



## **INTERMEDIATE SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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### **PUBLIC DISCLOSURE**

**November 13, 2006**

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

**MidAmerica National Bank  
Charter Number 13838**

**100 West Elm Street  
Canton, IL 61520**

**Comptroller of the Currency  
North Central Illinois & Eastern Iowa  
111 West Washington Street Suite 300  
East Peoria, IL 61611**

**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**

**MidAmerica National Bank (MNB) is rated Satisfactory.**

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

- MNB's distribution of loans reflects a reasonable penetration among businesses of different sizes.
- The geographic distribution of loans reflects satisfactory penetration among the census tracts (CT) in the AA, including low- and moderate-income census tracts.
- MNB's community development performance demonstrates adequate responsiveness to the community development needs of its AA through community development loans, qualified investments, and community development services.
- A majority of the loans originated by MNB are to customers from within its AA.
- MNB's quarterly average loan-to-deposit ratio of 79 percent over the evaluation period is reasonable.

## **SCOPE OF EXAMINATION**

This Performance Evaluation assesses MidAmerica National Bank's record of meeting the credit needs of the communities in which it operates. We evaluated MNB under the Intermediate Small Bank performance criterion, which includes a lending test and a community development test. The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area through its lending activities. The community development test evaluates a bank's community development lending, qualified investment, and community development services activities.

- The evaluation period covers loans originated or purchased from December 9, 2002 through September 30, 2006.
- MNB has four AAs, generating a majority of the bank's loans and deposits. MNB's presence in the Rock Island County AA is limited and the volume of loans and deposits generated is much less than the other AAs, thus it will only receive a limited-scope review. The Fulton/McDonough County AA, the McLean County AA, and the Peoria County AA will receive a full-scope review. The lending test is based on MNB's primary loan products.
- Conclusions regarding the bank's lending performance are based on commercial and residential mortgage loans originated or purchased from January 1, 2004 through September 30, 2006, utilizing 2000 census data.
- We reviewed residential related loans reported under the Home Mortgage Disclosure Act

(HMDA) for the years 2004, 2005, and through September 30, 2006. We reviewed loans to businesses reported under the Community Reinvestment Act (CRA) for 2004, 2005, and through September 30, 2006.

- We conducted Data Integrity reviews of the HMDA and CRA data by comparing information from the bank's loan application registers to actual loan files. We found the HMDA and CRA data to be accurate and reliable for use in this examination.

## **DESCRIPTION OF INSTITUTION**

MidAmerica National Bank is a community bank headquartered in Canton, Illinois, approximately 25 miles southwest of Peoria, Illinois. As of September 30, 2006, MNB reported total assets of \$402 million. MNB is an intrastate financial institution with twelve offices serving all of McDonough County and portions of Fulton, McLean, Peoria, and Rock Island Counties. All offices are equipped with drive-up facilities, with the exception of Moline, Canton Hy-Vee, and downtown Macomb. MNB has fifteen ATMs located throughout the AA, with multiple locations in Canton, Macomb, and Peoria. In addition, MNB provides investment services through its wholly-owned subsidiary, MidAmerica Financial Services, Inc., which does not negatively impact the bank's ability to meet the credit needs of the community.

Since the previous CRA evaluation, the bank opened two new branches. The bank opened a temporary office in Bloomington, Illinois, at 2203 East Empire Street on June 1, 2004, and then relocated to a permanent facility at 201 North Prospect Road on March 7, 2005. The bank opened a branch in downtown Peoria at 230 South West Adams Street on March 21, 2005. No branches were closed.

The bank is a wholly-owned subsidiary of MidAmerica National Bancshares, Inc. (MNBI), a one-bank holding company headquartered in Canton, Illinois. As of September 30, 2006, the holding company had total assets of \$405 million. The holding company owns MidAmerica National Insurance Services, Inc., which provides insurance products and services. In addition, MNBI has one statutory business trust that is an unconsolidated subsidiary. MNB's affiliates do not negatively impact the bank's ability to meet the credit needs of the community.

In July 2006, MNB announced an agreement to sell its Peoria and Bloomington branches to First Banks, Inc. of St. Louis, MO, and the Moline branch to Great River Financial Group of Burlington, IA, pending regulatory approval. The sale of the Peoria and Bloomington branches was completed on November 10, 2006 and the closing of the sale for the Moline branch is expected to take place in the first quarter of 2007.

MNB's business strategy is to offer a traditional style of banking, with local decision-making, community involvement, and to provide responsive, personal service to all customers.

MNB's two primary lending products are residential real estate and commercial loans. These two lending categories account for 89 percent of all loan originations during the evaluation period and make up 85 percent of the outstanding loan balances as September 30, 2006. Thus, these two lending products were used for the analysis of this evaluation. Agricultural and

consumer lending are not primary loan products accounting for 11 percent of all loan originations during the evaluation period and the remaining 15 percent of the outstanding loan balances as of September 30, 2006. During the evaluation period, MNB also originated an additional \$88 million in residential mortgages as an agent, which is not reflected below.

<b>Table 1 – Loan Originations by Loan Type from January 1, 2004 through September 30, 2006</b>		
<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Loans	\$354,923	81%
Residential Loans	\$ 35,901	8%
Consumer Loans	\$ 27,492	6%
Agricultural Loans	\$ 20,231	5%
<b>Total Originations</b>	<b>\$438,547</b>	<b>100%</b>

*Source: Bank Records from January 1, 2004 – September 30, 2006*

As of September 30, 2006, the bank reported \$282 million in outstanding loans and had a net loans and leases to total assets ratio of 70 percent. The loan portfolio consists of the following:

<b>Table 2 – Loan Portfolio Summary by Loan Type September 30, 2006</b>		
<b>Loan Category</b>	<b>\$(000)</b>	<b>%</b>
Commercial Loans	\$198,697	71%
Residential Loans	\$ 40,622	14%
Agricultural Loans	\$ 24,597	9%
Consumer Loans	\$ 17,823	6%
<b>Total Loans</b>	<b>\$281,739</b>	<b>100%</b>

*Source: Call Report September 30, 2006*

There are no financial conditions, legal constraints or other factors that would hinder the bank's ability in helping to meet the credit needs of the communities within its assessment area. Tier 1 capital was reported at \$34 million as September 30, 2006. The bank's previous CRA rating as of December 9, 2002 was Satisfactory.

## **DESCRIPTION OF ASSESSMENT AREAS**

MNB's AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income areas. MNB has four AAs: the Fulton/McDonough County AA, the McLean County AA, the Peoria County AA, and the Rock Island County AA. Since the previous evaluation, the AA of MNB expanded to include a portion of McLean County and increased the number of census tracts (CTs) in Peoria County. The expansion of the AA was due to the new branches added in Bloomington and Peoria.

### **Fulton/McDonough County AA**

The Fulton/McDonough County AA covers twenty CTs not located in an MSA. One CT in McDonough County is designated low-income (5%), one other CT in McDonough County is designated moderate-income (5%), while the remaining eighteen CTs are designated as middle- or upper-income (90%).

The one low-income CT consists of the campus of Western Illinois University. There are no 1-4 family residential dwellings located in this CT and very few commercial businesses, thus the opportunity of lending in this CT is very limited.

The following is demographic information for the assessment area:

<b>Table 3 - Demographic Information for the Fulton/McDonough County Assessment Area</b>					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	20	5%	5%	85%	5%
Population by Geography	65,275	5%	3%	89%	3%
Owner-Occupied Housing by Geography	17,248	0%	3%	93%	4%
Businesses by Geography	3,510	1%	6%	91%	2%
Farms by Geography	623	0%	0%	95%	5%
Family Distribution by Income Level	15,828	19%	19%	25%	37%
Distribution of Low- and Moderate- Income Families throughout the AA	5,994	2%	4%	92%	2%
Median Family Income	\$43,241	Median Housing Value			\$60,334
2006 HUD Adjusted Median Family Income for Illinois Non-MSA	\$52,200	Median Year Built			1954
Families Below the Poverty Level	9%	Average Monthly Gross Rent			\$ 400

Source: 2000 U.S. Census Data

### **McLean County AA**

The McLean County AA covers thirty-two CTs all located in the McLean County MSA. One CT in McLean County is designated low-income (3%), nine CTs in McLean County are designated moderate-income (28%), while the remaining twenty-two CTs are designated as middle- or upper-income (69%).

The one low-income CT consists of the campus of Illinois State University. There are no 1-4 family residential dwellings located in this CT and very few commercial businesses, thus the opportunity of lending in this CT is very limited.

The following is demographic information for the assessment area:

<b>Table 4 – Demographic Information for the McLean County Assessment Area</b>					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	32	3%	28%	44%	25%
Population by Geography	121,232	7%	28%	42%	23%
Owner-Occupied Housing by Geography	28,789	0%	28%	41%	31%
Businesses by Geography	6,829	1%	30%	50%	19%
Farms by Geography	330	0%	16%	35%	49%
Family Distribution by Income Level	27,284	18%	18%	26%	38%
Distribution of Low- and Moderate- Income Families throughout the AA	9,880	0%	44%	42%	14%
Median Family Income	\$63,177	Median Housing Value		\$110,438	
2006 HUD Adjusted Median Family Income for the MSA	\$73,500	Median Year Built		1971	
Families Below the Poverty Level	5%	Average Monthly Gross Rent		\$ 540	

Source: 2000 U.S. Census Data

### Peoria County AA

The Peoria County AA covers forty-two CTs all located in the Peoria Area MSA. Ten CTs in Peoria County are designated low-income (24%), six CTs in Peoria County are designated moderate-income (14%), while the remaining twenty-six CTs are designated as middle- or upper-income (62%).

The following is demographic information for the assessment area:

<b>Table 5 - Demographic Information for the Peoria County Assessment Area</b>					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	42	24%	14%	38%	24%
Population by Geography	159,346	14%	14%	44%	28%
Owner-Occupied Housing by Geography	41,689	8%	11%	50%	31%
Businesses by Geography	8,384	20%	12%	38%	30%
Farms by Geography	271	1%	2%	32%	65%
Family Distribution by Income Level	40,316	24%	18%	21%	37%

Distribution of Low- and Moderate-Income Families throughout the AA	16,975	23%	18%	44%	15%
Median Family Income	\$51,536	Median Housing Value			\$85,650
2006 HUD Adjusted Median Family Income for the MSA	\$62,400	Median Year Built			1959
Families Below the Poverty Level	11%	Average Monthly Gross Rent			\$ 480

Source: 2000 U.S. Census Data

### Rock Island County AA

The Rock Island County AA covers thirty-three CTs all located in the Quad Cities MSA. Two CTs in Rock Island County are designated low-income (6%), eleven CTs in Rock Island County are designated moderate-income (33%), while the remaining twenty CTs are designated as middle- or upper-income (61%).

The following is demographic information for the assessment area:

<b>Table 6 - Demographic Information for the Rock Island County Assessment Area</b>					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	42	24%	14%	38%	24%
Population by Geography	114,894	4%	23%	57%	16%
Owner-Occupied Housing by Geography	31,778	2%	18%	61%	19%
Businesses by Geography	6,289	1%	30%	51%	18%
Farms by Geography	341	0%	17%	33%	50%
Family Distribution by Income Level	29,549	22%	19%	24%	35%
Distribution of Low- and Moderate-Income Families throughout the AA	12,117	8%	28%	53%	11%
Median Family Income	\$47,271	Median Housing Value			\$73,434
2006 HUD Adjusted Median Family Income for the MSA	\$62,400	Median Year Built			1954
Families Below the Poverty Level	9%	Average Monthly Gross Rent			\$ 434

Source: 2000 U.S. Census Data

### Economic Data

The local economy is considered stable. The October 2006 unemployment rates for three of the five counties within the AA compare favorably to the 4.4% national average and to the 4.1% State of Illinois average rate. The October 2006 unemployment rates for each county are; 3.0%

McLean, 3.3% McDonough, 3.9% Peoria, 4.5% Fulton, and 4.5% Rock Island. The economy of the AA is concentrated in the retail, healthcare, education, manufacturing, and agricultural industries. Major employers include; Caterpillar, Inc., John Deere, Inc., State Farm Insurance Company, Rock Island Arsenal, Western Illinois University, Illinois State University, Methodist Medical Center, OSF Medical Center, Genesis Medical Center, Trinity Medical Center, the local school districts, and the city, county, and state government entities.

We contacted an economic development official during the examination. The official indicated the primary credit needs in the assessment area are commercial, home, agriculture, car, and general consumer loans. He felt MNB and other local financial institutions were actively meeting the credit needs of the area. The contact stated the economy in the assessment area is stable. The economy and unemployment rate in Fulton County has been improving over the past several years and has become much more diversified than it was back in the early 1980's, when a major manufacturing business and largest employer closed. The contact indicated there are not any credit needs or banking services not met or provided for by the local financial institutions. He said all local banks and their employees remain actively involved in the community.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

### **LENDING TEST**

MNB meets the standards for satisfactory performance. In making this determination, we gave more weight to the performance in commercial lending and to the performance of lending in the Fulton/McDonough County AA as a majority of loan originations are from the Fulton/McDonough County AA.

- The distribution of loans to individuals of different income levels and businesses of different sizes is satisfactory.
- The geographic distribution of loans reflects satisfactory penetration among the census tracts in the AA, including low- and moderate-income census tracts.
- A majority of the loans originated by MNB are to customers from within its AA.
- MNB's average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs.

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

The distribution of loans reflects a reasonable penetration among individuals of different income levels (including low-, and moderate-income) and businesses of different sizes.

#### **Commercial Loans**

The distribution of loans to businesses reflects, given the demographics of the AAs, reasonable penetration among businesses of different sizes. From the number of commercial loans originated by MNB, eighty-five percent from the Fulton/McDonough County AA, sixty-seven percent from the Peoria County AA, and seventy percent from the McLean County AA were to



small businesses. Small businesses are businesses with gross annual revenues of one million dollars or less. The demographic data shows sixty percent of the businesses in the Fulton/McDonough County AA and sixty-four percent of the businesses in the Peoria County and McLean County AAs reporting revenue data have annual gross revenues equal to or less than one million dollars. MNB’s performance in the Rock Island County AA is consistent with that of the other AAs.

The following table shows the distribution of commercial loans among businesses of different sizes within the AAs:

<b>Table 7 – Borrower Distribution of Loans to Businesses of Different Sizes in the Fulton/McDonough County AA</b>					
Business Revenues	Number of Loans		% Businesses in AA**	Dollars of Loans	
	#	%		\$(000)	%
≤\$1,000,000	807	85%	60%	\$47,902	67%
>\$1,000,000	140	15%	4%	\$23,809	33%
Total	947	100%	64%	\$71,711	100%

Source: Bank records on new loans originated during 2004 through 2006; 2000 Census Data.

\*\* 36 percent of AA businesses did not report revenue data.

<b>Table 8 – Borrower Distribution of Loans to Businesses of Different Sizes in the Peoria County AA</b>					
Business Revenues	Number of Loans		% Businesses in AA**	Dollars of Loans	
	#	%		\$(000)	%
≤\$1,000,000	171	67%	64%	\$29,117	61%
>\$1,000,000	85	33%	8%	\$18,745	39%
Total	256	100%	72%	\$47,862	100%

Source: Bank records on new loans originated during 2004 through 2006; 2000 Census Data.

\*\* 28 percent of AA businesses did not report revenue data.

<b>Table 9 – Borrower Distribution of Loans to Businesses of Different Sizes in the McLean County AA</b>					
Business Revenues	Number of Loans		% Businesses in AA**	Dollars of Loans	
	#	%		\$(000)	%
≤\$1,000,000	163	70%	64%	\$21,302	60%
>\$1,000,000	71	30%	6%	\$14,169	40%
Total	234	100%	70%	\$35,471	100%

Source: Bank records on new loans originated during 2004 through 2006; 2000 Census Data.

\*\* 30 percent of AA businesses did not report revenue data.

**Residential Real Estate Loans**

The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of different income levels. The distribution of HMDA loans is satisfactory. In making this determination, we weighed the performance in the Fulton/McDonough County AA more heavily because sixty-eight percent of the originations during the evaluation period were from the Fulton/McDonough County AA.

MNB’s lending to low- and moderate-income borrowers is reasonable as it is near the percentage of low- and moderate-income families in the Fulton/McDonough County AA. Although the lending to low-income borrowers is below the percentage of low-income families in the Fulton/McDonough County AA, this is considered reasonable given a nine percent family poverty rate in the Fulton/McDonough County AA. MNB’s lending to moderate-income families in the Peoria County AA is well above the percentage of moderate-income families, while the lending to low-income is below the percentage of low-income families. This is reasonable given the eleven percent family poverty rate in the Peoria County AA. MNB’s lending to low- and moderate-income families in the McLean County AA is below the percentage of low- and moderate-income families in the McLean County AA. This is reasonable given the large college student population and the five percent family poverty rate in McLean County.

MNB’s performance in the Rock Island County AA was similar with that of the Fulton/McDonough County AA.

<b>Table 10 – Borrower Distribution of Residential Real Estate Loans in the Fulton/McDonough County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number
Residential	19%	13%	19%	17%	25%	28%	37%	42%

*Source: HMDA records from January 1, 2004 to September 30, 2006; 2000 Census Data.*

<b>Table 11 – Borrower Distribution of Residential Real Estate Loans in the Peoria County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number
Residential	24%	5%	18%	26%	21%	10%	37%	59%

*Source: HMDA records from January 1, 2004 to September 30, 2006; 2000 Census Data.*

<b>Table 12 – Borrower Distribution of Residential Real Estate Loans in the McLean County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number
Residential	18%	4%	18%	12%	26%	9%	38%	75%

Source: HMDA records from January 1, 2004 to September 30, 2006; 2000 Census Data.

## GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of loans reflects reasonable dispersion throughout the Fulton/McDonough County, Peoria County, and the McLean County AA.

### Commercial Loans

MNB's geographic distribution of commercial lending reflects a reasonable dispersion in CTs of different income levels, including low- and moderate-income CTs. Based on the commercial loans originated in the evaluation period, the percentage of commercial loans originated in low-income CTs is above the level of commercial businesses located in low-income CTs within the Peoria County AA. Meanwhile, the percentage of commercial loans originated in moderate-income CTs is below the level of commercial businesses located in moderate-income CTs within the Fulton/McDonough, Peoria, and McLean County AAs. MNB's performance in the Rock Island County AA is consistent with that of the other AAs.

<b>Table 13 – Geographic Distribution of Loans to Businesses in the Fulton/McDonough County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number	% of AA Businesses	% of Number	% of AA Businesses	% of Number	% of AA Businesses	% of Number
Commercial	1%	0%	6%	3%	91%	94%	2%	2%

Source: Bank records on new loans originated during 2004 through 2006; 2000 Census Data.

<b>Table 14 – Geographic Distribution of Loans to Businesses in the Peoria County AA</b>								
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Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number	% of AA Businesses	% of Number	% of AA Businesses	% of Number	% of AA Businesses	% of Number
Commercial	20%	22%	12%	5%	38%	29%	30%	44%

Source: Bank records on new loans originated during 2004 through 2006; 2000 Census Data.

<b>Table 15 – Geographic Distribution of Loans to Businesses in the McLean County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number	% of AA Businesses	% of Number	% of AA Businesses	% of Number	% of AA Businesses	% of Number
Commercial	1%	1%	30%	22%	50%	46%	19%	31%

Source: Bank records on new loans originated during 2004 through 2006; 2000 Census Data.

### **Residential Real Estate Loans**

MNB's geographic distribution of residential lending reflects an excellent dispersion throughout the CTs of different income levels, including moderate-income CTs. The percentage of residential loans originated in moderate-income CTs exceeds the level of owner occupied housing located in the moderate-income CTs within the AA. The percentage of residential loans originated in low-income CTs within the Peoria County AA meets the level of owner occupied housing located in the low-income CTs. There are not any owner occupied housing units located in the low-income CTs in the Fulton/McDonough County or the McLean County AAs. These CTs are university campuses.

<b>Table 16 – Geographic Distribution of Residential Real Estate Loans in the Fulton/McDonough County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number
Residential	0%	0%	3%	5%	93%	88%	4%	7%

Source: HMDA records from January 1, 2004 to September 30, 2006; 2000 Census Data.

<b>Table 17 – Geographic Distribution of Residential Real Estate Loans in the Peoria County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number
Residential	8%	8%	11%	17%	50%	38%	31%	37%

Source: HMDA records from January 1, 2004 to September 30, 2006; 2000 Census Data.

<b>Table 18 – Geographic Distribution of Residential Real Estate Loans in the McLean County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number
Residential	0%	0%	28%	35%	41%	40%	31%	25%

Source: HMDA records from January 1, 2004 to September 30, 2006; 2000 Census Data.

## LENDING IN THE ASSESSMENT AREA

A majority of the loans originated by MNB are to customers within its AA. MNB's lending to customers within the AA for all loan types is reasonable. The following table details the bank's lending within the AA by number of loan originations and dollar volume during the evaluation period.

<b>Table 19 – Loans Originated within the Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total \$(000)
	#	%	#	%		\$(000)	%	\$(000)	%	
Commercial	1,570	84%	294	16%	1,864	\$162,931	80%	\$ 41,799	20%	\$204,730
Residential	451	84%	84	16%	535	\$ 34,833	76%	\$ 11,174	24%	\$ 46,007
Totals	2,021	84%	378	16%	2,399	\$197,764	79%	\$ 52,973	21%	\$250,737

Source: Bank HMDA-LAR and CRA small business/small farm report records on new loans originated in 2004, 2005, and through September 30, 2006.

## LOAN-TO-DEPOSIT RATIO

MNB's average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs. MNB's quarterly average loan-to-deposit ratio for the period October 1, 2002, to September 30, 2006, was seventy-nine percent. The quarterly average loan-to-deposit ratio for other similarly situated financial institutions over the same time period ranged from fifty-one percent to ninety-three percent. MNB's average loan-to-deposit ratio is comparable with the other six similarly situated banks, which range in asset size from \$95 million to \$482 million. The similarly situated banks utilized for comparison purposes are community banks located within the AA counties.

## **RESPONSES TO COMPLAINTS**

MNB has not received any complaints about its performance in helping to meet the credit needs within its AA during this evaluation period.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## **COMMUNITY DEVELOPMENT TEST**

MNBs community development performance demonstrates adequate responsiveness to the community development needs of its AA through community development loans, qualified investments, and community development services.

### **Number and amount of community development loans**

MNB has five qualifying loans totaling \$888,000 originated during the evaluation period.

- MNB financed a \$790,000 commercial lease with the Canton Union School District #66 in an arrangement to permanently finance an addition to the school district's middle school. This addition was to accommodate the West Central Illinois Special Education Cooperative, which uses the space to educate severely handicapped low- and moderate-income children who are located at a nursing home across the street from the middle school. MNB worked closely with the school district, the cooperative and legal counsel to structure a transaction to meet the needs of all parties.
- MNB was the lead lender and provides the servicing on a \$275,000 loan originated to purchase and remodel a building in the Macomb Enterprise Zone to house a "Business and Technology Center", which is located in a moderate-income census tract. The building houses the Macomb Area Economic Development Corporation, the Western Illinois University Small Business Development & Entrepreneurial Center, and the West Central Illinois representative of the State of Illinois Department of Commerce and Economic Opportunity. MNB's portion of the loan was \$45,833.
- MNB originated three small loans totaling \$52,200 in Fulton County, which is designated as a distressed middle-income nonmetropolitan area. Two of the loans were to start-up

businesses and the other was to a local charity, which provides services to low- and moderate-income people throughout Fulton County, to purchase a new car.

### **Number and amount of qualified investments**

MNB has one qualifying investment of \$1,200,000 purchased in 2004 from the City of Canton. This investment provided the City of Canton the necessary funds to remove asbestos, raze buildings, and general clean up costs associated with the old International Harvester factory site. The city council established the site as a TIF (Tax Increment Financing) district, designated the site as a redevelopment area, and approved a redevelopment plan for the site.

MNB has made a total of \$100,000 in cash contributions and donations to community service organizations assisting low- and moderate-income individuals and families within the assessment area. Three of the notable qualifying contributions and donations are as follows:

- \$59,182 to the United Way
- \$11,500 to the Tri-County Urban League chapter in Peoria for economic self-sufficiency training programs for low- and moderate-income individuals and families.
- \$8,000 to Rebuilding Together in Canton. This is a non-profit organization that rehabilitates homes for low- and moderate-income senior citizens in Fulton County.

### **Extent to which the bank provides community development services**

Delivery systems are reasonably accessible to individuals of different income levels. MNB operates twelve full-service offices and fifteen ATM's in the AA. The Peoria branch located at 230 SW Adams Street, Suite 100 and the Quad Cities branch located at 1701 River Drive, Suite 110 are located in low-income tracts. Additionally Fulton County has been designated an underserved/distressed middle-income nonmetropolitan area, which includes the branch locations in Canton, Cuba, and Lewistown. The remaining locations are in middle-income tracts. Extended hours are available at most locations. Five of the twelve offices are open on Saturdays, and most drive up locations are open longer on weekdays and on Saturdays. The Canton branch office located in Hy-Vee is open on Sunday from 10 am - 2 pm. MNB's loan and deposit products are available at all branch locations except the Canton branches on Chestnut street and at Hy-Vee and Macomb West where lending services are not offered, and the Auto Office in Macomb where only "Drive-Up Banking and Night Depository" are offered.

MNB offers a satisfactory level of community development services based on the capacity of the bank, and the need and availability of opportunities in the AA.

- Illinois Housing Development Authority's first-time homebuyer program - 21 loans - \$1.2 million.

This program offers low- and moderate-income families, low-interest, fixed-rate, long-term mortgages. The IHDA provides \$1,000 toward the closing costs for low- and moderate-income families and provides a \$5,000 grant for low-income families. MNB retains the servicing on the loans generated through this program.

- Several officers from MNB are in leadership positions with the Canton affiliate of Rebuilding Together, which provides home rehabilitation services to low- and moderate-income, elderly persons. The bank has sponsored a home each year of the evaluation period, with a number of MNB employees participating in the rehabilitation work.
- Illinois State Treasurers' Agricultural Production Loan/Linked Deposit Program – 316 total loans - \$27 million.

This program is funded by the State of Illinois and provides low-interest, fixed-rate terms to farm customers for farm operating expenses.

- MNB supports the continuing educational needs of students from low- and moderate-income families through the establishment of endowed scholarships. MNB set-up a \$187,000 endowed scholarship at Spoon River College in 2003 and a \$50,000 endowed scholarship at Illinois Central College. These schools are junior colleges serving students from the Fulton/McDonough and Peoria AAs. The scholarships are provided to students based on need and family income through the financial aid offices of the two schools. Without the assistance provided by these scholarships, the students would not have been able to continue their education.
- MNB has supported commercial development and the effort to open an ethanol plant in Fulton County. MNB coordinated the effort of twelve other banks and seventeen MNB borrowers to provide a total of \$1,960,000 in letters of credit.
- In 2003 MNB supported a “Small Business Entrepreneurship” course offered by Spoon River College. The curriculum focused on economic development in rural areas. MNB provided \$1,000 for tuition reduction to assist low- and moderate-income individuals attend the sessions and provided a commercial lending officer to teach one of the class sessions.

**Bank’s responsiveness, through community development activities, to community development lending, investment, and services needs**

MNB continues to be responsive to the needs of the community. The bank works with the City and County governments and corporations where they have offices, the Illinois Housing Development Authority, Canton Rebuilding Together, Fulton County Community Development Corporation, and Western Illinois Community Development Corporation on loan projects. The officers and employees of the bank are heavily involved in a large number of community service organizations.