



PUBLIC DISCLOSURE

January 4, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MidAmerica National Bank
Charter Number 13838

100 West Elm Street, Canton, IL 61520

Office of the Comptroller of the Currency

211 Fulton Street, Suite 604, Peoria, IL 61602

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING:

MidAmerica National Bank (“MNB”) is rated Satisfactory.

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Outstanding

- MNB’s distribution of loans to individuals of different income levels and businesses of different sizes is reasonable.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area (“AA”), including low- and moderate-income census tracts (“CTs”).
- MNB’s community development (“CD”) performance demonstrates excellent responsiveness to the community development needs of its AA through community development loans, qualified investments, and community development services.
- A substantial majority of the loans originated by MNB are to customers from within its AA.
- MNB’s average loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and AA credit needs.

Scope of Examination

This Performance Evaluation assesses MNB’s record of meeting the credit needs of the communities in which it operates. We evaluated MNB under the Intermediate Small Bank performance criterion, which includes a lending and a community development test. The lending test evaluates the bank’s record of helping to meet the credit needs of its AA through its lending activities. The CD test evaluates the bank’s community development lending, qualified investments, and community development service activities.

- The evaluation period for this examination is January 29, 2013, through January 4, 2016.
- MNB has one AA generating a majority of the bank’s loans and deposits. We conducted a full-scope review of the bank’s AA.
- We based the lending test on MNB’s primary loan products: residential real estate and commercial loans. We evaluated loans originated from January 1, 2014, through December 15, 2015, utilizing 2010 census data.
- MNB is not located in a Metropolitan Statistical Area and is not subject to the requirements of the Home Mortgage Disclosure Act. MNB is not required to

maintain geographical or income information on residential loans outside of the individual credit files. However, management does keep the Fair Housing Home Loan Data Report (“FHHLDR”) for all residential mortgage applications similar to a HMDA-LAR. Therefore, we conducted a data integrity review by comparing information from the bank’s FHHLDR to actual loan file information. We found the FHHLDR information to be accurate and reliable for use in this examination.

- MNB is not required to maintain geographical or revenue information on commercial loans outside of the individual credit files. Thus, we used a sample of 52 commercial loans originated during the evaluation period to assess the bank’s commercial lending performance.

Description of Institution

MNB is a \$341 million intrastate financial institution headquartered in Canton, Illinois, which is approximately 25 miles southwest of Peoria, Illinois. The main office, located in downtown Canton, has a drive-up facility and ATM. There are two branch offices in Macomb, and single offices in Cuba and Lewistown. All offices except the Macomb main branch are equipped with drive-up facilities. MNB has nine ATMs located throughout the AA: four in Macomb, three in Canton, and one each in Cuba and Lewistown.

MNB is a wholly-owned subsidiary of MidAmerica National Bancshares, Inc., a one-bank holding company. The holding company also has one statutory business trust - MidAmerica National Capital Trust, an unconsolidated wholly-owned subsidiary. This affiliate does not negatively impact the bank’s ability to meet the credit needs of the community.

MNB closed two branch offices since the previous examination. The branch offices were located in Hy-Vee at 825 North Main Street in Canton, Illinois, a middle-income census tract, and at 315 East Carroll Street in Macomb, Illinois, a low-income census tract. The Canton Hy-Vee branch closure was due to the expansion plans of Hy-Vee. Meanwhile, the Macomb Auto Bank branch closure was due to the high cost of repairs associated with a weather event.

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

The bank offers a full range of deposit and loan products and services. MNB’s two primary lending products are residential mortgage and commercial lending. These two lending categories account for 71 percent of the amount and 33 percent of the number of all loan originations during the evaluation period, and 67 percent of the outstanding loan balances as of September 30, 2015. Agricultural and consumer loans are not primary loan products, accounting for 29 percent of all loan originations during the

evaluation period and the remaining 33 percent of the outstanding loan balance as of September 30, 2015.

Table 1 – Loan Originations by Loan Type from January 1, 2014 through December 15, 2015				
Loan Category	\$ (000)	%	#	%
Commercial Loans	\$ 62,066	52%	368	20%
Residential Loans	\$ 22,381	19%	246	13%
Agricultural Loans	\$ 17,237	15%	146	8%
Consumer Loans	\$ 16,597	14%	1,079	59%
Total Originations	\$118,281	100%	1,839	100%

Source: Bank Records from January 1, 2014 – December 15, 2015

As of September 30, 2015, MNB reported \$169 million in outstanding loans and had a net loans and leases to total assets ratio of 50 percent. The loan portfolio consists of the following types of loans:

Table 2 – Loan Portfolio Summary by Loan Type September 30, 2015		
Loan Category	\$(000)	%
Commercial Loans	\$ 71,527	42%
Residential Loans	\$ 42,220	25%
Agricultural Loans	\$ 38,442	23%
Consumer Loans	\$ 17,083	10%
Total Loans	\$169,272	100%

Source: September 30, 2015 Call Report

There are no financial conditions, legal constraints, or other factors that would hinder the bank's ability to meet the credit and community development needs of its AA. The bank's previous CRA rating as of January 28, 2013, was Satisfactory.

Description of Assessment Area

MNB's AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. MNB has one AA covering 20 CTs. It includes all of McDonough County, and 10 CTs in Fulton County, consistent with the previous examination.

2010 Census Data: Two CTs in McDonough County are designated low-income (10 percent) and one other CT in McDonough County and one CT in Fulton County are designated moderate-income (10 percent), while the remaining 16 CTs are designated as middle- or upper-income (80 percent). Five CTs in McDonough County have been identified as distressed middle-income tracts due to poverty. One of the two low-income CTs consists of the campus of Western Illinois University. The following is demographic information for the assessment area:

Table 3 - Demographic Information for the Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	20	10%	10%	70%	10%
Population by Geography	64,057	16%	8%	66%	10%
Owner-Occupied Housing by Geography	17,533	3%	9%	76%	12%
Businesses by Geography	3,169	12%	13%	65%	10%
Families by Geography	15,284	6%	9%	74%	11%
Family Distribution by Income Level	15,284	22%	19%	22%	37%
Distribution of Low- and Moderate-Income Families throughout the AA	6,291	10%	12%	72%	6%
Median Family Income	\$51,251	Median Housing Value			\$82,270
2015 HUD Adjusted Median Family Income for Illinois non- MSA	\$60,100	Median Year Built			1957
Families Below the Poverty Level	11.27%	Average Monthly Gross Rent			\$628

Source: 2010 U.S. Census Data

Competition within the AA is diverse, including a couple of large regional banks and several smaller localized community banks. According to the FDIC's Deposit Market Share Report dated June 30, 2015, MNB ranks first in the AA with 20 percent deposit market share.

Economic Data

The local economy is stable. The November 2015 unemployment rates for McDonough County (6.7 percent) and for Fulton County (8.3 percent) compare unfavorably to the 4.8 percent national average and to the 5.8 percent state of Illinois average rate. Economic activity is relatively diverse with industries in healthcare, education, manufacturing, and agricultural production. Major employers include Pella Windows, NTN Bower, Western Illinois University, Graham Hospital, Illinois River Correctional Center, local school districts, and the city and county governments.

We contacted a local economic development group in the AA during the evaluation. The contact felt the local economy is improving citing recent business expansion, and that MNB and other local financial institutions are involved in the business community. The contact expressed a high level of satisfaction with the local banking community's involvement, noting continued involvement in commercial development of the community as the primary banking need moving forward. The contact stated MNB and all local banks and their employees remain actively involved in the community.

Conclusions with Respect to Performance Tests

LENDING TEST

MNB meets the standards for satisfactory performance.

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

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

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

Commercial Loans

The distribution of loans to businesses of different sizes reflects, given the demographics of the AA, reasonable penetration among businesses of different sizes.

Based on the number of commercial loan originations from our sample, 75 percent of the loans originated in the AA were to small businesses. Meanwhile, 15 percent of the dollar amount of commercial loans originated in the AA was to small businesses. The disparity between the number and the dollar amount of loans to small businesses in the sample is due to the size variation in the businesses. Small businesses are businesses with gross annual revenues of one million dollars or less. The demographic data shows 69 percent of the businesses in the AA based on 2010 census data, that reported revenue data had annual gross revenues equal to or less than one million dollars.

The following tables show the distribution of commercial loans among businesses of different sizes within the AAs:

Table 4 – Borrower Distribution of Loans to Businesses of Different Sizes in the AA					
Business Revenues	Number of Loans		Percent of Businesses in AA**	Dollars of Loans	
	#	%		\$(000)	%
≤\$1,000,000	36	75%	69%	\$ 1,243	15%
>\$1,000,000	12	25%	4%	\$ 6,903	85%
Total	48	100%	73%	\$ 8,146	100%

Source: Bank records on new loans originated in 2014 and in 2015; 2010 Census Data.

** 27 percent of AA businesses did not report revenue data.

Residential Real Estate Loans

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels. In making this determination, we weighed the performance with low- and moderate-income families, the high-level of unemployment, and that 11 percent of the families in the AA are below the poverty level.

MNB’s lending to low- and moderate-income borrowers is reasonable based on the percentage of low- and moderate-income families in the AA. Although lending to low-income borrowers is below the percentage of low-income families in the AA, this is considered reasonable, given 11 percent of families in the AA are below the poverty level.

Table 5 – Borrower Distribution of Residential Real Estate Loans in the AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number
Residential	22%	10%	19%	18%	22%	29%	37%	43%

Source: Bank records loans originated or purchased in 2014 and in 2015; 2010 Census Data.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of loans reflects a reasonable dispersion throughout the AA, including low- and moderate-income CTs.

Commercial Loans

MNB’s geographic distribution of commercial lending reflects a reasonable dispersion in CTs of different income levels, including low- and moderate-income CTs.

Based on the commercial loans originated in the evaluation period, the percentage of commercial loans originated in moderate-income CTs is reasonable and consistent with the level of commercial businesses located in these CTs. Meanwhile, the percentage of commercial loans originated in the low-income CTs is poor and below the level of commercial businesses located in these CTs.

Table 6 – Geographic Distribution of Loans to Businesses in the AA								
CT Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number	% of AA Businesses	% of Number	% of AA Businesses	% of Number	% of AA Businesses	% of Number
Commercial	12%	5%	13%	13%	65%	75%	10%	7%

Source: Bank records on loans originated or purchased in 2014 and in 2015; 2010 Census Data.

Residential Real Estate Loans

MNB’s geographic distribution of residential lending reflects a reasonable dispersion throughout the CTs of different income levels, including low- and moderate-income CTs.

Based on the residential loans originated during the evaluation period, the percentage of residential loans originated in the low-income CTs is excellent and well above the level of owner occupied housing located in the AA. Meanwhile, the percentage of residential loans originated in the moderate-income CTs is reasonable, but below the level of owner-occupied housing located in the AA.

Table 7 – Geographic Distribution of Residential Real Estate Loans in the AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number
Residential	3%	7%	9%	5%	76%	72%	12%	16%

Source: Bank records on loans originated or purchased in 2014 and in 2015; 2010 Census Data.

LENDING IN THE ASSESSMENT AREA

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

Table 8 – Loans Originated within the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total \$(000)
	#	%	#	%		\$(000)	%	\$(000)	%	
Commercial	339	92%	29	8%	368	\$ 58,381	94%	\$ 3,685	6%	\$ 62,066
Agricultural	130	89%	16	11%	146	\$ 11,430	66%	\$ 5,807	34%	\$ 17,237
Residential	225	91%	21	9%	246	\$ 20,226	90%	\$ 2,155	10%	\$ 22,381
Consumer	937	87%	142	13%	1,079	\$ 14,096	85%	\$ 2,501	15%	\$ 16,597
Totals	1,631	89%	208	11%	1,839	\$104,133	88%	\$14,148	12%	\$118,281

Source: Bank records on new loans originated in 2014 and 2015.

LOAN-TO-DEPOSIT RATIO

MNB's average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs. MNB's quarterly average loan-to-deposit ratio for the period October 1, 2012, to September 30, 2015, was 56 percent, with a high of 59 percent and a low of 53 percent.

The quarterly average loan-to-deposit ratio for other similarly situated financial institutions over the same time period ranged from 49 percent to 80 percent. MNB ranks fifth among six similarly situated financial institutions, which range in asset size from \$60 million to \$188 million. The similarly situated banks utilized for comparison purposes are community banks located in Fulton and McDonough County Illinois.

RESPONSES TO COMPLAINTS

MNB has received no complaints about its performance in helping to meet the credit needs within its AA during this evaluation period.

COMMUNITY DEVELOPMENT TEST

MNB's community development performance demonstrates excellent responsiveness to the community development needs of its AA through community development loans, qualified investments, and community development services.

Number and Amount of Community Development Loans

MNB has nine qualifying loans totaling \$5 million originated during the evaluation period.

- MNB participated in a loan to construct a 39-unit expansion of an assisted living facility in Macomb, Illinois, where a majority of the residents receive Medicaid assistance. MNB's portion of the loan was \$2.24 million. Eight of the 10 CTs in McDonough County are either low- and moderate-income or distressed middle-income CTs due to poverty. As of December 2014, 63 percent of the residents in the assisted living facility were receiving Medicaid assistance, and as of November 2015, this increased to 65 percent.
- MNB participated in a loan to fund a renovation and expansion project at McDonough District Hospital in Macomb, Illinois. MNB's portion of the loan was \$1 million. This is the only hospital in McDonough County and serving a population in which eight of 10 CTs are either low-, moderate-, or distressed middle-income. The hospital provides charity care to the county with associated costs from these services totaling \$1.3 million and \$1.1 million respectively in 2013 and 2012.
- MNB originated a \$1.3 million loan to fund the construction of a Goodwill store located in Macomb, Illinois. The Goodwill store is located in a distressed middle-income census tract. The Goodwill store provides jobs and job training to disadvantaged individuals, as well as providing low cost retail goods to the area.

Number and Amount of Qualified Investments

MNB has made a total of \$1.2 million in cash contributions, donations, and investments to community development organizations assisting low- and moderate-income individuals and families within the assessment area. The most notable qualifying investment was a \$950 thousand bond used to refinance outstanding debt of the local community college. The low-and moderate-income student population of the community college was 59 percent in 2011 and 61 percent in 2012.

Extent to Which the Bank Provides Community Development Services

Delivery systems are reasonably accessible to individuals of different income levels. MNB operates five full-service offices and nine cash-dispensing ATMs in the AA. Three ATMs and two branch offices are located in low-income CTs, while one ATM and one branch office are located in a moderate-income CT. The Canton Main office, Macomb

West branch, and the Lewistown branch offer extended hours for drive-up locations, and offer extended lobby hours on Saturday.

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

Twelve bank officers provided community development services to 14 qualifying programs in the AA during the evaluation period. Two officers serve on three committees providing alternative funding to businesses with a focus on job creation and retention for the AA. Five officers serve on six committees for community agencies that assist low- and moderate-income individuals and families within the AA. Seven officers serve on eight committees to assist in the fund-raising for community agencies that assist low- and moderate-income individuals and families within the AA.

Additionally, MNB originated 41 loans totaling \$3 million in the USDA Guaranteed Rural Housing Loan Program. This federal government program is designed to assist low- and moderate-income people to purchase homes in rural areas. The USDA sets maximum income guidelines for people to qualify for the program. It assists them in obtaining conventional home loans without down payments. The program allows a bank to lend up to 103.5 percent of the cost of the property, which covers closing costs.

Responsiveness to Community Development Needs

MNB's community development activities demonstrate excellent responsiveness to the needs and opportunities in the AA. CD opportunities are limited with several organizations providing services to low- and moderate-income families and promoting economic development. The officers and employees of MNB are heavily involved in a large number of community service organizations.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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