5%	18%	20%	26%	30%	38%	45%

Sources: Sample of 20 home loans originated between 1/1/12 and 3/31/13 made within the AAs and 2010 U.S. Census data.

Business Loans

The borrower distribution of loans in the Non-MSA AAs is reasonable. Both samples are slightly favorable when compared to business demographics. Based upon information from community contacts and our knowledge of the area, we believe that a majority of the businesses that did not report revenue information are small businesses. CRA defines small businesses as businesses with annual gross revenues of \$1 million or less. One loan of over \$1 million, to a business with annual gross revenues greater than \$1 million, did skew the 2011 percent of bank loans in AAs by dollar amount. All other loans sampled in the 2011 sample were \$250,000 or less.

The following tables show the distribution of commercial loans among different-sized businesses in the AAs.

Borrower Distribution to Businesses in Non-MSA AAs (2011)				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AAs Businesses	69%	3%	28%	100.00%
% of Bank Loans in AAs by #	75%	15%	10%	100.00%
% of Bank Loans in AAs by \$	49%	49%	2%	100.00%

Source: Sample of 20 loans within the AAs originated from 1/1/11 – 12/31/2011 & 2011 Business Geodemographic Data

Borrower Distribution to Businesses in Non-MSA AAs (2012 & 2013)				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AAs Businesses	72%	4%	25%	100.00%
% of Bank Loans in AAs by #	70%	25%	5%	100.00%
% of Bank Loans in AAs by \$	73%	26%	1%	100.00%

Source: Sample of 20 loans within the AAs originated from 1/1/12 – 3/31/2013 & 2012 Business Geodemographic Data

St. Louis MSA AA

The borrower distribution in the St. Louis MSA AA is reasonable. The excellent penetration among borrowers of different income levels on home loans pulls the AA conclusion up to reasonable. The borrower distribution of business loans is poor.

Home Loans

The distribution of home loans reflects excellent penetration among borrowers of different income levels. The distribution to low-income borrowers is reasonable, considering that 11 percent of the families in the AA are below poverty level. The distribution to moderate-income borrowers is excellent, as the percent of loans made to moderate-income borrowers was well above the percent of families in the AA that are moderate-income.

Borrower Distribution for Home Loans within St. Louis MSA AA (2012 & 2013)								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of loans
Home Loans	19%	10%	18%	25%	25%	10%	38%	55%

Sources: Sample of 20 home loans originated between 1/21/12 and 3/31/13 made within the AA and 2010 U.S. Census data.

Business Loans

The borrower distribution of loans in the St. Louis MSA is poor. While at least 71 percent of the AA businesses are small businesses, only 55 percent of the loans originated were to small businesses, which is well below the comparator. Additionally, we expect that some of the 25 percent of businesses that did not provide revenue information for demographics are also small businesses.

The following table shows the distribution of commercial loans among different-sized businesses in the AA.

Borrower Distribution to Businesses in St. Louis MSA AA (2012 & 2013)				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AAs Businesses	71%	4%	25%	100.00%
% of Bank Loans in AAs by #	55%	45%	0%	100.00%
% of Bank Loans in AAs by \$	57%	43%	0%	100.00%

Source: Sample of 20 loans within the AAs originated from 1/21/12 – 3/31/2013 & 2012 Business Geodemographic Data

Geographic Distribution of Loans

The distribution of loans reflects reasonable dispersion among different income tracts throughout the bank’s AAs. We placed more weight on the Non-MSA AAs findings in arriving at this conclusion. A substantial majority of the bank’s locations and activities occur in the Non-MSA AAs.

Non-MSA AAs

The bank’s geographic distribution of home and business loans in the Non-MSA AAs is reasonable. Based upon the 2000 U.S. Census data, there were no low- or moderate-income geographies in these AAs. Based upon the 2010 U.S. Census data, there were no low-income census tracts and only one moderate-income census tract. There were no conspicuous gaps in these AAs. A review of all loans sampled in the Non-MSA AAs, the bank made loans in all Effingham and Jasper county census tracts. Based upon our samples, the bank made loans in only two of the nine census tracts in Randolph County. However, we consider this reasonable due to the branch being located near the northwest corner of the county. There are nine other financial institutions with 20 offices in Randolph County.

Home Loans

Geographic distribution of home loans in the Non-MSA AAs is reasonable. There were no low-income or moderate-income tracts in these AAs based upon the 2000 U.S. Census; therefore, we did not perform a 2011 analysis. On the 2012 and year-to-date 2013 sample, one loan, or 5 percent of the sample, was made within a moderate-income census tract. This is in line with the distribution of owner-occupied housing.

Geographic Distribution of Home Loans in Non-MSA AAs (2012 & 2013)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AAs Owner-Occupied Housing	% of Number of Loans	% of AAs Owner-Occupied Housing	% of Number of Loans	% of AAs Owner-Occupied Housing	% of Number of Loans	% of AAs Owner-Occupied Housing	% of Number of Loans
% of Total	0%	0%	3%	5%	76%	70%	21%	25%

Source: Sample of 20 loans originated from 1/1/12 – 3/31/2013 & 2010 U.S. Census Data

Business Loans

Geographic distribution of business loans is reasonable. One of the 20 business loans sampled was located in a moderate-income census tract, which meets the demographic comparator. The following table shows the distribution of business loans among businesses in each census tract income level, based on our sample.

Geographic Distribution of Business Loans in Non-MSA AAs (2012 & 2013)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AAs Businesses	% of Number of Loans	% of AAs Businesses	% of Number of Loans	% of AAs Businesses	% of Number of Loans	% of AAs Businesses	% of Number of Loans
% of Total	0.00%	0.00%	5%	5%	77%	65%	18%	30%

Source: Sample of 20 loans originated from 1/1/12 –3/31/2013 & 2012 Business Geodemographic Data

St. Louis MSA AA

FNBD’s geographic distribution of home and business loans in the St. Louis MSA AA is poor. Based upon the 2010 U.S. Census data, 23 percent of the census tracts in this AA are low-income and 15 percent of the geographies are moderate income. Based upon our samples, there were no loans in low-income census tracts and only one loan in moderate-income census tracts.

FNBD originated loans in four out of the six census tracts in Monroe County. The two other tracts were further away from the bank’s branches. It is reasonable that FNBD did not have loans from these census tracts. Out of the 66 census tracts in St. Clair County, FNBD originated loans in nine of these census tracts, per our sample. This is somewhat explained by the fact that there is only one branch in St. Clair County and there is strong competition within this county. Additionally, only 2 percent of the bank’s deposits are from the Belleville Branch.

Home Loans

Geographic distribution of home loans in the St. Louis MSA AA is poor. There were no loans made in low-income geographies. However, with only one branch in Belleville, there are no low-income geographies near this small branch. The bank did originate one loan in a moderate-income census tract, which equates to 5 percent of the sample, which is below the demographic comparator and represents poor penetration. All the low- and moderate-income geographies in the AA are located in St. Clair County. There are 28 institutions with 93 locations serving St. Clair County.

Geographic Distribution of Home Loans in Non-MSA AAs (2012 & 2013)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AAs Owner-Occupied Housing	% of Number of Loans	% of AAs Owner-Occupied Housing	% of Number of Loans	% of AAs Owner-Occupied Housing	% of Number of Loans	% of AAs Owner-Occupied Housing	% of Number of Loans
% of Total	10%	0%	13%	5%	46%	50%	31%	45%

Source: Sample of 20 loans originated from 1/1/12 –3/31/2013 & 2010 U.S. Census Data

Business Loans

Geographic distribution of business loans is poor. None of the loans in the sample was located in low- or moderate-income geographies. While there are no low-income geographies located within eight miles of the branch, there are five moderate-income geographies within three miles. There are 2,156 businesses located within these five geographies, so there are opportunities to make loans in these census tracts. As mentioned earlier, there is strong competition in St. Clair County. The following table shows the distribution of business loans among businesses in each census tract income level, based on our sample.

Geographic Distribution of Business Loans in Non-MSA AAs (2012 & 2013)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AAs Businesses	% of Number of Loans	% of AAs Businesses	% of Number of Loans	% of AAs Businesses	% of Number of Loans	% of AAs Businesses	% of Number of Loans
% of Total	9%	0.00%	15%	0%	48%	90%	28%	10%

Source: Sample of 20 loans originated from 1/1/12 –3/31/2013 & 2012 Business Geodemographic Data

Responses to Complaints

FNBD has not received any CRA complaints during this evaluation period.

COMMUNITY DEVELOPMENT TEST

FNBD’s performance under the community development test is satisfactory. FNBD provided \$5.7 million in community development loans to respond to needs of affordable housing for low- and moderate-income individuals, economic development, and revitalizing/stabilizing distressed non-metropolitan middle-income census tracts. The bank operates a branch in a moderate-income geography and four employees provided financial expertise to community development organizations. FNBD had adequate response to community needs.

Number and Amount of Community Development Loans

FNBD's level of community development loans is adequate. We place more reliance on the non-MSA AAs conclusions.

Non-MSA AAs

FNBD's level of community development loans was adequate in the non-MSA AAs. FNBD originated two community development loans totaling \$1.1 million. FNBD provided a loan to a company for three new water wells that provide services to census tracts in Effingham and Jasper counties that are distressed. A good clean water supply helps stabilize these distressed areas. FNBD originated a loan of \$618,246 to a community service organization that provides mental health care to primarily low-and moderate-income individuals in Randolph County.

St. Louis MSA AA

FNBD's level of community development loans in the St. Louis MSA AA was excellent. FNBD originated five community development loans totaling over \$4 million. Four loans totaling \$825,392 were to organizations providing affordable housing to low- and moderate-income individuals in St. Clair County. This was an identified need by community contacts for this AA. The fifth loan had an economic development purpose. This Small Business Administration (SBA) loan for \$3.2 million created eight new jobs for low- and moderate-income individuals in St. Clair County.

Number and Amount of Qualified Investments

The level of qualified investments is poor.

Non-MSA AAs

FNBD's level of qualified investments is poor in the non-MSA AAs. The bank provided 23 qualified donations to 14 organizations for a total of \$84,470. Many of these donations were small dollar amounts and the total donations only equal 0.18 percent of Tier 1 capital.

The largest donations, totaling \$60,000, were to a local hospital that provides needed services to Effingham County, which was in a distressed condition during this evaluation period.

FNBD provided \$10,000 in 2012 to a new organization focusing on economic development in Effingham County. This organization has worked with the city of Effingham to provide \$1,500 grants for each new job that local businesses create. These jobs are primarily for low- and moderate-income individuals. One company recently agreed to accept the grant and plans on creating 12 new jobs over the next 12 months. FNB has committed \$10,000 to this organization in both 2013 and 2014.

Other qualified donations included:

- \$8,000 to an organization representing low- and moderate-income children and providing needed services in Effingham County.
- \$2,000 to an economic development organization in Jasper County.

- \$2,300 to a local food pantry that primarily serves low- and moderate-income individuals in Effingham County.
- \$995 to an intermediary organization that provides funding to a variety of organizations primarily serving low- and moderate-income individuals. These funds matched what employee donated.
- \$1,175 to eight different organizations meeting a variety of different community development needs.

In addition to these qualified investments, the bank has made a number of donations that benefited the community, but did not qualify as community development under the Community Reinvestment Act.

St. Louis MSA AA

FNBD's level of qualified investments in this AA is poor. The bank provided one donation of \$5,000 to an organization providing community services to low- and moderate- income children in St. Clair County.

Extent to Which the Bank Provides Community Development Services

The extent to which FNBD provides community development services is adequate. We weighed the Non-MSA AAs heavier in this conclusion.

Non-MSA AAs

The extent to which the bank provides community development services in these AAs is adequate. Based upon the 2010 Census maps, the Newton branch is located in a moderate-income census tract. This is the only moderate-income census tract in these AAs. This branch also has an ATM available. The bank offers free checking accounts with no minimum balances that customers can open with only \$25. FNBD also offers free on-line banking, electronic bill payments, and mobile banking. While the bank does not maintain records showing how these increase access, these services generally help to increase access to financial services for low- and moderate-income individuals.

Four employees provided financial expertise to community service organizations. A loan officer serves on a loan committee for an economic development organization in Jasper County. Two executive officers of the bank serve as officers providing financial expertise at an economic development organization in Effingham County. The marketing officer of the bank provides marketing expertise to United Way of Effingham County.

St. Louis MSA AA

The extent to which the bank provides community development services in the St. Louis MSA AA is poor. No bank employees provided community development services to organizations within this AA. The bank's one branch is in a middle-income census tract. However, this tract is adjacent to moderate-income tracts and is reasonably accessible to these geographies. Bank products discussed in the Non-MSA AAs section are also available in this AA.

Responsiveness to Community Development Needs

FNBD had adequate responsiveness to community development needs.

Non-MSA AAs

FNBD's community development activities, as a whole, demonstrate adequate responsiveness to the needs and opportunities in these AAs. An identified need by community contacts was economic development by funding small businesses creating jobs. The bank has helped a new organization do this with an in-kind donation that will help provide grants to businesses for each new job created. Three employees also provide financial expertise to organizations providing economic development to these AAs. The bank provided a community development loan and smaller in-kind grants to community service organizations. Additionally a community development loan of \$515,000 and a qualified in-kind donation of \$60,000 were to help revitalize/stabilize the distressed middle-income areas of Effingham and Jasper Counties.

St. Louis MSA AA

FNBD's community development activities, as a whole, demonstrate adequate responsiveness to the needs and opportunities in this AA. Affordable housing was a credit need identified by community contacts and the bank made four community development loans, totaling \$825,392, for affordable housing rental properties for low- and moderate-income individuals.

Fair Lending or Other Illegal Credit Practices Review

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

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