



PUBLIC DISCLOSURE

June 10, 2013

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Resource Bank, National Association
Charter Number 5815

555 Bethany Road
DeKalb, IL 60115

Office of the Comptroller of the Currency

Chicago - Schaumburg Field Office
1700 East Golf Road, Suite 800
Schaumburg, IL 60173

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: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support the institution's rating include:

- Resource Bank, N.A.'s (RBNA) distribution of loans represents a reasonable penetration among individuals of different income levels. In addition, the penetration of loans among businesses and farms of different sizes is reasonable.
- A majority of the loans originated or purchased are within the assessment area (AA) and RBNA's loan-to-deposit ratio is reasonable.
- Geographic distribution of loans within the AA is reasonable.
- RBNA shows adequate responsiveness in meeting the community development (CD) needs of the AA.

Scope of Examination

RBNA was examined under the Intermediate Small Bank examination procedures, which evaluate the bank's CRA performance under a lending test and a CD test. The evaluation period for this examination is December 16, 2009 through June 10, 2013. Bank data used within this public evaluation was verified through sample testing of Home Mortgage Disclosure Act (HMDA) reportable loans, commercial and agricultural loans, and qualified investments in accordance with the Community Reinvestment Act (CRA) requirements.

The lending test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. The evaluation period for the lending test is January 1, 2010 through December 31, 2012. The bank remains primarily a commercial lender, with material support from residential and agricultural lending. Primary loan products reviewed as part of the lending test are commercial, residential real estate, and agriculture loans originated or purchased during 2010 through 2012. The lending test used the bank's HMDA loan types for reviewing residential real estate lending. The bank's aggregate HMDA reporting for the evaluation period reflects only seven home improvement loans originated or purchased in the bank's AA. Due to this very small number of home improvement loans, the borrower or geographic distribution performance for that loan type was not considered in the lending test analysis. The lending test also included a sample of 25 commercial and 26 agricultural loans originated during the bank's evaluation period.

Because this evaluation period covers two different sets of census information (year 2000 census results for the 2010-2011 lending data and the year 2010 census results for the 2012 lending data), each analysis is presented separately when discussing the bank's performance for the borrower and geographic distribution portion of the lending test. More specifically, the lending analysis consisted of a review of all the bank's

HMDA reported loans for the years 2010 and 2011 compared to the 2000 census demographics and 2012 lending data compared to the 2010 census demographics. The analysis of the bank's small business and small farm loans consisted of a sample of loans originated over the three-year evaluation period. Small business and small farm loans originated in 2010 and 2011 were compared to the 2011 updated small business/farm demographic data and 2012 originations were compared to 2012 demographic data. As detailed below, under the discussion of the bank's AA, the demographics for the bank's AA remained relatively unchanged between census data years.

All findings were compiled to reach an overall performance conclusion for the bank's lending test. The bank's HMDA lending carried the most weight due to the significant volume of such lending originated during the evaluation period. The volume of lending in 2010 and 2011 was greater than the volume of lending in 2012, thus the 2010 and 2011 lending performance was also given more weight in reaching overall conclusions.

The CD test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and CD services. The CD test included all loan and CD data from December 16, 2009 through January 31, 2013.

Annual deposit information, as reported to the Federal Deposit Insurance Corporation, was used to determine the bank's deposit market share and market presence within its AA. The most recent deposit information available is as of June 30, 2012.

Description of Institution

RBNA is a \$373 million intrastate financial institution that is a wholly owned subsidiary of Resource Bancshares, Inc (RBI). RBI is a one-bank holding company headquartered in DeKalb, Illinois. RBNA is located approximately 60 miles west of Chicago, Illinois and 30 miles southeast of Rockford, Illinois. There are no other affiliates and there has been no change in the bank's corporate structure since the last examination. There have been no mergers or acquisitions during the evaluation period. The bank opened two new branches since the last CRA evaluation.

RBNA operates nine full-service office locations and seven Automated Teller Machines (ATMs) located at bank branches. There are two bank locations in DeKalb, the main office and one branch. The remaining seven branches are located in Malta, Hinckley, Cortland, Genoa, Shabbona, Somonauk, and Sycamore. There are no ATMs at the Somonauk and Cortland locations.

The bank remains primarily a commercial lender with significant portfolios of residential and agricultural loans. The bank provides a full range of credit options for its customers, which include commercial, agricultural, and municipal businesses of all sizes. RBNA is a Small Business Administration (SBA) preferred Express Lender and offers extensive expertise in the area of SBA loan programs. As of March 31, 2013,

RBNA reported approximately \$207 million in outstanding loans. The loan portfolio mix is broken down in Table 1 below.

| Table 1 - Loans By Category | \$ (000s) | Percent |
|--|------------------|----------------|
| Residential Mortgages | 50,594 | 24.42 |
| Commercial (including commercial real estate & non-residential construction loans) | 113,434 | 54.76 |
| Agricultural (including farmland loans) | 40,259 | 19.43 |
| Consumer Loans | 1,239 | 0.60 |
| Other Loans | 1,625 | 0.78 |
| Total Gross Loans | 207,151 | 100.00 |

Source: Figures reported in the bank's March 31, 2013 Call Report.

There are no legal or financial impediments that hinder RBNA's ability to help meet the credit needs of the community. The bank received a "Satisfactory" rating at its last CRA evaluation dated December 16, 2009.

Description of Assessment Area

RBNA's AA is located in north central Illinois and is comprised of all 21 census tracts located in DeKalb County. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. Bank management delineated the AA by encompassing geographies surrounding each of the bank's office locations. The AA represents the area where RBNA originates the majority of its loans.

Because the CRA evaluation period covers two different sets of census information, this evaluation includes an assessment of the impact from demographical changes in the bank's AA. Overall, no major changes in AA demographics have occurred. The 2000 census data reflects the AA with only two low-income and one moderate-income census tract. The remaining tracts consisted of 17 middle-income and one upper-income census tracts. Based on 2010 census data, the AA contains three low-income and one moderate-income tracts. The remaining 17 census tracts consist of 15 middle-income and two upper-income tracts. Another change in the AA demographic data is the increase in the number of households below the poverty level. The number of households below the poverty level increased from 3,973, using 2000 census data, to 5,654, using 2010 census data. Population growth between the two sets of census data was moderate, with an increase of 16,191 or approximately 18 percent.

AA demographics for each census are shown in Tables 2A and 2B below.

| Table 2A - Demographic Information Using 2000 Census Data | | | | | |
|--|--------|-----------|--------------------------------------|----------|---------|
| | # | % Low | % Moderate | % Middle | % Upper |
| Geographies (Census Tracts) | 21 | 9.52% | 4.76% | 80.59% | 4.76% |
| Population by Geography | 88,969 | 12.74% | 2.68% | 79.43% | 5.15% |
| Owner-Occupied Housing by Geography | 18,878 | 2.55% | 0.00% | 65.25% | 84.58% |
| Businesses by Geography | 7,269 | 5.35% | 0.01% | 87.37% | 7.26% |
| Farms by Geography | 638 | 1.57% | 0.00% | 90.75% | 7.68% |
| Family Distribution by Income Level | 20,190 | 17.59% | 20.12% | 28.26% | 34.03% |
| Census Median Family Income (MFI) | | \$60,166 | Households Below the Poverty Level | | 12.54% |
| HUD- Adjusted MFI | | \$76,200 | Households | | 31,669 |
| Median Housing Value | | \$134,611 | DeKalb County 2011 Unemployment Rate | | 9.2 |

| Table 2B - Demographic Information Using 2010 Census Data | | | | | |
|--|---------|-----------|--------------------------------------|----------|---------|
| | # | % Low | % Moderate | % Middle | % Upper |
| Geographies (Census Tracts) | 21 | 14.29% | 4.76% | 71.43% | 9.52% |
| Population by Geography | 105,160 | 17.90% | 5.23% | 63.79% | 13.06% |
| Owner-Occupied Housing by Geography | 23,723 | 1.89% | 3.68% | 78.00% | 16.43% |
| Businesses by Geography | 6,903 | 5.29% | 6.82% | 76.55% | 11.34% |
| Farms by Geography | 634 | 1.42% | 1.42% | 87.38% | 9.78% |
| Family Distribution by Income Level | 23,580 | 16.73% | 19.10% | 26.25% | 37.92% |
| Census Median Family Income (MFI) | | \$72,747 | Households Below the Poverty Level | | 14.95% |
| HUD- Adjusted MFI | | \$77,300 | Households | | 37,825 |
| Median Housing Value | | \$199,304 | DeKalb County 2012 Unemployment Rate | | 8.3 |

The local economy has remained depressed with the unemployment rate slightly higher than the national average. The U.S. Bureau of Labor Statistics reports the 2012 annually adjusted unemployment rate for the AA at 8.3 percent, which is slightly higher than the national unemployment rate of 8.1 percent. The State of Illinois 2012 annually adjusted unemployment rate was 8.9 percent. Major employers in the AA continue to be Northern Illinois University, Kishwaukee Community Hospital, Nicor, and Target Distribution Center.

RBNA's major competitors within its AA include Castle Bank, N.A. representing 28.72 percent of the deposit market share, National Bank and Trust Co. of Sycamore with 23.68 percent, Citizens First National Bank reporting 10.24 percent, and American

Midwest Bank with 10.11 percent. RBNA has 13.60 percent of the deposit market share and ranks third within its AA.

During this assessment of the bank's performance, a local community organization was contacted to assess the AA's credit and community development needs. The contact indicated that many small businesses are in need of start-up or business expansion funds. Additionally, a need was expressed for loans for affordable housing for the low- and moderate-income families living within the AA.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank has demonstrated a Satisfactory performance in meeting the credit needs of its AA.

Loan-to-Deposit Ratio

RBNA's quarterly average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs. As of March 31, 2013, the bank's quarterly average loan-to-deposit ratio since December 31, 2009 (14 quarters) was 69.63 percent, which ranked third among seven similarly situated financial institutions in the AA (including RBNA). The quarterly average loan-to-deposit ratios for the seven financial institutions located within the AA ranged from a low of 62.10 percent to a high of 91.45 percent during the same 14 quarters. The average of all seven institutions' loan-to-deposit ratios during the past 14 quarters was 71.29 percent.

Lending in Assessment Area

A majority of RBNA's residential real estate, commercial, and agricultural loan products were made inside the AA. The following table (Table 3) details the bank's lending within the AA by number and dollar amount of loans. Seventy-two percent of the number and 58 percent of the dollar of the primary loan products were originated within the AA.

| Table 3 - Lending in the DeKalb County AA | | | | | | | | | | |
|---|-----------------|--------------|-----------|--------------|------------|---------------------------|--------------|---------------|--------------|---------------|
| Loan Type | Number of Loans | | | | | Dollar of Loans in (000s) | | | | |
| | Inside | | Outside | | Total | Inside | | Outside | | Total |
| | # | % | # | % | | \$ | % | \$ | % | |
| Home Purchase* | 55 | 68.75 | 25 | 31.25 | 80 | 5,902 | 52.43 | 5,354 | 47.57 | 11,256 |
| Home Improvement* | 7 | 77.78 | 2 | 22.22 | 9 | 408 | 69.39 | 180 | 30.61 | 588 |
| Home Refinance* | 132 | 71.74 | 52 | 28.26 | 184 | 14,923 | 52.72 | 13,382 | 47.28 | 28,305 |
| Commercial** | 20 | 80.00 | 5 | 20.00 | 25 | 4,380 | 74.05 | 1,535 | 25.95 | 5,915 |
| Agricultural** | 20 | 76.92 | 6 | 23.08 | 26 | 3,412 | 86.27 | 543 | 13.73 | 3,955 |
| Totals | 234 | 72.22 | 90 | 27.78 | 324 | 29,025 | 58.03 | 20,994 | 41.97 | 50,019 |

* Source: HMDA reported loans for 2010, 2011, and 2012.

** Source: Loan sample consisting of 25 commercial and 26 agricultural loans originated in 2010, 2011, and 2012.

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. In addition, there is reasonable penetration among businesses and farms of different sizes. This review included an assessment of 234 loans inside the bank's AA (20 commercial, 20 agriculture, and 194 residential mortgage loans) that were originated during the combined evaluation period.

Borrower Distribution for 2010-2011 Review Period

Overall, RBNA's home loan borrower penetration is reasonable among borrowers of different income levels. The bank's home purchase lending to moderate-income borrowers was excellent as the percentage of home purchase loans made to moderate-income borrowers exceeds the AA's percentage of moderate-income families. Additionally, the bank's home refinance lending to moderate-income borrowers was reasonable as the bank's percentage of home refinance loans to moderate-income borrowers is near the percentage of moderate-income families in the AA. The bank's home refinance lending to low-income borrowers was reasonable as the bank's percentage of home refinance loans to low-income borrowers was near the percentage of low-income families in the AA. However, there was poor penetration to low-income borrowers for home purchase loans as the bank's percentage of lending to low-income borrowers was substantially lower than the percentage of low-income families in the AA. These borrower distribution conclusions take into consideration the AA's families living below the poverty rate of 5.1 percent, as these families cannot readily afford homeownership. For more details, refer to Table 4A below.

| Table 4A - Borrower Distribution of 2010 & 2011 HMDA Reported Loans | | | | | | | | |
|---|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|
| 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 | 17.59 | 3.03 | 20.12 | 21.21 | 28.26 | 30.30 | 34.03 | 39.39 |
| Home Refinance | 17.59 | 10.89 | 20.12 | 16.83 | 28.26 | 25.74 | 34.03 | 37.62 |
| Total | 17.59 | 8.63 | 20.12 | 17.27 | 28.26 | 28.06 | 34.03 | 38.13 |

*6.05% of Home Purchase and 8.91% of Home Refinance loans did not report income.

The distribution of loans to businesses reflects reasonable penetration among businesses of different sizes. One of the specific credit needs identified by the community contact was loans to small businesses. The bank's percentage of loans made to businesses with less than \$1 million in revenues was near the percentage of businesses in the AA with less than \$1 million in reported revenues. The bank's percentage of dollars lent to businesses with less than \$1 million in revenues actually exceeded the percentage of businesses in the AA with less than \$1 million in reported revenues. For more details, refer to Table 4B below.

| Table 4B - Borrower Distribution of 2010 & 2011 Loans to Businesses in the DeKalb County AA | | | | |
|--|--------------|--------------|-------------|--------|
| Business Revenues | ≤\$1,000,000 | >\$1,000,000 | Unavailable | Total |
| % of AA Businesses | 68.55 | 2.94 | 28.51 | 100.00 |
| % of Bank Loans in AA by # | 66.67 | 33.33 | 0.00 | 100.00 |
| % of Bank Loans in AA by \$ | 68.66 | 31.34 | 0.00 | 100.00 |

Source: Loan sample consisting of 15 originated commercial loans originated in 2010 and 2011.

The borrower distribution of farm loans within the AA reflects reasonable penetration among farms of different sizes. The bank's percentage of loans made to small farms was lower than the percentage of small farms in the AA, but not significantly. For more details, refer to Table 4C below.

| Table 4C - Borrower Distribution of 2010 & 2011 Loans to Farms in the DeKalb County AA | | | | |
|---|--------------|--------------|-------------|--------|
| Farm Revenues | ≤\$1,000,000 | >\$1,000,000 | Unavailable | Total |
| % of AA Farms | 97.81 | 0.94 | 1.25 | 100.00 |
| % of Bank Loans in AA by # | 69.23 | 30.77 | 0.00 | 100.00 |
| % of Bank Loans in AA by \$ | 45.64 | 54.36 | 0.00 | 100.00 |

Source: Loan sample consisting of 13 originated agricultural loans originated in 2010 and 2011.

Borrower Distribution for 2012 Review Period

The distribution of home loans to borrowers reflects excellent penetration among borrowers of different income levels. The bank had excellent penetration for home purchase loans to both low- and moderate-income borrowers. The bank's percentage of home purchase loans made to both low- and moderate-income borrowers exceeded the percentage of low- and moderate-income families in the AA, respectively. In addition, the bank had excellent penetration for home refinance loans among moderate-income borrowers as the percentage of home refinance loans to moderate-income borrowers exceeded the percentage of moderate-income families in the AA. Home refinance loan penetration for low-income borrowers was reasonable as the percentage of home refinance loans to low-income borrowers was near the percentage of low-income families in the AA. Consideration was given to the AA's poverty rate of 7.7 percent as these families cannot readily afford homeownership. See Table 5A below.

| Table 5A - Borrower Distribution of 2012 HMDA Reported Loans | | | | | | | | |
|---|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|
| Borrower Income Level | Low | | Moderate | | Middle | | Upper | |
| | % 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 | 16.73 | 22.73 | 19.10 | 27.27 | 26.25 | 9.09 | 37.92 | 13.64 |
| Home Refinance | 16.73 | 12.90 | 19.10 | 29.03 | 26.25 | 16.13 | 37.92 | 32.26 |
| Total | 16.73 | 16.36 | 19.10 | 27.27 | 26.25 | 16.36 | 37.92 | 23.64 |

*27.27% of Home Purchase and 9.68% of Home Refinance loans did not report income.

The distribution of loans to businesses with revenues of \$1 million or less shows poor penetration with the percentage of bank loans to such businesses substantially less than the percentage of businesses with revenues of \$1 million or less in the AA. However, due to weak economic conditions and limited lending opportunities for the 2012 review period, commercial lending to small businesses was limited. Therefore, more weight was given to the commercial loan data for the 2010 and 2011 time period. For more details, refer to Table 5B below.

| Table 5B - Borrower Distribution of 2012 Loans to Businesses in the DeKalb County AA | | | | |
|---|--------------|--------------|-------------|--------|
| Business Revenues | ≤\$1,000,000 | >\$1,000,000 | Unavailable | Total |
| % of AA Businesses | 72.16 | 3.80 | 24.04 | 100.00 |
| % of Bank Loans in AA by # | 20.00 | 80.00 | 0.00 | 100.00 |
| % of Bank Loans in AA by \$ | 18.66 | 81.34 | 0.00 | 100.00 |

Source: Loan sample consisting of five commercial loans originated in 2012.

RBNA's lending to farms with revenues of \$1 million or less reflects reasonable penetration as the percentage of bank loans to small farms was near the percentage of small farms in the AA. For more details, refer to Table 5C below.

| Table 5C - Borrower Distribution of 2012 Loans to Farms in the DeKalb County AA | | | | |
|--|--------------|--------------|-------------|--------|
| Farm Revenues | ≤\$1,000,000 | >\$1,000,000 | Unavailable | Total |
| % of AA Farms | 98.11 | 1.26 | 0.63 | 100.00 |
| % of Bank Loans in AA by # | 85.71 | 14.29 | 0.00 | 100.00 |
| % of Bank Loans in AA by \$ | 84.20 | 15.80 | 0.00 | 100.00 |

Source: Loan sample consisting of seven agricultural loans originated in 2012.

Geographic Distribution of Loans

The geographic distribution of the bank's home mortgage, commercial, and agriculture loans reflects a reasonable dispersion throughout the AA's geographies.

Geographic Distribution for 2010-2011 Review Period

The geographic distribution of home purchase loans is excellent. Home purchase loans made in the low-income geographies significantly exceeded the percentage of owner occupied housing units in these geographies. The geographic distribution of home refinance loans in the low-income census tracts was also excellent. The percentage of home refinance loans originated in the low-income census tracts exceeded the percentage of owner occupied housing units for the low-income census tracts in the bank's AA. There was no analysis for geographic distribution within the moderate-income census tract because the 2000 census data did not show any owner occupied housing units in that tract. For more details, refer to Table 6A below.

| Table 6A - Geographic Distribution of 2010-2011 HMDA Loans | | | | | | | | |
|--|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|
| 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 | 0.64 | 3.03 | 0.00 | 0.00 | 91.95 | 84.85 | 7.41 | 12.12 |
| Home Refinance | 0.64 | 2.97 | 0.00 | 0.00 | 91.95 | 88.12 | 7.41 | 8.91 |

The geographic distribution of commercial loans is poor as there were no small business loans originated in the low- or moderate-income census tracts during 2010 and 2011 based on the loan sample reviewed. However, the very low level of small businesses located in these census tracts significantly restricted small business lending opportunities; as such this performance factor did not materially impact the bank's overall geographic distribution performance. For more details, refer to Table 6B below.

| Table 6B - Geographic Distribution of 2010-2011 Loans to Businesses | | | | | | | | |
|---|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| 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 |
| Commercial | 5.35 | 0.00 | 0.01 | 0.00 | 87.37 | 93.33 | 7.26 | 6.67 |

The geographic distribution of farm loans is poor as the loan sample reviewed did not note any small farm loans originated in the low-income census tracts during 2010 and 2011. However, the very low level of small farms located in these tracts significantly restricts small farm lending opportunities; as such, this performance factor did not materially impact the bank's overall geographic distribution performance. There is no analysis of geographic distribution for small farm lending in the moderate-income census tract because the 2000 census data did not show any small farms in that tract. For more details, refer to Table 6C below.

| Table 6C - Geographic Distribution of 2010-2011 Loans to Farms | | | | | | | | |
|--|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Farms | % of Number of Loans | % of AA Farms | % of Number of Loans | % of AA Farms | % of Number of Loans | % of AA Farms | % of Number of Loans |
| Agricultural | 1.57 | 0.00 | 0.00 | 0.00 | 90.75 | 84.62 | 7.68 | 15.38 |

Geographic Distribution for 2012 Review Period

The overall geographic distribution of home purchase loans is reasonable. Home purchase loans made in the AA's low-income geographies was excellent as home purchase loans originated significantly exceeded the percentage of owner occupied housing units in these geographies. However, the bank did not originate or purchase any home purchase loans in the one moderate-income geography, which reflected poor

dispersion compared to the owner occupied units in this geography. For more details, refer to Table 7A below.

The dispersion of home refinance loans is excellent. Home refinance loans made in the AA's low-income geographies was excellent as home refinance loans originated significantly exceeded the percentage of owner-occupied housing units in these geographies. Home refinance loans made in the AA's moderate-income geography were very near the percentage of owner-occupied units in this geography. For more details, refer to Table 7A below.

| Table 7A - Geographic Distribution of 2012 HMDA Loans | | | | | | | | |
|---|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|
| 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 | 1.89 | 9.09 | 3.68 | 0.00 | 78.00 | 72.73 | 16.43 | 18.18 |
| Home Refinance | 1.89 | 3.23 | 3.68 | 3.23 | 78.00 | 90.32 | 16.43 | 3.23 |

The geographic distribution of commercial loans is poor as the loan sample reviewed did not note any small business loans originated in the low- or moderate-income census tracts during 2012. However, the very low level of small businesses located in these tracts significantly restricts small business lending opportunities; as such, this performance factor did not materially affect the bank's overall geographic distribution performance. For more details, refer to Table 7B.

| Table 7B - Geographic Distribution of 2012 Loans to Businesses | | | | | | | | |
|--|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| 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 |
| Commercial | 5.29 | 0.00 | 6.82 | 0.00 | 76.55 | 80.00 | 11.34 | 20.00 |

The geographic distribution of farm loans is poor as the loan sample reviewed did not note any small farm loans originated in the low- or moderate-income census tracts during 2012. However, the very low level of small farms located in these tracts significantly restricts small farm lending opportunities; as such, this performance factor did not materially affect the bank's overall geographic distribution performance. For more details, refer to Table 7C below.

| Table 7C - Geographic Distribution of 2012 Loans to Farms | | | | | | | | |
|---|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Farms | % of Number of Loans | % of AA Farms | % of Number of Loans | % of AA Farms | % of Number of Loans | % of AA Farms | % of Number of Loans |
| Agricultural | 1.42 | 0.00 | 1.42 | 0.00 | 87.38 | 100.00 | 9.78 | 0.00 |

Responses to Complaints

RBNA has not received any written complaints about its performance in helping to meet the credit needs within its AA during this evaluation period. In addition, the OCC has not received any CRA related comments or complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The Community Development Test is rated Satisfactory.

Number and Amount of Community Development Loans

The bank shows adequate responsiveness in meeting the AA's needs through extending community development loans. During the evaluation period, the bank extended five SBA 504 loans totaling approximately \$2.1 million to businesses in the AA. These qualified community development loans promoted economic development by creating jobs that benefited low- and moderate-income individuals within the AA.

In addition, the bank extended fifteen small business loans totaling approximately \$3 million to small businesses within the AA. The loans benefited the AA's low- and moderate-income individuals through job creation and by providing affordable housing.

Number and Amount of Qualified Investments

Although RBNA had no qualified community development investments during the evaluation period, the bank showed adequate responsiveness by donating to charitable organizations that provided assistance to low- and moderate-income persons. On February 5, 2013, RBNA donated the former Malta branch building to the Ben Gordon Mental Health Center, a not-for-profit agency, to support their expansion of mental health services to the western portion of DeKalb County. The Malta branch building was appraised on December 18, 2012 with an "as is" value of \$585,000.

Extent to Which the Bank Provides Community Development Services

RBNA provides an adequate level of community development services throughout its AA. Although the bank does not have any branches in any low- or moderate-income census tracts, it does maintain three full service branches bordering the AA's low- and moderate-income tracts. Within the AA, the bank's opportunities to provide community development services are limited with the three low-income tracts in the AA located on the campus of Northern Illinois University and the one moderate-income tract immediately adjacent to the University.

There are no material differences in services offered at branch locations. Banking hours do not vary in a way that inconveniences the AA, particularly low- or moderate-income geographies or individuals. All branches have extended hours through drive-

through facilities. All offices are full-service branches offering the same products and services. Alternative delivery services include seven ATMs and Internet and telephone banking services. All seven ATMs are at the branch locations, available 24-hours a day for deposits and/or withdrawals.

Other ways the bank responded to the community needs was by assessing the market area for any possible development needs. For example, RBNA's assessment of the Shabbona area market was that it was underserved. The Village of Shabbona and the surrounding rural communities of Lee, Rollo, and Waterman were assessed to be economically struggling. The bank believed that these small rural populations were in need of both financial and community support. In response, RNBA developed a plan to support the growth and redevelopment of the Shabbona area communities. The bank opened a temporary branch on July 30, 2012, and began a construction project for a full service bank that is currently still in process. The project also includes the restoration of a historical one-room-school, which will be used as a community room for area organizations.

Responsiveness to Community Development Needs

RNBA's community development activities, as a whole, demonstrate adequate responsiveness to the needs and opportunities in the AA. For example, to assist with lending activities for low- and moderate-income individuals, RBNA offers a variety of residential loan programs. These programs include Illinois Housing Development Authority (IHDA), Federal Housing Administration (FHA), Veterans Affairs (VA), and United States Department of Agriculture (USDA) loan programs. In addition, to assist individuals with start-up business planning needs, RBNA provides an office for the SBA program, SCORE. SCORE provides trained counselors and mentors for aspiring entrepreneurs and existing business owners at no fee. This office is located at the Annie Glidden Road Branch, in DeKalb, Illinois, which is within walking distance of Northern Illinois University.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c) in determining a national bank's (bank) CRA rating the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or in any AA by an affiliate whose loans have been considered as part of the bank's performance.

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