PUBLIC DISCLOSURE

April 19, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Dieterich Bank
RSSD #771140

300 Sur Woods Drive
Effingham, Illinois 62401

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.**

TABLE OF CONTENTS

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

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

Dieterich Bank meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending and community development activities. The factors supporting the institution's rating include:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- A majority of the bank's loans and other lending-related activities are inside the assessment areas.
- Distribution of loans to borrowers reflects excellent penetration among individuals of different income levels (including low- and moderate-income (LMI)) and businesses and farms of different revenue sizes.
- The geographic distribution of loans reflects a poor dispersion throughout the assessment areas.
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.
- The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of its assessment areas, considering the bank's capacity and the need for and availability of community development opportunities in the assessment areas. The bank has responded to these needs through community development loans, qualified investments, and community development services.

During the COVID-19 pandemic, the bank responded to the needs of the community through its participation in the CARES Act[1] Paycheck Protection Program (PPP). The bank's participation in the PPP was also considered in the bank's rating.

[1] Coronavirus Aid, Relief, and Economic Security Act, signed into law on March 27, 2020.

SCOPE OF EXAMINATION

The bank's CRA performance was reviewed using the Federal Financial Institutions Examination Council's (FFIEC's) intermediate small bank procedures, which entail two performance tests: the Lending Test and the Community Development Test. Bank performance under these tests is rated at the institution level. The bank maintains operations in three delineated assessment areas within the state of Illinois. One assessment area is located in the St. Louis Missouri-Illinois metropolitan statistical area (St. Louis MSA) and comprises Madison, Clinton, St. Clair, and Monroe Counties in their entirety. Another assessment area is located in nonmetropolitan statistical area (nonMSA) Illinois and comprises Effingham, Jasper, and Fayette Counties in their entirety. The third assessment area is also located in nonMSA Illinois and comprises Randolph County in its entirety.

The following table details the number of branch offices, breakdown of deposits, and the CRA review procedures applicable to each assessment area completed as part of this evaluation. Deposit information in the following table, as well as throughout this evaluation, is taken from the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2020.

Assessment Area	**Offices**		**Deposits as of 6/30/20**		**Assessment Area Reviews**		
	#	**%**	**$ (000s)**	**%**	**Full Scope**	**Limited Scope**	**TOTAL**
St. Louis	5	33.3%	$47,171	7.0%	1	0	**1**
Effingham	7	46.7%	$494,308	72.9%	1	0	**1**
Randolph County	3	20.0%	$136,800	20.2%	1	0	**1**
OVERALL	**15**	**100%**	**$678,279**	**100%**	**3**	**0**	**3**

In light of branch structure, loan and deposit activity, and the bank's CRA evaluation history, CRA performance in the Effingham assessment area carried the most weight when making overall conclusions.

Lending performance was based on Home Mortgage Disclosure Act (HMDA) loans, small business loans, and small farm loans, as these loan categories are considered core business lines based on the bank's lending volume and its stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of overall lending performance. While small farm loans are a focus of the bank, as reflected by lending volume in the Effingham assessment area, small farm lending was *de minimis* in St. Louis and Randolph County and was not reviewed for borrower and geographic distribution in those assessment areas. In addition, due to the dollar amount and number of HMDA loans, as well as the bank's emphasis on small business lending, performance based on the HMDA and small business loan categories carried greater significance toward the bank's overall performance conclusions than small farm loans. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	June 30, 2017 – March 31, 2021
Assessment Area(s) Concentration	January 1, 2019 – December 31, 2019
Geographic Distribution of Loans	
Loan Distribution by Borrower's Profile	
Response to Written CRA Complaints	June 5, 2017 – April 18, 2021
Community Development Activities	

Lending Test 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 2015 American Community Survey (ACS) data, and certain business and farm demographics are based on 2019 Dun & Bradstreet data. Moreover, when analyzing bank performance by comparing lending activity to both demographic data 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 in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $497.7 million to $1.3 billion as of March 31, 2021.

As part of the Community Development Test, the bank's performance was evaluated using the following criteria, considering the bank's capacity and the need for and availability of such opportunities for community development in the bank's assessment areas:

- The number and dollar amount of community development loans.
- The number and dollar amount of qualified investments and grants.
- The extent to which the bank provides community development services.

The review included community development activities initiated from the date of the bank's previous CRA evaluation to this review date. In addition, investments made prior to the date of the previous CRA evaluation, but still outstanding as of this review date, were considered.

To augment this evaluation, seven community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions in the bank's assessment areas. Information from these interviews assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from these community contact interviews are included in the *Description of Assessment Area* section, applicable to the assessment area in which they were conducted.

DESCRIPTION OF INSTITUTION

Dieterich Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is a wholly owned subsidiary of Prime Banc Corporation, a one-bank holding company. The bank and its holding company are both headquartered in Effingham, Illinois. The bank's branch network consists of 15 offices (including the main office), 14 of which have cash-dispensing automated teller machines (ATMs) on site. In addition to being full-service facilities, the main office and all branches have drive-up accessibility, and the bank operates two stand-alone ATMs that are cash-dispensing only. The bank also operates a single commercial loan production office in its St. Louis assessment area.

The bank opened two branches during the review period. One new branch is located in Edwardsville, Illinois, (Madison County) in the St. Louis assessment area. The other new branch is located in St. Elmo, Illinois, (Fayette County) in the Effingham assessment area. The bank also acquired five branches during the review period. Three acquired branches are in the St. Louis assessment area, and two are in the Randolph County assessment area. Based on this branch network and other service delivery systems, such as extended banking hours of operation and full-service online banking capabilities, the bank is well positioned to deliver financial services to the majority of its assessment areas.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting the credit needs of its assessment areas based on its available resources and financial products. As of March 31, 2021, the bank reported total assets of $1.2 billion. As of the same date, loans and leases outstanding were $629.3 million (51.0 percent of total assets), and deposits totaled $1.0 billion. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of March 31, 2021		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and development	$46,876	7.4%
Commercial real estate	$260,942	41.5%
Multifamily residential	$27,679	4.4%
1–4 family residential	$99,164	15.8%
Farmland	$69,712	11.1%
Farm loans	$22,370	3.6%
Commercial and industrial	$80,265	12.8%
Loans to individuals	$14,192	2.3%
Total other loans	$8,117	1.3%
TOTAL	**$629,317**	**100%**

As indicated by the table above, a significant portion of the bank's lending resources (41.5 percent) is directed to loans secured by commercial real estate, as well as 1–4 family residential properties

(15.8 percent) and agricultural loans (14.7 percent). Additionally, the bank originates a substantial amount of secondary market residential real estate loans and subsequently sells these loans shortly after origination; however, this activity is not reflected in the data above.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by the Office of the Comptroller of the Currency (OCC) on June 5, 2017.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Lending Test

Dieterich Bank meets the standards for a Satisfactory Lending Test rating under the intermediate small bank procedures, which evaluate bank performance under the following five criteria as applicable. CRA performance in the Effingham assessment area was given greater weight when making overall conclusions.

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 average LTD ratio compared to those of regional peers. The average LTD ratio represents a 16-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of March 31, 2021**	**Average LTD Ratio**
Dieterich Bank	Effingham, Illinois	$1,234,606	77.2%
Regional Banks	Waterloo, Illinois	$784,930	63.4%
	Hillsboro, Illinois	$497,697	78.6%
	Springfield, Illinois	$1,296,657	97.7%

Based on data from the previous table, the bank's level of lending is comparable to other peer banks in the region. During the first half of the review period, the bank's quarterly LTD ratio experienced an increasing trend, with a high of 87.0 percent in the third quarter of 2019 followed by an overall decline to a low of 60.0 percent in the first quarter of 2021. Considering the entire review period, the bank maintained a 16-quarter average LTD of 77.2 percent. While it experienced fluctuations, the bank's 16-quarter average LTD ratio increased from 73.6 percent at its previous CRA evaluation. Compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, overall trend in LTD, and credit needs of its 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 Areas January 1, 2019 through December 31, 2019						
Loan Type	**Inside Assessment Areas**		**Outside Assessment Areas**		**TOTAL**	
HMDA	354	81.8%	79	18.2%	**433**	**100%**
	$49,374	80.0%	$12,341	20.0%	**$61,715**	**100%**
Small Business	93	83.0%	19	17.0%	**112**	**100%**
	$12,390	70.8%	$5,104	29.2%	**$17,494**	**100%**
Small Farm	83	88.3%	11	11.7%	**94**	**100%**
	$10,838	88.5%	$1,403	11.5%	**$12,241**	**100%**
TOTAL LOANS	**530**	**82.9%**	**109**	**17.1%**	**639**	**100%**
	$72,602	**79.4%**	**$18,848**	**20.6%**	**$91,450**	**100%**

A majority of loans and other lending-related activities were made in the bank's assessment areas. As shown above, 82.9 percent of the total loans were made inside the assessment areas, accounting for 79.4 percent of the dollar volume of total loans.

Geographic and Borrower Distribution

Overall, performance by borrower's income/revenue profile is excellent, based on the analyses of lending in the St. Louis, Effingham, and Randolph County assessment areas, as displayed in the following table. As previously mentioned, CRA performance in the Effingham assessment area was given greater consideration when making overall conclusions.

Assessment Area	Loan Distribution by Borrower's Profile
St. Louis	Reasonable
Effingham	Excellent
Randolph County	Reasonable
OVERALL	**Excellent**

As displayed in the following table, the bank's overall distribution of lending by income level of census tract reflects poor penetration.

Assessment Area	Geographic Distribution of Loans
St. Louis	Poor
Effingham	Poor
Randolph County	Reasonable
OVERALL	**Poor**

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (June 5, 2017 through April 18, 2021).

Community Development Test

Dieterich Bank's performance under the Community Development Test is rated Satisfactory. The bank demonstrates adequate responsiveness to the community development needs of its assessment areas, considering the bank's capacity and the need for and availability of such opportunities for community development in the assessment areas.

Assessment Area	Community Development Test Performance Conclusions
St. Louis	Adequate
Effingham	Adequate
Randolph County	Adequate
OVERALL	**Adequate**

During the review period, Dieterich Bank made qualifying loans, donations, and services to individuals and organizations in its assessment areas, broken down as follows:

Total Community Development Activities Inside Assessment Areas June 5, 2017 through April 18, 2021			
Community Development Component	**#**		**$ (000's)**
Loans	43		$12,574
Donations	36		$31
Services	7 organizations	1,924 hours	

Community development lending activities were mostly in the form of loans financing the purchase or improvement of single family and multifamily affordable housing and loans that sought to revitalize and stabilize LMI areas. The bank's community development investment activities were in the form of donations made to organizations and groups that serve LMI individuals and LMI geographies. Service activities included employees delivering financial education and expertise to community service organizations as board members and representatives of the bank.

In addition to the numbers listed in the table above, the bank made 10 community development loans totaling $745,752 outside of its assessment areas, but that benefited the larger statewide/regional area.

Finally, the bank made 248 PPP loans within its assessment areas totaling $12.5 million. While not all were qualified community development loans, these are Small Business Administration loans that helped businesses keep their workforce employed during the COVID-19 crisis. As such, these loans demonstrate responsiveness to the needs of the assessment area during the pandemic.

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.

ST. LOUIS, MISSOURI-ILLINOIS METROPOLITAN STATISTICAL AREA

(Full-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ST. LOUIS ASSESSMENT AREA

Bank Structure

Dieterich Bank operates five offices (33.3 percent of total branches) in this assessment area. Of the five offices, four are located in middle-income census tracts, and one is located in an upper-income census tract. Since the last examination, the bank opened one branch and acquired three branches in this assessment area. The branch opened by the bank is located in an upper-income census tract in Madison County. Two of the acquired branches are located in middle-income census tracts in Monroe County. The remaining acquired branch is located in a middle-income census tract in Clinton County. Based on its branch network and other service delivery systems, the bank is well positioned to deliver financial services to substantially all of the assessment area.

General Demographics

As previously mentioned, the assessment area is comprised of Madison, Clinton, St. Clair, and Monroe Counties in their entireties. All four counties are located within the Illinois side of the St. Louis MSA. Per 2015 ACS data, the assessment area has a population of 605,853. Madison and St. Clair Counties are the more populous of the four counties comprising the assessment area, with total populations of 267,356 and 267,029, respectively. Of the 44 FDIC-insured depository institutions with a branch presence in this assessment area, the bank ranked 38th in deposit market share, encompassing 0.4 percent of total deposit dollars.

Credit needs in the assessment area include a mix of consumer and business loan products. Particular credit needs in the assessment area, as noted by community contacts, include small dollar mortgage loans, home repair and improvement loans, first-time homebuyer programs, affordable housing for LMI families, and financial literacy initiatives for consumers. For this assessment area, contacts indicated that the majority of housing stock is older and in poor condition. Contacts also noted a significant number of community development opportunities in the assessment area.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	22	29	54	30	0	**135**
	16.3%	21.5%	40.0%	22.2%	0.0%	**100%**
Family Population	14,956	26,919	72,341	42,578	0	**156,794**
	9.5%	17.2%	46.1%	27.2%	0.0%	**100%**

As shown in the previous table, 37.8 percent of the census tracts in the assessment area are LMI geographies, and 26.7 percent of the family population resides in these tracts. The majority of the LMI census tracts in the assessment area are located in the westernmost portions of Madison and St. Clair Counties, in close proximity to the city of St. Louis.

Based on 2015 ACS data, the median family income for the assessment area was $68,170, which is comparable to the St. Louis MSA median family income of $70,718. More recently, the FFIEC estimates the 2019 median family income for the entire St. Louis MSA to be $81,200. The following table displays population percentages of assessment area families by income level compared to the St. Louis MSA family populations.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	36,307	27,309	31,708	61,470	**156,794**
	23.2%	17.4%	20.2%	39.2%	**100%**
St. Louis MSA	155,627	125,318	144,204	294,177	**719,326**
	21.6%	17.4%	20.0%	40.9%	**100%**

As shown in the table above, 40.6 percent of families within the assessment area were considered LMI, which is comparable to the LMI family percentage of 39.0 percent in the St. Louis MSA overall. In addition, the percentage of families living below the poverty level in the assessment area, 11.2 percent, is only slightly higher than the percentage of families living below the poverty level in the St. Louis MSA (9.6 percent). Considering these factors, the affluence of the assessment area is comparable to that of the St. Louis MSA as a whole.

Housing Demographics

As displayed in the following table, housing in the assessment area is generally more affordable than in the St. Louis MSA as a whole.

Housing Demographics			
Dataset	**Median Housing Value**	**Affordability Ratio**	**Median Gross Rent (monthly)**
Madison County	$126,500	42.2%	$778
Clinton County	$134,500	47.0%	$779
St. Clair County	$120,400	41.4%	$796
Monroe County	$191,200	37.1%	$830
Assessment Area	$129,193	41.4%	$789
St. Louis MSA	$157,100	35.1%	$815

Median gross rents varied by county in the assessment area from a low of $778 in Madison County to a high of $830 in Monroe County. Affordability ratios also varied, ranging from a high of 47.0 percent in Clinton County to a low of 37.1 percent in Monroe County. Overall, housing in the assessment area is more affordable than in the St. Louis MSA as a whole. However, contacts noted that high levels of competition for single family housing, coupled with a limited amount of housing stock, makes it difficult for LMI individuals in the assessment area to access affordable housing, including rental units. In addition, contacts stated that the current stock of affordable housing is aging and in need of repair, which makes it difficult for LMI homeowners to maintain.

Industry and Employment Demographics

The assessment area supports a large and diverse service community, including a strong small business sector, as evidenced by Dun & Bradstreet data, which shows that 90.1 percent of assessment area businesses have annual revenues of $1 million or less. County business patterns indicate that there are 198,144 paid employees in the assessment area. By percentage of employees, the three largest job categories are health care and social assistance (15.1 percent), followed by retail trade (13.4 percent), and accommodation and food services (11.9 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for each county of the assessment area, the assessment area as a whole, and the St. Louis MSA as a whole.

Unemployment Levels for the Assessment Area			
Dataset	**Time Period (Annual Average)**		
	2018	**2019**	**2020 (Jan. – Aug.)**
Madison County	4.4%	3.9%	8.4%
Clinton County	3.5%	3.1%	6.6%
St. Clair County	5.0%	4.5%	9.6%
Monroe County	3.4%	3.1%	6.3%
Assessment Area Average	4.5%	4.0%	8.7%
St. Louis MSA	3.4%	3.3%	7.3%

As shown in the preceding table, unemployment levels varied between the counties comprising the assessment area, with St. Clair and Madison Counties' levels consistently reaching higher than the MSA as a whole. Unemployment levels remained relatively stable for 2018 and 2019. The increased unemployment in 2020 was the result of the COVID-19 pandemic, which negatively affected employment rates nationwide.

Community Contact Information

Three community contact interviews were completed for the St. Louis assessment area. The contacts represented a nonprofit organization that specializes in community development, a community development financial institution focused on affordable housing, and a nonprofit organization that provides financial assistance to area residents. The contacts' characterization of local economic conditions varied across the assessment area, with St. Clair County experiencing greater economic hardships compared to the other assessment area counties. One contact indicated that poverty and disinvestment are pervasive in St. Clair County's urban core, which includes greater East Saint Louis, Illinois. The contact furthered that the lack of economic opportunities that result from disinvestment in the area discourages small businesses from opening, expanding, or relocating to St. Clair County. Another contact agreed that St. Clair County has experienced long-term disinvestment, which has led to population and job loss. The contact attributed the disinvestment to declining home values, pervasive poverty, and a negative public image of East Saint Louis.

Furthermore, contacts stated that while the pandemic has negatively affected the economic conditions of the entire region, St. Clair County has also been most adversely impacted. Low-income households in the area have experienced greater instances of job loss and have been in urgent need of rental, utility, and mortgage assistance.

Regarding housing, contacts stated that the strongest housing demand for area residents is affordable rental units and that current rental housing stock in the East Saint Louis area is aging and poorly maintained when compared to other neighboring towns, such as Belleville. The lack of safe and affordable housing in St. Clair County impacts LMI residents the most. Barriers to LMI homeownership in the assessment area, as defined by the contacts, include unsafe housing stock in need of repair, appraisal gaps preventing purchase and improvement loans, and poor credit histories and insufficient down payment funds for prospective buyers.

Access to banking branches and services in the area was described by contacts as limited for LMI residents in lower income areas of the assessment area. One contact noted that the majority of banks have more branches in middle- and upper-income geographies of the area. Significant credit needs include small dollar mortgage loans, home improvement loans, home refinance loans, and first-time homebuyer programs. Financial literacy education was also indicated to be a need in the area. Furthermore, one contact indicated a need for operating capital and inventory loans for small businesses in the area, including start-ups. The contact stated that many urban, small business owners rely on predatory financial providers because they cannot qualify for traditional commercial loans. Finally, the contacts noted opportunities for participation by local financial institutions, such as partnering with local community development organizations; working with community partners to elevate minority-owned small businesses; and supporting affordable housing development.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ST. LOUIS ASSESSMENT AREA

<u>Lending Test</u>

The overall distribution of loans by borrower's profile in the St. Louis assessment area is reasonable. The overall geographic distribution of loans reflects poor penetration throughout the assessment area.

Loan Distribution by Borrower's Profile

Overall, the bank's distribution by borrower's profile is reasonable, based on the two loan categories reviewed in this assessment area. The bank's HMDA loan distribution by borrower's profile is poor, and performance under the small business category is excellent.

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 ($81,200 for the St. Louis MSA as of 2019). The following table shows the distribution of HMDA-reported loans by borrower income level compared to family population income demographics for the assessment area. Additionally, 2019 aggregate data is displayed.

Distribution of 2019 Home Mortgage Lending By Borrower Income Level

Borrower Income Level	Bank Loans				Families by Family Income %	Aggregate HMDA Data	
	#	#%	$	$%		#%	$%
Low	2	4.1%	$126	1.8%	23.2%	10.1%	4.7%
Moderate	6	12.2%	$688	9.6%	17.4%	18.0%	12.2%
Middle	10	20.4%	$1,146	16.0%	20.2%	20.9%	19.3%
Upper	19	38.8%	$3,649	51.1%	39.2%	29.9%	38.1%
Unknown	12	24.5%	$1,536	21.5%	0.0%	21.1%	25.6%
TOTAL	**49**	**100.0%**	**$7,145**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (4.1 percent) is substantially below the low-income family population figure (23.2 percent) and well below the 2019 aggregate lending level to low-income borrowers (10.1 percent), reflecting poor performance. The bank's level of lending to moderate-income borrowers (12.2 percent) is well below the moderate-income family population percentage (17.4 percent) and the aggregate lending levels of 18.0 percent, also reflecting poor performance. Therefore, considering performance in both income categories, the overall distribution of HMDA loans by borrower's profile is poor.

In addition to HMDA loans, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2019 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate lending data.

Distribution of 2019 Small Business Lending By Borrower Income Level									
Business Revenue and Loan Size		2019							
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	$ (000s)	$%	$%	%
Business Revenue	$1 million or less	17	100.0%	48.2%	$2,550	100.0%	36.4%	90.1%
	Over $1 million/ unknown	0	0.0%	51.8%	$0	0.0%	63.6%	9.9%
	TOTAL	**17**	**100.0%**	**100.0%**	**$2,550**	**100.0%**	**100.0%**	**100.0%**
Loan Size	$100,000 or less	8	47.1%	90.2%	$220	8.6%	28.5%	
	$100,001–$250,000	6	35.3%	5.1%	$1,040	40.8%	17.6%	
	$250,001–$1 million	3	17.6%	4.8%	$1,290	50.6%	54.0%	
	Over $1 million	0	0.0%	0.0%	$0	0.0%	0.0%	
	TOTAL	**17**	**100.0%**	**100.0%**	**$2,550**	**100.0%**	**100.0%**	
Loan Size / Revenue $1 Million or Less	$100,000 or less	8	47.1%		$220	8.6%		
	$100,001–$250,000	6	35.3%		$1,040	40.8%		
	$250,001–$1 million	3	17.6%		$1,290	50.6%		
	Over $1 million	0	0.0%		$0	0.0%		
	TOTAL	**17**	**100.0%**		**$2,550**	**100.0%**		

The bank's level of lending to small businesses is excellent. The bank originated all of its small business loans (100.0 percent) to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that 90.1 percent of businesses in the assessment area had annual revenues of $1 million or less, and the 2019 aggregate lending level to small businesses is only 48.2 percent.

Geographic Distribution of Loans

As noted previously, the assessment area includes 135 census tracts, with 22 low- and 29 moderate-income census tracts, representing 37.8 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects poor penetration throughout these LMI census tracts, driven by performance in the small business loan category. The following table displays the geographic distribution of 2019 HMDA loans compared to owner-occupied housing demographics for the assessment area and aggregate data.

Distribution of 2019 Home Mortgage Lending By Income Level of Geography							
Census Tract Income Level	**Bank Loans**				**% of Owner-Occupied Units**	**Aggregate HMDA Data**	
	#	**#%**	**$**	**$%**		**#%**	**$%**
Low	0	0.0%	$0	0.0%	7.4%	1.6%	0.6%
Moderate	9	18.4%	$1,173	16.4%	16.4%	12.1%	8.2%
Middle	24	49.0%	$2,933	41.0%	48.0%	49.7%	46.3%
Upper	16	32.7%	$3,039	42.5%	28.1%	36.6%	44.9%
Unknown	0	0.0%	$0	0.0%	0.0%	0.0%	0.0%
TOTAL	**49**	**100.0%**	**$7,145**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The analysis of HMDA loans reveals poor lending performance to borrowers residing in the assessment area's low-income geographies. The bank's total penetration of the low-income census tracts by number of loans (0.0 percent) is well below the percentage of owner-occupied housing units in the low-income census tracts (7.4 percent) and slightly below the percentage of aggregate HMDA loans made to borrowers residing in low-income geographies (1.6 percent).

Bank performance in moderate-income census tracts reflects excellent performance. The bank's total penetration of moderate-income census tracts by number of loans (18.4 percent) exceeds the percentage of owner-occupied housing units in moderate-income census tracts (16.4 percent) and the performance of other lenders based on aggregate lending data, which indicate that 12.1 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in moderate-income census tracts. Combined, the bank's geographic distribution of HMDA loans in LMI geographies, 18.4 percent, is comparable to that of other lenders in the assessment area (13.7 percent). Although lending gaps exist, the overall geographic distribution of HMDA loans in the assessment area is reasonable based on aggregate lending levels and the affordability of housing in the assessment area.

Second, small business loans were reviewed. The following table displays 2019 small business loan activity by geography income level compared to the location of businesses throughout this assessment area and 2019 small business aggregate data.

Distribution of 2019 Small Business Lending By Income Level of Geography							
Census Tract Income Level	**Bank Small Business Loans**				**% of Businesses**	**Aggregate of Peer Data**	
	#	**#%**	**$ (000s)**	**$%**		**%**	**$%**
Low	0	0.0%	$0	0.0%	7.9%	7.5%	12.2%
Moderate	1	5.9%	$221	8.7%	18.7%	16.3%	17.8%
Middle	6	35.3%	$409	16.0%	47.2%	45.6%	44.3%
Upper	10	58.8%	$1,920	75.3%	26.2%	29.3%	25.4%
Unknown	0	0.0%	$0	0.0%	0.0%	1.2%	0.3%
TOTAL	**17**	**100.0%**	**$2,550**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The bank's level of small business lending in the assessment area's low-income census tracts (0.0 percent) is significantly below the estimated percentage of businesses operating inside these tracts (7.9 percent) and the 2019 aggregate lending levels in the low-income census tracts (7.5 percent), reflecting poor performance. The bank's percentage of loans in moderate-income census tracts (5.9 percent) is also significantly below both the percentage of small businesses in moderate-income census tracts (18.7 percent) and the 2019 aggregate lending percentage in moderate-income census tracts (16.3 percent), representing poor performance. As previously stated, four of the bank's five branches in this assessment area were opened/acquired during the review period (opened/acquired in 2020). Furthermore, there is heavy competition in the assessment area with a significant number of banks and other lenders competing for small business loans. Despite this context, the bank's overall distribution of small business loans in the St. Louis assessment area is poor.

Some lending gaps were identified in the distribution of loans in this assessment area. The bank did not originate loans in any of the 22 low-income census tracts in the assessment area, and originated loans in only 6 of the 29 moderate-income census tracts in the assessment area. In total, the bank originated loans in only 6 of the 51 LMI census tracts located in the assessment area, or 11.8 percent. By comparison, the bank originated loans in 32.1 percent of middle- and upper-income geographies. Factors impacting the bank's lending include that the bank only operated one branch in this assessment area during the majority of the review period; the high levels of banking competition present in the area; and the economic challenges and barriers to lending described by the community contacts. Nevertheless, this data supports the conclusion that the overall geographic distribution of loans in the St. Louis assessment area is poor.

Community Development Test

Dieterich Bank demonstrates adequate responsiveness to community development needs within the assessment area, considering the bank's capacity and the need for and availability of such opportunities for community development. The bank addressed these needs through community development loans, qualified donations, and community development services.

During the review period, the bank extended 15 community development loans totaling $7.8 million in this assessment area. Most of these loans were made to finance the purchase or improvement of multifamily affordable housing units in the assessment area. In addition, one loan was made to an organization that provides loans to LMI individuals, including loans for affordable housing, and five loans were PPP loans that helped retain jobs in LMI geographies. In addition to these qualified community development loans, the bank made 17 other PPP loans totaling $1.6 million throughout the middle- and upper-income census tracts of the assessment area.

The bank made two qualified community development donations totaling $3,500. One donation was to an organization providing financial assistance to LMI families, and the other donation funded food for LMI families.

Finally, one employee utilized their financial expertise to assist one organization that is involved in community services in the assessment area, providing 45 hours of financial services to the organization.

EFFINGHAM, ILLINOIS NONMETROPOLITAN STATISTICAL AREA

(Full-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE EFFINGHAM ASSESSMENT AREA

Bank Structure

Dieterich Bank operates seven offices (46.7 percent of total branches) in this assessment area. Of the seven offices, one is located in a moderate-income census tract, two are located in middle-income census tracts, and four are located in upper-income census tracts. Since the last examination, the bank opened one branch in this assessment area, located in a moderate-income census tract in the city of St. Elmo (Fayette County). Based on this branch network and other service delivery systems, the bank is well positioned to deliver financial services to substantially all of the assessment area.

General Demographics

As previously mentioned, the assessment area is comprised of Effingham, Jasper, and Fayette Counties in their entirety. Per 2015 ACS data, the assessment area has a population of 66,103. Effingham and Fayette Counties are the more populous of the three counties comprising the assessment area, with total populations of 34,332 and 22,136, respectively. Of the 18 FDIC-insured depository institutions with a branch presence in this assessment area, the bank ranked second in deposit market share, encompassing 17.6 percent of total deposit dollars.

Credit needs in the assessment area include a mix of consumer and business loan products. Particular credit needs, as noted primarily from community contacts, include home improvement loans, small dollar mortgage loans, mortgage products with features such as down payment assistance and first-time homebuyer programs, small dollar business loans, and loans for agricultural equipment. Contacts also indicated that the assessment area had several community development opportunities for participation by financial institutions.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0	3	10	5	0	**18**
	0.0%	16.7%	55.6%	27.8%	0.0%	**100%**
Family Population	0	1,769	9,380	5,803	0	**16,952**
	0.0%	10.4%	55.3%	34.2%	0.0%	**100%**

As shown in the previous table, the assessment area has no low-income census tracts. While 16.7 percent of the assessment area census tracts are moderate income, only 10.4 percent of the family population resides in those tracts. All the moderate-income census tracts are located in Fayette County.

Based on 2015 ACS data, the median family income for the assessment area was $62,012, which is above the nonMSA Illinois median family income of $59,323. More recently, the FFIEC estimates the 2019 median family income for nonMSA Illinois to be $64,200. The following table displays population percentages of assessment area families by income level compared to nonMSA Illinois family populations.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	3,134	2,938	3,774	7,106	**16,952**
	18.5%	17.3%	22.3%	41.9%	**100%**
NonMSA Illinois	78,116	70,252	83,510	153,709	**385,587**
	20.3%	18.2%	21.7%	39.9%	**100%**

As shown in the table above, 35.8 percent of families within the assessment area were considered LMI, which is slightly below the LMI family percentage of 38.5 percent in nonMSA Illinois as a whole. In addition, the percentage of families living below the poverty level in the assessment area, 8.9 percent, is slightly lower than the 10.4 percent level in nonMSA Illinois. Considering these factors, the assessment area is slightly more affluent than nonMSA Illinois as a whole.

Housing Demographics

As displayed in the following table, housing in the assessment area is generally less affordable than nonMSA Illinois as a whole.

Housing Demographics			
Dataset	**Median Housing Value**	**Affordability Ratio**	**Median Gross Rent (monthly)**
Effingham County	$128,200	40.7%	$581
Jasper County	$94,500	57.4%	$537
Fayette County	$82,400	53.3%	$578
Assessment Area	$107,746	46.3%	$575
NonMSA Illinois	$93,478	49.0%	$604

Median gross rents varied by county in the assessment area from a low of $537 in Jasper County to a high of $581 in Effingham County. Affordability ratios varied widely, ranging from a high of 57.4 percent in Jasper County to a low of 40.7 percent in Effingham County. The assessment area rents are lower than those in nonMSA Illinois as a whole, while housing values are generally higher in comparison. Therefore, housing appears slightly less affordable for residents in the overall assessment area in comparison to nonMSA Illinois overall.

Industry and Employment Demographics

The assessment area supports a large and diverse business community, including a strong small business sector, as evidenced by Dun & Bradstreet data, which indicates 87.1 percent of assessment area businesses have annual revenues of $1 million or less. County business patterns indicate that there are 26,835 paid employees in the assessment area. By percentage of employees, the three largest job categories are health care and social assistance (15.0 percent), followed by manufacturing (15.0 percent), and retail trade (13.9 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for each county of the assessment area, the assessment area as a whole, and the nonMSA Illinois as a whole.

Unemployment Levels for the Assessment Area			
Dataset	**Time Period (Annual Average)**		
	2018	**2019**	**2020 (Jan. – Aug.)**
Effingham County	3.7%	3.3%	7.5%
Jasper County	4.9%	4.2%	6.4%
Fayette County	5.1%	4.4%	8.2%
Assessment Area	4.3%	3.7%	7.5%
NonMSA Illinois	4.8%	4.4%	8.4%

As shown in the table above, unemployment levels varied between the counties comprising the assessment area, with Fayette County levels consistently reaching higher levels than the other counties in the assessment area; in addition, the overall assessment area unemployment levels were slightly lower than nonMSA Illinois as a whole. For the time period reviewed, unemployment levels remained relatively stable for 2018 and 2019. The increased unemployment rates in 2020 were the result of the COVID-19 pandemic, which negatively affected employment rates nationwide.

Community Contact Information

Two community contact interviews were completed for the Effingham assessment area. One contact was with a local agency assisting start-up businesses, and the other contact was with a nonprofit organization providing services to economically and socially disadvantaged people. Although contacts characterized Effingham County's economy as relatively stronger when compared to Jasper and Fayette Counties, the assessment area economy overall is still considered rural and somewhat poor. Poor economic conditions described by the contacts included population loss, lack of job opportunities, and the need for affordable housing for LMI households. Both contacts stated that the area suffers from a lack of broadband services, which creates a greater burden on rural communities in the area. In terms of affordable housing, one contact stated that affordable housing is available throughout Effingham and Fayette Counties; however, the contact also stated that there is a need for more development of affordable homes, both for purchase and rental properties.

Both contacts indicated that access to banking branches and services was generally good in Effingham County but much more limited in the more rural parts of the assessment area. One contact noted that home improvement loans, small dollar mortgage loans, and mortgage products with features such as down payment assistance and first-time homebuyer programs were significant credit needs in the area. The other contact noted that small dollar business loans and loans for agricultural equipment were the greatest credit needs of the area. Both contacts noted opportunities for participation by local financial institutions, such as engaging in financial literacy and education programs (including programs for new homebuyers), participating in financing small businesses located in the city of Effingham's Enterprise Zone, and developing loan products for small businesses that require lower collateral amounts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE EFFINGHAM ASSESSMENT AREA

Lending Test

The overall distribution of loans by borrower's profile in the Effingham assessment area reflects excellent performance among borrowers of different income levels and businesses and farms of different sizes. The overall geographic distribution of loans reflects poor penetration throughout the assessment area.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is excellent, based on performance from all three loan categories reviewed. The bank's HMDA loan distribution by borrower's profile is reasonable, and performance under the small business and small farm loan categories is excellent. For this review, greater emphasis is placed on performance in the HMDA and small business loan categories.

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 ($64,200 for nonMSA Illinois as of 2019). The following table shows the distribution of HMDA-reported loans by borrower income level compared to family population income demographics for the assessment area. Additionally, 2019 aggregate data for the assessment area is displayed.

Distribution of 2019 Home Mortgage Lending By Borrower Income Level							
Borrower Income Level	**Bank Loans**				**Families by Family Income %**	**Aggregate HMDA Data**	
	#	**#%**	**$**	**$%**		**#%**	**$%**
Low	13	4.8%	$911	2.4%	18.5%	8.1%	3.6%
Moderate	40	14.9%	$3,982	10.4%	17.3%	17.6%	12.1%
Middle	73	27.1%	$8,336	21.8%	22.3%	24.3%	22.6%
Upper	130	48.3%	$23,544	61.6%	41.9%	35.7%	48.0%
Unknown	13	4.8%	$1,464	3.8%	0.0%	14.4%	13.7%
TOTAL	**269**	**100.0%**	**$38,237**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (4.8 percent) is substantially below the low-income family population figure (18.5 percent) and slightly below the 2019 aggregate lending level to low-income borrowers (8.1 percent), reflecting reasonable performance. The bank's level of lending to moderate-income borrowers (14.9 percent) is slightly below both the moderate-income family population percentage (17.3 percent) and the aggregate lending level of 17.6 percent, also reflecting reasonable performance. Therefore, the bank's overall distribution of HMDA loans by borrower's profile is reasonable.

In addition to HMDA loans, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2019 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate lending data.

Distribution of 2019 Small Business Lending
By Borrower Income Level

Business Revenue and Loan Size			2019						
			Count			Dollars			Total
			Bank		Aggregate	Bank		Aggregate	Businesses
			#	%	%	$ (000s)	$%	$%	%
Business Revenue		$1 million or less	63	100.0%	46.8%	$6,688	100.0%	35.2%	87.1%
		Over $1 million/ unknown	0	0.0%	53.2%	$0	0.0%	64.8%	12.9%
		TOTAL	**63**	**100.0%**	**100.0%**	**$6,688**	**100.0%**	**100.0%**	**100.0%**
Loan Size		$100,000 or less	47	74.6%	92.0%	$2,010	30.0%	27.7%	
		$100,001–$250,000	8	12.7%	3.3%	$1,369	20.5%	12.3%	
		$250,001–$1 million	8	12.7%	4.7%	$3,309	49.5%	60.0%	
		Over $1 million	0	0.0%	0.0%	$0	0.0%	0.0%	
		TOTAL	**63**	**100.0%**	**100.0%**	**$6,688**	**100.0%**	**100.0%**	
Loan Size	Revenue $1 Million or Less	$100,000 or less	47	74.6%		$2,010	30.0%		
		$100,001–$250,000	8	12.7%		$1,369	20.5%		
		$250,001–$1 million	8	12.7%		$3,309	49.5%		
		Over $1 million	0	0.0%		$0	0.0%		
		TOTAL	**63**	**100.0%**		**$6,688**	**100.0%**		

The bank's level of lending to small businesses is excellent. The bank originated all its small business loans (100.0 percent) to businesses with revenues of $1 million or less. In comparison, while assessment area demographics estimate that 87.1 percent of businesses in the assessment area had annual revenues of $1 million or less, the 2019 aggregate lending level to small businesses is only 46.8 percent. In addition, 74.6 percent of loans extended to small businesses were in amounts less than or equal to $100,000, which shows the bank's willingness to lend small dollar loans to small businesses.

Lastly, small farm loans were reviewed to determine the bank's lending levels to farms of different sizes. The following table shows the distribution of 2019 small farm loans by loan amount and farm revenue size compared to Dun & Bradstreet and aggregate lending data.

<table>
<tr><th colspan="10">Distribution of 2019 Small Farm Lending
By Borrower Income Level</th></tr>
<tr><th colspan="2" rowspan="4">Farm Revenue and Loan Size</th><th colspan="8">2019</th></tr>
<tr><th colspan="3">Count</th><th colspan="3">Dollars</th><th rowspan="2">Farms</th></tr>
<tr><th colspan="2">Bank</th><th>Aggregate</th><th colspan="2">Bank</th><th>Aggregate</th></tr>
<tr><th>#</th><th>%</th><th>%</th><th>$ (000s)</th><th>$%</th><th>$%</th><th>%</th></tr>
<tr><td rowspan="3">Farm Revenue</td><td>$1 million or less</td><td>79</td><td>100.0%</td><td>55.3%</td><td>$9,815</td><td>100.0%</td><td>77.7%</td><td>98.8%</td></tr>
<tr><td>Over $1 million/ unknown</td><td>0</td><td>0.0%</td><td>44.7%</td><td>$0</td><td>0.0%</td><td>22.3%</td><td>1.2%</td></tr>
<tr><td>TOTAL</td><td>79</td><td>100.0%</td><td>100.0%</td><td>$9,815</td><td>100.0%</td><td>100.0%</td><td>100.0%</td></tr>
<tr><td rowspan="5">Loan Size</td><td>$100,000 or less</td><td>48</td><td>60.8%</td><td>78.3%</td><td>$2,275</td><td>23.2%</td><td>32.9%</td><td rowspan="10"></td></tr>
<tr><td>$100,001–$250,000</td><td>20</td><td>25.3%</td><td>18.0%</td><td>$3,374</td><td>34.4%</td><td>46.5%</td></tr>
<tr><td>$250,001–$500,000</td><td>11</td><td>13.9%</td><td>3.7%</td><td>$4,166</td><td>42.4%</td><td>20.6%</td></tr>
<tr><td>Over $500,000</td><td>0</td><td>0.0%</td><td>0.0%</td><td>$0</td><td>0.0%</td><td>0.0%</td></tr>
<tr><td>TOTAL</td><td>79</td><td>100.0%</td><td>100.0%</td><td>$9,815</td><td>100.0%</td><td>100.0%</td></tr>
<tr><td rowspan="5">Loan Size
Revenue $1 Million or Less</td><td>$100,000 or less</td><td>48</td><td>60.8%</td><td rowspan="5"></td><td>$2,275</td><td>23.2%</td><td rowspan="5"></td></tr>
<tr><td>$100,001–$250,000</td><td>20</td><td>25.3%</td><td>$3,374</td><td>34.4%</td></tr>
<tr><td>$250,001–$1 million</td><td>11</td><td>13.9%</td><td>$4,166</td><td>42.4%</td></tr>
<tr><td>Over $1 million</td><td>0</td><td>0.0%</td><td>$0</td><td>0.0%</td></tr>
<tr><td>TOTAL</td><td>79</td><td>100.0%</td><td>$9,815</td><td>100.0%</td></tr>
</table>

The bank's level of lending to small farms is excellent. The bank originated all its small farm loans (100.0 percent) to farms with revenues of $1 million or less. In comparison, while assessment area demographics estimate that 98.8 percent of farms in the assessment area had annual revenues of $1 million or less, the 2019 aggregate lending level to small farms is only 55.3 percent.

Geographic Distribution of Loans

As noted previously, the assessment area includes 18 census tracts, with zero low- and three moderate-income census tracts, representing 16.7 percent of all assessment area census tracts. It should be noted, in terms of performance context for all products in this assessment area, that all three of the moderate-income census tracts are in Fayette County, where the bank has only one of its seven total assessment area branches. Furthermore, the branch is located in the easternmost portion of the county, while two of the three moderate-income census tracts are located in the south westernmost portion of the county. Although the proximity of bank branches to LMI census tracts is important performance context, the overall geographic distribution of loans in this assessment area still reflects poor penetration throughout the moderate-income census tracts, based on all loan categories and when compared to applicable demographic and aggregate data. The following table displays the geographic distribution of 2019 HMDA loans compared to owner-occupied housing demographics for the assessment area and aggregate data.

Distribution of 2019 Home Mortgage Lending By Income Level of Geography							
Census Tract Income Level	**Bank Loans**				**% of Owner-Occupied Units**	**Aggregate HMDA Data**	
	#	**#%**	**$**	**$%**		**#%**	**$%**
Low	0	0.0%	$0	0.0%	0.0%	0.0%	0.0%
Moderate	10	3.7%	$1,057	2.8%	10.2%	9.5%	6.4%
Middle	81	30.1%	$9,599	25.1%	54.0%	50.3%	44.2%
Upper	178	66.2%	$27,581	72.1%	35.8%	40.2%	49.4%
Unknown	0	0.0%	$0	0.0%	0.0%	0.0%	0.0%
TOTAL	**269**	**100.0%**	**$38,237**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The analysis of HMDA loans reveals poor lending performance to borrowers residing in moderate-income geographies. The bank's total penetration of the moderate-income census tracts by number of loans (3.7 percent) is well below both the percentage of owner-occupied housing units in the moderate-income census tracts (10.2 percent) and the percentage of aggregate HMDA loans made to borrowers residing in the moderate-income geographies (9.5 percent). As there are no low-income census tracts, the bank's performance to moderate-income census tracts reflects overall performance, which is poor for HMDA loans.

As with the HMDA loan category, small business loans were also reviewed. The following table displays 2019 small business loan activity by geography income level compared to the location of businesses throughout this assessment area and 2019 small business aggregate data.

Distribution of 2019 Small Business Lending By Income Level of Geography							
Census Tract Income Level	**Bank Small Business Loans**				**% of Businesses**	**Aggregate of Peer Data**	
	#	**#%**	**$ (000s)**	**$%**		**#%**	**$%**
Low	0	0.0%	$0	0.0%	0.0%	0.0%	0.0%
Moderate	1	1.6%	$25	0.4%	8.4%	9.0%	4.7%
Middle	22	34.9%	$2,221	33.2%	58.8%	52.0%	52.7%
Upper	40	63.5%	$4,442	66.4%	32.8%	34.6%	41.6%
Unknown	0	0.0%	$0	0.0%	0.0%	4.4%	1.0%
TOTAL	**63**	**100.0%**	**$6,688**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The bank's level of lending in the assessment area's moderate-income census tracts (1.6 percent) is significantly below the estimated percentage of businesses operating inside these census tracts (8.4 percent). The bank's performance is also below the 2019 aggregate lending levels in the moderate-income census tracts (9.0 percent), reflecting poor performance throughout moderate-income census tracts and the assessment area overall.

Last, small farm loans were reviewed. The following table displays 2019 small farm loan activity by geography income level compared to the location of farms throughout this assessment area and 2019 small farm aggregate data.

Distribution of 2019 Small Farm Lending By Income Level of Geography							
Census Tract Income Level	**Bank Small Farm Loans**				**% of Farms**	**Aggregate of Peer Data**	
	#	**#%**	**$ (000s)**	**$%**		**#%**	**$%**
Low	0	0.0%	$0	0.0%	0.0%	0.0%	0.0%
Moderate	1	1.3%	$71	0.7%	4.7%	10.6%	8.3%
Middle	32	40.5%	$3,581	36.5%	51.0%	63.4%	70.0%
Upper	46	58.2%	$6,163	62.8%	44.3%	24.8%	21.4%
Unknown	0	0.0%	$0	0.0%	0.0%	1.2%	0.2%
TOTAL	**79**	**100.0%**	**$9,815**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The bank's level of lending in the assessment area's moderate-income census tracts (1.3 percent) is below the estimated percentage of farms operating inside these census tracts (4.7 percent) and well below the 2019 aggregate lending levels in the moderate-income census tracts (10.6 percent). Therefore, the bank's performance in moderate-income census tracts and the assessment area overall is poor.

No conspicuous lending gaps were noted during the examination for this assessment area. The bank originated loans in two of the three LMI census tracts located in the assessment area (all moderate-income), or 66.7 percent of LMI tracts, and the bank's loans were distributed throughout the assessment area consistent with its branch structure.

<u>Community Development Test</u>

Dieterich Bank demonstrates adequate responsiveness to community development needs within the assessment area, considering the bank's capacity and the need for and availability of such opportunities for community development. The bank addressed these needs through community development loans, qualified donations, and community development services.

During the review period, the bank extended 27 community development loans totaling $4.7 million in this assessment area. A majority of these loans were U.S. Department of Agriculture (USDA) 502 loans made to finance the purchase of single family affordable housing units in the assessment area (totaling $1.8 million). Other notable loans include two loans made to local government agencies for economic development purposes (totaling $2.8 million), and five PPP loans made in the assessment area's moderate-income geographies (totaling $123,601). In addition to the qualified community development loans, the bank made 195 PPP loans totaling $7.8 million within the middle- and upper-income census tracts of the assessment area, which helped to keep area residents employed during a national pandemic.

The bank made 32 donations in the assessment area during the review period, totaling $27,091. The donations were made to a variety of community service organizations supporting LMI families, children, and students.

Finally, six employees utilized their financial expertise to assist four organizations involved in community development activities in the assessment area, including economic development and community services. In total, the bank provided 1,381 hours of financial services to organizations within the assessment area.

RANDOLPH COUNTY NONMETROPOLITAN STATISTICAL AREA

(Full-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE RANDOLPH COUNTY ASSESSMENT AREA

Bank Structure

Dieterich Bank operates three offices (20.0 percent of total branches) in this assessment area. None of the offices are located in LMI census tracts. Since the last examination, the bank acquired two branches in this assessment area. One branch is located in Chester, Illinois, in a middle-income census tract, and the other is located in Red Bud, Illinois, in an upper-income census tract. Based on its branch network and other service delivery systems, the bank is well positioned to deliver financial services to substantially all of the assessment area.

General Demographics

As previously mentioned, the assessment area is comprised of Randolph County in its entirety. Per 2015 ACS data, the assessment area has a population of 33,069. Of the nine FDIC-insured depository institutions with a branch presence in this assessment area, the bank ranked third in deposit market share, encompassing 15.4 percent of total deposit dollars.

Credit needs in the assessment area include a mix of consumer and business loan products. Particular credit needs in the assessment area, as noted primarily from community contacts, include home repair and improvement loans, affordable housing for LMI and seniors, and small dollar business loans. Community development opportunities in the area are limited; however, community contacts did note opportunities for participation by financial institutions.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0	0	8	1	0	**9**
	0.0%	0.0%	88.9%	11.1%	0.0%	**100%**
Family Population	0	0	6,508	1,352	0	**7,860**
	0.0%	0.0%	82.8%	17.2%	0.0%	**100%**

As shown above, none of the census tracts in the assessment area are LMI geographies. At the previous examination conducted by the OCC, one of the tracts in this assessment area was classified as a moderate-income census tract; however, the tract has since been reclassified as a middle-income census tract based on area median family income.

Based on 2015 ACS data, the median family income for the assessment area was $61,600, which is above the nonMSA Illinois median family income of $59,323. More recently, the FFIEC estimates the 2019 median family income for nonMSA Illinois to be $64,200. The following table displays population percentages of assessment area families by income level compared to nonMSA Illinois family populations.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	1,350	1,574	1,685	3,251	**7,860**
	17.2%	20.0%	21.4%	41.4%	**100%**
NonMSA Illinois	78,116	70,252	83,510	153,709	**385,587**
	20.3%	18.2%	21.7%	39.9%	**100%**

As shown in the table above, 37.2 percent of families within the assessment area were considered LMI, which is slightly less than the LMI family percentage of 38.5 percent in nonMSA Illinois. In addition, the percentage of families living below the poverty level in the assessment area, 7.2 percent, is lower than the 10.4 percent level in nonMSA Illinois. Considering these factors, the assessment area is more affluent when compared to nonMSA Illinois as a whole.

Housing Demographics

As displayed in the following table, the affordability of housing in the assessment area is similar to nonMSA Illinois as a whole.

Housing Demographics			
Dataset	**Median Housing Value**	**Affordability Ratio**	**Median Gross Rent (monthly)**
Assessment Area	$96,679	49.8%	$623
NonMSA Illinois	$93,478	49.0%	$604

Although the median housing value and median gross rent are both slightly higher in the assessment area than in nonMSA Illinois, the affordability ratio indicates that affordability in the assessment area is comparable to nonMSA Illinois as a whole. However, community contacts cited a need for decent affordable housing stock in Randolph County, especially for individuals with fixed incomes or senior citizens.

Industry and Employment Demographics

The assessment area supports a diverse service community, including a strong small business sector, as evidenced by Dun & Bradstreet data, which indicates 87.5 percent of assessment area businesses have annual revenues of $1 million or less. County business patterns indicate that there are 8,567 paid employees in the assessment area. By percentage of employees, the three largest job categories are manufacturing (30.1 percent), followed by retail trade (17.1 percent), and health care and social assistance (12.4 percent). The following table details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area and nonMSA Illinois as a whole.

Unemployment Levels for the Assessment Area			
Dataset	Time Period (Annual Average)		
	2018	2019	2020 (Jan. – Aug.)
Assessment Area	4.3%	3.7%	7.9%
NonMSA Illinois	4.8%	4.4%	8.4%

As shown in the table above, unemployment levels in the assessment are were generally below those of nonMSA Illinois as a whole. For the time period reviewed, unemployment levels remained relatively stable for 2018 and 2019. The increased unemployment rates in 2020 were the result of the COVID-19 pandemic, which negatively affected employment rates nationwide.

Community Contact Information

Two community contact interviews were completed for the Randolph County assessment area. One contact specialized in economic development, and the other was with a nonprofit organization providing services to LMI individuals. Both contacts characterized the local economy as stable and noted that Randolph County was experiencing limited levels of population loss, which was attributed to infrastructure concerns and the relocation of manufacturing plants to Missouri. In terms of housing, one contact indicated that there is a need for additional, quality affordable housing throughout Randolph County, especially for individuals with fixed incomes and senior citizens.

Contacts indicated that access to banking branches and services is generally good. One contact noted that for existing homeowners, home rehabilitation funding sources are needed to help maintain homes, particularly for LMI individuals. The other contact noted that small dollar business loans were a significant credit need. Both contacts described opportunities for participation by local financial institutions, including creating small dollar loan products. One contact described an opportunity to partner with local community action agencies, including instituting referral programs to help route LMI individuals to services they could utilize.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE RANDOLPH COUNTY ASSESSMENT AREA

Lending Test

The overall distribution of loans in the Randolph County assessment area reflects reasonable penetration among borrowers of different income levels and businesses of different sizes. In addition, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from the two loan categories reviewed. The bank's HMDA loan distribution by borrower's profile is poor, and performance under the small business loan category is excellent.

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 ($64,200 for nonMSA Illinois as of 2019). The following table shows the distribution of HMDA-reported loans by borrower income level compared to family population income demographics for the assessment area. Additionally, 2019 aggregate data for the assessment area is displayed.

Distribution of 2019 Home Mortgage Lending By Borrower Income Level

Borrower Income Level	Bank Loans				Families by Family Income %	Aggregate HMDA Data	
	#	#%	$	$%		#%	$%
Low	0	0.0%	$0	0.0%	17.2%	8.1%	5.3%
Moderate	6	16.7%	$733	18.4%	20.0%	16.6%	12.3%
Middle	10	27.8%	$1,089	27.3%	21.4%	27.5%	25.2%
Upper	19	52.8%	$2,152	53.9%	41.4%	34.3%	41.7%
Unknown	1	2.8%	$18	0.5%	0.0%	13.6%	15.6%
TOTAL	**36**	**100.0%**	**$3,992**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (0.0 percent) is substantially below both the low-income family population figure (17.2 percent) and the 2019 aggregate lending level to low-income borrowers (8.1 percent), reflecting very poor performance. The bank's level of lending to moderate-income borrowers (16.7 percent) is only slightly below the moderate-income family population percentage (20.0 percent) and is slightly above the aggregate lending levels of 16.6 percent, reflecting reasonable performance. When taken as a whole, the bank's lending percentage to LMI borrowers (16.7 percent) is significantly below the aggregate level (24.7 percent). Therefore, considering performance to both income categories, the bank's overall distribution of HMDA loans by borrower's profile is poor.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2019 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate lending data.

Distribution of 2019 Small Business Lending
By Borrower Income Level

Business Revenue and Loan Size			2019						
			Count			Dollars			Total Businesses
			Bank		Aggregate	Bank		Aggregate	
			#	%	%	$ (000s)	$%	$%	%
Business Revenue		$1 million or less	13	100.0%	42.8%	$3,151	100.0%	36.7%	87.5%
		Over $1 million/ unknown	0	0.0%	57.2%	$0	0.0%	63.3%	12.5%
		TOTAL	**13**	**100.0%**	**100.0%**	**$3,151**	**100.0%**	**100.0%**	**100.0%**
Loan Size		$100,000 or less	5	38.5%	93.9%	$252	8.0%	40.7%	
		$100,001–$250,000	4	30.8%	3.2%	$762	24.2%	15.7%	
		$250,001–$1 million	4	30.8%	2.9%	$2,137	67.8%	43.5%	
		Over $1 million	0	0.0%	0.0%	$0	0.0%	0.0%	
		TOTAL	**13**	**100.0%**	**100.0%**	**$3,151**	**100.0%**	**100.0%**	
Loan Size	Revenue $1 Million or Less	$100,000 or less	5	38.5%		$252	8.0%		
		$100,001–$250,000	4	30.8%		$762	24.2%		
		$250,001–$1 million	4	30.8%		$2,137	67.8%		
		Over $1 million	0	0.0%		$0	0.0%		
		TOTAL	**13**	**100.0%**		**$3,151**	**100.0%**		

The bank's level of lending to small businesses is excellent. The bank originated all its small business loans (100.0 percent) to businesses with revenues of $1 million or less. In comparison, while assessment area demographics estimate that 87.5 percent of businesses in the assessment area had annual revenues of $1 million or less, the 2019 aggregate lending level to small businesses is only 42.8 percent.

Geographic Distribution of Loans

Under the geographic distribution of loans analysis, emphasis is normally placed on the bank's performance in LMI geographies. However, the bank's assessment area does not contain any LMI census tracts. Therefore, a detailed geographic distribution of loans analysis would not prove meaningful and was not performed as part of this evaluation. Nevertheless, the loan dispersion within the assessment area census tracts was reviewed, the results of which indicated that loan activity was adequately dispersed throughout the assessment area, consistent with demographics and bank structure. Therefore, the bank's geographic distribution of loans is reasonable.

Community Development Test

Dieterich Bank demonstrates adequate responsiveness to community development needs within the assessment area, considering the bank's capacity and the need for and availability of such opportunities for community development. The bank addressed these needs through community development loans, qualified donations, and community development services.

During the review period, the bank extended one community development loan totaling $75,737 in this assessment area. The sole loan was a USDA 502 loan made to finance the purchase of single family affordable housing units in the assessment area. In addition, the bank made 36 PPP loans totaling $3.0 million within the assessment area.

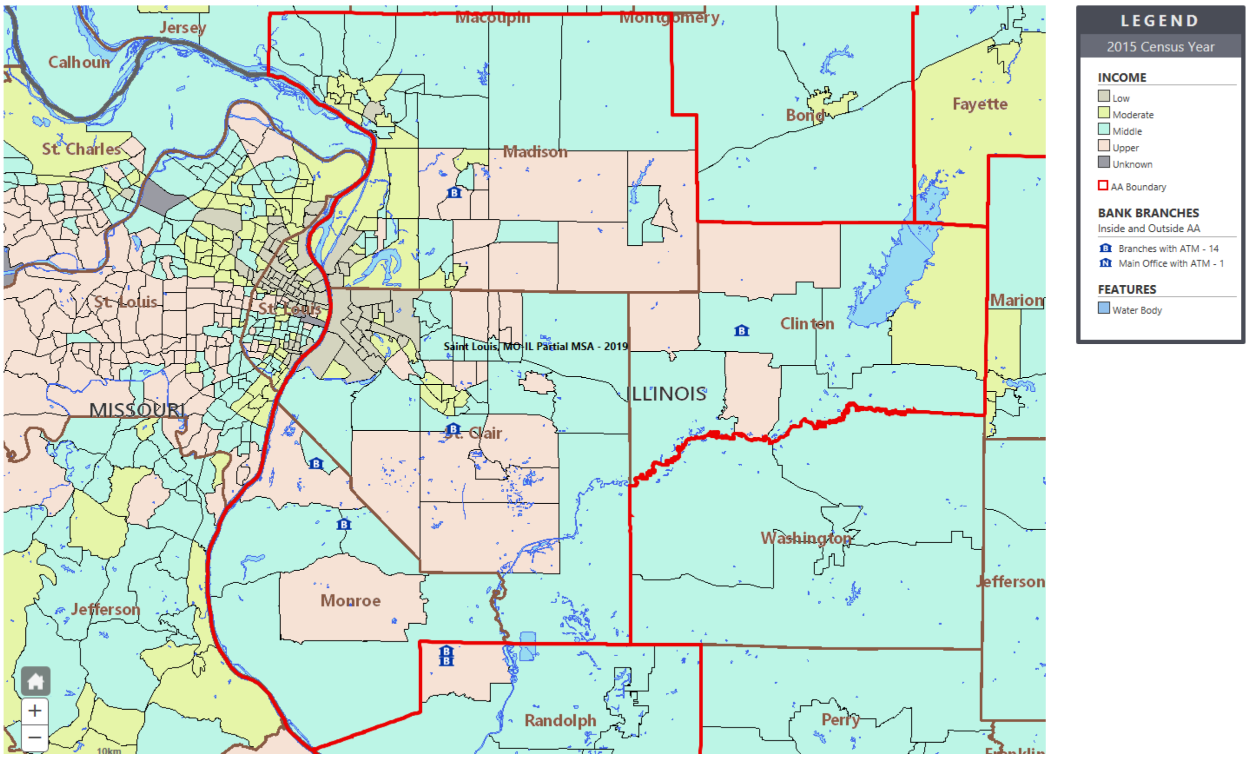
The bank made two qualified community development donations in the assessment area during the review period, totaling $100. The donations were in support of an event benefiting LMI children.

Finally, one employee utilized their financial expertise to assist an organization involved in community development activities, providing 450 hours of financial services to the organization.

ASSESSMENT AREAS MAP DETAILS

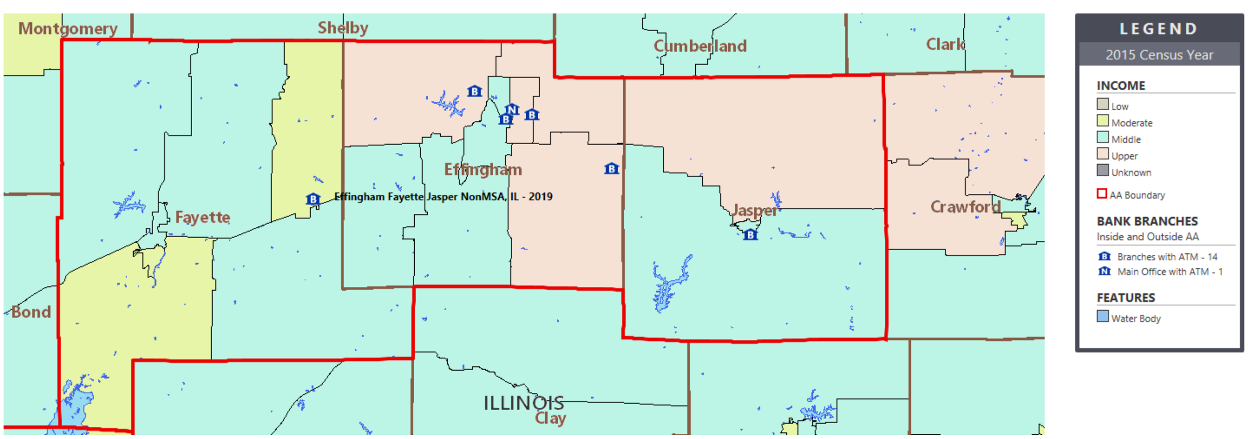
St. Louis MSA Assessment Area

Dieterich BK - Effingham, IL 2021
Saint Louis, MO-IL Partial MSA - 2019



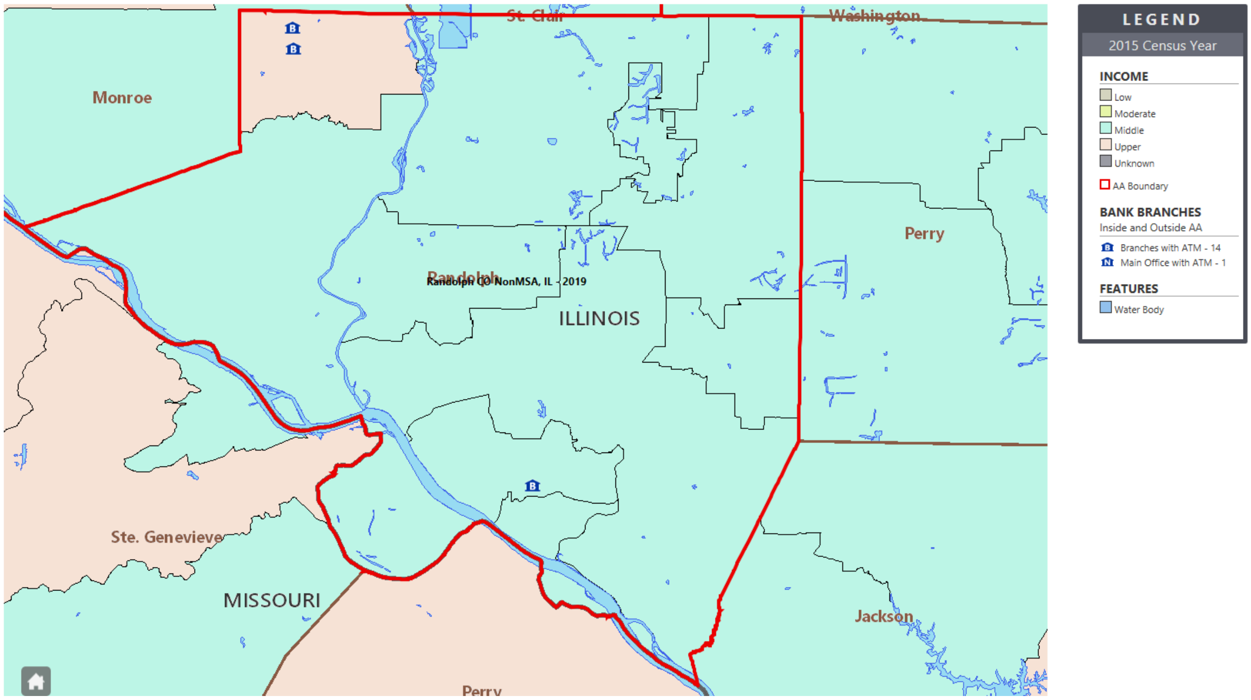
Effingham Assessment Area

Dieterich BK - Effingham, IL 2021
Effingham Fayette Jasper NonMSA, IL - 2019



Randolph County Assessment Area

Dieterich BK - Effingham, IL 2021
Randolph NonMSA, IL - 2019



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 (LMI) individuals; (2) community services targeted to LMI 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 LMI 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 (e.g., age, race, sex, and income) 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 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: 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 either by 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.