



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 21, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Havana National Bank
Charter Number 2242**

**120 South Orange Street
Havana, IL 62644**

**Comptroller of the Currency
ADC-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.

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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 businesses within the Assessment Area (AA) satisfactorily demonstrate the bank’s commitment to the community.

DESCRIPTION OF INSTITUTION

- The Havana National Bank (HNB) is located in Havana, Illinois. The bank is a subsidiary of Community Investment Group, Ltd., a one-bank holding company. The bank’s asset size is \$124 million. There is one branch office located in Lewistown, Illinois.
- Havana is located on the Illinois River approximately 50 miles southwest of Peoria. The population of Havana and Lewistown is 3,600 and 2,500, respectively. Real estate surrounding both communities is principally agricultural. Deposit gathering ATMs are located in Havana and Lewistown.
- There has been no merger or acquisition activity that affected the scope of the bank's operations during the evaluation period.
- Other:
 - Loans represent 56 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:

Loan Portfolio Summary by Loan Type March 31, 2003		
Loan Category	\$ (000)	Percentage
Agricultural Loans	\$ 36,512	53%
Residential Loans	\$ 14,074	20%
Retail/Consumer Loans	\$ 9,486	14%
Commercial Loans	\$ 8,761	13%
Total	\$ 68,833	100%

Source: Call Report 3/31/2003

- HNB 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 AA.
- The date of the last CRA examination was October 19, 1998, and the assigned rating was “Satisfactory”.

DESCRIPTION OF HAVANA NATIONAL BANK ASSESSMENT AREA

- The bank’s AA includes the following Block Numbering Areas (BNAs) in Mason, Cass, Fulton and Schuyler Counties:

Moderate-Income – 9565, 9535, 9539

Middle-income – 9563, 9564, 9566, 9567, 9568, 9529, 9530, 9531, 9532, 9533, 9534, 9536, 9537, 9538, 9603, 9703

There are no low or upper-income BNAs in the AA.

- According to 1990 Census data, the population of the AA is 57,457. The 2002 non- Metropolitan Statistical Area (MSA) statewide median family income for Illinois is \$46,700. 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, 23 percent of families are low-income; 21 percent are moderate income; 22 percent are middle-income, and 34 percent are upper-income.
- There are 25,453 housing units in the AA, of which 64 percent are owner-occupied, 24 percent are rentals and 12 percent are vacant. The median age of homes in the AA is 51 years, while the median housing price is \$32,191.
- Economic conditions in the AA are stable. The local economy includes manufacturing and agricultural employers including Mason District Hospital, Internet, McLean Forge, and Illinois Power. There is significant competition from other financial institutions in the area. Unemployment is moderate at four percent for the entire AA (Mason County is higher at six percent).
- The AA meets the requirements of the regulation.
- A community contact was made with a local businessperson during the examination. The contact indicated no unmet credit needs in the communities.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

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 282 real estate-secured loans originated from November 1998 through the present, 24 percent were for less than \$25,000; 35 percent were between \$25-50,000; 33 percent were between \$50-100,000, and eight percent were greater than \$100,000.
- To determine how the bank's lending relates to the income levels of families within the AA, we sampled 25 loans made in 2002.

Distribution of Residential Real Estate Loans in Havana AA								
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
First Mortgage	10%	23%	75%	21%	0	22%	15%	34%

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. HNB originates commercial and agricultural loans for working capital, equipment and inventory; FSA and other government guaranteed loans for agricultural production, and loans on commercial and farm real estate.

Distribution of Loans to Businesses by Loan Size in Havana Assessment Area				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans (000's)	Percent of Dollar Volume
\$0 - \$25,000	108	59%	\$ 1,318	8%
\$25,001 - \$50,000	25	14%	\$ 895	6%
\$50,001 - \$100,000	16	9%	\$ 1,162	7%
\$100,001-\$500,000	27	15%	\$ 6,634	43%
More than \$500,000	6	3%	\$ 5,620	36%
Total	182	100%	\$15,629	100%

Source: Bank MIS.

Distribution of Loans to Farms by Loan Size in Havana Assessment Area				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$25,000	208	38%	\$ 2,712	7%
\$25,001 - \$50,000	117	21%	\$ 4,435	10%
\$50,001 - \$100,000	129	24%	\$ 9,420	23%
\$100,001 - \$500,000	77	14%	\$15,223	37%
More than \$500,000	14	3%	\$ 9,635	23%
Total	545	100%	\$41,425	100%

Source: Bank MIS

Geographic Distribution of Loans

The bank has three moderate-income BNAs: one in Canton, one in Havana and one in the BNA which includes Astoria, Ipava, Sumnum and Vermont. Of 282 residential real estate loans originated since the previous examination, 157, or 56 percent, were made in the three BNAs. They represent just 19 percent of the population of the AA.

Loan-to-Deposit Ratio

- The loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance. HNB's loan-to-deposit ratio at 73 percent compares favorably to similarly situated banks in the AA. Among banks in the four counties, the ratios range from 46 percent to 80 percent, with an average of 66 percent.
- Over the past six years, the bank's quarterly average loan-to-deposit ratio has ranged from 49 percent to 81 percent. The average from March 31, 1997 to March 31, 2003 is 67 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 Havana Assessment Area										
Loan Type	Number of Loans				Total	Dollars of Loans				Total (000's)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$ (000's)	%	\$ (000's)	%	
Commercial	112	80%	28	20%	140	\$19,626	94%	\$ 1,215	6%	\$ 20,840

Ag Production	385	81%	91	19%	476	\$26,205	81%	\$ 6,230	19%	\$ 32,435
1-4 Family R/E	260	92%	22	8%	282	\$13,690	85%	\$ 2,344	15%	\$ 16,034
Consumer	517	96%	20	4%	537	\$ 4,625	95%	\$ 257	5%	\$ 4,883
Comm'l R/E	30	97%	1	3%	31	\$ 2,468	98%	\$ 50	2%	\$ 2,518
Farmland	237	85%	41	15%	278	\$17,226	65%	\$ 9,476	35%	\$ 26,703
Totals	1,541	88%	203	12%	1,744	\$83,840	81%	\$19,572	19%	\$103,413

Source: Bank MIS.

Responses to Complaints

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

Fair Lending Review

- Based on an analysis of available information and according to the OCC's risk based fair lending approach, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. No violations of the substantive provisions of the anti-discrimination laws and regulations were identified.