



Intermediate Small Bank

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

PUBLIC DISCLOSURE

January 3, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**THE National Bank
Charter Number 24555**

**852 Middle Road
Bettendorf, IA 52722**

**Comptroller of the Currency
North Central Illinois/Eastern Iowa Field Office
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.

Table of Contents

Overall CRA Rating 1

Description of Bank..... 2

Conclusion About Performance Criteria... 3

Multistate Metropolitan Area Rating
 Davenport-Moline-Rock Island MSA 6

State Rating
 State of Illinois12

Appendix
 Scope of Examination Table.17
 Market Profile Tables.....18

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

The Lending Test is rated: Outstanding.

The Community Development Test is rated: Satisfactory.

The major factors supporting the bank's rating include:

- The distribution of loans by income level of the borrower is excellent in the Davenport-Moline-Rock Island Multistate Metropolitan Statistical Area (MSA) and is good in the state of Illinois.
- The geographic distribution of loans in low- and moderate-income tracts is excellent in the Davenport-Moline-Rock Island MSA and is reasonable in the state of Illinois.
- The bank's quarterly average loan-to-deposit ratio is more than reasonable and kept pace with the growth of the bank during the evaluation period.
- The bank originates a majority of its loans to borrowers located in the assessment areas (AAs).
- The level and responsiveness of community development activity in the Davenport-Moline-Rock Island MSA is excellent. In particular, the bank demonstrated leadership in community development lending that helped revitalize a low-income area. Performance in the state of Illinois is adequate.

Scope of Examination

We evaluated the bank's performance under the Intermediate Small Bank tests. This is the bank's first CRA evaluation.

The evaluation period for this examination is January 21, 2001 through January 3, 2006. The lending test analysis is based on the bank's data reported under the Home Mortgage Disclosure Act (HMDA) and collected business lending data for the period January 1, 2004 through December 31, 2005. Home mortgage and commercial loans are primary credit products for the bank. We tested the accuracy of the loan data prior to use in the evaluation. The community development test considered qualified loans, investments, and services for the entire evaluation period. Only those activities that qualified are presented in this evaluation. We weighted the community development performance to years 2004 and 2005. This is due to the growth of the bank during the evaluation period. Prior to the regulation change, the bank was subject to the large bank CRA test. However, the bank's asset size did not exceed \$250 million for two consecutive years until December 2003, thus making it subject to the community development tests beginning in 2004. There is no affiliate activity considered in this review.

We performed full-scope reviews of the Davenport-Moline-Rock Island MSA and the Northern Illinois AA, and limited-scope reviews in the Canton, Illinois and Havana, Illinois AAs. The bank's overall rating is a blend of the Davenport-Moline-Rock Island MSA and state of Illinois ratings.

Description of Institution

THE National Bank (TNB) is a full service financial institution, headquartered in Bettendorf, Iowa. The bank has total assets of \$440 million as of December 31, 2005. TNB is an interstate bank with 10 branch offices and 13 automated teller machines (ATMs) located throughout its AAs.

TNB is a wholly owned subsidiary of National Bancshares, Inc. (NBI), a \$469 million holding company headquartered in Bettendorf, Iowa. In November 2000 a group of investors purchased control of Second Mid-America Bancorp, Inc (SMABI), parent company of First Illinois Nation Bank (FINB) in Savanna, Illinois. FINB also had two branch offices in Mt. Carroll, Illinois. In December 2000, shareholders of SMABI formed NBI and organized a wholly owned subsidiary, THE National Bank in Bettendorf, Iowa. Simultaneously, SMABI and FINB merged with and into NBI and TNB. In April 2005, NBI opened THE National Bank, Edina, Minnesota, a wholly owned subsidiary of the holding company.

TNB is a de novo institution that opened for business on January 21, 2001. In April 2001, TNB opened a branch office in East Moline, Illinois. In May 2001, TNB acquired certain loans and assumed certain deposits of an Aledo, Illinois branch office of Amcore

Bank of Rockford, Illinois. In June 2001, NBI acquired 100% of FirstCity Mortgage Corp., to allow TNB to offer residential real estate mortgages until it could establish its own residential real estate department. Mortgage company activity ended in December 2005. In February 2002, TNB received approval to establish and operate a messenger service in the cities of Bettendorf, Davenport, and Eldridge, Iowa and the counties of Rock Island, Mercer, Carroll, Jo Daviess and Whiteside, Illinois. TNB opened a branch office in Moline, Illinois, in June 2003. The bank acquired branch offices from First Bank of Creve Coeur, Missouri, in Sterling, Canton, and Havana, Illinois, in October 2003. In March 2004, TNB opened a branch office in Davenport, Iowa. In September 2004, TNB received approval to establish and operate a messenger service in the counties of Fulton, Henry, and Mason, Illinois.

As of December 31, 2005, the bank's net loans and leases totaled \$335 million representing 76 percent of total assets and 90 percent of deposits. By dollar volume, the loan portfolio is comprised of 55 percent commercial and commercial real estate; 17 percent consumer; 12 percent residential real estate; 8 percent agriculture; and 8 percent other loans. Tier 1 Capital is \$40 million. The bank's business strategy is to remain an independent, locally owned, community bank with growth achieved both internally and through the acquisition of other banks or bank branches.

TNB has the resources and financial strength to meet the credit needs and to provide the products and services needed by individual and business customers in their communities.

Conclusions About Performance Criteria

Lending Test

Loan-to-Deposit Ratio

TNB's loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and AA credit needs. The bank's quarterly loan-to-deposit ratio averaged 85 percent over 20 quarters from March 31, 2001 to December 31, 2005, with a low of 54 percent and a high of 95 percent.

The bank's loan-to-deposit ratio compares favorably with other community banks of similar size in the Davenport-Moline-Rock Island MSA. TNB ranks second among five other similarly situated banks servicing the AA. The five other banks have an average loan-to-deposit ratio of 74 percent ranging from a low of 51 percent to a high of 102 percent.

Lending in Assessment Areas

TNB originated a majority of its loans within its defined AA's. Approximately 76 percent of the number and 70 percent of the dollar volume of loans originated to borrowers in the bank's AA's. The following table illustrates the bank's performance by product type.

Lending in the Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage	1,530	82	325	18	1855	112,885	81	26,633	19	\$139,518
Business	543	63	316	37	859	67,549	56	52,157	44	\$119,706
Totals	2073	76	641	24	2,714	180,434	70	78,790	30	\$259,224

Source: 2004 and 2005 HMDA, small business, and consumer loan data.

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

The distribution of loans to borrowers of different income levels and to businesses of different sizes is excellent.

- In the Davenport-Moline-Rock Island MSA, performance is excellent. The percentage of home mortgage loans to low- and moderate-income borrowers and to businesses with revenues of less than \$1 million exceeds the demographic comparator.
- In the Northern Illinois AA, performance is good. The percentage of home mortgage loans to low- and moderate-income borrowers ranges from near to demographics to exceeding demographics; and to business with revenues of less than \$1 million, exceeds the demographics.

Geographic Distribution of Loans

The geographic distribution of loans is good.

- In the Davenport-Moline-Rock Island MSA, performance is excellent. The percentage of home mortgage loans in low- and moderate-income tracts exceeds the demographic comparator; and for small business loans, performance ranges from somewhat lower than, to meeting, the demographics.
- In the Northern Illinois AA, performance is reasonable. With the exception of home improvement loans, the percentage of home mortgage and business loans in low- and moderate-income tracts is below demographics.
- The geographic distribution included a review for lending gaps, particularly in low- and moderate-income areas. We did not identify any unexplained conspicuous gaps in the Davenport-Moline-Rock Island MSA or the Northern Illinois AA.

Responses to Complaints

The bank has not received any CRA related complaints.

Community Development Test

Number and amount of community development loans

TNB originated four community development loans totaling \$12.4 million in the Davenport-Moline-Rock Island MSA. A substantial majority of the dollars are for loans to revitalize a low-income area in the MSA.

Number and amount of qualified investments

TNB made 42 qualified investments totaling \$38 thousand throughout its AAs during the evaluation period. Investments, in the form of donations and in-kind contributions, primarily addressed community services targeted to low- and moderate-income individuals. In addition, TNB made a \$10 thousand donation to assist victims of Hurricane Katrina in the Gulf Coast region.

Extent to which the bank provides community development services

TNB provides a good level of community development services throughout its AAs. Branch distribution is reasonable. Products and services offered by the bank help to meet the needs of the community. Employees provide their financial expertise to a variety of organizations that primarily benefit low- and moderate-income individuals or assist in economic development activities.

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

TNB is responsive to community development opportunities throughout all of its AAs. Community development activity addressed revitalization and economic development needs and provided services to low- and moderate-income individuals.

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.

Multistate Metropolitan Area Rating

CRA rating for the Davenport-Moline-Rock Island Multistate MSA1: Outstanding.

The lending test is rated: Outstanding.

The community development test is rated: Outstanding.

The major factors that support this rating include:

- The distribution of loans by income level of the borrower is excellent. For home mortgage loans, performance exceeds the demographic comparator to moderate-income borrowers for all product types, and to low-income borrowers for home purchase and home refinance loans. The distribution of loans to businesses with revenues less than \$1 million also exceeds the demographic comparator.
- The geographic distribution of loans is excellent. For home mortgage loans, performance exceeds the demographic comparator to low- and moderate-income borrowers for all product types. The distribution of loans to businesses is good and generally meets the demographic comparator.
- Community development activities are excellent and responsive to needs within the MSA. The level of community development activity is excellent in lending and services, and adequate in qualified investments.

Description of Operations in the Davenport-Moline-Rock Island Multistate MSA.

TNB operates five full-service branch offices and six automated teller machines (ATMs) within the multistate MSA of Iowa and Illinois. The bank's MSA AA consists of Scott County, Iowa, and Rock Island County and Mercer County, Illinois. Fifty-two percent of the bank's deposits are attributed to the multistate MSA. Home mortgage and small business loans are the primary credit products.

TNB ranks tenth in deposit market share among all financial institutions in the MSA. Deposits in the MSA total \$177 million and represent three percent of the market. Major competitors include Blackhawk State Bank, Quad City Bank and Trust, and American Bank and Trust Company, with eight, seven, and five percent of the deposit market share respectively.

¹ This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

Among HMDA data reporters in the MSA in 2004, TNB ranks seventh in market share for home mortgage loans with three percent of the market and an average loan amount of \$76 thousand. The top three lenders in the market include two large national banks and one nation-wide mortgage company. No one mortgage lender captures more than eight percent of the market. Home mortgage lending received more weight in the lending test analysis because these loans represent 78 percent of the number of loans originated in the MSA.

During the examination, we made two community contacts. One with an environmental group and the other with a group assisting low- and moderate-income individuals achieve economic independence. These contacts identified the ongoing need in the community for small business loans, financial counseling, and real estate related loans. The contacts stated that most of the financial institutions in the area are responsible corporate citizens.

Refer to the market profile for the MSA in the Appendix for detailed demographics and other performance context information.

Conclusions About Performance Criteria

Lending Test

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

Borrower distribution of home mortgage and business loans is excellent.

The distribution of home mortgage loans to low- and moderate-income borrowers is excellent among all products. The percentage of loans to moderate-income borrowers exceeds the demographic comparator for all products. For low-income borrowers, the percentage of loans also exceeds the demographic comparator for home purchase and home refinance loans; for home improvement loans, performance is somewhat lower than demographics. Performance to low-income borrowers is especially noteworthy given the family poverty rate of 8 percent in the MSA.

Borrower Distribution of Home Mortgage Loans Davenport-Moline-Rock Island MSA #19340								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Home Purchase	19.12	21.87	18.41	26.13	23.77	17.07	38.70	35.14
Home Improvement	19.12	13.65	18.41	30.97	23.77	27.03	38.70	28.35
Home Refinance	19.12	20.51	18.41	23.04	23.77	18.23	38.70	38.23

Source: 2004 and 2005 HMDA data and 2000 U.S. Census data.

The distribution of loans to businesses of different sizes is excellent. The percentage of loans to businesses with revenues of less than \$1 million exceeds the demographic comparator.

Source: 2004 and 2005 small business loan data collected by bank and Dun & Bradstreet data.

Borrower Distribution of Loans to Businesses Davenport-Moline-Rock Island MSA #19340				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	60.64	6.05	33.31	100
% of Bank Loans in AA by #	63.89	32.50	3.61	100
% of Bank Loans in AA by \$	50.46	46.13	3.42	100

Geographic Distribution of Loans

The geographic distribution of loans is excellent.

The geographic distribution of home mortgage loans is excellent. The weight of this analysis is on loans in moderate-income tracts because the number of owner-occupied housing in the moderate-income tracts is ten times higher than in the low-income tracts.

The percentage of loans in both the low- and moderate-income tracts exceeds the demographic comparator for all product types.

Geographic Distribution of Home Mortgage Loans Davenport-Moline-Rock Island MSA #19340								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	1.41	2.08	14.22	18.18	60.30	55.58	24.07	24.16
Home Improvement	1.41	2.07	14.22	23.51	60.30	63.57	24.07	10.85
Home Refinance	1.41	3.61	14.22	14.46	60.30	56.87	24.07	25.06

Source: 2004 and 2005 HMDA data and U.S. Census data.

The geographic distribution of loans to businesses is good. The percentage of loans to businesses in the moderate-income tracts meets the demographic comparator and in low-income tracts is somewhat lower than the demographic comparator.

Geographic Distribution of Loans to Businesses Davenport-Moline-Rock Island MSA #19340								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans						
Small Business	7.43	6.66	20.12	20.28	47.16	43.33	25.28	29.72

Source: 2004 and 2005 small business loan data collected by the bank and Dun & Bradstreet data.

Responses to Complaints

The bank has not received any CRA related complaints.

Community Development Test

Number and amount of community development loans

TNB originated four community development loans totaling \$12.4 million over the evaluation period, including:

- One loan for \$7.7 million for building renovations in a low-income tract as part of the DavenportOne/Vision Iowa revitalization plan. TNB was the lead bank for this loan with 31.4 percent sold. The Davenport One organization focuses on a revitalization program designed to assist in creating and retaining jobs by building amenities, strengthening infrastructure, and revitalizing the downtown area of Davenport, which is comprised primarily of low- and moderate-income tracts. Vision Iowa seeks to leverage off the infrastructure by increasing funding for major tourism attractions.
- A \$4 million operating line of credit for a non-profit organization established in a low-income tract as part of the DavenportOne/Vision Iowa revitalization plan. TNB was the lead bank for this loan with 12.5 percent sold.
- Two loans totaling \$708 thousand to organizations that provide social services targeted to low- and moderate-income families.

Number and amount of qualified investments

Qualified investment total \$27 thousand and consist of 21 charitable contributions to 16 qualified agencies to meet community development needs. Approximately one-half of the dollar volume of contributions went to organizations that provide community services

to low-and moderate-income persons and 30 percent are to organizations involved in revitalization and stabilization efforts in the MSA.

In addition to charitable contributions made within the MSA, TNB also contributed \$10 thousand to aid in Hurricane Katrina relief for persons located in the Gulf Coast region.

Extent to which the bank provides community development services

Delivery systems are reasonably accessible to individuals of different income levels. TNB operates five full-service offices and six ATMs in the MSA. Although none of the bank's branches are located in low- or moderate-income tracts, three offices are in tracts adjacent to moderate-income tracts. Extended hours are available at all drive up locations and three offices have Sunday hours. The bank's loan and deposit products are available at all branch locations.

The Internal Revenue Service authorized TNB to serve as an Acceptance Agent to assist alien individuals and other foreign persons who are either ineligible or unable to receive a Social Security Number, in obtaining an Individual Taxpayer Identification Number (ITIN). TNB accepts the ITIN as identification to provide deposit and loan products. While individuals using the ITIN must meet account opening and/or loan underwriting guidelines, this program provides an opportunity for the un-banked to obtain basic financial services.

In June 2005, TNB began offering a low-cost remittance product to Mexico via the Automated Clearinghouse. Remittances through year-end 2005 total \$42 thousand. This service is available at all banking locations.

TNB partnered with Project NOW in their 2005 Homebuyer Assistance Program funded through the Illinois Housing Development Authority (IHDA). TNB funds amounts up to 97 percent of the value of the home, with IHDA providing the down payment and/or closing cost assistance. Borrowers must have income below 80 percent of the median family income to be eligible for the assistance. During 2005, TNB originated three loans totaling \$163 thousand under this program.

During the evaluation period, TNB employees provided technical assistance and financial expertise to eleven different community development organizations. Bank personnel serve as officers, board members, and treasurers for organizations that promote economic development and provide affordable housing and community services to low- and moderate-income individuals. TNB sponsors, and employees provide classroom instruction for, financial literacy programs that promote homebuyer assistance programs and general basic banking services to the un-banked within the community. Additionally, financial literacy programs are offered in Spanish, to assist the increasing Hispanic population in the AA.

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

Community development activities reflect an excellent responsiveness to the needs in the MSA in relation to the bank's capacity and AA opportunities. Community development lending addressed a direct need for revitalization and stabilization of the MSA. Qualified investments supported community services targeted to low- and moderate-income individuals and affordable housing needs. Community services further assist low- and moderate-income individuals by making basic services available to the un-banked.

Community contacts and contextual research identified many opportunities in the MSA. TNB has the ability to participate in these investment opportunities.

State Rating

CRA Rating for the state of Illinois²: Satisfactory.

The lending test is rated: Satisfactory.

The community development test is rated: Satisfactory.

The major factors that support this rating include:

- The distribution of loans by income level of the borrower is good. Performance for home mortgage loans is reasonable and for loans to businesses, performance is excellent.
- The geographic distribution of home mortgage and loans to businesses is reasonable.
- Community development activity reflects an adequate responsiveness to community needs.

Description of Bank's Operations in Illinois

TNB operates five full-service branches and seven ATMs within three AAs in Illinois. The Illinois AAs include three non-metropolitan areas: Northern Illinois, Fulton County, and Mason County. The Northern Illinois AA has branches in Mt. Carroll, Sterling, and Savanna. The Canton branch is in Fulton County, and the Havana branch is in Mason County. Statewide deposits, excluding those in the multistate MSA, total \$165 million. Home mortgage products and small business loans are the bank's primary credit products.

The focus of the state of Illinois assessment is on the Northern Illinois AA because the bank's activities are concentrated in that market. Deposits total \$107 million and represent 65 percent of the statewide deposits. TNB ranks ninth in deposit market share, with five percent, among all financial institutions in its Northern Illinois AA. Major competitors include Amcore Bank, NA, Sterling Federal Bank, FSB, and Community State Bank of Rock Falls with nine, eight, and five percent market share respectively.

² For banks with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the bank's performance in that area.

During the examination, we made one community contact with a group serving the low- and moderate-income members of the minority community who identified ongoing needs in the community for social services and low-income housing.

Refer to the market profile in the Appendix for detailed demographics and other performance context information for the Northern Illinois AA.

Conclusions About Performance Criteria

Lending Test

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

The distribution of loans to borrowers by income level is good. Borrower distribution of home mortgage loans is reasonable, and borrower distribution of loans to businesses is excellent. We gave equal weight to both loan types because the volume of loans is evenly distributed. However, among the home mortgage loan products, we gave the most weight to home refinance loans because these loans account for 56 percent of the number of home mortgage loans originated.

The distribution of home mortgage loans to low-income borrowers is excellent among home purchase and home improvement loans and exceeds the demographic comparator for these products; for home refinance loans, performance is weaker and lower than the demographics. Family poverty rate in the AA is six percent.

The distribution of home mortgage loans to moderate-income borrowers is excellent for home purchase loans and exceeds the demographic comparator for this product. Although somewhat lower than demographics, performance is reasonable for home improvement loans and home refinance loans.

Borrower Distribution of Home Mortgage Loans Northern Illinois AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Home Purchase	14.38	18.92	18.85	21.62	25.30	24.32	41.47	35.14
Home Improvement	14.38	16.13	18.85	12.90	25.30	25.81	41.47	45.16
Home Refinance	14.38	6.25	18.85	12.50	25.30	12.50	41.47	68.75

Source: 2004 and 2005 HMDA data and 2000 U.S. Census data.

The distribution of loans to businesses of different sizes is excellent. The percentage of loans to businesses with revenues of less than \$1 million exceeds the demographic comparator.

Borrower Distribution of Loans to Businesses Northern Illinois AA				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	64.19	5.08	30.73	100
% of Bank Loans in AA by #	90.59	9.41	0	100
% of Bank Loans in AA by \$	71.68	28.32	0	100

Source: 2004 and 2005 small business loan data collected by bank and Dun & Bradstreet data.

Geographic Distribution of Loans

The geographic distribution of loans is reasonable.

The geographic distribution of home mortgage loans in the moderate-income tracts is reasonable. There are no low-income tracts in the assessment area. The distribution of home improvement loans in moderate-income tracts is excellent and exceeds the demographic comparator. Although slightly less than the demographics, the distribution of home purchase loans and home refinance loans is reasonable.

Geographic Distribution of Home Mortgage Loans Northern Illinois AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	NA	NA	6.86	5.26	82.78	94.74	10.36	0
Home Improvement	NA	NA	6.86	12.90	82.78	87.10	10.36	0
Home Refinance	NA	NA	6.86	5.62	82.78	87.64	10.36	6.74

Source: 2004 and 2005 HMDA data and U.S. Census data.

The geographic distribution of loans to businesses is reasonable. The percentage of loans to business in the moderate-income tracts, although lower than demographics is considered reasonable because there are only 253 business located in these tracts, compared to the 4,338 businesses located in the middle-income tracts.

Geographic Distribution of Loans to Businesses Northern Illinois AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business	NA	NA	4.95	1.71	84.79	90.60	10.26	7.69

Source: 2004 and 2005 small business loan data collected by bank and Dun & Bradstreet data.

Responses to Complaints

The bank has not received any CRA related complaints.

Community Development Test

Number and amount of community development loans

TNB did not originate any community development loans in this AA during the evaluation period.

Number and amount of qualified investments

Qualified investment total \$11 thousand and consist of 18 charitable contributions to eight qualified agencies to meet community development needs.

Extent to which the bank provides community development services

Delivery systems are reasonably accessible to individuals of different income levels. TNB operates three full-service offices and five ATM's in the AA. None of the bank's branches is located in low- or moderate-income tracts, however, one office is in a tract adjacent to a moderate-income tract. Extended hours are available at all office drive up locations. All of the bank's loan and deposit products are available at all branch locations

During the evaluation period, TNB employees provided technical assistance and financial expertise to five different community development organizations. Bank personnel serve as board members and fund raisers for organizations that provide community services to low- and moderate-income individuals and promote economic development activities.

The ITIN and low-cost remittance programs described under the Davenport-Moline-Rock Island MSA are also available in this AA.

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

Community development activities reflect an adequate response to the needs in the AA in relation to the bank’s capacity and AA opportunities. Community contacts and contextual research identified limited opportunities exits in this AA.

Limited-Scope Areas

In the limited-scope AAs, lending performance is not inconsistent with performance in the state of Illinois. Refer to the tables below for the data on borrower distribution of home mortgage and business loans. An evaluation of the geographic distribution of loans is not meaningful in the limited-scope AAs as there are no low- or moderate-income tracts in these AAs. Community development performance in the limited-scope AAs is weaker due to the low volume of community development activity in these AAs. TNB made three charitable contributions totaling \$360; however, opportunities for community development activities are limited in these AAs.

Borrower Distribution of Home Mortgage Loans* Combined Limited-Scope AAs								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Home Mortgage	18.06	16.00	18.87	27.00	24.13	30.50	38.94	26.50

*Source: 2004 and 2005 HMDA data and 2000 U.S. Census data.
* All home mortgage loan products are combined for analysis purposes.*

Borrower Distribution of Loans to Businesses Combined Limited-Scope AAs				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	61.43	5.73	32.84	100
% of Bank Loans in AA by #	93.20	6.80	0	100
% of Bank Loans in AA by \$	92.95	7.05	0	100

Source: 2004 and 2005 small business loan data collected by bank and Dun & Bradstreet data.

Appendix

Scope of Examination Table

Time Period Reviewed		Lending Test: January 21, 2004 to December 31, 2005 CD Test: January 21, 2001 to December 31, 2005
Financial Institution		Products Reviewed
THE National Bank		Home mortgage, small business, and community development loans; qualified investments.
Affiliate(s)	Affiliate Relationship	Products Reviewed
No affiliate activity is considered in this evaluation.		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Davenport-Moline-Rock Island Multistate MSA #19340	Full-Scope	Scott County, Iowa; Mercer County, Illinois; Rock Island County, Illinois
Northern Illinois AA	Full-Scope	Carroll, Jo Davies, and Whiteside Counties, Illinois and Census Tract 9503 in Jackson County, Iowa
Canton Illinois AA	Limited-Scope	Fulton County
Havana Illinois AA	Limited-Scope	Mason County

Market Profile Tables

Davenport-Moline-Rock Island Multistate MSA #19340

Demographic Information for Full-Scope Area: Davenport-Moline-Rock Island MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	90	4.44	26.67	50.00	18.98	NA
Population by Geography	324,999	3.02	17.73	57.02	22.23	NA
Owner-Occupied Housing by Geography	137,247	1.41	14.22	60.30	24.07	NA
Businesses by Geography	19,267	7.43	20.12	47.16	25.28	NA
Farms by Geography	1,258	0.87	6.12	68.97	23.13	NA
Family Distribution by Income Level	86,419	19.12	18.41	23.77	38.70	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	32,431	5.36	24.25	56.76	13.63	NA
Median Family Income HUD Adjusted Median Family Income for 2005 Households Below the Poverty Level	= \$49,922 = \$57,800 = 10%	Median Housing Value Unemployment Rate (December 2005)		= \$86,175 = 5.13%		

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 U.S. Census, 2005 HUD updated MFI, and the Bureau of Labor Statistics

TNB operates five full service branches in the Davenport-Moline-Rock Island Multi-state MSA. The MSA consists of Scott County, Iowa, and Rock Island County and Mercer County, Illinois. The branches are located in Bettendorf and Davenport, Iowa, and Moline, East Moline, and Aledo, Illinois.

There are 90 census tracts within the MSA; four are low-income and 24 are moderate-income tracts. The majority of low- and moderate-income tracts are located in Scott County, Iowa. The population for the MSA is 324,999 people according to the 2000 U.S. Census. The 2005 Housing and Urban Development (HUD) updated median family income (MFI) is \$49,922, with 10 percent of the households below the poverty level. The unemployment rate as of December 2005 is 5.13 percent, which is slightly higher than the national unemployment rate of 4.9 percent for the same period.

Major employers in the area are Deere & Company, ALCOA, IBP Inc., Rock Island Arsenal, and Oscar Mayer Food Corporation.

State of Illinois - Northern Illinois Assessment Area

Demographic Information for Full-Scope Area: Northern Illinois AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	27	NA	7.41	81.48	11.11	NA
Population by Geography	88,913	NA	7.44	82.71	9.84	NA
Owner-Occupied Housing by Geography	39,651	NA	6.86	82.78	6.40	NA
Businesses by Geography	5,116	NA	4.95	84.79	10.26	NA
Farms by Geography	1,071	NA	0.93	88.42	10.64	NA
Family Distribution by Income Level	24,963	14.38	18.85	25.30	41.47	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	8,296	NA	11.19	81.57	7.24	NA
Median Family Income HUD Adjusted Median Family Income for 2005 Households Below the Poverty Level	= \$43,554 = \$49,665 = 8%	Median Housing Value Unemployment Rate (December 2005)		= \$79,408 = 5.6%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 U.S. Census, 2005 HUD updated MFI, and Bureau of Labor Statistics

TNB operates three branches in the Northern Illinois AA, a non-metropolitan area. The AA is comprised of Carroll, Jo Daviess, and Whiteside Counties in Illinois, and census tract 9503 in Jackson County, Iowa. The census tract in Iowa adjoins Carroll County, Illinois and does not substantially exceed beyond the state boundary. The bank operates branch offices in Mt. Carroll, Sterling, and Savanna, Illinois.

There are 27 census tracts in the Northern Illinois AA, with only two moderate-income tracts located in Whiteside County. The population for the AA is 88,913 people according to the 2000 U.S. Census. The 2005 Housing and Urban Development (HUD) updated median family income (MFI) is \$43,554, with 8 percent of the households below the poverty level. The unemployment rate for the AA and the state of Illinois is 5.6 percent as of December 2005. This is slightly higher than the U.S. unemployment rate of 4.9 percent for the same period.

Major employers in the area are CGH Medical Center, Wahl Clipper Corporation, and Tyson Fresh Meats.