



## **PUBLIC DISCLOSURE**

May 18, 2015

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

National Bank of Petersburg  
Charter Number 14607

321 North 6th Street  
Petersburg, Illinois 62675

Office of the Comptroller of the Currency

211 Fulton Street  
Suite 604  
Peoria, Illinois 61602

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

## **INSTITUTION'S CRA RATING: This institution is rated Satisfactory**

The Lending Test is rated: **Satisfactory**

The major factors that support National Bank of Petersburg's rating include:

- The majority of loans made to customers are within the assessment area (AA).
- The distribution of loans to borrowers of different income levels and to farms of different sizes reflects reasonable penetration.
- The quarterly average loan-to-deposit (LTD) ratio over the evaluation period is reasonable.

## **SCOPE OF EXAMINATION**

This Community Reinvestment Act Performance Evaluation (CRA PE) assesses National Bank of Petersburg's (NBP's or bank's) ability of meeting the credit needs of the community in which it operates. We evaluated NBP using the Small Bank performance criterion, which includes a lending test. The lending test evaluates the bank's ability to meet the credit needs of its AA through its lending activities.

The evaluation period covers the period between the date of the prior CRA PE of April 6, 2009, and April 18, 2015. The rating of the previous CRA PE was Satisfactory.

We based the lending test on the primary loan products for the AA, utilizing the dollar volume of loan originations from January 1, 2013, through December 31, 2014. We based our conclusions regarding the lending performance on the agriculture and residential real estate (residential) loans originated from January 1, 2013, through December 31, 2014, utilizing 2010 U.S. Census data.

The April 6, 2015, Home Mortgage Disclosure Act (HMDA) data integrity review found the HMDA data for 2013 and 2014 years to be unreliable for evaluation purposes. As such, we obtained and reviewed a random sample of residential loans originated and purchased during the evaluation period in conjunction with our random sample of agriculture loans. We obtained the income of borrowers and revenues of farms, as well as geocoding data for each individual loan in our sample.

## **DESCRIPTION OF INSTITUTION**

National Bank of Petersburg is a community bank with assets of \$152 million at March 31, 2015. NBP is headquartered in Petersburg, IL, a rural farming community in central Illinois just northwest of Springfield, IL. NBP has two facilities with drive up and ATM services, the main office located on North 6<sup>th</sup> Street and a branch on South 6<sup>th</sup> Street. There were no branch closures or openings during the CRA evaluation period. NBP's strategy is to remain a strong, community bank and to serve the public interest with competitive and up-to-date services for the benefit of the community. In doing so, NBP offers a spectrum of lending products, which include agriculture, residential,

construction, automobile, and credit cards.

NBP originated loans of \$82 million from January 1, 2013 through December 31, 2014. NBP's primary products are agriculture and residential loans. These products accounted for 74 percent of the dollar value of originations.

The loan portfolio consists of the following:

<b>Table 1 – Loan Portfolio Summary by Loan Type as of March 31, 2015</b>		
Loan Category	\$(000)	%
Agriculture Loans	\$32,098	44%
Residential Loans	\$27,164	37%
Consumer Loans	\$7,655	11%
Commercial Loans	\$5,717	8%
Total Loans	\$72,634	100%

Source: March 31, 2015 Call Report

NBP is a wholly owned subsidiary of NBP Financial Services, Inc., a single bank holding company with total assets of \$152 million as of March 31, 2015. NBP Financial Services, Inc. does not negatively affect NBP's ability to meet the credit needs of the community.

There are no legal or financial circumstances that impede NBP's ability to meet the credit needs of its AA.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

NBP's AA includes all three census tracts (CTs) in Menard County, which includes the town of Petersburg and surrounding rural areas. Menard County is part of the Springfield, IL Metropolitan Statistical Area (MSA). There are no low- or moderate-income CTs in the AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income CTs.

NBP held a 52 percent majority of the deposit market share in Menard County, but competition for lending among financial institutions in the AA is strong due the small population size of the AA and close proximity to the larger market of Springfield, IL where many residents commute for work and have access to additional lending options. NBP competes for loans with credit unions, FDIC insured state and federal banks, mortgage companies, farm credit, and other financial entities. Primary employment sectors for the AA and surrounding areas include agriculture and service industries. The unemployment rate for Menard County has improved from 7 percent at March 31, 2014, to 5.1 percent at March 31, 2015. This compares favorably to the State of Illinois unemployment rate of 6.3 percent at March 31, 2015.

We contacted a local businessman in the AA. The contact stated that the current economic condition of Petersburg is stable. He did not identify any low- or moderate-

income areas that are in need of banking services nor any opportunities in which the bank is not already involved. He stated that the bank has a positive reputation in the community and helps the community through not-for-profit organizations and local charities.

<b>Table 2 – Demographic Information for Assessment Area</b>						
		Low	Moderate	Middle	Upper	NA
Demographic Characteristics	#	% of #	% of #	% of #	% of #	% of #
Geographies (Census Tracts)	3	0.00	0.00	100.00	0.00	0.00
Population by Geography	12,705	0.00	0.00	100.00	0.00	0.00
Owner-Occupied Housing by Geography	4,172	0.00	0.00	100.00	0.00	0.00
Business by Geography	758	0.00	0.00	100.00	0.00	0.00
Farms by Geography	130	0.00	0.00	100.00	0.00	0.00
Family Distribution by Income Level	3,676	17.11	18.69	24.97	39.23	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	1,316	0.00	0.00	100.00	0.00	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2014		66,823 69,600	Median Housing Value		\$113,066	
Poverty Rate: Households Below Poverty Level Families Below Poverty Level		8.4% 6.2%	Unemployment Rate: Menard County		5.1%	

Source: 2010 US Census and 2014 FFIEC updated MFI; Unemployment information from Bureau of Labor Statistics, March 31, 2015

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

NBP meets the standard for Satisfactory performance.

### Loan-to-Deposit Ratio

NBP's average LTD is reasonable given the size, financial condition, and lending opportunities available in the AA. NBP's quarterly LTD ratio averaged 58 percent over 24 quarters from March 31, 2009, to December 31, 2014, with a low of 49 percent, and a high of 66 percent. NBP's average LTD ranks third below two other similarly situated FDIC insured institutions. The other two institutions range from \$125 million to \$173 million and are community banks with branches located in Menard County. These institutions had an overall average LTD of 66 percent.

### Lending in Assessment Area

NBP originated a majority of loans to customers within its AA during the evaluation period, both by number and dollar volume.

<b>Table 3 - Lending in Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(000)	%	\$(000)	%	
Agriculture	25	83%	5	17%	30	\$4,115	89%	\$491	11%	\$4,606
Residential	21	70%	9	30%	30	\$1,216	65%	\$668	35%	\$1,884
Totals	46	77%	14	23%	60	\$5,331	82%	\$1,159	18%	\$6,490

Source: In/Out Loan Sample.

### Lending to Borrowers of Different Incomes and to Farms of Different Sizes

Lending to borrowers of different incomes and farms of different sizes reflects reasonable penetration, given the demographics of the bank’s AA.

#### Agricultural

The distribution of loans to small farms reflects reasonable penetration among farms of different sizes.

<b>Table 4 - Borrower Distribution of Loans to Farms in AA</b>				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	100%	0%	0%	100%
% of Loans in AA by #	92%	8%	0%	100%
% of Loans in AA by \$	84%	16%	0%	100%

Source: Agriculture Loan Sample and 2014 Business Geodemographic Data

#### Residential

The distribution of residential loans reflects reasonable penetration. Lending to low-income borrowers reflects poor penetration while lending to moderate-income borrowers reflects excellent penetration. Performance under this criterion is reasonable.

<b>Table 5 - Borrower Distribution of Residential Real Estate Loans in Assessment Area</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential	17%	5%	19%	33%	25%	10%	39%	52%

Source: Residential Loan Sample and 2010 U.S. Census Data

### Geographic Distribution of Loans

There are no low- or moderate-income CTs in the AA.

### **Responses to Complaints**

NBP did not receive any complaints during the evaluation period.

### **Fair Lending or Other Illegal Credit Practices Review**

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

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