



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

August 3, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Illinois National Bank
Charter Number 11443**

**322 East Capitol Avenue
Springfield, Illinois 62702**

**Comptroller of the Currency
ADC-North Central Illinois & East 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.

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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

- The Illinois National Bank (INB) is located in Springfield, Illinois. Springfield, the state capitol, is located off Interstate 55 in Sangamon County. The bank has five branches in Springfield, and branches in Fairmount, Chatham, and Pleasant Plains. It has Automated Teller Machines in Springfield, Chatham, Fairmount, and Pleasant Plains, Illinois.
- The population of Springfield is approximately 112,000.
- The bank’s asset size is \$283 million.
- The bank is a subsidiary of Illinois National Bancorp, Inc., a one-bank holding company. It has no affiliates.
- There has been significant expansion of the bank during the evaluation period, which affects the scope of this examination.
- Loans represent 76 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	13%
Commercial Credit	17%
Consumer Credit	18%
Commercial Real Estate	49%
Agricultural Production	2%
Farmland	1%
	100%

Source: Bank Call Report Data

- INB 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 28, 1999, and its rating was “Satisfactory”.

DESCRIPTION OF INB ASSESSMENT AREAS

- The bank’s AA includes the following Block Numbering Areas (BNAs) in Vermillion, Cass and Menard Counties, and Census Tracts (CTs) in Sangamon County.

BNA or CT	Non-MSA	%	MSA	%
Low-income	0	0%	5	9%
Moderate-income	6	20%	15	27%
Middle-income	21	70%	20	37%
Upper-income	3	10%	15	27%
Total	30	100%	55	100%

Non-MSA:

Low-income – None

Moderate-income – 9605, 0001, 0002, 0003, 0004, 0006

Middle-income – 9601, 9602, 9603, 9604, 0005, 0008, 0009, 0010, 0011, 0012, 0101, 0102, 0103, 0105, 0106, 0107.01, 0107.02, 0108, 0109, 0110, 0111

Upper-income – 0007, 0013, 0104

MSA:

Low-income – 0008, 0009, 0014, 0015, 0017

Moderate-income – 0002.02, 0003, 0005.03, 0006, 0007, 0013, 0015, 0018, 0019, 0023, 0024, 0026, 0027, 0028.01, 0028.02

Middle-income – 0101, 0102, 0103, 0001, 0002.01, 0004, 0005.04, 0011, 0012, 0022, 0025, 0030, 0032.02, 0032.03, 0033, 0034, 0035, 0038.01, 0038.02, 0040

Upper-income – 0005.01, 0010.01, 0010.02, 0020, 0021, 0029, 0031, 00032.01, 0036.01, 0036.02, 0036.03, 0036.04, 0037, 39.01, 0039.02

Vermillion and Cass Counties:

- According to 2000 Census data, the population of the AA is 97,614. 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, 21 percent of families are low-income; 18 percent are moderate income; 22 percent are middle-income, and 39 percent are upper-income.

- There are 42,133 housing units in the AA, of which 66 percent are owner-occupied, 26 percent are rentals and eight percent are vacant. The median age of homes in the AA is 49 years, while the median housing price is \$55,194.

Sangamon and Menard Counties:

- Per the 2000 Census, the population of the AA is 101,694. The 2003 MSA median income is \$64,900. Within the AA, 19 percent of families are low-income; 20 percent are moderate-income; 24 percent are middle-income, and 37 percent are upper-income.
- There are 90,744 housing units in the AA, of which 65 percent are owner-occupied, 27 percent are rentals and eight percent are vacant. The median age of homes in the AA is 44 years.

Economic conditions in the combined AA are stable. The MSA AA economy is primarily based on government employment, and the health care and insurance industries. There is significant competition from other financial institutions, including numerous banks and credit unions. The non-MSA AA economy is based primarily on agriculture.

- The AAs meet 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.
- INB's average loan-to-deposit ratio for the last 10 quarters of 74 percent compares favorably to banks in the bank's AA and to the bank's peer group. It is trending up, and for the first quarter of 2004, the ratio was 85 percent.

Sangamon County: The peer group ratio ranges from 41 percent to 96 percent

Vermillion County: The peer group ratio ranges from 34 to 64 percent

Cass County: The peer group ratio ranges from 59 percent to 84 percent

Menard County: The peer group ratio ranges from 53 percent to 69 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.

Lending in Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential R/E	1,524	93	110	7	1,634	158,699,426	94	10,299,759	6	168,999,185
Junior Mortgages	425	95	23	5	448	13,702,350	96	556,496	4	14,258,846
Consumer Loans	336	91	35	9	371	3,544,835	92	328,529	8	3,873,364
Home Improvement	13	93	1	7	14	95,254	89	12,000	11	107,254
Mobile Homes	4	100	0	0	4	44,534	100	0	0	44,534
Vehicles/Boats	1,521	78	425	22	1,946	27,520,454	71	11,268,440	29	38,788,894
Ag Operating	64	89	8	11	72	5,750,245	91	577,400	9	6,327,645
Commercial Loans	348	94	23	6	371	45,573,419	91	4,299,486	9	49,872,905
Farmland	9	90	1	10	10	1,680,301	95	82,080	5	1,762,381
Construction	227	92	19	8	246	60,751,807	88	8,131,880	12	68,883,687
Commercial R/E	171	88	23	12	194	51,240,873	78	14,538,624	22	65,779,497
Land Development	12	92	1	8	13	2,663,875	83	550,000	17	3,213,875
Totals	4,654	87	669	13	5,323	371,267,373	88	50,644,694	12	421,912,067

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.
- Of 1,634 residential real estate loans originated from 2001-2003, three percent were for less than \$25,000; 16 percent were between \$25-50,000; 21 percent were between \$50-75,000, 19 percent were between \$75-100,000, 22 percent were between \$100-150,000, 16 percent were between \$150-\$250,000 and three percent were for more than \$250M.
- To determine how the bank's lending relates to the income levels of families within the AA, we used 2003 HMDA data.

Distribution of Residential Real Estate Loans in Assessment Areas
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Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families
Purchase	10%	19-21%	22%	18-19%	29%	22-24%	39%	37-39%
Refinance	8%	19-21%	17%	18-19%	28%	22-24%	47%	37-39%
Home Impr.	4%	19-21%	14%	18-19%	19%	22-24%	63%	37-39%

Source: Bank MIS, U.S. Census data.

We used loan size as a proxy to demonstrate the bank's effectiveness in meeting the credit needs of small businesses and small farms. INB originates commercial and agricultural loans for working capital, equipment and inventory, agricultural production, and loans on commercial and farm real estate. The bank's loans and commitments are as follows:

Distribution of Loans to Businesses by Loan Size in Combined Assessment Area				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$50,000	199	54%	\$4,405,849	9%
\$50,001 - \$100,000	65	18%	\$5,021,603	10%
\$100,001 - \$200,000	46	12%	\$7,180,917	14%
\$200,001 - \$500,000	42	11%	\$13,364,486	27%
\$500,001 - \$1,000,000	11	3%	\$7,750,050	16%
\$1,000,001 plus	8	2%	\$12,150,000	24%
Total	371	100%	\$49,872,905	100%

Source: Bank MIS.

Distribution of Loans to Farms by Loan Size in Combined Assessment Area				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$50,000	33	47%	\$657,466	8%
\$50,001 - \$100,000	10	14%	\$1,471,280	18%
\$100,001 - \$250,000	22	30%	\$4,015,487	50%
Over \$250,000	6	9%	\$1,955,797	24%
Total	71	100%	\$8,100,030	100%

Source: Bank MIS

Geographic Distribution of Loans

Geographically, the bank adequately meets the needs of its AA. We used 2003 HMDA data:

Distribution of Residential Real Estate Loans in MSA Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	#	\$	#	\$	#	\$	#	\$
Purchase	1	\$33,000	35	\$1,994,000	88	\$7,757,000	104	\$13,969,000
Refinance	1	\$18,000	83	\$4,207,000	391	\$27,283,000	344	\$46,080,000
Home Impr.	0	0	3	\$28,000	4	\$72,000	6	\$315,000
Total	2	\$51,000	121	\$6,229,000	483	\$35,112,000	454	\$60,364,000

Source: Bank MIS, U.S. Census data.

Distribution of Residential Real Estate Loans in non-MSA Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	#	\$	#	\$	#	\$	#	\$
Purchase	0	0	0	0	4	\$207,000	2	\$122,000
Refinance	0	0	0	0	39	\$2,679,000	9	\$843,000
Home Impr.	0	0	0	0	1	\$10,000	0	0
Total	0	0	0	0	44	\$2,896,000	11	\$965,000

Source: Bank MIS, U.S. Census data.

Responses to Complaints

- INB has not received any complaints about its performance in helping to meet AA credit needs.

Fair Lending Review

- The bank has not violated any substantive provisions of the anti-discrimination laws and regulations.