



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 15, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Resource Bank, National Association
Charter Number 5815**

**555 Bethany Road
DeKalb, Illinois 60115**

**Office of the Comptroller of the Currency
Rockford Duty Station
5804 Elaine Drive
Rockford, Illinois 61108**

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 **Resource Bank, National Association** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **October 15, 1996**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

This Evaluation covers the period since September 23, 1993, the date of the last CRA examination when the bank was rated “Outstanding Record of Meeting Community Credit Needs.”

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

The bank has a high loan-to-deposit ratio and a substantial majority of loans are within DeKalb County. The bank originates loans to individuals of various income levels and businesses and farms of different sizes.

The following table indicates the performance level of Resource Bank, National Association, DeKalb, Illinois with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Resource Bank, National Association</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

Resource Bank, National Association, (RBNA), a \$127 million financial institution, is a wholly-owned subsidiary of Resource Bancshares, Inc., a one-bank holding company, headquartered in DeKalb, Illinois. RBNA's main office is located in DeKalb, Illinois with one branch each in Cortland, Malta, Hinckley and Genoa, Illinois. The bank has two full-service automated teller machines (ATMs). One is located at the DeKalb office and the other is located at the Genoa office. There are no legal or financial impediments which impact the bank's ability in helping to meet community credit needs.

On June 30, 1996, RBNA had approximately \$88 million in outstanding loans and a loan-to-deposit ratio of 82%. The loan portfolio consists of commercial and commercial real estate loans (39%), residential real estate (33%), agriculture and agriculture real estate loans (23%), and consumer loans (5%). RBNA is the largest agriculture lender in DeKalb County.

DESCRIPTION OF THE ASSESSMENT AREA - DEKALB COUNTY:

The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income areas. RBNA's assessment area is comprised of **DeKalb County**. DeKalb County is part of the Chicago Metropolitan Statistical Area (MSA), in northeastern Illinois. Based on 1990 census data, the total population of DeKalb County is 77,932. The MSA median family income is \$54,100. DeKalb County contains 19%, 23%, 28% and 30% of low-, moderate-, middle- and upper-income families, respectively. It also consists of 21 census tracts. Of the 21 census tracts, one (5%) is low-income, three (14%) moderate-income, 15 (71%) middle-income, and one (5%) is an upper-income census tract. One (5%) census tract has not been categorized by the U.S. Census Bureau. The low-income census tract is located in central DeKalb and consists of Northern Illinois University.

The largest city in DeKalb County is the city of DeKalb with a population of approximately 36,000. The local economy is good and housing demand is strong. Local housing is 56% owner-occupied units, 41% rental-occupied units and 3% vacant housing units. The volume of rental-occupied units is high due to the demand for off-campus student housing. The median home value is \$78,700.

State government is the largest employer in DeKalb County, followed by the service, retail trade and manufacturing industries. Major area employers are Northern Illinois University, employing in excess of 3,500; DeKalb Genetics Corporation, a seed research and production company employing approximately 600; and Ideal Industries, a manufacturer of electrician tools and supplies employing approximately 530. The area's unemployment rate is currently 3.9%. The vast majority of businesses in DeKalb County are small businesses. Approximately 94% of businesses have less than 50 employees, 6% have 50 to 499 employees, and less than 1% have 500 or more employees.

RBNA's primary competitors consist of national and state-chartered financial institutions, credit unions and branches of multinational financial institutions headquartered elsewhere in Illinois or out of state. Recent contacts with community leaders in DeKalb County identified residential mortgage, business and agriculture loans as the community's most pressing credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio:

On June 30, 1996, the loan-to-deposit (L/D) ratio was 82%. RBNA's average quarterly L/D ratio from September 30, 1993 to June 30, 1996 was 81%. RBNA's L/D ratio is high when compared to other financial institutions with total assets ranging from \$26 million to \$223 million and located in DeKalb County. These other financial institutions have L/D ratios ranging from 47% to 79%.

Lending in the Assessment Area:

RBNA's lending within DeKalb County is high. To determine the extent of RBNA's lending within DeKalb County, a sample of 529 loans totaling \$44,673,756, originated between January 1, 1994 and September 30, 1996, was reviewed. The following table shows the results of the review:

Type of Loans:	Total Loans Reviewed		% of Loans Originated within DeKalb County	
	#	\$	#	\$
Residential Mortgage*	499	\$42,811,000	93%	89%
Business	17	\$370,293	53%	45%
Farm	13	\$1,492,463	100%	100%
Total	529	\$44,673,756	91%	89%

* - Represents all loans originated in 1994 and 1995 as reported under the Home Mortgage Disclosure Act.

Table 1 reveals RBNA originates a substantial majority of its loans within DeKalb County. Of all residential mortgage loans originated in 1994 and 1995, 93% of the number and 89% of the dollar were within DeKalb County. Of the sample of 17 business loans reviewed, 53% of the number and 45% of the dollar were within DeKalb County. All farm

loans reviewed were within DeKalb County. Of all loans reviewed, 91% of the number and 89% of the dollar were within DeKalb County.

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

RBNA adequately lends to borrowers of all income levels when compared to the characteristics of DeKalb County. RBNA also adequately lends to businesses and farms of different sizes. Mortgage loan information reported under the Home Mortgage Disclosure Act (HMDA) and a sample of business and farm loans were reviewed to determine the volume of such lending. The following table compares the percentages of loans made to borrowers of different incomes with the percentages of families living in DeKalb County by income level:

Table 2 Mortgage Loans Originated in DeKalb County By Borrower Income					
Borrower Income as a % of MSA Median Family Income:	1994		1995		DeKalb County Characteristics
	#	\$	#	\$	% of Families by Income Level
Low-Income	12%	5%	8%	5%	19%
Moderate-Income	25%	21%	30%	21%	23%
Middle-Income	36%	36%	31%	31%	28%
Upper-Income	23%	31%	30%	42%	30%
NA	4%	7%	1%	1%	NA
TOTAL	100%	100%	100%	100%	

- Represents the number of loans by percentage.
 \$ - Represents the dollar of loans by percentage.
 NA - Applicant income information was not available.

Table 2 reveals RBNA’s mortgage loan activity during 1994 and 1995 is comparable to the characteristics of DeKalb County. RBNA adequately lends to borrowers of moderate-, middle- and upper-incomes. Mortgage loans to borrowers of low-income are slightly lower than the characteristics of DeKalb County.

A sample of 30 business and farm loans originated between January 1, 1996 and September 30, 1996, was reviewed to determine the extent of RBNA’s lending to businesses and farms of different sizes. The results are as follows:

Table 3		
Business and Farm Loans		
January 1, 1996 through September 30, 1996		
Business Revenue:	#	\$
\$0 - \$100,000	20	\$430,130
\$100,001 - \$250,000	6	\$648,140
\$250,001 - \$500,000	0	0
\$500,001 - \$1,000,000	2	\$59,386
Total Loans - \$1,000,000 or Less	28	\$1,137,656
% of Loans - \$1,000,000 or Less	93%	61%
> \$1,000,000	2	\$725,100

Table 3 reveals the bank makes loans to businesses and farms of different sizes. Of the 30 business and farm loans reviewed, 28 (93%), or \$1,137,656 (61%), were to businesses or farms with revenues of \$1,000,000 or less. Although the sample of loans reviewed did not include loans to businesses or farms with revenues between \$250,001 and \$500,000, RBNA's management indicated they do make loans to businesses or farms in this revenue range. Two loans totaling \$725,100 were to businesses or farms with revenues in excess of \$1,000,000.

Geographic Distribution of Loans:

Overall, RBNA has an adequate distribution of loans within DeKalb County. Mortgage loan information reported under the HMDA was compared to the distribution of both owner-occupied units and census tracts by income level in DeKalb County. The results are as follows:

Table 4						
Mortgage Loans Originated in DeKalb County by Census Tract Income Level						
Census Tract Income Level:	1994		1995		DeKalb County Characteristics	
	#	\$	#	\$	Distribution of Owner-Occupied Units	Distribution of Census Tracts
Low Income	2%	2%	1%	1%	0%	5%
Moderate Income	3%	3%	4%	4%	9%	14%
Middle Income	90%	86%	92%	91%	83%	71%
Upper Income	5%	9%	3%	4%	8%	5%
NA	0%	0%	0%	0%	0%	5%
TOTAL	100%	100%	100%	100%		

- Represents the number of loans by percentage.

NA - Census tract information is not available.

\$ - Represents the dollar of loans by percentage.

Table 4 reveals RBNA's mortgage loan volume is high in middle-income census tracts. This volume compares favorably to the characteristics of DeKalb County, where 83% of owner-occupied units are located in middle-income census tracts and 71% of the census tracts are middle-income. RBNA's mortgage loan volume is adequate in low- and upper-income census tracts when compared to the characteristics of DeKalb County and is slightly low in moderate-income census tracts.

Compliance with Fair Lending Laws and Regulations:

A fair lending examination, using approved loans originated between January 1, 1996 and June 30, 1996, was conducted. Twenty-eight residential mortgage loans were reviewed for compliance with fair lending laws and regulations. Based on the sample reviewed, no evidence of illegal discrimination was detected.