



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 23, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Belvidere National Bank and Trust Company
Charter Number 14402**

**600 South State Street
Belvidere, IL 61008**

**Comptroller of the Currency
ADC - Chicago North
85 West Algonquin Road, Suite 340
Arlington Heights, IL 60005**

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.

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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 Belvidere National Bank and Trust Company (BNB), Belvidere, Illinois, as prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of July 23, 2001. The agency rates the CRA Performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

INSTITUTION RATING

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

The major factors that support BNB's rating include:

- A reasonable net loan-to-deposit ratio.
- An adequate geographic distribution of loans within the assessment areas.
- An adequate level of lending to businesses of different sizes.
- An excellent record of lending within the assessment areas.
- A good level of HMDA and consumer loans to borrowers of different income levels.

DESCRIPTION OF INSTITUTION

The Belvidere National Bank and Trust Company (BNB) is a \$200 million intrastate financial institution headquartered in Belvidere, Illinois. Belvidere is located approximately 70 miles northwest of Chicago, Illinois and eight miles southeast of Rockford, Illinois. BNB is a wholly owned subsidiary of Landmark Financial Group, Inc. (LFGI), a multi-bank holding company. LFGI also owns Alpine State Bank, Rockford, Illinois. On June 22, 2000, LFGI acquired all the outstanding stock of Leland National Bancorp, Inc., Leland, Illinois and its wholly owned subsidiary, LNB National Bank, DeKalb, Illinois. Under corporate structuring, Leland National Bancorp became a subsidiary of LFGI. As of December 31, 2000 LFGI had consolidated assets of \$612 million. On April 1, 2001, BNB established The Index Advantage, Inc., an investment advisory firm as its wholly owned subsidiary. Subsidiary activities had no impact on the bank's capacity for community reinvestment.

As of March 31, 2000, BNB had approximately \$119 million in outstanding net loans and deposits of approximately \$172 million, for a net loan-to-deposit ratio of 69 percent. BNB had approximately \$24 million in Tier One capital. The gross loan portfolio consisted of the following:

Loan Category	\$(000s)	percent
Agriculture Loans	\$33,883	28.12
Commercial Loans	\$19,236	15.96
Commercial Real Estate Loans	\$12,782	10.61
Consumer Loans	\$21,307	17.68
Residential Real Estate Loans	\$33,288	27.63
Total	\$120,496	100.00

BNB has two full-service facilities, with the main office in Belvidere, Illinois and a second office in Kirkland, Illinois. BNB has two more locations in Belvidere that provide limited banking services. BNB owns and operates four automated teller machines (ATMs), three in Belvidere and one in Kirkland. In addition, BNB customers have the privilege of using the ten ATMs owned by an affiliate bank in Rockford without incurring transaction charges.

BNB received an overall Satisfactory rating on September 30, 1996, the date of the last Community Reinvestment Act performance evaluation. There are no financial conditions, legal constraints or other factors that would hinder its ability to meet the credit needs of its community.

DESCRIPTION OF ASSESSMENT AREAS:

The bank has two assessment areas (AAs): the **Winnebago-Boone Counties AA**, which comprises a large portion of the Rockford metropolitan statistical area (MSA) in north central Illinois; and the **DeKalb County AA**, which comprises a small portion of the Chicago MSA. The AAs are contiguous. The total population of the AAs is 361,651 based on 1990 census data. The AAs contain 18 percent low-, 19 percent moderate-, 26 percent middle- and 37 percent upper-income families. The AAs consist of 94 geographies, comprised of seven (8 percent) low-income, 20 (21 percent) moderate-income, 51 (54 percent) middle-income, 15 (16 percent) upper-income geographies. One of the geographies does not have an income level designation. This undesignated geography is located in DeKalb County on the Northern Illinois University campus. Approximately 2 percent and 15 percent of owner-occupied housing units were located

in low- and moderate-income geographies, respectively. The following provides further details regarding each AA:

Winnebago-Boone Counties:

This AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. Winnebago and Boone Counties are two of the three counties (Ogle County is not included) in the Rockford MSA. Winnebago and Boone Counties' total population is 283,719. Major cities in Winnebago County include Rockford, Roscoe, Rockton, and South Beloit. The major city in Boone County is Belvidere. The median family income was \$37,078 based on 1990 census data. The 2000 HUD adjusted median family income was \$55,300. The AA contains 18 percent, 18 percent, 26 percent and 38 percent of low-, moderate-, middle- and upper-income families, respectively. Winnebago and Boone Counties consist of 73 geographies, with 6 (8 percent) low-income, 17 (23 percent) moderate-income, 36 (49 percent) middle-income and 14 (19 percent) upper-income geographies. The low- and moderate-income geographies are located in central and western areas of Rockford. Eighty-four percent of the housing in the AA were 1-4 family units with 65 percent owner-occupied. The median home value was approximately \$60,000. Major employers include Daimler-Chrysler Corporation, Rockford Memorial Hospital, Woodward Governor Company, Sunstrand Corporation, and Swedish American Health Systems. The 2001 unadjusted seasonal unemployment rate for the AA was 7 percent.

DeKalb County:

This AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. The total population of DeKalb County was 77,932. DeKalb County is a small portion of the Chicago MSA. The major city in the county is DeKalb, with a population of 34,925. The median family income of the county was \$42,758 based on 1990 census information. The 2000 HUD adjusted median family income was \$67,900. The AA contains 19 percent, 23 percent, 28 percent and 30 percent of low-, moderate-, middle- and upper-income families, respectively. The AA consists of 21 geographies, with one (5 percent) low-, three (14 percent) moderate-, 15 (71 percent) middle- and 1 (5 percent) upper-income geographies. One (5 percent) of the geographies does not have an income level designation. The low-income geography is located in central DeKalb, with moderate-income geographies in the southern portion of DeKalb County. Eighty-seven percent of the housing in the AA were 1-4 family units with 56 percent owner-occupied. The median home value was \$85,000. Major employers in the AA are Northern Illinois University and Kishwaukee Community Hospital. The 2001 unadjusted seasonal unemployment rate for the AA was 4.5 percent.

The bank's competition in the AAs primarily includes community banks and branches of regional and multinational banks headquartered elsewhere in Illinois or outside Illinois. The vast majority of businesses in Winnebago-Boone and DeKalb AAs are small businesses. A vast majority of the businesses have less than 50 employees.

We conducted two community contact interviews during our evaluation. One with a local economic development corporation that services DeKalb County and the other with the mayor for the city of Belvidere. The contact with the local economic development corporation indicated the major credit needs are affordable housing and small business lending. The contact stated that the performance of local financial institutions has been favorable. The mayor for the

city of Belvidere indicated that major credit needs are economic development loans and loans to small businesses to expand the tax base of the civic organization. The mayor termed BNB's performance as outstanding and also indicated favorable performance by the other area financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio:

BNB's net loan-to-deposit ratio as of March 31, 2001 is reasonable at 69 percent. The bank's average quarterly net loan-to-deposit ratio from December 31, 1996 to December 31, 2000 was 68 percent. In comparison, the peer net loan-to-deposit ratio ranged from 67 percent to 82 percent. Peer group was chosen based on asset size range of \$175-250 million and locations in Boone-Winnebago and DeKalb counties. Over the last seven quarters BNB's net loan-to deposit ratio averaged 71 percent.

Lending in Assessment Area

BNB's record of lending within its AAs is excellent. The following table details the bank's lending within the AAs by number of loan originations and dollar volume since its last CRA evaluation.

Loans Originated in Assessment Area						
Loan Type	# in AAs	\$ in AAs	Total #	Total \$	Percent # in AAs	Percent \$ in AAs
		(000 omitted)		(000 omitted)		
Home Purchase*	54	\$5,529	63	\$6,496	85.7%	85.1%
Home Refinance*	43	\$5,260	48	\$6,246	89.6%	84.2%
Home Improve*	140	\$2,199	146	\$2,337	95.9%	94.1%
Total HMDA * **	244	\$14,891	264	\$16,982	92.4%	87.7%
Consumer***	19	\$182	20	\$195	95.0%	93.3%
Business/Commercial***	17	\$1,976	20	\$2,657	85.0%	74.4%
Agriculture***	15	\$1,300	20	\$2,344	75.0%	55.5%

* Represents loans originated in 1997, 1998, 1999 and 2000 as reported under the Home Mortgage Disclosure Act.

** Includes multi-family originations.

*** Represents sample of 20 loans selected.

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

Winnebago-Boone Counties - Rockford MSA

The bank's record of extending credit to individuals of different income levels reflects good lending to low- and moderate-income people within this AA. The bank's record of lending to small businesses and small farms reflects an adequate level of lending to businesses and an excellent level of lending to farms of different sizes.

HMDA Loan Originations -

The borrower distribution of home purchase loans is good. Home purchase loans made to low-income borrowers (8.33 percent) were below the percentage of low-income families within the Winnebago-Boone Counties AA (18.38 percent). However, home purchase loans made to moderate-income borrowers (22.92 percent) exceeded the percentage of moderate-income families within this AA (17.67 percent). Since the last CRA evaluation, the bank made 48 home

purchase loans within this AA. Four loans (8.33 percent) totaling \$326 thousand were made to low-income borrowers and 11 loans (22.92 percent) totaling \$821 thousand were made to moderate-income borrowers.

The borrower distribution of home refinance loans is good. Home refinance loans made to low-income borrowers (5.88 percent) are below the percentage of low-income families within the Winnebago-Boone Counties AA (18.38 percent). However, home refinance loans made to moderate-income borrowers (20.59 percent) exceeded the percentage of moderate-income families within this AA (17.67 percent). Since the last CRA evaluation, the bank made 34 home mortgage refinance loans within this AA. Two loans (5.88 percent) totaling \$128 thousand were made to low-income borrowers and seven loans (20.59 percent) totaling \$405 thousand were made to moderate-income borrowers.

The borrower distribution of home improvement loans is good. Home improvement loans made to low-income borrowers (11.11 percent) are below the percentage of low-income families within the Winnebago-Boone Counties AA (18.38 percent). However, home improvement loans made to moderate-income borrowers (21.43 percent) exceeded the percentage of moderate-income families within this AA (17.67 percent). Since the last CRA evaluation, the bank made 126 home improvement loans within this AA. Fourteen loans (11.11 percent) totaling \$278 thousand were made to low-income borrowers and 27 loans (21.43 percent) totaling \$246 thousand were made to moderate-income borrowers.

Borrower Income Level	Winnebago-Boone Counties AA Percentage of HMDA Loans								Percentage of Families in AA
	Home Purchase*		Home Improvement*		Home Refinance*		All Mortgage Loans* **		
	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans	
Low	8.33	6.42	11.11	13.94	5.88	3.02	9.35	5.57	18.38
Moderate	22.92	16.16	21.43	12.34	20.59	9.54	21.03	11.20	17.67
Middle	16.67	16.00	34.13	27.38	23.53	21.25	27.57	17.20	26.03
Upper	50.00	59.24	33.33	46.34	50.00	66.19	38.79	51.30	37.91

* Represents loans originated in 1997, 1998, 1999 and 2000 as reported under the Home Mortgage Disclosure Act.

** Includes multi-family originations

Commercial Loan Originations -

The borrower distribution of commercial loans within the Winnebago-Boone Counties AA is adequate. Of the 20 commercial loans reviewed, 12 loans (60.00 percent) totaling \$978 thousand (46.5 percent) were made to businesses with annual revenues of less than \$1 million. This is below the percentage of businesses (86.30 percent) with revenues of \$1 million or less in this AA. The distribution analysis of commercial loans was based on a sample of 20 loans that were made within this AA since the last CRA evaluation. Gross revenue information for one of the 20 loans reviewed was not used in the credit decision.

Winnebago-Boone Counties AA Lending to Businesses of Different Sizes								
Revenue Ranges	\$1 Million or Less				Greater than \$1 Million			
	#	percent	\$ (000s)	percent	#	percent	\$ (000s)	percent
Total	12	60.0%	\$978	46.5%	7	35.0%	\$1,112	52.9%

Agricultural Loan Originations -

The borrower distribution of farm loans within the Winnebago-Boone Counties AA is excellent.

Of the 20 farm loans reviewed, all 20 loans (100.00 percent) totaling \$1.77 million (100.00 percent) were made to farms with annual revenues of less than \$1 million. This exceeds the percentage of farms with revenues of \$1 million or less (97.92 percent) in this AA. The distribution analysis of farm loans was based on a sample of 20 loans that were made within the AA since the last CRA evaluation.

Winnebago-Boone Counties AA Lending to Farms of Different Sizes								
Revenue Ranges	\$1 Million or Less				Greater than \$1 Million			
	#	percent	\$ (000s)	percent	#	percent	\$ (000s)	percent
Total	20	100.0%	\$1,770	100.0%	0	0.0%	\$0	0.0%

Consumer Loan Originations -

The borrower distribution of consumer loans within the Winnebago-Boone Counties AA is good. Consumer loans made to low-income borrowers (15.00 percent) were below the percentage of low-income households within the AA (22.8 percent). However, consumer loans made to moderate-income borrowers (30.00 percent) significantly exceeded the percentage of moderate-income households within the AA (16.1 percent). Of the 20 consumer loans reviewed, three loans (15.00 percent) totaling \$19 thousand (9.94 percent) were made to borrowers with gross income in the low-income category and six loans (30.00 percent) totaling \$46 thousand (23.66 percent) were made to borrowers with gross income in the moderate-income category. The distribution analysis of consumer loans by borrower income was based on a sample of 20 loans that were made within the bank's AA since the last CRA evaluation.

Borrower Income Level	Winnebago-Boone Counties AA Percentage of Consumer Loans				Percentage of Households in AA
	#	percent	\$ (000s)	percent	
Low	3	15.0%	\$19	9.94%	22.8
Moderate	6	30.0%	\$46	23.66%	16.1
Middle	5	25.0%	\$57	29.02%	21.2
Upper	6	30.0%	\$73	37.37%	39.9

DeKalb County - Chicago MSA

The bank's record of extending credit to individuals of different income levels reflects good lending to low- and moderate-income people within this AA. The bank's record of lending to small businesses reflects a good level of lending to businesses of different sizes. Agricultural loans were not evaluated for DeKalb County because they do not represent a primary product type in this AA.

HMDA Loan Originations -

The borrower distribution of home purchase loans is good. Home purchase loans made to low-income borrowers (50.00 percent) significantly exceeded the percentage of low-income families within the DeKalb AA (18.53 percent). The bank did not make any home purchase loans to moderate-income borrowers representing 22.52 percent of the families in the AA. Since the last CRA evaluation, the bank made six home purchase loans within this AA. Three loans (50.00 percent) totaling \$180 thousand were made to low-income borrowers and no loans were made to moderate-income borrowers.

The borrower distribution of home refinance loans is good. Home refinance loans made to low-income borrowers (22.22 percent) exceeded the percentage of low-income families within the DeKalb County AA (18.53 percent). Home refinance loans made to moderate-income borrowers

(11.11 percent) were below the percentage of moderate-income families within the AA (22.72 percent). Since the last CRA evaluation, the bank made nine home mortgage refinance loans within this AA. Two loans (22.22 percent) totaling \$139 thousand were made to low-income borrowers and one loan (11.11 percent) totaling \$144 thousand was made to a moderate-income borrower.

The borrower distribution of home improvement loans is excellent. Home improvement loans made to low- and moderate-income borrowers (28.57 percent and 50.00 percent, respectively) significantly exceeded the percentage of low- and moderate-income families within the DeKalb County AA (18.53 percent and 22.72 percent, respectively). Since the last CRA evaluation, the bank made 14 home improvement loans within this AA. Four loans (28.57 percent) totaling \$81 thousand were made to low-income borrowers and seven loans (50.00 percent) totaling \$80 thousand to moderate-income borrowers.

Borrower Income Level	DeKalb County Percentage of HMDA Loans								Percentage of Families in AA
	Home Purchase*		Home Improvement*		Home Refinance*		All Mortgage Loans* **		
	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans	
Low	50.00	40.18	28.57	39.51	22.22	13.68	30.00	22.91	18.53
Moderate	0.00	0.00	50.00	39.02	11.11	14.17	26.67	12.83	22.72
Middle	50.00	59.82	21.43	21.46	55.56	39.37	36.67	40.78	28.25
Upper	0.00	0.00	0.00	0.00	11.11	32.78	3.33	19.07	30.51

* Represents loans originated in 1997, 1998, 1999 and 2000 as reported under the Home Mortgage Disclosure Act.

** Includes multi-family originations

Commercial Loan Originations -

The borrower distribution of commercial loans within the DeKalb County AA is adequate. Of the 20 commercial loans reviewed, 16 loans (80.00 percent) totaling \$1.04 million (86.54 percent) were made to businesses with annual revenues of less than \$1 million. This is below the percentage of businesses (88.17 percent) with revenues of \$1 million or less in this AA. The distribution analysis of commercial loans was based on a sample of 20 loans that were made within this AA since the last CRA evaluation. Gross revenue information for three of the 20 loans reviewed were not used in the credit decision.

DeKalb County AA Lending to Businesses of Different Sizes								
Revenue Ranges	\$1 Million or Less				Greater than \$1 Million			
	#	percent	\$ (000s)	percent	#	percent	\$ (000s)	percent
Total	16	80.0%	\$1,035	86.54%	1	5.0%	\$100	8.36%

Agricultural Loan Originations -

Agricultural loans were not evaluated for DeKalb County because they do not represent a primary product type in this AA.

Consumer Loan Originations -

The borrower distribution of consumer loans within the DeKalb County AA is good. Consumer loans made to low-income borrowers (30.00 percent) exceeded the percentage of low-income

households within this AA (28.4 percent). Consumer loans made to moderate-income borrowers (5.00 percent) were below the percentage of moderate-income households within this AA (18.7 percent). Of the 20 consumer loans reviewed, the bank made six loans (30.00 percent) totaling \$53 thousand (22.15 percent) to borrowers with gross income in the low-income category and one loan (5.00 percent) totaling \$16 thousand (6.91 percent) to a borrower with gross income in the moderate-income category. The distribution analysis of consumer loans by borrower income was based on a sample of 20 loans that were made within this AA since the last CRA evaluation. Gross income information for seven of the 20 loans reviewed were not used in the credit decision.

Borrower Income Level	DeKalb County AA Percentage of Consumer Loans				Percentage of Households in AA
	#	percent	\$ (000s)	percent	
Low	6	30.0%	\$53	22.15%	28.4
Moderate	1	5.0%	\$16	6.91%	18.7
Middle	2	10.0%	\$34	14.15%	22.2
Upper	4	20.0%	\$72	30.43%	30.8

Geographic Distribution of Loans

Winnebago-Boone Counties - Rockford MSA

This AA is made up of 73 geographies, six of which are low-income, 17 are moderate-income, 36 are middle-income, and 14 are upper-income.

The geographic distribution of the bank's home mortgage loans, commercial loans, agricultural loans, and consumer loans reflects an adequate penetration throughout the Winnebago-Boone Counties AA geographies. Although the lending performance in low- and moderate-income geographies is below the percentage of owner-occupied housing units in these geographies, none of the low- and moderate-income geographies within this AA are in close proximity to the bank's branch locations in this AA. The bank's branches are located in Boone County, which has no low- or moderate-income geographies. All of the low- and moderate-income geographies in this AA are located in and around the city of Rockford, in Winnebago County. This limits the bank's ability to lend in these areas.

HMDA Loan Originations -

The geographic distribution of home purchase loans within this AA is adequate. Home purchase loans made in the bank's low- and moderate-income geographies (0.0 percent and 6.25 percent, respectively) are below the percentage of owner-occupied housing units in those geographies (2.18 percent and 16.49 percent, respectively). Since the last CRA evaluation, the bank made 48 home purchase loans within this AA. The bank did not make any home purchase loans in low-income geographies and three loans (6.25 percent) totaling \$360 thousand in the moderate-income geographies.

The geographic distribution of home refinance loans within this AA is good. Home refinance loans made in the bank's low-income geographies (0.00 percent) are below the percentage of owner-occupied housing units within those geographies (2.18 percent). However, home refinance loans made in the bank's moderate-income geographies (23.53 percent) are above the percentage of owner-occupied housing units in those geographies (16.49 percent). Since the last CRA evaluation, the bank made 34 home mortgage refinance loans within this AA. The bank did not make any home mortgage refinance loans in low-income geographies and eight loans

(23.53 percent) totaling \$572 thousand were made in moderate-income geographies.

The geographic distribution of home improvement loans within this AA is adequate. Home improvement loans made in the bank's low- and moderate-income geographies (0.79 percent and 1.59 percent, respectively) are below the percentages of owner-occupied housing units in those geographies (2.18 percent and 16.49 percent, respectively). Since the last CRA evaluation, the bank made 126 home improvement loans within this AA. The bank made one loan (0.79 percent) totaling \$16 thousand within the low-income geographies and two loans (1.59 percent) totaling \$20 thousand were made in the moderate-income geographies.

Census Tract Income Level	Winnebago-Boone Counties AA Percentage of HMDA Loans								Percentage of Owner-Occupied Units in AA
	Home Purchase*		Home Improvement*		Home Refinance*		All Mortgage Loans* **		
	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans	
Low	0.00	0.00	0.79	0.80	0.00	0.00	0.47	0.12	18.38
Moderate	6.25	7.09	1.59	1.00	23.53	13.48	6.54	8.16	17.67
Middle	60.42	57.72	73.02	58.07	55.88	60.93	67.76	63.77	26.03
Upper	33.33	35.19	24.60	40.12	20.59	25.59	25.23	27.95	37.91

* Represents loans originated in 1997, 1998, 1999 and 2000 as reported under the Home Mortgage Disclosure Act.

** Includes multi-family originations

Commercial Loan Originations -

The geographic distribution of commercial loans is adequate. The geographic analysis of commercial loans was based on a sample of 20 loans that were made within the bank's AA since the previous CRA evaluation. None of the sampled loans were made in low- or moderate-income geographies, however the percentages of businesses within those geographies are 8.82 percent and 14.74 percent respectively. This is considered reasonable since none of those geographies are in close proximity to the bank's branch locations.

Agricultural Loan Originations -

The geographic distribution of farm loans is adequate. The geographic analysis of agricultural loans was based on a sample of 20 loans that were made within the bank's AA since the previous CRA evaluation. None of the sampled loans were made in low- or moderate-income geographies, however only 0.97 percent and 3.33 percent of farms, respectively, are located in those geographies. This is considered reasonable since none of those geographies are in close proximity to the bank's branch locations.

Consumer Loan Originations -

The geographic distribution of consumer loans is adequate. The geographic analysis of consumer loans was based on a sample of 20 loans that were made within the bank's AA since the previous CRA evaluation. None of the sampled loans were made in low- or moderate-income geographies, however the percentages of low- and moderate-income households within those geographies are 5.6 percent and 19.8 percent respectively. This is considered reasonable since none of those geographies are in close proximity to the bank's branch locations.

DeKalb County - Chicago MSA

This AA is made up of 21 geographies, one of which is low-income, three are moderate-income, 15 are middle-income, one is upper-income, and one geography with no income designation.

The geographic distribution of the bank's home mortgage loans and commercial loans reflects adequate penetration throughout the DeKalb County AA geographies. Agricultural loans were not evaluated for DeKalb County because they do not represent a primary product type in the AA. Although the lending performance in low- and moderate-income geographies is below the percentage of owner-occupied housing units in these geographies, none of the low- and moderate-income geographies within this AA are in close proximity to the bank's branch location. The bank's branch is located in the village of Kirkland, which is on the northern edge of DeKalb County. The low-income geography and two of the three moderate-income geographies are located in the city of DeKalb. The third moderate-income geography is located on the southern most edge of the county. This limits the bank's ability to lend in these areas.

HMDA Loan Originations -

The geographic distribution of home purchase loans within this AA is adequate. The bank did not make any home purchase loans in low- and moderate-income geographies. The percentages of owner-occupied housing units in these geographies are 0.33 percent and 9.23 percent, respectively. This is considered reasonable since none of those geographies are in close proximity to the bank's branch location within this AA.

The geographic distribution of home refinance loans within this AA is adequate. The bank did not make any home refinance loans in low- and moderate-income geographies. The percentages of owner-occupied housing units in those geographies are 0.33 percent and 9.23 percent, respectively. This is considered reasonable since none of those geographies are in close proximity to the bank's branch location within this AA.

The geographic distribution of home improvement loans within this AA is adequate. The bank did not make any home improvement loans in low- and moderate-income geographies. The percentages of owner-occupied housing units in those geographies are 0.33 percent and 9.23 percent, respectively. This is considered reasonable since none of those geographies are in close proximity to the bank's branch location within this AA.

Census Tract Income Level	DeKalb County AA Percentage of HMDA Loans								Percentage of Owner-Occupied Units in AA
	Home Purchase*		Home Improvement*		Home Refinance*		All Mortgage Loans* **		
	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans	# of loans	\$ of loans	
Low	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18.53
Moderate	0.00	0.00	0.00	0.00	0.00	0.00	3.33	4.41	22.72
Middle	100.00	100.00	100.00	100.00	100.00	100.00	96.67	95.59	28.25
Upper	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.51

* Represents loans originated in 1997, 1998, 1999 and 2000 as reported under the Home Mortgage Disclosure Act.

** Includes multi-family originations

Commercial Loan Originations -

The geographic distribution of commercial loans is adequate. The geographic analysis of commercial loans was based on a sample of 20 loans that were made within the bank's AA since the previous CRA evaluation. None of the sampled loans were made in low- or moderate-income geographies, however the percentages of businesses within those geographies are 1.74 percent and 23.58 percent respectively. This is considered reasonable since none of these geographies

are in close proximity to the bank's branch location within this AA.

Agricultural Loan Originations -

Agricultural loans were not evaluated for DeKalb County because they do not represent a primary product type in this AA.

Consumer Loan Originations -

The geographic distribution of consumer loans is adequate. The geographic analysis of consumer loans was based on a sample of 20 loans that were made within the bank's AA since the previous CRA evaluation. None of the sampled loans were made in low- or moderate-income geographies, however the percentages of low- and moderate-income households within those geographies are 10.3 percent and 14.8 percent respectively. This is considered reasonable since none of these geographies are in close proximity to the bank's branch location within this AA.

Responses to Complaints

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

Fair Lending Review

An analysis of recent public comments, consumer complaint information, and Home Mortgage Disclosure Act (HMDA) lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed September 20, 1996.