Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

June 5, 2017

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Dieterich Bank, National Association
Charter Number 9582

101 South Main, Dieterich, IL 62424

Office of the Comptroller of the Currency

Harris Center, 2001 Research Road, Suite E-2, Champaign, IL 61822-1089

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Table of Contents

Overall CRA Rating

The bank is rated **Satisfactory**.

Performance Tests:

The Lending Test is rated: Satisfactory.
The Community Development Test is rated: Outstanding.

The major factors that support the rating for Dieterich Bank, N.A. (Dieterich) include:

- Lending to borrowers of different incomes and businesses of different sizes is reasonable. Our analysis placed the most weight on this criterion in the lending test.

- The loan-to-deposit ratio is reasonable.

- Dieterich had excellent responsiveness to the needs and opportunities of its AAs primarily through community development loans and branch distribution.

Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

Dieterich Bank, N.A. (Dieterich or bank) is a $608 million intrastate financial institution headquartered in Dieterich, Illinois. The bank is a wholly owned subsidiary of Prime Banc Corporation, a one-bank holding company. The bank is a full-service banking institution and operates eight banking offices in Effingham (3), Dieterich, Newton, Belleville, Red Bud, and Saint Elmo, Illinois. The bank has automated teller machines (ATMs) at all banking offices, except Dieterich, were an ATM machine is located nearby. The bank also had an ATM located in a gas station in Effingham, which was relocated to the corporate building in Effingham in July 2017. None of the ATMs accept deposits. In addition to customers accessing the bank's ATMs without fees, they have free access to any J&J Ventures ATMs located in various retail establishments, which are identified on the bank's website. Based on the branch locations, Dieterich has established three assessment areas (AAs): Effingham/ Fayette/Jasper Counties AA, Randolph County AA, and Saint Louis MO-IL MSA AA (MSA AA). In this evaluation, we have combined the Randolph County and Effingham/Fayette/Jasper Counties AAs for analysis purposes, which is referred to as the NonMSA AAs. While there have been no merger or acquisition activities affecting the bank's CRA performance since the last evaluation, the bank opened the Saint Elmo branch in September 2015, adding Fayette County to the Effingham/Jasper Counties AA. The bank's name changed from First National Bank of Dieterich in September 2015.

Dieterich offers conventional mortgage products, consumer, commercial real estate, commercial business, and agricultural loans. In addition, the bank offers a full line of deposit products including savings accounts, certificates of deposit, money market accounts, NOW accounts, individual retirement accounts, and health savings accounts. Furthermore, the bank also offers Internet, mobile/text, and telephone banking. On-line banking includes bill pay services. The bank also offers retail nondeposit investment sales through Investment Centers of America.

As of December 31, 2016, the bank's gross loan portfolio totaled $415.4 million, or 68 percent of total assets. Tier 1 capital is $59.9 million. The institution also services an additional $137 million in mortgage loans sold into the secondary market. The following table represents the loan portfolio mix:

Loan Portfolio Summary by Loan Product	
Loan Category	**% of Outstanding Dollars**
Business loans, including commercial real estate	60%
Home loans, including multi-family	24%
Farm loans, including farm land	14%
Consumer loans	2%
Other loans & leases	0%

Source: December 31, 2016 Uniform Bank Performance Report (UBPR)

Dieterich's business strategy has been a mix of strong to conservative loan growth and expanding the bank's footprint, while serving customers, supporting its AA communities, and providing shareholder value. Dieterich's deposit market share in the NonMSA AA, at 15.87 percent, ranks second out of 26 banks in the AA. The bank's deposit market share in the MSA AA, at 0.45 percent, ranks 27th out of 32 banks. The bank's legal and financial circumstances temporarily affected its ability to lend during the evaluation period. Between December 16, 2015, and June 22, 2017, Dieterich operated under a Formal Agreement relating to safety and soundness concerns. Under the Agreement, certain requirements had to be met prior to funding of new loans. At its previous CRA examination dated April 29, 2013, Dieterich received a rating of "Satisfactory".

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated Dieterich's CRA performance using Intermediate Small Bank examination procedures, which reviewed the bank's records of meeting the credit needs of its AAs through lending activities and community development activities. The evaluation period for this review is from April 30, 2013, to June 5, 2017. The community development test used information for the entire evaluation period.

Based on both the number and dollar volume of loan origination data supplied by the bank, Dieterich's primary lending products are home mortgage and business loans. Home mortgage loans represent 27 percent of the number and 30 percent of the dollar volume of loan originations for 2015 and 2016, and business loans represent 17 percent of the number and 47 percent of the dollar volume. As the bank's primary loan products have not significantly changed since the prior examination, the lending test used data from January 1, 2015, to December 31, 2016. We analyzed home purchase, home refinance, and home improvement loans reported in the bank's Home Mortgage Disclosure Act (HMDA) loan application registers (LAR), after we verified the reports' reliability. We also sampled business loans for this evaluation.

For analysis purposes, we compared the bank's lending performance with demographic data for the 2010 United States Census and 2016 Business Geodemographic data. Refer to the table in Appendix A for more information on the scope of review.

Data Integrity

As part of our ongoing supervision of the bank, we tested the accuracy of Dieterich's 2015 and 2016 HMDA-LAR reports. Our testing concluded the data is reliable and we could utilize the HMDA data in this evaluation.

Selection of Areas for Full-Scope Review

Dieterich has three AAs: Effingham/Fayette/Jasper Counties AA, Randolph County AA, and MSA AA. The bank added Fayette County to the Effingham/Jasper Counties AA in September 2015, when the Saint Elmo branch was opened. Our analysis combined the Effingham/Fayette/Jasper Counties AA and the Randolph County AA for our analysis, as both consist of nonMSA counties in the state of Illinois. The combined AAs are referred to as the NonMSA AAs in this analysis.

Dieterich has the second highest market share in the NonMSA AAs, but has less than 1 percent in the MSA AA. The bank's total deposits by branch come 96 percent from the NonMSA AAs and 4 percent from the MSA AA. During the evaluation period, 84 percent of business and home mortgage loans originated in the NonMSA AAs branches and 16 percent in the MSA AA. Refer to the table in Appendix A for more information. Community profiles for the two full-scope review AAs are in Appendix B.

Ratings

The bank's overall rating is based on full-scope reviews; none of the AAs received a limited-scope review. Based on the significantly higher number of branches, and volume of deposit and loan originations during the evaluation period, our analysis placed more weight on performance in the NonMSA AAs.

Based on the volume of loan originations during the loan sample evaluation period, our analysis placed slightly more weight on performance for home mortgage lending and performance in the NonMSA AAs for the lending test. For loans originated in the AAs during the evaluation period, 58 percent were home mortgage loans and 42 percent were business loans. For home loans originated, 51 percent were purchase, 42 percent were refinance, and 7 percent were home improvement. Therefore, our analysis gave slightly more weight to performance in purchase loans. As the percentage of families in the AAs that are low- and moderate-income (LMI) is higher than the percentage of LMI geographies, our analysis placed more weight on the borrower distribution criterion.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR §25.28(c) or §195.28(c), respectively, in determining a national bank's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this bank.

The OCC will consider any evidence of discriminatory or other illegal credit practices relative to this bank that other regulators may provide to the OCC before the end of the bank's next performance evaluation in that subsequent evaluation, even if the information provided concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

Dieterich's performance under the lending test is satisfactory. Lending to borrowers of different incomes and businesses of different sizes is reasonable. Geographic distribution of loans among different income geographies is excellent. Dieterich originated a substantial majority of its primary loan products within the combined AAs. The loan-to-deposit ratio is reasonable.

Loan-to-Deposit Ratio

Dieterich's loan-to-deposit ratio is reasonable based on its size, financial condition, AAs' credit needs, and local competition. The loan-to-deposit ratio averaged 73.60 percent over the past 15 quarters. The loan-to-deposit ratio is calculated on a bank-wide basis and not calculated by individual rating area or AA. The analysis is limited to bank originations and purchases and does not include any affiliate data. The timeframe used for this calculation represents the first quarter-end after the start of the last CRA evaluation through December 31, 2016. December 31, 2016 data was the most recent data available when we gathered information for this evaluation.

Over the past 15 quarters, the highest loan-to-deposit ratio was 81.95 percent and the lowest was 60.95 percent. The bank's ratio is higher than the average of all other banks headquartered within its AAs. Other institutions averaged a loan-to-deposit ratio of 65.54 percent during the same period. Dieterich has the third highest average in this comparison group. However, a majority of these banks are significantly smaller than Dieterich. We also reviewed the loan-to-deposit ratios of all banks (15) with total assets between $300 million and $900 million located within 19 counties in and around the bank's AAs in Illinois. This group of similarly-situated banks had a group average loan-to-deposit ratio of 74.38 percent, which is comparable with Dieterich's ratio. Dieterich has the 10th highest average in this comparison group.

It is also important to note that Dieterich's loan-to-deposit ratio does not include loans the bank originated and sold, but still service. As of December 31, 2016, Dieterich serviced 1,206 loans with outstanding balances of $137 million.

Lending in Assessment Area

Dieterich originated a substantial majority of their primary loan products within its AAs. Our sample showed 85.02 percent of the total number and 80.22 percent of the total dollar volume of loans were originated within the AAs. This ratio is a bank-wide calculation and not calculated by individual rating area or AA. This analysis is limited to bank originations and purchases and does not include any affiliate data.

Lending in Assessment Area										
	Number of Loans					Dollars of Loans				
Loan Type	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		$	%	$	%	
Purchase	273	83.23	55	16.77	328	36,986	78.81	9,943	21.19	46,929
Refinance	227	86.64	35	13.36	262	33,361	73.44	12,065	26.56	45,426
Home Improvement	39	88.64	5	11.36	44	3,121	84.79	560	15.21	3,681
Business	17	85.00	3	15.00	20	24,769	93.72	1,658	6.28	26,427
Totals	556	85.02	98	14.98	654	98,237	80.22	24,226	19.78	122,463

Source: 2015 and 2016 HMDA LARs and sample of 20 business loans originated between 1/1/2015 and 12/31/2016.

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

Dieterich's lending to borrowers of different incomes and business of different sizes is reasonable. The borrower distribution of home loans reflects reasonable penetration in both the AAs. Lending to businesses of different sizes reflects reasonable penetration in both the AAs. Our analysis placed more weight on home mortgage lending, due to the volume of home loan originations during the loan evaluation period. We also placed more weight on performance in the NonMSA AAs, due to the volume of loan originations during the loan evaluation period.

<u>NonMSA AAs</u>
The borrower distribution of loans in the NonMSA AAs is reasonable. The distribution of home loans reflects reasonable penetration among borrowers of different income levels. The distribution of business loans reflects reasonable penetration among businesses of different sizes

Home Loans
The overall borrower distribution of home mortgage loans in the NonMSA AAs is reasonable. The distribution of home purchase, refinance, and home improvement loans is reasonable. Our analysis gave more weight to performance for purchase loans, which make up a higher percentage of total home loans originated in the NonMSA AAs.

In evaluating the borrower distribution of home loans in the NonMSA AAs, we noted the number of families with incomes below the poverty level at 11.21 percent and above average unemployment rate in the AA. People living in poverty have a difficult time qualifying for traditional mortgages. We also considered the average age of housing stock, which was over 43 years. Older housing often costs more to maintain, frequently requires significant repairs to bring dwellings up to code requirements, and often are less energy efficient. All of these factors add to the overall cost of homeownership, which can affect the ability of LMI individuals to qualify for mortgage loans.

The overall borrower distribution of home purchase loans is reasonable. The percentage of loans made to low-income borrowers is significantly lower than the demographic comparator. However, the percentage of loans made to moderate-income borrowers exceeds the demographic comparator. Home purchase loans represent 51 percent of total home loan originations in the AAs.

The overall borrower distribution of home refinance loans is reasonable. The percentage of loans made to low-income borrowers is significantly lower than the demographic comparator. The percentage of loans made to moderate-income borrowers is lower than the demographic comparator. Home refinance loans represent 41 percent of total home loan originations in the AA.

The overall borrower distribution of home improvement loans is reasonable. The percentage of loans made to low-income borrowers is significantly lower than the demographic comparator. The percentage of loans made to moderate-income borrowers is lower than to the demographic comparator.

Borrower Distribution of Residential Real Estate Loans in the NonMSA AAs								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Purchase	17.98	8.29	17.09	17.97	23.85	25.35	41.08	48.39
Refinance	17.98	3.95	17.09	13.56	23.85	18.64	41.08	63.85
Home Improvement	17.98	5.71	17.09	14.29	23.85	20.00	41.08	60.00

Source: 2015 and 2016 HMDA LARs and 2010 U.S. Census Data.

Business Loans

The borrower distribution of business loans in the NonMSA AAs is reasonable. The percentage of loans to small businesses (loans with annual gross revenues of $1 million or less) was 75.00 percent. This is near to the demographic comparator. It is important to recognize that some of the businesses that did not report revenues in the demographic data are likely also small businesses.

When reviewing the dollar breakdown of our sample, we noted that only 13.33 percent of the dollars in loans was provided to small businesses. We attribute this to larger businesses requesting larger loans to meet their needs. One loan for $8.5 million skewed the dollar amounts of the sample. Additionally, 85 percent of the loans in our sample had dollar amounts of $250,000 or less. This demonstrates that the bank is willing to make smaller dollar loans to meet the needs of smaller businesses.

Borrower Distribution of Loans to Businesses in the NonMSA AAs				
Business Revenues (or Sales)	≤$1,000,000	>$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	75.59	7.08	17.33	100%
% of Bank Loans in AA by #	75.00	20.00	5.00	100%
% of Bank Loans in AA by $	13.33	86.58	0.10	100%

Source: Sample of 20 business loans originated in the AA between 1/1/2015 and 12/31/2016, and 2016 Business Geodemographic Data. Gross annual revenue information was not available for one loan in the sample.

MSA AA

The borrower distribution of loans in the MSA AA is reasonable. The distribution of home loans reflects reasonable penetration among borrowers of different income levels. The distribution of business loans reflects reasonable penetration among businesses of different sizes. Our analysis placed more weight on home mortgage lending given the volume of loans reviewed.

Home Loans

The overall borrower distribution of home loans in the MSA AA is reasonable. The distribution of both home purchase and refinance loans is reasonable.

In evaluating the borrower distribution of home loans in the MSA AA, we noted the number of families with incomes below the poverty level was 13.42 percent. People living in poverty have a difficult time qualifying for traditional mortgages. We also considered the average age of housing stock, which was 38 years overall and over 53 years in LMI geographies. Older housing often costs more to maintain, frequently requires significant repairs to bring dwellings up to code requirements, and often are less energy efficient. All of these factors add to the overall cost of homeownership, which can affect the ability of LMI individuals to qualify for mortgage loans.

The overall borrower distribution of home purchase loans is reasonable. The percentage of loans made to low-income borrowers is significantly lower than the demographic comparator. The percentage of loans made to moderate-income borrowers significantly exceeds the demographic comparator. Home purchase loans represent 47 percent of total home loan originations in the AA.

The overall borrower distribution of home refinance loans is reasonable. The percentage of loans made to low-income borrowers is significantly lower than the demographic comparator. The percentage of loans made to moderate-income borrowers is lower than the demographic comparator. Home refinance loans represent 49 percent of total home loan originations in the AA.

Dieterich did not originate or purchase a sufficient volume of home improvement loans during the loan evaluation period to perform a meaningful analysis for this AA in 2015 and 2016. The bank reported only three home improvement loans in 2015 and 2016.

Borrower Distribution of Residential Real Estate Loans in the MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Purchase	24.75	0.00	16.93	30.77	20.67	19.23	37.65	50.00
Refinance	24.75	0.00	16.93	13.04	20.67	26.09	37.65	60.87

Source: 2015 and 2016 HMDA LARs and 2010 U.S. Census Data.

Business Loans
The borrower distribution of business loans in the MSA AA is reasonable. The percentage of loans to small businesses (businesses with gross annual revenues of $1 million or less) was 65.00 percent. This is lower than the demographic comparator.

Borrower Distribution of Loans to Businesses in the MSA AA				
Business Revenues (or Sales)	≤$1,000,000	>$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	77.82	6.27	15.91	100%
% of Bank Loans in AA by #	65.00	35.00	0.00	100%
% of Bank Loans in AA by $	56.51	43.49	0.00	100%

Source: Sample of 20 business loans originated in the AA between 1/1/2015 and 12/31/2016, and 2016 Business Geodemographic Data.

Geographic Distribution of Loans

Dieterich's overall geographic distribution of home and business loans reflects excellent dispersion among different income tracts in the AAs. The geographic distribution of home loans is excellent in the NonMSA AAs and reasonable in the MSA AA. The geographic distribution of business loans is excellent in the NonMSA AAs and reasonable in the MSA AA. Our analysis placed more weight on performance in the NonMSA AAs given the significantly higher volume of loan originations from that AA.

We reviewed summary reports and maps, and analyzed Dieterich's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps in the AAs reviewed.

<u>NonMSA AAs</u>
The overall geographic distribution of loans in the NonMSA AAs is excellent. Dispersion of both home loans and business loans is excellent. The NonMSA AAs have no low-income CTs and three moderate-income CTs.

Home Loans
The overall geographic distribution of home loans in the MSA AA is excellent. The distribution of both home purchase and home improvement loans is excellent and

refinance is reasonable. Our analysis placed more weight on home purchase lending given the volume of loans originated.

The overall geographic distribution of home purchase loans is excellent. The percentage of loans made in the moderate-income CTs exceeds the demographic comparator.

The overall geographic distribution of home refinance loans is reasonable. The percentage of loans made in the moderate-income CTs is lower than the demographic comparator.

The overall geographic distribution of home improvement loans is excellent. The percentage of loans made in the moderate-income CTs exceeds the demographic comparator.

Geographic Distribution of Residential Real Estate Loans in NonMSA AAs								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Purchase	NA	NA	8.28	10.21	75.48	50.21	16.24	39.58
Refinance	NA	NA	8.28	6.84	75.48	55.26	16.24	37.90
Home Improvement	NA	NA	8.28	11.11	75.48	63.89	16.24	25.00

Source: 2015 and 2016 HMDA LARs and 2010 U.S. Census Data.

Business Loans

The geographic distribution of business loans in the NonMSA AAs is excellent. The percentage of loans made in the moderate-income CTs significantly exceeds the demographic comparator.

Geographic Distribution of Loans to Businesses in NonMSA AAs								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	NA	NA	7.99	25.00	76.58	60.00	15.43	15.00

Source: Sample of 20 business loans originated in the AA between 1/1/2015 and 12/31/2016, and 2016 Business Geodemographic Data.

MSA AA

The overall geographic distribution of loans in the MSA AA is reasonable. Dispersion of both home and business loans is reasonable. Our analysis placed more weight on home mortgage lending performance given the volume of loans reviewed. There are 15 low-income CTs and nine moderate-income CTs in the AA. All of the LMI geographies are located in Saint Clair County, which has strong competition from 30 banks. Dieterich's deposit market share in Saint Clair County ranks only 25th at less than one percent. As noted in the community profile in Appendix B, the bank's one branch in the AA is not located near the low-income CTs. Four moderate-income CTs are located within three miles of the Belleville branch. Our analysis shows lending activity in these near-by moderate-income CTs.

Home Loans

The overall geographic distribution of home loans in the MSA AA is reasonable. The volume of loan originations for home purchase and refinance have equal weight in the MSA AA. As previously noted, the bank's one branch in the AA is not located near the low-income CTs. While the excellent distribution of home purchase loans in the moderate-income CTs carries significant weight, the poor distribution of home refinance loans in the moderate-income CTs pulls the overall conclusion for the distribution of home loans to reasonable.

The overall geographic distribution of home purchase loans is reasonable. The percentage of loans made in the low-income CTs is significantly lower than the demographic comparator. The percentage of loans made in the moderate-income CTs exceeds the demographic comparator.

The overall geographic distribution of home refinance loans is poor. The percentage of loans made in both the low- and moderate-income CTs is significantly lower than the demographic comparator.

Dieterich did not originate or purchase a sufficient volume of home improvement loans during the loan evaluation period to perform a meaningful analysis for this AA in 2015 and 2016. The bank reported only three home improvement loans in 2015 and 2016.

Geographic Distribution of Residential Real Estate Loans in the MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Purchase	9.75	0.00	11.52	11.76	47.75	41.18	30.98	47.06
Refinance	9.75	0.00	11.52	5.71	47.75	48.57	30.98	45.72

Source: 2015 and 2016 HMDA LARs and 2010 U.S. Census Data.

Business Loans

The geographic distribution of business loans in the MSA AA is reasonable. The percentage of loans made in both the low- and moderate-income CTs were lower than the demographic comparators. The Community Development Loans analysis documents two additional loans totaling $4.9 million to small businesses located in low-income CTs.

Geographic Distribution of Loans to Businesses in the MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	9.22	5.00	14.25	10.00	49.77	45.00	26.76	40.00

Source: Sample of 20 business loans originated in the AA between 1/1/2015 and 12/31/2016, and 2016 Business Geodemographic Data.

Responses to Complaints

Dieterich did not receive any complaints regarding its CRA performance during the assessment period.

COMMUNITY DEVELOPMENT TEST

Dieterich's performance under the community development test is rated Outstanding. The bank had excellent responsiveness to the needs and opportunities of its AAs and surrounding regional area. Community development performance is adequate in the NonMSA AAs and excellent in the MSA AA for the combined community development loans, investments, and services criteria. Additional regional community development loans for affordable housing helped raise the overall conclusion to excellent responsiveness. Dieterich provided $10.78 million in community development loans, primarily responding to needs for affordable housing, revitalization of LMI geographies, and economic development that created 25 new jobs in the AAs. The bank also made $1.28 million in qualified investments primarily focused on community services to LMI individuals in the AAs. Sixteen organizations in the AAs benefited from community development services provided by 18 bank employees. These organizations provide community services to LMI individuals and support economic development.

Since the bank has been responsive to the community development needs of its AAs, consideration can be given for community development activities in the broader regional area that do not directly benefit the bank's AAs. Total community development loans and investments in the AAs and regional area are $23.26 million and represent 38.85 percent of tier 1 capital (capital). These activities demonstrate excellent responsiveness to community development needs.

Total community development loans and investments by AA are $2.77 million and 4.63 percent of capital in the NonMSA AAs and $9.28 million and 15.50 percent in the MSA AA. Two regional community development loans for affordable housing total $11.2

million and 18.80 percent of capital. Our analysis placed more weight on performance in the NonMSA AAs, given the volume of loan and deposit originations. Both deposits (96 percent) and loan originations (84 percent) primarily come from the NonMSA AAs. Dieterich operates two of their eight branches within moderate-income CTs, both in the NonMSA AAs. Population in the AAs is centered 75 percent in the MSA AA and 25 percent in the NonMSA AAs, but there is only one branch (Belleville) located in the MSA AA. (The Belleville branch was acquired in a 2012 acquisition.) The unemployment rate is higher in the NonMSA AAs, compared to the MSA AA. The MSA AA has a slightly higher poverty rate and significantly larger percentage of LMI geographies than the NonMSA AAs. See the community profiles in Appendix B for more details.

Number and Amount of Community Development Loans

Dieterich's level of community development loans provided excellent responsiveness to community credit needs. We placed significant weight on the NonMSA AAs conclusions. Community development lending performance in the NonMSA AAs is adequate and in the MSA AA is excellent. During the evaluation period, Dieterich originated 18 qualified community development loans totaling $10.78 million, or 18.00 percent of capital, in the AAs. These loans resulted in economic development that created 25 new jobs, provided affordable housing for LMI individuals in nine multifamily apartment buildings/complexes with 81 units, and funded a revolving loan fund for micro-business loans to small businesses in the AAs.

Additionally, Dieterich received consideration for two regional community development loans totaling $11.2 million, or 18.80 percent of capital, which did not directly serve or benefit the bank's AAs. These loans helped to raise the overall conclusion to excellent with 36.71 percent of capital committed to community development lending. These loans provided affordable housing (380 units) in a moderate-income CT in Saint Louis, MO, within the Saint Louis MO-IL MSA #41180, and Mount Vernon, IL, in nearby Jefferson County. A comparison of rents to median rents in the respective counties confirms that these properties primarily accommodate LMI individuals and families. Furthermore, a majority of the population of Mount Vernon is LMI residents.

<u>NonMSA AAs</u>

Dieterich's level of community development lending provided adequate responsiveness to community credit needs in the NonMSA AAs. During the evaluation period, the bank originated six community development loans totaling $1.5 million, or 3.00 percent of prorated capital (prorated to AAs by percent of the number of loan originations), in the NonMSA AAs. Three loans totaling $666,411 were originated to purchase or refinance three multifamily apartment buildings (28 units) providing affordable housing for LMI residents in Mason, Red Bud, and Saint Elmo, IL. This includes an apartment complex with 16 units in a moderate-income CT in Saint Elmo, IL. One loan for $12,500 was made to a nonprofit organization that constructs affordable housing for LMI families in Effingham, IL. Two loans totaling $830,000 were originated to a small business to refinance the renovation of three commercial properties in Saint Elmo, IL, to promote economic development and revitalization and stabilization of a moderate-income CT.

MSA AA

Dieterich's level of community development lending provided excellent responsiveness to community credit needs in the MSA AA. During the evaluation period, the bank originated 12 community development loans totaling $9.3 million, or 96.76 percent of prorated capital (prorated to AAs by percent of the number of loan originations), in the MSA AA. Six loans totaling $1.67 million were originated to purchase or refinance six multifamily apartment buildings (53 units) providing affordable housing for LMI individuals and families in Belleville and Waterloo, IL.

Dieterich originated five community development loans that promoted economic development and created 25 jobs for LMI individuals in the AA. Four loans totaling $5.50 million were originated to three small businesses to purchase or refinance four gas stations in Centreville, East Saint Louis, and Red Bud, IL. Two businesses are new startups, and three gas stations are located in low-income CTs. The bank made another $1.85 million loan to a small business in Belleville to refinance the expansion of an athletic facility that added space for lease to a restaurant and athletic therapy business. .

The bank also made a $250,275 loan to a nonprofit company to capitalize a revolving loan fund to provide micro-business loans to small businesses and LMI individuals in the AAs. The bank refers prospect customers to this company who are unable to qualify for direct loans without assistance. Since December 2016, the company has made nine micro-business loans totaling $98,230 to customers referred by the bank in the MSA AA.

Number and Amount of Qualified Investments

The level of qualified investments reflects adequate responsiveness to community needs. During the evaluation period, Dieterich invested in two municipal bonds and provided 45 donations totaling $1.28 million. Qualified investments represent 2.14 percent of capital. The investment performance in the NonMSA AAs is adequate and in the MSA AA is poor. Our analysis placed more weight on the performance in the NonMSA AAs, given the volume of deposits originated in this AA.

Included in the investment analysis is a $10,000 donation to the Illinois Business and Economic Development Corporation (now known as Intersect Illinois), a statewide organization dedicated to increasing business investment and job creation in Illinois. The organization facilitated site visits in both AAs to raise awareness of direct foreign investment opportunities, and attended informational meetings. Since it was established in February 2016, the organization has completed 11 business development projects around the state creating 2,000 new jobs, and have 33 more business development projects in process to bring over 7,000 new jobs to Illinois.

NonMSA AAs

The level of qualified investments reflects adequate responsiveness to community needs in the NonMSA AAs. During the evaluation period, the bank made 42 investments and grants/donations totaling $1.27 million. Qualified investments represents 2.20 percent of prorated capital (prorated by percent of deposits originated in the AA branches) in the AA.

Investments include two municipal bonds benefiting community services for LMI individuals. These include:

- $545,000 for the Peterson Park Aquatic Center in Newton, IL, to upgrade and maintain the facilities. The facility is located in a moderate-income CT and a majority of the population of Newton is LMI residents.
- $500,000 for the Effingham Park District in Effingham, IL, to maintain facilities and provide youth programs. The park district provides reduced fees for LMI families through its scholarship program. Fees are reduced 50 percent for families with students that qualify for the free (or reduced) lunch program in the public school system; a majority of students in the Effingham school district participate in the free (or reduced) lunch program.

The bank also provided 40 grants/donations totaling $221,368 to organizations providing community services to LMI individuals and economic development. These include:

- $100,000 to the Effingham Park District to build the Richard Workman Sports and Wellness Complex in Effingham, IL. The facility provides reduced fees for LMI families through its scholarship program. Fees are reduced 75 percent for individuals and families that qualify for Medicaid or the free (or reduced) lunch program in the public school system. Since opening in April 2016, the facility has granted 50 scholarships for reduced fees to LMI families. A majority of students in the Effingham school district qualify for the free (or reduced) lunch program.
- $50,000 to The Alliance/Effingham Civic Foundation/Effingham Regional Growth Alliance for economic development, job creation, and training. The organization provides business development in the area through the Effingham Regional Incubator Network that provides technical assistance to start-up businesses. The organization sponsors the Creating Entrepreneurial Opportunities (CEO) Program that provides high school students training in the skills needed to start and manage a business; a majority of students in the Effingham school district are from LMI families. The organization also provides workforce development programs through a welding training program at Effingham High School and Lake Land Community College (Effingham location), and sponsoring an annual manufacturing day event that takes students to local manufacturing facilities to learn about job opportunities and related skill requirements. Workforce training and development and leadership mentoring were identified community needs.
- $16,100 to CASA of Effingham County, which protects abused and neglected children, primarily serving LMI families.
- $11,150 to two nonprofit organizations that provide youth programs primarily serving LMI families.
- $8,208 to two nonprofit organizations that provide home repair and/or construct homes for LMI individuals and families.

- The remaining funds were primarily provided to community development organizations supporting community services for LMI individuals through meals for the elderly and children, school supplies and mentoring programs, aid for the homeless, training and development for the disabled, and grants to other nonprofit groups that provide assistance to LMI families, as well as economic development organizations that facilitate job growth in LMI geographies.

<u>MSA AA</u>
The level of qualified investments reflects poor responsiveness to community needs in the MSA AA. During the evaluation period, the bank only made four grants/donations totaling $7,750. Qualified investments represent less than one percent of prorated capital (prorated by percent of deposits originated in the AA branches) in the AA. The small investments positively impacted job creation and financial education for LMI individuals, which are identified community needs.

The funds were donated to four organizations providing community services to LMI individuals and economic development. These include:
- $5,000 to a nonprofit company that primarily serves LMI individuals and small businesses by providing homeownership and credit counseling, foreclosure prevention programs, micro-loans, and financial technical assistance. These funds are dedicated for outreach and credit/homeownership counseling for residents of the bank's AAs.
- $2,500 to the Monroe County Economic Development Corporation, which has provided technical assistance to seven businesses creating 250 new jobs and retaining 100 jobs in the AA since established in August 2016.
- The remaining funds were provided to two community service organizations that provide counseling services and health care assistance to LMI individuals, primarily children and senior citizens.

Extent to Which the Bank Provides Community Development Services

The extent to which Dieterich provides community development services demonstrate excellent responsiveness to community needs. The branch structure provides good accessibility to banking services in moderate-income CTs. Eighteen employees provided financial technical expertise to 16 different organizations providing community services to LMI individuals and economic development. This includes one individual that serves on the board of a statewide economic development organization that includes the bank's AAs. Employees participated in many of these organizations in a leadership capacity, either as a board member, officer, or educational instructor. Performance in the NonMSA AAs is excellent and in the MSA AA is adequate. Our analysis placed more weight on the NonMSA AAs' performance given the volume of loan and deposit originations in this AA.

<u>NonMSA AAs</u>
The extent to which Dieterich provides community development services in the NonMSA AAs provides excellent responsiveness to community needs. The bank

operates two branches located in moderate-income CTs in Newton and Saint Elmo, representing 29 percent of branches in the AA. This substantially exceeds the percentage of moderate-income geographies in the AAs of 11 percent. Only 8 percent of the population resides in the moderate-income CTs. While no ATMs accept deposits, customers can use ATMs at any branch or two stand-alone ATM locations in Dieterich and Effingham for free, as well as at any J&J Ventures ATMs located in various retail establishments, which are identified on the bank's website. One of the J&J Ventures ATMs is located in a moderate-income CT in Newton, IL. The bank offers free checking accounts with no minimum balances that customers can open with only $25. Dieterich also offers free on-line, mobile, and telephone banking and electronic bill pay. While the bank does not maintain records showing how these alternative methods of delivery and free accounts increase access, these services generally help to increase access to financial services for all individuals, including LMI individuals.

The bank provides work space free of charge in the corporate building in Effingham, IL, to four new startup businesses participating in the Effingham Regional Incubator Network. An office is also provided for the CEO Program teacher, as well as space for meetings with the high school student participants. In addition, the bank provides meeting space free of charge for nonprofit organizations; six nonprofit organizations have utilized the space for multiple meetings in the corporate building during the evaluation period.

Fifteen employees provided financial technical assistance that benefited 13 organizations, primarily focusing on community services to LMI individuals and economic development. Services include:

- Five individuals serve as board members and/or officers of four economic development organizations.
- Four individuals serve as board members and/or officers of five nonprofit community service organizations that provide services to LMI individuals, including affordable housing and youth programs.
- Four employees taught financial education programs at two alternative school organizations, one nonprofit youth organization, and one senior citizens center that primarily serve LMI individuals.
- Three individuals assist with fundraising for a nonprofit organization that provides home repair assistance to LMI individuals.
- One employee assists with fundraising for a nonprofit organization that provides grants to other community service organizations primarily serving LMI individuals.

We also noted that three bank staff provided financial literacy education to two area high schools that did not qualify for consideration under the community services test, as the schools do not have a majority of students from LMI families. In addition, five employees participate in a high school mentoring program that does not qualify for consideration under the services test. However, these efforts demonstrate a strong commitment to financial education and social mentoring of community youth.

MSA AA

The extent to which the bank provides community development services in the MSA AA provides adequate responsiveness to community needs. The bank's one branch is in a middle-income CT, but located close to moderate-income CTs in Belleville. While no ATMs accept deposits, customers can use the ATM at the branch for free, as well as at any J&J Ventures ATMs located in various retail establishments, which are identified on the bank's website. One of the J&J Ventures ATMs is located in a moderate-income CT in Renault, IL. The alternative delivery methods and no-cost checking accounts discussed in the NonMSA AA also apply to this AA.

Two employees provided financial technical expertise that benefited two nonprofit organizations, primarily focusing on economic development and affordable housing for LMI individuals. Services include:

- One individual serves on the board of an economic development corporation that promotes development of new businesses and expansion of current businesses in Monroe County.
- One employee serves on the board of a nonprofit community development corporation that acquires distressed, dilapidated, and/or foreclosure single family properties, renovates, and sells them to qualified LMI individuals in Belleville, IL.

There are only five employees at this branch location.

Responsiveness to Community Development Needs

Dieterich had excellent responsiveness to community development needs. The responsiveness within the NonMSA AAs was adequate, and the responsiveness in the MSA AA was excellent. While our analysis weighed the NonMSA AAs conclusions heavier, the regional community development loans influenced our overall conclusion of the responsiveness. Community development loans were excellent and help support identified community needs of affordable housing to LMI families and economic development. The branch network, especially within the NonMSA AAs, ensures accessibility to individuals within LMI geographies.

NonMSA AAs

Dieterich's community development activities in total demonstrate adequate responsiveness to the needs and opportunities in the NonMSA AAs. Combined community development loans and investments in the AA total $2.77 million, representing 4.63 percent of capital. The bank's branch structure is accessible to moderate-income geographies with 29 percent of branches located in the moderate-income CTs. Dieterich employees also provided financial technical expertise to 13 organizations, primarily providing community services to LMI individuals and supporting economic development. Community contacts identified the need for affordable housing, micro-business loans and economic development, and financial and technical support for organizations providing workforce training and development, financial education, and leadership mentoring.

Dieterich made three loans totaling $666,411 to purchase or refinance three multifamily apartment buildings providing affordable housing for LMI families, including one apartment complex in a moderate-income CT. The bank also originated a $12,500 loan and donated $1,380 to a nonprofit organization that constructs affordable housing for LMI families, and where a bank employee serves on the board. It also donated $6,828 to a nonprofit organization that provides home repairs for LMI individuals, and where three bank employees assist with fundraising.

To support economic and workforce development, the bank provides work space at the Effingham corporate building free of charge for four startup businesses participating in the Effingham Regional Incubator Network, as well as meeting space for the CEO program. The bank made two community development loans totaling $830,000 to a small business to refinance the renovation of three commercial buildings in Saint Elmo, to promote economic development and revitalization and stabilization of a moderate-income CT. The bank has donated $63,330 to six economic development organizations promoting job creation, workforce training, and leadership mentoring. Additionally, six bank employees serve as board members and/or officers of five economic development organizations, including one statewide group.

Four employees taught financial education programs to two alternative school organizations, one nonprofit youth organization, and one senior citizens center, all of which primarily serve LMI individuals. The remaining community development investments, donations, and services benefit organizations that provide community services to LMI individuals for youth programs, meals for the elderly and children, school supplies and mentoring programs, aid for the homeless, protection of abused and neglected children, and provide grants to other nonprofit groups that serve LMI families. The community profile reflects above average unemployment and poverty rates in the AAs, with LMI families representing 35 percent of the population and LMI geographies making up 11 percent of the AAs.

<u>MSA AA</u>

Dieterich's community development activities in total demonstrate excellent responsiveness to the needs and opportunities in this AA. Dieterich primarily responded to AA needs through community development loans. Combined community development loans and investments in the AA total $9.28 million, representing 15.50 percent of capital. Dieterich employees also provided financial technical expertise to two nonprofit organizations, primarily supporting economic development and affordable housing for LMI families. The community contact identified the need for business startup financing and micro-business loans for economic development, and financial and technical support for organizations providing micro-business loans, technical assistance, and financial education. The above average poverty rate at 13 percent, significant number of LMI families at 42 percent of the population, and large percentage of LMI geographies at 36 percent in the AA emphasizes the need for community services and affordable housing for LMI individuals.

Dieterich made a $250,275 loan to a nonprofit company to capitalize a revolving loan fund to provide micro-business loans to small businesses and LMI individuals in the AA. The bank also donated $5,000 to this company for outreach and credit counseling. Five loans totaling $7.35 million supported economic development that created 25 new jobs in the AA. Two of the businesses impacted by these loans were startup businesses. The bank also donated $2,500 to an economic development organization, where a bank employee serves on the board.

Other community development loans focused on affordable housing. The bank originated six loans totaling $1.67 million to purchase or refinance six multifamily apartment buildings providing affordable housing for LMI families in the AA. A bank employee also serves on the board of a nonprofit organization that provides affordable housing in Belleville; the group has purchased, renovated, and sold eight homes to LMI families during the evaluation period.

Appendix A: Scope of Examination

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

<table>
<tr><td>Time Period Reviewed</td><td colspan="2">Lending Test (excludes CD loans): 01/01/15 to 12/31/16
Investment and Service Tests and
CD Loans: 04/30/13 to 06/05/17</td></tr>
<tr><td colspan="2">Financial Institution</td><td>Products Reviewed</td></tr>
<tr><td colspan="2">Dieterich Bank, National Association (Dieterich)
Effingham, IL</td><td>Home mortgage and business loans, and community development loans, investments, and services</td></tr>
<tr><td>Affiliate(s)</td><td>Affiliate Relationship</td><td>Products Reviewed</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td colspan="3">List of Assessment Areas and Type of Examination</td></tr>
<tr><td>Assessment Area</td><td>Type of Exam</td><td>Other Information</td></tr>
<tr><td>NonMSA AA</td><td>Full-Scope</td><td>Effingham, Fayette, Jasper, and Randolph Counties in Illinois</td></tr>
<tr><td>MSA AA</td><td>Full-Scope</td><td>Monroe and Saint Clair Counties in Illinois, part of the Saint Louis MO-IL MSA #41180</td></tr>
</table>

Appendix B: Community Profiles for Full-Scope Areas

NonMSA AAs

Demographic Information for Full-Scope Area: NonMSA AAs						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	27	0.00	11.11	77.78	11.11	0.00
Population by Geography	99,556	0.00	9.05	77.31	14.64	0.00
Owner-Occupied Housing by Geography	29,869	0.00	8.28	75.48	16.25	0.00
Businesses by Geography	5,371	0.00	7.99	76.58	15,43	0.00
Farms by Geography	763	0.00	5.90	78.24	15.86	0.00
Family Distribution by Income Level	26,823	17.98	17.09	23.85	41.08	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	9,056	0.00	11.96	77.19	10.85	0.00
Median Family Income HUD Adjusted Median Family Income for 2016 Families Below the Poverty Level	= \$54,499 = \$58,000 = 8.02%	Median Housing Value = \$92,517 Unemployment Rate (2016) = 5.75				

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census and 2016 HUD updated MFI.

The NonMSA AAs consist of the entire counties of Effingham, Fayette, Jasper, and Randolph in Illinois. The Effingham, Fayette, and Jasper Counties are located in southwestern Illinois, approximately 100 miles east of Saint Louis, MO. Randolph County is located south of the MSA AA bordering on the state of Missouri, approximately 38 miles southeast of Saint Louis, MO. The AAs meet the requirements of the regulation and do not arbitrarily exclude LMI geographies. There are no low-income CTs and three moderate-income CT in the NonMSA AAs.

According to the 2010 U.S. Census, the total population of the AAs was 99,556. The distribution of families by income level was 17.98 percent low income, 17.09 percent moderate income, 23.85 percent middle income, and 41.08 percent upper income. The bank offers a full range of commercial and consumer loan and deposit products and services. Competition in the AA comes from 26 FDIC-insured depository institutions operating offices. Competition also includes credit unions and mortgage companies. During the evaluation period, the bank had seven branches in the AA located in Effingham (3), Dieterich, Newton, Red Bud, and Saint Elmo, Illinois. The Newton and Saint Elmo branches are located in a moderate-income CTs. As of June 30, 2016, Dieterich's deposits in these AAs totaled \$489.7 million, which is 15.87 percent of the market. The bank's deposit market share ranks second out of 26 depository institutions;

the top two depository institutions account for 33 percent of total deposits in the AA. The depository institution with the highest deposit market share is Midland States Bank.

Employment and Economic Factors
According to the Bureau of Labor Statistics, unemployment in the NonMSA AAs ranges between 4.70 percent and 7.00 percent, with the lowest in Effingham County and the highest in Fayette County in December 2016. The state and national unemployment rates are 5.70 percent and 4.70 percent, respectively, in December 2016. Unemployment in the NonMSA AAs has fallen from a high of 8.10 percent in Fayette County in April 2013, with unemployment rates falling the most in Randolph County. Similarly, state and national unemployment rates have fallen from 9.10 percent and 7.60 percent, respectively, for the same period.

The percentage of families in the AAs living below the poverty level is 8.02 percent. Families residing in the moderate-income CTs that live below the poverty level total 14.04 percent. Moderate-income geographies account for 11.11 percent of the CTs in these AAs based on the 2010 U.S. Census.

Industries driving the local economy include agriculture, manufacturing, healthcare, and retail. The largest employers in Effingham County are Heartland Dental, Quad Graphics, Sherwin-Williams Company, and Patterson Companies. The largest employers in Fayette County are government and school districts, Nemacolin Woodlands Inc., Wal-Mart, and Uniontown Hospital. The largest employers in Jasper County include the school district, Norris Electric Cooperative, Dynegy, and Total Printing Systems. The largest employers in Randolph County include Gitster-Mary Lee Corporation, Gateway FS, Knighthawk Coal, Red Bud Industries, and Spartan Light Metals Products. Businesses in the AAs are 75.59 percent small businesses with gross annual revenues of $1 million or less, 7.08 percent businesses with gross annual revenues over $1 million, and 17.33 percent where businesses did not report revenue information. Businesses located in the moderate-income CTs total 7.99 percent (429 businesses) of total businesses in the AAs.

Housing
There are relatively limited opportunities for residential mortgage lending in the AAs' moderate-income geographies due to the low number of units, age/condition of properties requiring renovation, and poverty rate. Only 9 percent (3,743 units) of total housing units are in the moderate-income CTs. According to the 2010 U.S. Census, housing units in the moderate-income CTs were 66.04 percent owner occupied (2,472 units), 22.44 percent rentals (840 units), and 11.51 percent vacant (431 units). The median monthly gross rent in the AA was $542. The median age of housing units in the moderate-income CTs is 48 years.

The median housing value in these AAs is $100,400, according to the 2015 U.S. Census American Community Survey. One simplistic method used to determine housing affordability assumes a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. Assuming a 30-year mortgage with a five percent interest rate, and not accounting for down payment, homeowners insurance, real estate taxes, or any additional monthly expenses, a low-income borrower making $28,999 per year (or less than 50 percent of the 2016 FFIEC adjusted median family income in the AAs) could afford a $135,261 mortgage with a payment of $725 per month. This illustrates that a low-income borrower could qualify for a mortgage loan in the AAs, but may be challenged when accounting for the additional expenses that come with homeownership, such as down payment, homeowners insurance, real estate taxes, and maintenance repairs. The estimated mortgage payment is 34 percent higher than the median monthly gross rent in the AAs.

Community Contact

We performed two community contacts with nonprofit organizations focused on business development in the AAs. We reviewed two additional community contacts with a government agency and a nonprofit organization that supports other nonprofit organizations focused on community service. Identified credit needs include affordable housing, particularly rental housing, and micro-business loans for economic development. In addition, financial and technical support is needed for organizations providing workforce training and development, financial education, and leadership mentoring. Although the economy in Effingham is improving, the surrounding rural towns and counties are still struggling with loss of businesses and declining populations.

MSA AA

Demographic Information for Full-Scope Area: MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	66	22.73	13.64	39.39	24.24	0.00
Population by Geography	303,013	13.33	13.41	45.99	27.27	0.00
Owner-Occupied Housing by Geography	79,906	9.75	11.52	47.75	30.99	0.00
Businesses by Geography	13,280	9.22	14.25	49.77	26.76	0.00
Farms by Geography	736	1.63	4.35	54.62	39.4	0.00
Family Distribution by Income Level	78,491	24.75	16.93	20.67	37.64	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	32,719	23.91	17.56	42.30	16.22	0.00
Median Family Income HUD Adjusted Median Family Income for 2016 Households Below the Poverty Level	= $66,798 = $70,000 = 11.22%	Median Housing Value = $132,685 Unemployment Rate (2016) = 4.70%				

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2016 HUD updated MFI.

The MSA AA includes a portion of the Saint Louis MO-IL MSA (#41180) that consists of the entire counties of Monroe and Saint Clair in Illinois. The MSA AA is located in southwestern Illinois, bordering the State of Missouri. It is appropriate that the AA does not include the entire MSA. The Saint Louis MO-IL MSA is a multi-state MSA, and Dieterich only has one branch in the MSA in Belleville, IL, in Saint Claire County. The MSA AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies. There are 15 low-income CTs and nine moderate-income CT in the MSA AA. The low-income CTs are located in East Saint Louis and are not near the bank's branch. However, four of the moderate-income CTs are within 3 miles of the branch in southern Belleville.

According to the 2010 U.S. Census, the total population of the AA was 303,013. The distribution of families by income level was 24.75 percent low income, 16.93 percent moderate income, 20.67 percent middle income, and 37.64 percent upper income. The bank offers a full range of commercial and consumer loan and deposit products and services. Competition in the AA comes from 32 FDIC-insured depository institutions operating offices. Competition also includes credit unions and mortgage companies. As of June 30, 2016, Dieterich's deposits in the AA totaled $20.9 million, which is less than one percent of the market. The bank's deposit market share ranks 27 out of 32 depository institutions; the top depository institution has 17 percent of total deposits in the AA. The depository institution with the highest deposit market share is Regions Bank.

Employment and Economic Factors
According to the Bureau of Labor Statistics, unemployment in the Monroe County is 3.80 percent and Saint Clair County is 5.60 percent in December 2016. This is lower than the state unemployment rates of 5.70 percent and comparable to the national unemployment rate of 4.70 percent in December 2016. Unemployment in Monroe County has fallen from 6.00 percent and Saint Clair County has fallen from 8.60 percent in April 2013. Similarly, state and national unemployment rates have fallen from 9.10 percent and 7.60 percent, respectively, for the same period.

The percentage of families in the AA living below the poverty level is 11.22 percent. Families residing in the low-income CTs that live below the poverty level total 38.26 percent. Families residing in the moderate-income CTs that live below the poverty level total 18.28 percent. Low-income geographies account for 22.73 percent and moderate-income geographies account for 13.64 percent of the CTs in the AA based on the 2010 U.S. Census.

Industries driving the local economy include healthcare, government, and education. Saint Clair County is the most populated county in Illinois south of the greater Chicagoland area. Monroe County is becoming primarily a bedroom community for the greater Saint Louis, MO, area. The largest employers in the AA are Scott Air Force Base, county governments and school districts, Memorial Hospital, Saint Elizabeth Hospital, Southwestern Illinois College, and Jet Aviation/General Dynamics. Businesses in the AA are 77.82 percent small businesses with gross annual revenues of $1 million or less, 6.27 percent businesses with gross annual revenues over $1 million, and 15.91 percent where businesses did not report revenue information. Businesses located in the low-income CTs total 9.22 percent (1,225 businesses) and moderate-income CTs total 14.25 percent (1,892 businesses) of total businesses in the AA.

Housing
Opportunities for residential mortgage lending in the AA's LMI geographies is challenging due to the age/condition of properties requiring extensive renovation for occupancy and the high poverty rate. Only 29 percent of total housing units (36,774) are in LMI geographies. According to the 2010 U.S. Census, housing units in the low-income CTs were 40.52 percent owner occupied (7,789 units), 41.46 percent rentals (7,969 units), and 18.03 percent vacant (3,465 units). Housing units in the moderate-income CT were 52.46 percent owner occupied (9,202 units), 34.36 percent rentals (6,027 units), and 13.81 percent vacant (2,312 units). The weighted average monthly gross rent in the AA was $722. The median age of housing units in LMI geographies is 54 years. The renovation expense required to make properties habitable is expensive relative to incomes and availability of credit.

The median housing value in the AA is $155,800, according to the 2015 U.S. Census American Community Survey. One simplistic method used to determine housing affordability assumes a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. Assuming a 30-year mortgage with a five percent interest rate, and not accounting for down payment, homeowners insurance, real estate taxes, or any additional monthly expenses, a low-income borrower making $34,999 per year (or less than 50 percent of the 2016 FFIEC adjusted median family income in the AA) could afford a $162,996 mortgage with a payment of $875 per month. This illustrates that a low-income borrower could qualify for a mortgage loan in the AA, but may be challenged when accounting for the additional expenses that come with homeownership, such as down payment, homeowners insurance, real estate taxes, and maintenance repairs. The estimated mortgage payment amount is 21 percent higher than median monthly gross rent in the AA.

Community Contact
We reviewed one community contact with an educational organization in the AA that focuses on small business development. Identified credit needs include loans for startup businesses, including micro-loans, and support for organizations providing micro-loans, technical assistance, and financial education.