



SMALL BANK

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

PUBLIC DISCLOSURE

August 15, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The American National Bank of DeKalb County
Charter Number 16199**

**124 South Main P.O. Box 327
Sycamore, IL 60115**

**Comptroller of the Currency
Chicago North
85 West Algonquin Road Arlington Pl. II, 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.

INSTITUTION'S COMMUNITY REIVESTMENT ACT (CRA) RATING

This institution is rated "Outstanding."

The following are the primary factors supporting this rating.

- The bank's loan-to-deposit ratio is more than reasonable given its size, financial condition, and assessment area credit needs.
- A majority of bank's loans by number (66%) and by dollar amount (84%) are made within the bank's assessment area.
- The borrower distribution of loans reflects excellent penetration among individuals at different income levels and businesses of different sizes.
- Geographic distribution is excellent.
- There have been no CRA Consumer Complaints against the bank.

SCOPE OF EXAMINATION

The Community Reinvestment Act (CRA) examination encompasses commercial loans, home mortgages and consumer loans that originated or were purchased from January 1, 2005 through June 30, 2007.

DESCRIPTION OF INSTITUTION

American National Bank of DeKalb County (ANBDC) is a community bank with approximately \$241 million in assets as of June 30, 2007. ANBDC is headquartered in Sycamore, Illinois, approximately 60 miles west of Chicago, Illinois, and 30 miles southwest of Rockford, Illinois. The bank owns 100 percent of American National Insurance Company. The bank also fully owns American National Tax & Payroll, which provides payroll services to local businesses. The bank also has ownership interest in American Mortgage LLC but since the last CRA examination, no longer has ownership in National Bancorp Data Services. In addition, in June of 2003, ANBDC formed an in-house mortgage division. The activities of the bank's subsidiaries were not considered in this CRA evaluation since their activities had no impact on the institution's capacity to meet community credit needs.

ANBDC is a wholly owned subsidiary of National Bancorp, Inc. (NBI) headquartered in Streamwood, Illinois and as of June 30, 2007 had total assets of \$463 million. NBI is a multi-bank holding company, owning ANBDC and AmericaUnited Bank and Trust located in Schaumburg, Illinois.

ANBDC has three bank locations with two located in Sycamore and one in DeKalb, Illinois. All provide full banking services and have deposit-taking Automated Teller Machines (ATMS). The main office is located at 1985 DeKalb Avenue in Sycamore, Illinois. The bank's main office and branches are all located within the assessment area. Customers have a total of 10 ATMS available for their use at various locations including 3 drive-up ATMS at ANBDC locations and 7 walk-up ATMs at local businesses. Five of the ATMs are located in Sycamore, four in DeKalb, and one in Cortland, Illinois.

As of June 30, 2007, ANBDC had approximately \$154 million in outstanding loans with a net loan to average assets of 63%. The bank's total deposits equal approximately \$198 million and represent 83% of average assets. Tier 1 Capital was reported at \$24 million. The gross loan portfolio is centered in commercial loans including real estate lending representing 49%, residential real estate lending equaling 28%, agricultural lending representing 8% and consumer loans equating to 14% of gross loans.

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 its community. The bank's previous CRA rating, as of December 10, 2001, was "Satisfactory".

DESCRIPTION OF ASSESSMENT AREA

ANBDC has one assessment area (AA) located in northeastern Illinois. The AA consists of a small section of the Chicago-Naperville-Joliet Metropolitan Statistical Area (MSA) and contains a total of 19 out of 21 census tracts in DeKalb County. The two geographies excluded from the AA are middle-income tracts in the south east corner of the county. The area is contiguous, contains whole census tracts and is bounded by Boone and McHenry Counties on the North, Kane and Kendall Counties on the East, LaSalle County on the South, and Ogle and Lee Counties on the West.

Of the 19 census tracts in the bank's AA, 2 (11%) are low-income, 1 (5%) is moderate-income, 15 (79%) are middle-income and 1 (5%) are upper-income census tracts. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

The Department of Housing and Urban Development estimates median family incomes for the year 2007 for the Chicago-Naperville-Joliet MSA to be \$69,700. There are 18,462 families in the AA, of which 17 % are considered low-income, 20% are moderate-income, 28% are middle-income, and 35% are upper-income families.

The local economy is seeing a slow down. Based on the 2006 census bureau data, DeKalb County had a population size of 100,139. The City of DeKalb continues to be the largest city in the county with a population of 39,018. Per the 2000 census bureau data, DeKalb County was listed as the 10th fastest growing county in the State of Illinois.

With the current real estate market, local housing demand has slowed. The 2000 U.S. census bureau data reports there are 30,444 housing units in the bank's AA. Of these, 56% are owner-occupied units, 40% are rental-occupied units, and 4% are vacant housing units. Rentals are high in the AA due to off-campus housing needed for students at Northern Illinois University.

Based on 2007 business geodemographic data for the bank's AA, the leading industries in DeKalb County were services businesses (33%), retail trade (14%), construction (11%), and agriculture (10%). Major employers in the AA include Northern Illinois University, Kishauke Community Hospital, Nicor, and the Good Year and Target distribution centers. The unemployment rate for the county as of July 2007 was 5%, slightly higher than the nation's unemployment rate of 4.9% but better than the State of Illinois rate of 5.4%.

Competition within the bank's AA is strong. Including ANBDC, there are 14 financial institutions serving the bank's AA. Castle Bank, N.A. is the leader, holding 28% of the deposit market share. ANBDC holds approximately 11% of the market shares of deposits, ranking fifth in its AA.

We conducted one community contact during our examination that is located within the bank's AA. The contact indicated that local banks can meet the needs of the community by providing daycare, affordable housing, and transportation for low- or moderate-income neighborhoods.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan to deposit ratio

ANBDC's loan to deposit ratio is more than reasonable given the bank's size, financial condition, and AA credit needs. The bank's quarterly average loan to deposit ratio is 86% and is based on data from 23 consecutive quarters that range from December 31, 2001 through June 30th, 2007. Over the last 12 months, ANBDC's loan to deposit ratio has decreased to an average of 77% due to decreased loan demand. When compared to five peer banks, ANBDC ranks second.

Loans in Assessment Area

ANBDC originates a majority of its loans to borrowers inside its AA. Our analysis was performed by analyzing a total of 695 loans including 655 home mortgages reported under the Home Mortgage Disclosure Act (HMDA), 20 commercial loans, and 20 consumer loans that originated during the evaluation period (the years of 2005, 2006, and year-to-date June 2007).

The bank's record of lending within its AA is reasonable. Approximately 66% by total number and 84% by total dollar volume of loans were made to borrowers located within the bank's AA.

TOTAL LOANS REVIEWED										
Loan Type	In Assessment Areas				Out of Assessment Areas				Totals	
	#	% of #	\$\$ (000s)	% of \$\$	#	% of #	\$\$ (000s)	% of \$\$	#	\$
Home Purchase	211	61.34%	26,586	55.61%	133	38.66%	21,220	44.39%	344	47,806
Home Improvement	24	88.89%	707	95.28%	3	11.11%	35	4.72%	27	742
Home Refinance	190	66.90%	27,413	60.98%	94	33.10%	17,540	39.02%	284	44,593
Total HMDA Loans (1)	425	64.89%	54,706	58.51%	230	35.11%	38,795	41.49%	655	93,501
Commercial Loans (2)	19	95.00%	2,732	83.42%	1	5.00%	543	16.58%	20	3,275
Consumer Loans (3)	17	85.00%	304	91.57%	3	15.00%	28	84.3%	20	332
GRAND TOTAL	461	66.33%	3,097	83.54%	234	33.67%	610	16.46%	695	3,707

Source: Bank records-loans originated in 2005, 2006 & 2007 (verified by examiners)

(1) Represents loans reported under the Home Mortgage Disclosure Act.

(2) & (3) Represents sample of 20 loans

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

Borrower distribution is excellent. The bank meets the community needs of making loans to borrowers at all income levels. Below highlights the findings for each of the lending areas reviewed.

Home Mortgages:

Distribution of home mortgages to borrowers of various income levels is excellent. The bank makes fewer home purchase and refinance loans to low-income families as compared to demographics, but slightly exceeds the demographics for home improvement loans. When noting that 13% of the individuals in the bank's AA live below poverty level making it difficult to qualify for a loan, the distribution is reasonable. Extension of home purchase, refinance, and home improvement mortgages to moderate-income families is excellent, meeting or well exceeding community demographics.

Borrower Distribution of Home Mortgages				
Borrower Income Levels	Chicago-Naperville-Joliet MSA			
	Home Purchases	Home Refinance	Home Improvements	% of Families in AA
	% of # of loans made	% of # of loans made	% of # of loans made	
Low	10.20%	8.29%	17.39%	17.33%
Moderate	29.59%	19.34%	26.09%	20.19%
Middle	29.09%	34.25%	30.43%	28.20%
Upper	31.12%	38.12%	26.09%	34.28%
Total	100.00%	100.00%	100.00%	100.00%

Source: Real Estate reported under the Home Disclosure Act (years 2005, 2006, and 2007) and U.S. Census Data (2000)

Business Loans:

Distribution of loans to businesses of various income levels is excellent. The bank's lending by both number and dollar volume well exceeds community demographics.

Borrower Distribution of Commercial Loans			
Gross Annual Revenue	Chicago-Naperville-Joliet MSA		
	% of # of loans made	% of \$ (000's) of loans made	Business Data
<= \$1 million	80.00%	97.32%	69.24%
> \$1 million	0.00%	0.00%	5.19%
Revenue unavailable	20.00%	2.68%	25.57%
Total	100.00%	100.00%	100.00%

Source: Bank records-loans originated in 2005, 2006 & 2007 (verified by examiners)

Consumer Loans

Distribution of consumer loans is excellent. ANBDC makes fewer loans both by number and dollar volume to low-income households than demographics, but well exceeds demographics both by number and dollar volume to moderate-income households. Again, 13% of the households in the bank's AA have a difficult time qualifying for a loan since they live below the poverty level.

Borrower Distribution of Consumer Loans			
Borrower Income Levels	Chicago-Naperville-Joliet MSA		
	% of # of loans made	% of \$ (000's) of loans made	% of Households in AA
Low	20.00%	10.00%	27.79%
Moderate	35.00%	26.02%	17.17%
Middle	20.00%	25.63%	21.22%
Upper	20.00%	37.19%	33.82%
Not Reported	5.00%	1.16%	0.00%
Total	100.00%	100.00%	100.00%

Source: Bank records-loans originated in 2005, 2006 & 2007
(verified by examiners)

Geographic distribution

The bank's lending in low- and moderate-income geographies is excellent.

Geographic distribution for home mortgages is excellent. The bank's lending in the low-income geographies well exceeds the community demographics for home purchase, refinance, and improvement loans. There are no owner occupied units in the moderate-income geographies and therefore that analysis is not meaningful.

Geographic Distribution of Home Mortgages				
Tract Income Level	DeKalb County-Chicago MSA			
	Home Purchases	Home Refinance	Home Improvements	% of Owner Occupied AA
	% of # of loans made	% of # of loans made	% of # of loans made	
Low	2.42%	3.19%	4.17%	0.70%
Moderate	0.00%	0.00%	0.00%	0.00%
Middle	83.57%	81.91%	83.33%	91.15%
Upper	14.01%	14.90%	12.50%	8.15%
Total	100.00%	100.00%	100.00%	100.00%

Source: Bank records (verified by examiners) and U.S. Census Data (2000)

Geographic distribution analysis is not meaningful for business loans with only 152 small businesses in the low-income geographies and no small businesses in the moderate-income geographies. The majority of small businesses in the bank's AA or approximately 90% are located in the middle-income geographies.

Geographic Distribution of Commercial Loans			
Tract Income Level	DeKalb County-Chicago MSA		
	% of # of loans made	% of \$ (000's) of loans made	% of Business
Low	0.00%	0.00%	4.99%
Moderate	0.00%	0.00%	0.00%
Middle	85.00%	60.78%	89.54%
Upper	15.00%	39.22%	5.47%
Total	100.00%	100.00%	100.00%

Source: Bank records (verified by examiners) and U.S. Census Data (2000)

Geographic distribution for consumer loans is reasonable. The bank's lending is below community demographics in the low- and moderate-income geographies. However, in low income geographies, 49% of households are living below poverty and in moderate-income geographies, 57% are living below poverty. This high level of poverty makes it difficult for households to qualify for loans.

Geographic Distribution of Consumer Loans			
Tract Income Level	DeKalb County-Chicago MSA		
	% of # of loans made	% of \$ (000's) of loans made	% of Households
Low	0.00%	0.00%	15.29%
Moderate	0.00%	0.00%	0.12%
Middle	90.00%	91.64%	79.21%
Upper	10.00%	8.36%	5.38%
Total	100.00%	100.00%	100.00%

Source: Bank records (verified by examiners) and U.S. Census Data (2000)

Responses to Complaints

American National Bank of DeKalb County 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 or Other Illegal Credit Practices Review

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