PUBLIC DISCLOSURE

January 26, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Premier Bank of Jacksonville
RSSD# 35842

1604 West Morton Avenue
Jacksonville, Illinois 62650

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, Missouri 63166-0442

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 the 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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INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

Premier Bank of Jacksonville meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending activity. The borrower's profile analysis reveals reasonable penetration among individuals of different income levels, including low- and moderate income (LMI) levels and businesses of different sizes. The geographic distribution of loans analysis reflects reasonable dispersion throughout the bank's assessment areas. In addition, the bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition and assessment area credit needs, and a majority of the bank's loans and other lending-related activities are in the bank's assessment areas. Lastly, no CRA-related complaints were filed against the bank for this review period.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) *Small Bank Examination Procedures*, and the period of review spanned from the date of the bank's previous CRA evaluation on November 8, 2010 to January 26, 2015. Lending performance was based on the following loan products and the corresponding time periods, as displayed in the following table:

Product	Time Period
Home Mortgage Disclosure Act (HMDA) Loans	January 1, 2013 – December 31, 2013
Small Business Loans	January 1, 2013 – December 31, 2013
Consumer Loans	January 1, 2013 – December 31, 2013

These three loan categories are considered the bank's primary lines of business based on lending volume by number and dollar amounts and in light of the bank's stated business strategy. Therefore, loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, due to the limited number of consumer loans originated in the bank's Madison County assessment area, this product line was excluded from this assessment area. Additionally, the bank has a particular emphasis on home mortgage lending; therefore, performance based on the HMDA loan product carried the most significance towards the bank's overall performance conclusions. The bank's performance in its nonmetropolitan statistical area (nonMSA) Illinois assessment area was given significantly more weight to the bank's overall performance, because a majority of the bank's loans were originated in this assessment area, and the main location and two out of three branches are located in this assessment area.

Under the small bank CRA performance criteria, analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders based on HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2010 U.S. Census data; certain business geodemographics are based on Dun & Bradstreet data, which are applicable to the year of loan data being evaluated. Generally, when analyzing bank performance by comparing lending activity to both demographic and aggregate lending data, greater emphasis is placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are also updated annually and are therefore expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $193.4 million to $287.2 million.

To augment this evaluation, four community contact interviews with members of the local community were conducted in order to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area. Key details from these interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Premier Bank of Jacksonville is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is a wholly owned subsidiary of West Plains Investors, Inc., a one-bank holding company headquartered in Jacksonville, Illinois. The bank's retail network consists of the main office, located in Jacksonville, and three branches, which are located in the Illinois cities of Waverly, White Hall, and Edwardsville. The main office and the Waverly and White Hall branches are located in the bank's nonMSA Illinois assessment area, while the branch in Edwardsville, which operates under the name The Edge Bank, is located in the Madison County assessment area. The bank also owns and operates five automated teller machines (ATMs); the main office and the three branches each have an on-site ATM, and the bank operates one stand-alone ATM located in Jacksonville. The ATM located at the main office and the stand-alone ATM are full-service, while the other three branch ATMs are cash-dispensing only. In addition, all bank locations have drive-through accessibility. The bank did not open or close any branch offices during this review period. Based on the branch network in the nonMSA Illinois assessment area, the bank can sufficiently service the majority of the area. In contrast, the bank operates only one branch within the more densely populated Madison County assessment area; thus it faces a competitive disadvantage, particularly in cities located in the western part of the assessment area.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credits needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of December 31, 2014, the bank reported total assets of $190.9 million. As of the same date, total loans and leases outstanding were $91.5 million (47.9 percent of total assets), and deposits totaled $165.9 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of December 31, 2014		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$12,885	14.1%
Commercial Real Estate	$28,591	31.2%
Multifamily Residential	$496	0.5%
1–4 Family Residential	$23,876	26.1%
Farmland	$5,926	6.5%
Farm Loans	$1,892	2.1%
Commercial and Industrial	$5,762	6.3%
Loans to Individuals	$11,848	12.9%
Total Other Loans	$243	0.3%
TOTAL	**$91,519**	**100%**

As indicated in the table above, a significant portion of the bank's lending portfolio is directed to loans secured by commercial real estate (31.2 percent) and 1–4 family residential properties (26.1 percent). The bank also originates and subsequently sells a significant volume of loans related to residential real estate; as these loans are typically sold on the secondary market shortly after origination, this activity would not be captured in the data discussed here. It is also worth noting that by number of loans originated, loans to individuals represents a significant product offering of the bank. As consumer loans not related to residential real estate are typically made in smaller dollar amounts relative to other credit products, consumer loans often represent a significant product line by number of loans made, even if not reflected by dollar amount outstanding.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on November 8, 2010.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Premier Bank of Jacksonville meets the standards for a Satisfactory rating under CRA small bank evaluation procedures, which evaluate bank performance under the following five criteria as applicable:

- Loan distribution by borrower's profile (applicant income or business revenue).
- The geographic distribution of loans.
- The bank's average LTD ratio.
- The concentration of lending within the assessment area.
- A review of the bank's response to written CRA complaints

The remaining sections of this evaluation are based on analyses of the bank's lending performance under these five performance criteria.

Loan Distribution by Borrower's Profile

This performance criterion focuses on the bank's lending penetration among borrowers of different income levels, with a specific emphasis on lending to LMI borrowers and businesses with gross annual revenues of $1 million or less. As displayed in the following table, the bank's overall loan distribution by borrower's profile reflects reasonable penetration throughout the bank's assessment areas.

Assessment Area	Loan Distribution By Borrower Profile
NonMSA Illinois	Reasonable
Madison County	Poor
OVERALL	**Reasonable**

Performance in the nonMSA Illinois assessment area received greater weight in arriving at the conclusion for the loan distribution by borrower's profile. Additional details regarding the loan distribution by borrower's profile are included later in this evaluation under the sections applicable to individual assessment area analyses.

Geographic Distribution of Loans

This performance criterion focuses on the bank's lending penetration among geographies of different income levels, with a specific emphasis placed on lending in LMI geographies. As displayed in the following table, the bank's overall geographic distribution of loans reflects reasonable penetration throughout the bank's assessment areas.

Assessment Area	Loan Distribution By Geography
NonMSA Illinois	Reasonable
Madison County	Very Poor
OVERALL	**Reasonable**

Performance in the nonMSA Illinois assessment area received greater weight in arriving at the conclusion for the geographic distribution of loans. Additional details regarding the loan distribution by geography are included later in this evaluation under the sections applicable to individual assessment area analyses.

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The table below displays the bank's quarterly average LTD ratio compared to those of regional peers. The quarterly average LTD ratio represents a 17-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Asset Size ($000s) as of December 31, 2014**	**Headquarters**	**Average LTD Ratio**
Premier Bank of Jacksonville	$190,880	Jacksonville, Illinois	67.0%
Regional Banks	$189,932	Jacksonville, Illinois	59.3%
	$207,292	Ashland, Illinois	76.4%
	$299,324	Alton, Illinois	62.2%

Based on data from the previous table, the bank's level of lending is comparable to those of other banks in the region. During the review period, the bank's quarterly LTD ratio ranged from a high of 89.3 percent on June 30, 2011, to a low of 54.2 percent on June 30, 2014. The average LTD ratios for the regional peers ranged from 59.3 percent to 76.4 percent. Therefore, in comparison to data from regional banks as displayed in the table above, the bank's average LTD ratio appears to be reasonable given the bank's size, financial condition, and the credit needs of the assessment areas.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment areas.

Lending Inside and Outside of Assessment Area
January 1, 2013 through December 31, 2013

Loan Type	Inside Assessment Area		Outside Assessment Area		TOTAL	
HMDA	241	90.6%	25	9.4%	**266**	**100%**
	$27,663	88.7%	$3,536	11.3%	**$31,199**	**100%**
Small Business	39	88.6%	5	11.4%	**44**	**100%**
	$4,616	83.4%	$920	16.6%	**$5,535**	**100%**
Consumer	82	86.3%	13	13.7%	**95**	**100%**
	$761	86.5%	$120	13.6%	**$880**	**100%**
TOTAL LOANS	**362**	**89.4%**	**43**	**10.6%**	**405**	**100%**
	$33,040	**87.8%**	**$4,575**	**12.2%**	**$37,615**	**100%**

As shown above, a majority of the loans originated were extended to borrowers or businesses that reside or operate in the bank's assessment area. In total, 89.4 percent of the total loans were made inside the assessment area, accounting for 87.8 percent of the dollar volume of total loans.

Review of Complaints

No CRA-related complaints were filed against the bank during this review period (November 8, 2010 through January 26, 2015).

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

NonMSA ILLINOIS ASSESSMENT AREA

(Full-Scope Review)

DESCRIPTION OF NonMSA ILLINOIS ASSESSMENT AREA

This assessment area is comprised of Cass, Greene, Morgan, and Scott Counties, which are part of the nonMSA portion of the state of Illinois. The bank's main office and two branches are located in this assessment area, as well as the bank's only stand-alone ATM.

General Demographics

Based on 2010 U.S. Census data, the assessment area has a population of 68,430 and is comprised of 22 census tracts consisting of 5 moderate-, 14 middle-, and 3 upper-income census tracts; there are no low-income census tracts. The assessment area includes the entirety of Cass County (five census tracts), Greene County (five census tracts), Morgan County (ten census tracts), and Scott County (two census tracts). According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, as of June 30, 2014, the bank ranked third out of 21 FDIC-insured depository institutions with a presence in this assessment area, encompassing 8.1 percent of the total assessment area deposit dollars.

The assessment area is primarily rural except for the city of Jacksonville, Illinois, the county seat of Morgan County. According to the community contacts, the credit needs of the assessment area include a blend of consumer, business, and agricultural loan products.

Income and Wealth Demographics

The following table reflects the number and population of the census tracts within the assessment area in each income category.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0 0.0%	5 22.7%	14 63.6%	3 13.6%	0 0.0%	**22** **100%**
Family Population	0 0.0%	3,275 18.1%	11,412 63.2%	3,377 18.7%	0 0.0%	**18,064** **100%**

Of the five moderate-income census tracts noted in the table above, two are located in Cass County, two are in Morgan County, and one is in Greene County. The majority of the population (63.6 percent) resides in the middle-income census tracts, none of which are considered distressed or underserved.

Based on 2010 U.S. Census data, the median family income for the assessment area was $56,126. At the same time, the nonMSA Illinois median family income was $54,549. More recently, the FFIEC estimates the 2013 nonMSA Illinois median family income to be $56,200.

The following table displays population percentages of assessment area families by income level compared to the nonMSA family population as a whole.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	3,573 19.8%	3,108 17.2%	3,824 21.2%	7,559 41.8%	**18,064** **100%**
NonMSA Illinois	86,539 19.6%	81,812 18.5%	98,309 22.3%	174,911 39.6%	**441,571** **100%**

Based on the data in the preceding table, the assessment area is reflective of nonMSA Illinois as a whole. The first table in this section indicated that the vast majority of the assessment area families live in middle- and upper-income census tracts, but this table shows that a significant portion of assessment area families (37.0 percent) are considered LMI. This LMI family population figure is similar to that of nonMSA Illinois (38.1 percent). The assessment area also has a similar upper-income family population relative to nonMSA Illinois, noted above to be 41.8 percent compared to 39.6 percent, respectively. Lastly, the level of assessment area families living below the poverty level (13.5 percent) is similar to that of all nonMSA Illinois families (14.0 percent).

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be slightly more affordable when compared to nonMSA Illinois. The median housing value for the assessment area was $83,609, which is below the figure for nonMSA Illinois ($89,906). The median gross rent for the assessment area of $541 per month is again slightly more affordable compared to $563 per month for nonMSA Illinois. The assessment area housing affordability ratio of 52.6 percent is above the nonMSA Illinois figure of 47.0 percent. Although housing in the assessment area appears to be slightly more affordable compared to nonMSA Illinois, based on the low affordability ratio, homeownership may be out of reach for some of the population.

Industry and Employment Demographics

The assessment area economy is diverse and is supported by a mixture of manufacturing, retail, and service-oriented sectors. According to the 2012 U.S. Census Bureau County Business Patterns, by number of paid employees in the assessment area, manufacturing leads with 3,852, followed closely by health care and social assistance (3,184), and retail trade (2,924). Furthermore, Dun & Bradstreet's business demographic estimates indicate that 89.4 percent of assessment area businesses have gross annual revenues of $1 million or less. According to the U.S. Department of Labor, Bureau of Labor Statistics, the 2013 annual average unemployment rate (not seasonally adjusted) was estimated at 10.5 percent for Scott County, 8.7 percent for Green and Morgan Counties, and 8.2 percent for Cass County, compared to 8.6 percent for the state of Illinois during the same period.

Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Both contacts specialized in economic development. The community contacts stated that the economy has been improving. One contact mentioned that an industrial building that closed in 2006 has been bought by a local developer. The other contact said that the city of Jacksonville has recently placed an emphasis on growing agricultural tourism. Both contacts said that the community banks in the area are meeting the assessment area's credit needs and that the local banks are active in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE NonMSA ILLINOIS ASSESSMENT AREA

Loan Distribution by Borrower's Profile

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure, as estimated by the FFIEC ($56,200 for nonMSA Illinois as of 2013). The following table shows the distribution of HMDA loans by borrower income level compared to family population income characteristics and aggregate data for the assessment area.

Distribution of Loans Inside Assessment Area by Borrower Income

January 1, 2013 through December 31, 2013

	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	1	3.8%	2	7.7%	7	26.9%	13	50.0%	3	11.5%	**26**	**100%**
Refinance	14	14.0%	12	12.0%	33	33.0%	40	40.0%	1	1.0%	**100**	**100%**
Home Improvement	0	0.0%	1	14.3%	3	42.9%	3	42.9%	0	0.0%	**7**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL HMDA	**15**	**11.3%**	**15**	**11.3%**	**43**	**32.3%**	**56**	**42.1%**	**4**	**3.0%**	**133**	**100%**
Family Population	19.8%		17.2%		21.2%		41.8%		0.0%		**100%**	
2013 HMDA Aggregate	10.4%		19.4%		25.5%		36.5%		8.2%		**100%**	

The bank's LMI lending figures are below some comparison data, but the performance is reasonable. The bank's total percentage of lending to low-income borrowers (11.3.percent) is below the percentage of low-income families within the assessment area (19.8 percent). However, the bank's lending to low-income borrowers is above that of other lenders in the assessment area based on 2013 aggregate HMDA data, which indicate that 10.4 percent of aggregate HMDA loans inside this assessment area were made to low-income borrowers. In addition, the bank's main product line for HMDA loan types, refinance loans, was even higher when compared to the refinance loans aggregate for low-income borrowers (8.5 percent). Therefore, the bank's lending to low-income borrowers is reasonable. The bank's lending performance to moderate-income borrowers (11.3 percent) is below the family population for this income level (17.2 percent). Bank performance to moderate-income borrowers is also lower than that of other lenders (19.4 percent). Although the bank's lending to moderate-income borrowers is poor, the bank does a reasonable job lending to low-income borrowers, especially when compared to the aggregate. Therefore, the bank's HMDA lending performance by borrower's profile is reasonable.

As with the bank's HMDA loan activity, the borrower distribution of small business loans was also analyzed by borrower's income profile. The following table reflects the Premier Bank of Jacksonville's distribution of small business loans by gross revenue and loan amount.

Distribution of Loans Inside Assessment Area by Business Revenue **January 1, 2013 through December 31, 2013**								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	<$100		**>$100 and ≤$250**		**>$250 and ≤$1,000**			
$1 Million or Less	18	75.0%	1	4.2%	1	4.2%	**20**	**83.3%**
Greater than $1 Million/Unknown	3	12.5%	0	0.0%	1	4.2%	**4**	**16.7%**
TOTAL	**21**	**87.5%**	**1**	**4.2%**	**2**	**8.3%**	**24**	**100%**
Small Business Institutions in the Assessment Area							**89.4%**	
2013 CRA Aggregate Data							**45.9%**	

Based on the analysis of small business loans, the bank is doing a reasonable job of meeting the credit needs of small businesses. The table above demonstrates that 20 of 24 loans reviewed (83.3 percent) were made to businesses with gross annual revenues of $1 million or less. The business geodemographic data from Dun & Bradstreet indicate that 89.4 percent of businesses inside the assessment area are small businesses. CRA aggregate data for the assessment area reflect that 45.9 percent of business lending was to small businesses. In addition, the fact that 18 of 20 loans to small businesses reviewed (90.0 percent) were in amounts of $100,000 or less further indicates the bank's willingness to meet the credit needs of small businesses. Consequently, the bank's borrower's profile performance for the small business loan category is reasonable.

Similar to the borrower's profile analysis conducted for the two previous loan categories, the bank's distribution of consumer loans was reviewed. The following table shows the distribution of consumer loans by income level of the borrower compared to household population income characteristics.

Distribution of Bank Loans Inside Assessment Area by Income Level of Borrower January 1, 2013 through December 31, 2013												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Consumer Loans	17	21.8%	22	28.2%	17	21.8%	22	28.2%	0	0.0%	**78**	**100%**
Household Population	22.6%		16.9%		17.8%		42.7%		0.0%		**100%**	

This analysis reveals excellent penetration to LMI borrowers. By number, 50.0 percent of the consumer loans reviewed were made to LMI borrowers, which significantly exceeds the LMI household population of 39.5 percent. Reviewed separately, the bank's performance by number of consumer loans made to low-income borrowers (21.8 percent) is comparable to the household population of 22.6 percent, which is considered reasonable. The bank's lending to moderate-income (28.2 percent) significantly exceeds the household population of 16.9 percent, reflecting excellent performance for lending to moderate-income borrowers. Based on the lending data to both low- and moderate-income borrowers, the distribution of the bank's consumer loans reflects excellent penetration among individuals of different income levels.

Therefore, the bank's overall borrower's profile performance, based on analyses of all three loan categories, is reasonable.

<u>Geographic Distribution of Loans</u>

As noted previously, the bank's nonMSA Illinois assessment area contains 5 moderate-, 14 middle-, and 3 upper-income census tracts. The analysis in this section illustrates the distribution of the bank's loan activity across these geographies. The following table displays the geographic distribution of HMDA loans compared to owner-occupied housing statistics and aggregate data for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2013 through December 31, 2013												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	0	0.0%	3	11.5%	11	42.3%	12	46.2%	0	0.0%	**26**	**100%**
Refinance	0	0.0%	12	12.0%	58	58.0%	30	30.0%	0	0.0%	**100**	**100%**
Home Improvement	0	0.0%	0	0.0%	4	57.1%	3	42.9%	0	0.0%	**7**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL HMDA	**0**	**0.0%**	**15**	**11.3%**	**73**	**54.9%**	**45**	**33.8%**	**0**	**0.0%**	**133**	**100%**
Owner-Occupied Housing	0.0%		15.6%		64.8%		19.5%		0.0%		**100%**	
2013 HMDA Aggregate	0.0%		14.8%		60.3%		24.9%		0.1%		**100%**	

The analysis of HMDA loans reveals lending performance below the data used for comparison purposes. The bank’s total penetration in moderate-income census tracts by number of loans is 11.3 percent overall and 12.0 percent for refinance loans, the bank’s main HMDA product line. The bank’s lending to moderate-income borrowers is below that of owner-occupied housing units in moderate-income census tracts (15.6 percent) and that of other lenders in the assessment area based on 2013 HMDA aggregate data (14.8 percent).

This assessment area contains five moderate-income census tracts: two tracts in Morgan County (9516 and 9517), one tract in Greene County (9737), and two tracts in Cass County (9604 and 9605). The bank does not have a branch presence in Cass County, and the two moderate-income census tracts there are in the city center of Beardstown, which is approximately 26 miles from the closest location. The bank made no loans in either of these tracts compared to aggregate lending of 2.8 percent and 2.1 percent, respectively. Of the remaining three moderate-income census tracts, the bank is exceeding the aggregate in Greene County (census tract 9737), 5.3 percent compared to 2.6 percent, and in census tract 9516 in Morgan County, 4.5 percent compared to 3.4 percent. The bank is underperforming in census tract 9517 in Morgan County, 1.5 percent compared to 3.7 percent. Therefore, based on the bank’s strong performance in two of the five moderate-income census tracts and the proximity of the two Cass County census tracts to the closest branch, the bank’s geographic distribution of HMDA loans is reasonable.

As with the HMDA loan category, the bank’s geographic distribution of small business loans was also reviewed. The following table displays the results of this review, along with the estimated percentages of business institutions located in each geography income category for comparison purposes.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2013 through December 31, 2013												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Small Business Loans	0	0.0%	2	8.3%	13	54.2%	9	37.5%	0	0.0%	**24**	**100%**
Business Institutions	0.0%		21.0%		61.6%		17.4%		0.0%		**100%**	
2013 CRA Aggregate Data	0.0%		17.5%		56.2%		20.6%		5.6%		**100%**	

As illustrated in the previous table, the bank's level of lending in the moderate-income census tracts is below the data used for comparison. The bank originated 8.3 percent of small business loans to business within the moderate-income census tracts. In comparison, 2013 business geodemographic data indicate that 21.0 percent of assessment area businesses are reported to be located in those moderate-income census tracts. The bank's performance also does not compare favorably to that of other lenders based on 2013 CRA aggregate data, which indicates that 17.5 percent of reported business loans were in moderate-income census tracts. As with the HMDA loan product, the bank did not originate any loans in the two moderate income-census tracts in Cass County, which is affecting the overall performance. Therefore, the geographic distribution of the bank's small business loans reflects poor dispersion throughout the assessment area.

The geographic distribution of consumer loan activity is displayed in the following table.

Distribution of Bank Loans Inside Assessment Area by Income Level of Geography January 1, 2013 through December 31, 2013												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Consumer Loans	0	0.0%	15	19.2%	44	56.4%	19	24.4%	0	0.0%	**78**	**100%**
Household Population	0.0%		19.3%		61.8%		18.9%		0.0%		**100%**	

This analysis revealed reasonable loan distribution throughout the assessment area. The bank's performance in moderate-income census tracts is 19.2 percent, which is on par with the moderate-income household population of 19.3 percent, reflecting reasonable performance. Based on this data, the geographic distribution of consumer loans reflects reasonable performance.

Overall, based on reviews from all three loan categories, the bank's geographic distribution of loans reveals reasonable penetration throughout the assessment area.

MADISON COUNTY, ILLINOIS, ASSESSMENT AREA

(Full-Scope Review)

DESCRIPTION OF MADISON COUNTY, ILLINOIS, ASSESSMENT AREA

This assessment area is comprised of Madison County, Illinois, in its entirety, which is located in the St. Louis, Missouri-Illinois MSA (St. Louis MSA). This assessment area contains one branch located in the city of Edwardsville.

General Demographics

The bank's Madison County assessment area, which has a population of 269,282, is located in West Central Illinois. This assessment area consists of rural areas to the east and urban/suburban areas to the west. The majority of the population in this assessment area lives in the cities of Edwardsville and Alton. The assessment area consists of 4 low-, 16 moderate, 31 middle-, and 10 upper-income census tracts. The majority of LMI tracts are positioned in the Northwest (Alton) and Southwest (Granite City) corners of the county. The majority of the upper-income census tracts are located in the center of the county, where the city of Edwardsville is located. According to the FDIC Deposit Market Share Report, as of June 30, 2014, the bank ranked 21st out of the 26 FDIC-insured depository institutions with a presence in this assessment area, encompassing 1.0 percent of the total assessment area deposit dollars.

The assessment area's credit needs include a standard blend of consumer and business loan products. Other credit needs in the assessment area (as noted primarily from community contacts) include increased use of innovative or flexible lending opportunities such as subordinate debt financing programs to spur business expansion and increase local employment opportunities.

Income and Wealth Demographics

As previously noted, the bank's assessment area consists of the 61 census tracts comprising Madison County in its entirety. The following table reflects the number and population of the census tracts within the assessment area in each income category.

Assessment Area Demographics by Geography Income Level

Dataset	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Census Tracts	4	16	31	10	0	**61**
	6.6%	26.2%	50.8%	16.4%	0.0%	**100%**
Family Population	2,669	16,506	37,154	15,163	0	**71,492**
	3.7%	23.1%	52.0%	21.2%	0.0%	**100%**

The previous table reveals that the bank's assessment area contains 4 low-income census tracts and 16 moderate-income census tracts. Combined, 26.8 percent of the assessment area's population lives in LMI census tracts. By far, the largest portion of the assessment area family population resides in middle-income census tracts (52.0 percent).

Based on 2010 U.S. Census data, the median family income for the assessment area was $63,515. At the same time, the entire St. Louis MSA median family income was $67,013. More recently, the FFIEC estimates the 2013 St. Louis MSA median family income to be $69,200. The following table displays population percentages of assessment area families by income level, compared to the MSA family population as a whole.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	15,850 22.2%	12,687 17.7%	16,310 22.8%	26,645 37.3%	**71,492** **100%**
St. Louis MSA	154,272 21.2%	125,573 17.2%	154,601 21.2%	293,987 40.4%	**728,433** **100%**

Based on the data in the preceding table, the assessment area population is reflective of the St. Louis MSA as a whole. Although the first table in this section indicated that the vast majority of the assessment area families lived in middle- and upper-income census tracts, this table reveals that a significant portion of assessment area families (39.9 percent) are considered LMI. This LMI family population figure is slightly above that of St. Louis MSA (38.4 percent), and the assessment area also has a smaller upper-income family population (37.3 percent) compared to 40.4 percent. Additionally, the level of assessment area families living below the poverty level (9.1 percent) is slightly higher than that of the St. Louis MSA families (8.6 percent).

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be more affordable than the St. Louis MSA as a whole. The median gross rent for the assessment area of $712 per month is slightly more affordable compared to $730 per month for the St. Louis MSA. The median housing value for the assessment area is $122,640, which is below the figure for the St. Louis MSA, $159,800. Similarly, the assessment area housing affordability ratio of 42.2 percent is above the St Louis MSA figure of 33.3 percent. While the affordability ratio is higher than the total St. Louis MSA figure, homeownership may be out of reach for some of the population.

Industry and Employment Demographics

The assessment area economy is diverse and is supported by a mixture of manufacturing and service-oriented sectors. According to the U.S. Census Bureau 2012 County Business Patterns, by number of paid employees in the assessment area, health care and social assistance leads with 14,077, followed closely by retail trade (12,598), and manufacturing (12,560). Furthermore, business demographic estimates indicate that 90.5 percent of assessment area businesses have gross annual revenues of $1 million or less. Although population growth has increased significantly this decade, employment has kept pace, as evidenced by unemployment rates that are lower than the state of Illinois. According to the U.S. Department of Labor, Bureau of Labor Statistics, the 2013 annual average unemployment rate for the assessment area was estimated at 8.2 percent compared to the St. Louis MSA figure of 9.3 percent and the Illinois State figure of 8.6 for the same period.

Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank's activities in this assessment area were evaluated; both contacts were individuals specializing in economic development. Both community contacts categorized the economy as strong with moderate growth. One contact noted that the cost of living was expensive, as Edwardsville is a very desirable place to live. The contact commented that there has been a limited supply of new houses on the market, which also contributes to higher house prices. Both contacts stated that bank competition is very strong and that they are meeting the credit needs of the community. One of the community contacts observed that there is an opportunity for subordinate debt financing for new businesses and entrepreneurs. The contact acknowledges that it is a riskier way to lend credit than more traditional ways and that not all banks have that tolerance for risk.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE MADISON COUNTY, ILLINOIS, ASSESSMENT AREA

Loan Distribution by Borrower's Profile

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure, as estimated by the FFIEC ($69,200 for the St. Louis MSA as of 2013). As stated in the Scope of Examination section, the bank's consumer loans were not reviewed because not enough loans were originated during the review period to make a meaningful analysis. The following table shows the distribution of HMDA loans by borrower income level compared to family population income characteristics and aggregate data for the assessment area.

Distribution of Loans Inside Assessment Area by Borrower Income

January 1, 2013 through December 31, 2013

	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	1	3.4%	4	13.8%	4	13.8%	20	69.0%	0	0.0%	**29**	**100%**
Refinance	3	3.9%	8	10.4%	9	11.7%	53	68.8%	4	5.2%	**77**	**100%**
Home Improvement	0	0.0%	0	0.0%	0	0.0%	2	100.0%	0	0.0%	**2**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL HMDA	**4**	**3.7%**	**12**	**11.1%**	**13**	**12.0%**	**75**	**69.4%**	**4**	**3.7%**	**108**	**100%**
Family Population	22.2%		17.7%		22.8%		37.3%		0.0%		**100%**	
2013 HMDA Aggregate	9.8%		19.4%		20.8%		33.4%		16.6%		**100%**	

The bank's overall performance for loan distribution to borrowers of different income levels is poor. The bank's total percentage of lending to low-income borrowers (3.7 percent) is significantly below the percentage of low-income families within the assessment area (22.2 percent), as is seen with performance by all three HMDA loan types. The bank's lending to low-income borrowers is also below that of other lenders in the assessment area (9.8 percent), based on 2013 aggregate HMDA data, and is considered poor. The bank's performance to moderate-income borrowers of 11.1 percent is below the percentage of moderate-income families in the assessment area (17.7 percent). Bank performance to moderate-income borrowers is also below that of other lenders (19.4 percent) and is considered poor. Therefore, the bank's HMDA lending performance by borrower's profile is poor.

Similar to the borrower's profile analysis conducted for the HMDA loan category, the bank's distribution of small business loans was reviewed. The following table reflects the bank's distribution of small business loans by gross annual business revenue and loan amount.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2013 through December 31, 2013								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	<$100		**>$100 and <u><</u>$250**		**>$250 and <u><</u>$1,000**			
$1 Million or Less	6	40.0%	3	20.0%	2	13.3%	**11**	**73.3%**
Greater than $1 Million/Unknown	0	0.0%	2	13.3%	2	13.3%	**4**	**26.7%**
TOTAL	**6**	**40.0%**	**5**	**33.3%**	**4**	**26.7%**	**15**	**100%**
Small Business Institutions in the Assessment Area							**90.5%**	
2013 CRA Aggregate Data							**47.6%**	

Based on this analysis of small business loans, the bank is doing a reasonable job of meeting the credit needs of small businesses. The table above demonstrates that 11 of 15 loans reviewed (73.3 percent) were made to businesses with gross annual revenues of $1 million or less. In comparison, business geodemographic data from Dun & Bradstreet indicate that 90.5 percent of businesses inside the assessment area are small businesses. CRA aggregate data for the assessment area reflect that 47.6 percent of business lending was to small businesses. Consequently, the bank's borrower's profile performance for the small business loan category is reasonable when compared to aggregate performance.

The bank's overall borrower's profile performance, based on analyses of the two loan categories, is poor, as more weight was given to performance among HMDA loans.

Geographic Distribution of Loans

As noted in the description of the bank's assessment area, the bank's assessment area contains 4 low-income census tracts, 16 moderate-income census tracts, 31 middle-income census tracts, and 10 upper-income census tracts. The analysis in this section illustrates the distribution of the bank's loan activity across these geographies. The following table displays the geographic distribution of HMDA loans compared to owner-occupied housing statistics and aggregate data for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2013 through December 31, 2013												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	0	0.0%	0	0.0%	19	65.5%	10	34.5%	0	0.0%	**29**	**100%**
Refinance	0	0.0%	1	1.3%	33	42.9%	43	55.8%	0	0.0%	**77**	**100%**
Home Improvement	0	0.0%	1	50.0%	0	0.0%	1	50.0%	0	0.0%	**2**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL HMDA	**0**	**0.0%**	**2**	**1.9%**	**52**	**48.1%**	**54**	**50.0%**	**0**	**0.0%**	**108**	**100%**
Owner-Occupied Housing	2.8%		22.3%		53.4%		21.6%		0.0%		**100%**	
2013 HMDA Aggregate Data	0.9%		16.0%		53.6%		29.5%		0.0%		**100%**	

The analysis of HMDA loans revealed lending performance below the data used for comparison purposes. The bank did not make any loans in low-income census tracts, and the percentage of owner-occupied housing units in low-income census tracts is 2.8 percent. The bank's performance in low-income census tracts is also below that of other lenders in the assessment area based on 2013 HMDA aggregate data, which indicate that 0.9 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in low-income geographies. Given the low level of lending by the aggregate, the bank's performance in low-income census tracts is poor.

Bank performance in moderate-income census tracts was significantly below comparison data, reflecting very poor performance. The bank's total penetration of moderate-income census tracts (1.9 percent) is well below the percentage of owner-occupied housing units in moderate-income census tracts (22.3 percent). The bank's performance in moderate-income census tracts is also below that of other lenders based on aggregate lending data, which indicate that 16.0 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in moderate-income census tracts. The bank's geographic distribution of HMDA loans is very poor.

As with the HMDA loan category, the bank's geographic distribution of small business loans was also reviewed. The following table displays the results of this review, along with the estimated percentages of agricultural institutions located in each geography income category and aggregate data for comparison purposes.

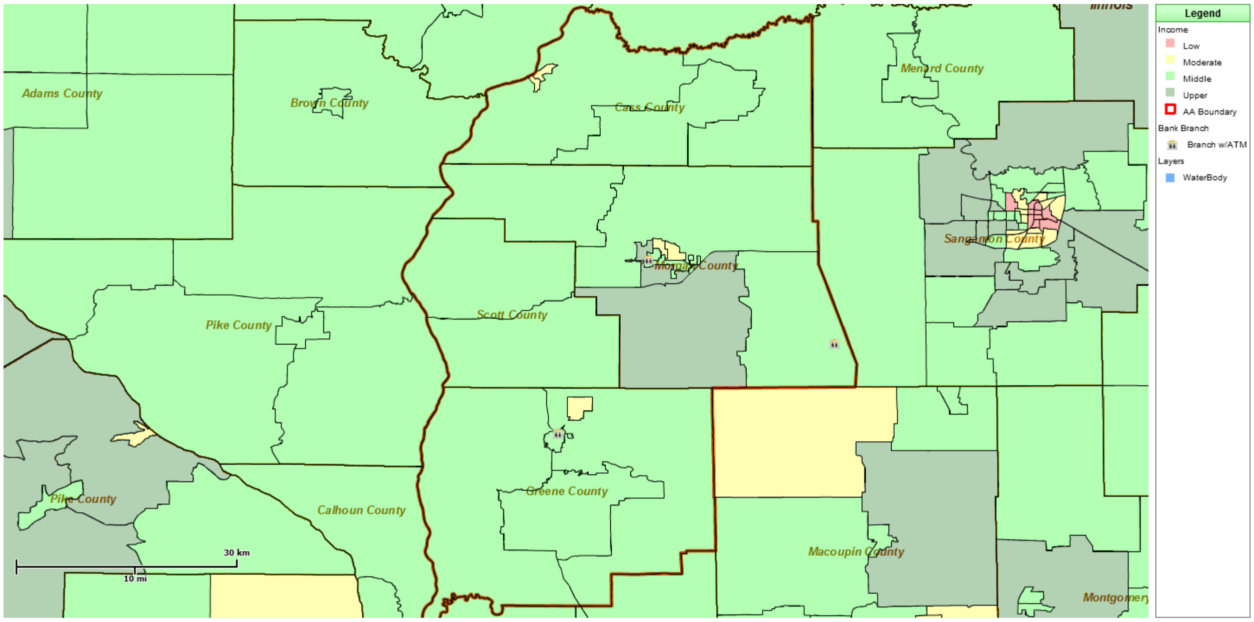
Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2013 through December 31, 2013												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Small Business Loans	0	0.0%	1	6.7%	6	40.0%	8	53.3%	0	0.0%	**15**	**100%**
Business Institutions	402	3.5%	2,384	20.9%	5,810	51.0%	2,785	24.5%	0	0.0%	**11,381**	**100%**
2013 CRA Aggregate Data	168	4.6%	673	18.3%	1,765	47.9%	1,007	27.3%	70	1.9%	**3,683**	**100%**

The bank did not make any small business loans in the low-income census tracts, while 3.5 percent of businesses are located in those tracts and 2013 aggregate lenders made 4.6 percent of loans in those tracts, which is considered very poor. The bank originated 6.7 percent of small business loans in the moderate-income census tracts, while 20.9 percent of businesses are located in those tracts. CRA aggregate data for the assessment area reflect that 18.3 percent of business lending was to businesses in moderate-income tracts. Therefore, lending to moderate-income tracts is very poor. Overall, the bank made 6.7 percent of its small business loans to LMI census tracts. In comparison, the 2013 business geodemographic data indicate that 24.4 percent of assessment area businesses are located in LMI census tracts. Therefore, the geographic distribution of the bank's small business loans reflects very poor dispersion throughout the assessment area.

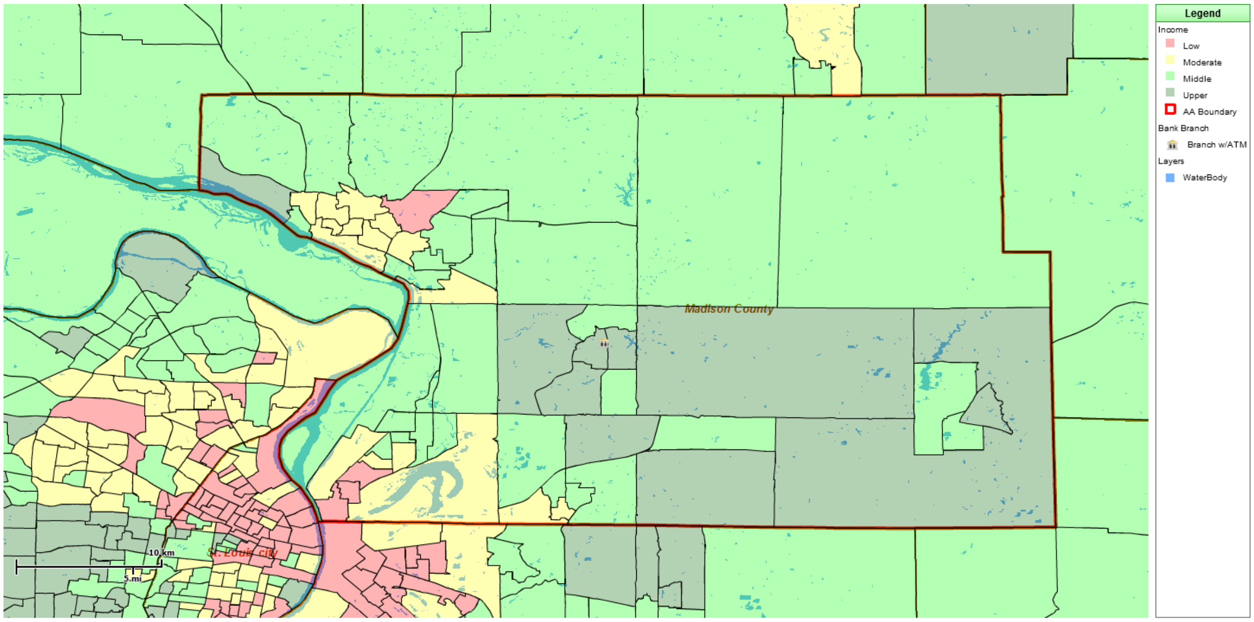
The bank's overall geographic distribution performance, based on analyses of the two loan categories, is very poor.

ASSESSMENT AREA DETAIL

NonMSA Illinois Assessment Area



Madison County, Illinois, Assessment Area



GLOSSARY

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 metropolitan area/assessment area.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending on 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 contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- and moderate-income individuals; (2) community services targeted to low- and moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; (4) activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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 nonrelatives 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-scope 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 who do 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, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope 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 metropolitan area/assessment area.

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports 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.

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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