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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

November 14, 1997

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

**Stewardson National Bank  
Charter #13226**

**110 East Main Street  
Stewardson, Illinois 62463**

**Office of the Comptroller of the Currency  
2009 Fox Drive, Suite B  
Champaign, Illinois 61820**

**NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **The Stewardson National Bank** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **November 14, 1997**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

The last evaluation of the bank's CRA performance was April 25, 1995.

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory Record of Meeting Community Credit Needs**.

This rating is based on the fact that the bank has a reasonable average loan-to-deposit ratio, and a substantial majority (90% of the dollar volume and 88% of the number) of loans reviewed were to borrowers located within the bank's assessment area. Additionally, the distribution of borrowers reflects good penetration among individuals of different incomes and businesses and farms of different sizes.

## **DESCRIPTION OF INSTITUTION**

The Stewardson National Bank is a \$27 million bank situated in Stewardson, Illinois, population 700. Stewardson is located in the southeast corner of Shelby County, approximately 10 miles north of Effingham, Illinois. The bank is a subsidiary of Prairie Financial Bancorp, a one bank holding company. This institution serves the needs of the community by offering a variety of loan products. These loan products include commercial and agricultural loans (operating, equipment, and real estate), residential loans (construction, purchase, refinance, and home improvement), and consumer installment loans (new and used autos and trucks, debt consolidation, unsecured, and credit cards).

The following represents the bank's loan portfolio mix (\$ volume) as of September 30, 1997:

Agricultural Loans	32%
Commercial Loans	31%
Residential Real Estate Loans	25%
Consumer Loans	12%

The bank does not have any financial or legal impediments restricting it from meeting the credit needs of the community.

## **DESCRIPTION OF ASSESSMENT AREA**

The bank's assessment area consists of block numbering areas (BNAs) #9594 and #9595 in Shelby County and #9501, #9502, #9597, #9598, and #9599 in Effingham County. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. All the BNAs are middle income. There are no low- or moderate-income census tracts within the assessment area. The following demographic information on the bank's assessment area is based on 1990 census data:

- Housing Stock - 85% of the housing units are 1-4 family.
- Occupancy - 69% owner occupied, 24% renter occupied, and 7% vacant.
- Home Values - The Median Home Value is \$53,524
- Age of Homes - The Median Year of Homes Built is 1962.
- Income Levels - 15% of the families are low-income, 16% are moderate-income, 25% are middle-income, and 44% are upper-income.

The local economy is stable and is driven by agriculture. The largest employer in town is a farmers' co-op. The largest employers in the assessment area are found in near by Effingham and Shelbyville. These include the following small manufacturing companies: Imperial Bond Ware in Shelbyville and World Color Press in Effingham. Unemployment is in line with state and national averages. The bank's closest competition consists of Community Bank of Shelby County in Cowden, Illinois which is located outside the assessment area. Other competition for banking services is provided by financial institutions in Effingham and Shelbyville, Illinois.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

### LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's average loan-to-deposit ratio for 10 quarters ended September 30, 1997 was 59.80%. This ratio shows an increasing trend, ranging from a low of 50.96% to a high of 73.62%. There are no similarly situated banks in the assessment area for comparison.

### LENDING IN ASSESSMENT AREA

A substantial majority of the loans being originated are within the bank's assessment area. Based on a sample of loans originated since April 25, 1995, 90% of the dollar amount of loans and 88% of the number of loans were made within the bank's assessment area. The following table details the bank's lending within and outside the assessment area by dollar volume and number of loans based on the loan sample reviewed.

Type of Loan	Within Assessment Area		Outside Assessment Area	
Residential Real Estate	\$1,063M	88%	\$148M	12%
	17	85%	3	15%
Consumer	\$154M	90%	\$17M	10%
	19	90%	2	10%
Farm and Business	\$1,287M	93%	\$97M	7%
	30	88%	4	12%
Total	\$2,504M	90%	\$262M	10%
	66	88%	9	12%

\*The dollar amounts are rounded to the nearest thousand dollars.

### LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The bank's record of lending to borrowers of different incomes and to businesses of different sizes is good. The residential real estate loan distribution approximates the income characteristics of the assessment area and the consumer loan distributions significantly exceeds it. Although there are no low- or moderate-income census tracts within the bank's assessment area, 36% of the population is in the low- and moderate-income categories.

The following tables detail the bank's residential real estate and consumer lending record to borrowers of different incomes in the assessment area based on a sample of loans originated since April 25, 1995. Income levels for loans originated are based off the 1997 non-metropolitan median family for Illinois of \$37,600.

#### Residential Real Estate Loans

Income Level	# of Loans	%	\$ of Loans* (000's)	%
Low - Income Less than 50% of Median	2	12%	\$102M	10%
Moderate - Income 50% to less than 80% of Median	4	24%	\$180M	17%
Middle - Income 80% to less than 120% of Median	5	29%	\$298M	28%
Upper - Income 120% or more of Median	6	35%	\$483M	45%
<b>Total Sample</b>	<b>17</b>	<b>100%</b>	<b>\$1,063M</b>	<b>100%</b>

\*The dollar amounts are rounded to the nearest thousand dollars.

Based upon our sample, the bank has made 36% of the number and 27% of the dollar amount of residential real estate loans to low- and moderate-income people.

#### Consumer Loans

Income Level	# of Loans	%	\$ of Loans* (000's)	%
Low - Income Less than 50% of Median	7	37%	\$32M	21%
Moderate - Income 50% to less than 80% of Median	8	42%	\$72M	47%
Middle - Income 80% to less than 120% of Median	3	16%	\$29M	19%
Upper - Income 120% or more of Median	1	5%	\$21M	13%
<b>Total Sample</b>	<b>19</b>	<b>100%</b>	<b>\$154M</b>	<b>100%</b>

\*The dollar amounts are rounded to the nearest thousand dollars.

Based upon our sample, the bank has made 79% of the number and 68% of the dollar volume of consumer loans to low- and moderate-income people.

The bank's record of lending to businesses and farms of different sizes is good. The following table details the distribution by revenue size of a sample of loans made since April 25, 1995 to businesses and farms located within the assessment area.

Business and Farm Loans

Gross Revenues	# of Loans	%	\$ of Loans* (000's)	%
Less than \$100,000	9	30%	\$109M	8%
\$100,000 - \$250,000	12	40%	\$278M	22%
\$250,000 - \$500,000	3	10%	\$274M	21%
\$500,000 - \$1,000,000	4	13%	\$445M	35%
More than \$1,000,000	2	7%	\$181M	14%
<b>Total Sample</b>	<b>30</b>	<b>100%</b>	<b>\$1,287M</b>	<b>100%</b>

\*The dollar amounts are rounded to the nearest thousand dollars.

The following table details the distribution by loan size of a sample of loans made since April 25, 1995 to businesses and farms located within the assessment area.

Business and Farm Loans

Loan Size	# of Loans	%	\$ of Loans* (000's)	%
Less than \$25,000	17	56%	\$191M	15%
\$25,000 - \$100,000	8	27%	\$406M	31%
\$100,000-\$250,000	5	17%	\$690M	54%
More than \$250,000	0	0%	\$0M	0%
<b>Total Sample</b>	<b>30</b>	<b>100%</b>	<b>\$1,287M</b>	<b>100%</b>

\*The dollar amounts are rounded to the nearest thousand dollars.

The bank has demonstrated a willingness to make loans of both small and large amounts to businesses and farms of different sizes.

## **GEOGRAPHIC DISTRIBUTION OF LOANS**

Because only middle- and upper-income BNAs makes up the bank's assessment area, a geographic distribution analysis of the bank's loan originations would not be meaningful, and is not considered in the overall CRA rating.

## **RESPONSE TO COMPLAINTS**

No complaints have been received since the prior examination.

## **COMPLIANCE WITH FAIR LENDING LAWS**

Stewardson National Bank is in compliance with the substantive provisions of the fair lending laws and regulations. There is no evidence of discriminatory lending practices or disparate treatment of customers. The bank generally solicits credit applications from all segments of its assessment area, including low- and moderate-income areas.