



**SMALL BANK**

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

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## **PUBLIC DISCLOSURE**

**January 26, 2004**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Community National Bank in Monmouth  
Charter Number 15389**

**311 N. Main Street  
Monmouth, IL 61462**

**Comptroller of the Currency  
Assistant Deputy Comptroller-North Central Illinois & Eastern Iowa  
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.**

## INSTITUTION'S CRA RATING

### **This institution is rated Satisfactory.**

- The bank's record of lending to borrowers of different income levels, including low- and moderate-income individuals, is reasonable.
- The number and dollar volume of loans originated to small farms and small business within the Assessment Area (AA) satisfactorily demonstrate the bank's commitment to the community.

## DESCRIPTION OF INSTITUTION

- Community National Bank (CNB) is located in Monmouth, Illinois. Monmouth is located on in Western Illinois on Highway 34 between Burlington, Iowa and Galesburg, Illinois. The bank has no branches. The population of Monmouth is approximately 9,900. Surrounding real estate is principally farmland. The banking office, drive in and deposit gathering ATMs are located in Monmouth.
- The bank's asset size is \$52 million.
- The bank is a not a subsidiary of a holding company nor does it have any affiliates.
- There has been no merger or acquisition activity that affected the scope of the bank's operations during the evaluation period.
- Other:
  - Loans represent 43 percent of total assets.
  - The bank has no foreign deposits.
  - The loan portfolio consists of the following types of loans, consistent with the bank's strategy:

Residential Real Estate	42%
Commercial Credit	7%
Consumer Credit	22%
Commercial Real Estate	5%
Agricultural Production	9%
Farmland	15%
	100%

*Source: Bank Call Report Data*

- CNB offers a full range of services, including; commercial, agricultural and consumer loans, and deposit products, including all traditional products of a full-service bank.
- There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs in its Assessment Area (AA).
- The date of the last CRA examination was June 21, 1999, and its rating was “Satisfactory”.

## **DESCRIPTION OF CNB ASSESSMENT AREA**

- The bank’s AA includes the following Block Numbering Areas (BNAs) in Warren County:

Lower-income -- None  
 Moderate-Income – None  
 Middle-income – 8701, 8702, 8703, 8704, 8705  
 Upper-income -- None

According to 2000 Census data, the population of the AA is 18,735. The 2003 non-Metropolitan Statistical Area (MSA) statewide median family income for Illinois is \$48,200. Potential borrowers earning less than 50 percent of the non-MSA statewide median family income are designated as low-income; those earning 51-80 percent are moderate-income; those earning 81-120 percent are middle-income and those earning more than 120 percent are upper-income. Within the AA, 17 percent of families are low-income; 21 percent are moderate-income; 62 percent are middle- and upper-income.

- There are 7,787 housing units in the AA, of which 69 percent are owner-occupied, 24 percent are rentals and 8 percent are vacant. The median age of homes in the AA is 59 years.
- Economic conditions in the AA are stable. The local economy includes manufacturing and agricultural employers including Farmland Industries, Monmouth College and the Monmouth School District. Many residents also commute to Galesburg, where major employers include a state correctional facility and two colleges. There is significant competition from other financial institutions in the area. Unemployment as of January 2004 is high at 6.9%.
- The AA meets the requirements of the regulation.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

- The loan-to-deposit ratio is reasonable, and meets the standard for satisfactory performance.

- CNB’s loan-to-deposit ratio at 54 percent is comparable to similarly situated banks in the AA. Among banks in the two counties, the ratios range from 34 percent to 74 percent.
- Over the past eight quarters, the bank’s quarterly average loan-to-deposit ratio has ranged from 54 percent to 65 percent.

**Lending in Assessment Area**

- A majority of the loans, by dollar volume and number, are to borrowers within the bank’s AA. This meets the standard for satisfactory performance.

<b>Lending in Monmouth Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	46	61%	30	39%	76	\$461,987	40%	\$688,420	60%	\$1,150,407
Ag Production	66	73%	24	27%	90	\$440,200	91%	\$43,112	9%	\$483,312
Real Estate	498	96%	23	4%	521	\$24,371,252	78%	\$6,833,871	22%	\$31,205,123
Consumer	1,332	73%	482	27%	1,814	\$15,145,623	73%	\$5,681,023	27%	\$20,826,646
Ag Equipment	28	74%	10	26%	38	\$578,130	59%	\$402,374	41%	\$980,504
Totals	1,970	78%	569	22%	2,539	\$40,997,192	75%	\$13,648,800	25%	\$54,645,992

Source: Bank MIS.

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

- The bank’s performance under this criterion meets the standard for satisfactory performance. In addition to providing real estate financing for low- and moderate-income individuals, the bank originates small dollar personal loans.
- The bank is actively lending to low- and moderate-income individuals. Of 602 real estate-secured loans originated since the previous examination, 29 percent were for less than \$25,000; 41 percent were between \$25-50,000; 22 percent were between \$50-100,000, and 9 percent were greater than \$100,000. While we were not able to separate the residential real estate loans from the commercial and farmland loans, the bank’s real estate portfolio is heavily weighted to one-to-four family residences:

Loan Type	Dollar Volume	Percent
1-4 Family Residences	\$42,527,000	56%
Commercial R/E	\$27,740,000	36%
Farmland	\$3,341,000	4%
Multifamily R/E	\$1,454,000	2%
Home Equity Lines	\$1,101,000	1%
Construction	\$950,000	1%
	\$77,113,000	100%

The median housing price in Warren County is \$60,135.

We used loan size as a proxy to demonstrate the bank's effectiveness in meeting the credit needs of small businesses and small farms. CNB originates FSA and other government guaranteed loans for agricultural production, loans on commercial and farm real estate, and commercial and agricultural loans for working capital, equipment and inventory.

<b>Distribution of Loans to Businesses by Loan Size in Monmouth Assessment Area</b>				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$25,000	39	73%	\$371,367	34%
\$25,001 - \$50,000	10	19%	\$374,324	34%
\$50,001 - \$100,000	2	4%	\$100,070	9%
More than \$100,000	2	4%	\$249,798	23%
Total	53	100%	\$1,095,559	100%

**Source: Bank MIS**

<b>Distribution of Loans to Farms by Loan Size in Monmouth Assessment Area</b>				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$25,000	33	57%	\$336,864	24%
\$25,001 - \$50,000	18	32%	\$653,227	46%
\$50,001 - \$100,000	6	11%	\$427,613	30%
Total	57	100%	\$1,417,704	100%

*Source: Bank MIS*

### **Geographic Distribution of Loans**

- The bank has only middle-income BNAs, in Warren County. Therefore, geographic distribution analysis is not meaningful.

## **Responses to Complaints**

- CNB has not received any complaints about its performance in helping to meet assessment area credit needs.

## **Fair Lending Review**

- No violations of the substantive provisions of the anti-discrimination laws and regulations were identified.