



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 18, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The American National Bank of DeKalb County
Charter Number 16199**

**124 South Main Street
Sycamore, Illinois 60178**

**Office of the Comptroller of the Currency
Rockford Duty Station
5804 Elaine Drive
Rockford, Illinois 61108**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **The American National Bank of DeKalb County (ANB)** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of February 18, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

This Evaluation covers the period since March 31, 1994, the date of the last CRA examination when the bank was rated “Satisfactory Record of Meeting Community Credit Needs”.

INSTITUTION'S CRA RATING: This institution is rated: Satisfactory Record of Meeting Community Credit Needs.

ANB has a high loan-to-deposit ratio and a majority of loans are made to borrowers within their assessment area. ANB originates loans to individuals of various income levels and businesses of different sizes.

The following table indicates the performance level of The American National Bank of DeKalb County with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>The American National Bank of DeKalb County</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

The American National Bank of DeKalb County (ANB), a \$119 million financial institution, is wholly owned by the National Bancorp, Inc. (NBI). NBI is a three bank-holding company headquartered in Melrose Park, Illinois. The main office of ANB is located in Sycamore with a branch in DeKalb. Each facility has an automated teller machine (ATM) and there are four other ATMs in the assessment area. On December 31, 1996, ANB had approximately \$75 million in outstanding loans and a loan-to-deposit ratio of 76%. The loan portfolio consists of residential real estate loans (42%), commercial & commercial real estate loans (36%), consumer loans (20%), and agriculture loans (2%). There are no legal or financial impediments which impact the bank's ability in helping to meet community credit needs.

DESCRIPTION OF ASSESSMENT AREA:

The assessment area includes the northern and central portions of DeKalb county. This County represents a small portion of the Chicago Metropolitan Statistical Area (MSA) in north-eastern Illinois. The total population of the assessment area is 63,423 based on 1990 census data. Of the 16 census tracts which comprise the assessment area, 1 (6%) is low-income, 2 (13%) are moderate-income, 11 (69%) are middle-income, and 1 (6%) is upper-income. One (6%) census tract has not been categorized by the U.S. Census Bureau and consists of a small portion of Northern Illinois University. The low-income census tract is located in central DeKalb and consists of Northern Illinois University. The MSA median family income is \$54,100. The assessment area contains: 2,510 (19%) low-income families; 2,998 (22%) moderate-income families; 3,756 (28%) middle-income families; and 4,194 (31%) upper-income families.

The largest city in DeKalb County is the City of DeKalb with a population of 36,000. Sycamore is just north of DeKalb and has a population of 11,000. Approximately 45% of the population consists of students, most of which are low-income individuals attending Northern Illinois University. The local economy is good and housing demand is strong. Local housing is 56% owner-occupied units, 41% rental-occupied units and 3% vacant housing units. The median home value is \$78,700. The volume of rental-occupied units is high due to the demand for off-campus student housing.

State government is the largest employer in DeKalb County, followed by the service, retail trade and manufacturing industries. Major area employers are Northern Illinois University, DeKalb Genetics Corporation, and Ideal Industries. The area's unemployment rate is 3.1% as of November 1996. The vast majority of businesses in DeKalb County are small businesses. Approximately 94% of businesses have less than 50 employees, 6% have 50 to 499 employees, and less than 1% have 500 or more employees. Recent contacts with local community leaders in economic development organizations identified residential mortgage, small business and agriculture loans as the community's most pressing credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan to Deposit Ratio:

On December 31, 1996, the loan-to-deposit (L/D) ratio is 76% and is above the average of other financial institutions located in the assessment area. ANB's average quarterly L/D ratio from March 31, 1994 to December 31, 1996 is 78%. The other financial institutions' (8) loan-to-deposit ratios range from 51% to 84% with an average of 68%.

Lending In Assessment Area:

ANB's lending within the assessment area is reasonable. For the years 1994 through 1996, 90% of the number and 89% of the dollar of residential mortgage loans subject to the Home Mortgage Disclosure Act (HMDA) originated are within the bank's assessment area. In a sample of 20 commercial loans originated in 1996, 80% of the number of loans are within the bank's assessment area. ANB determined as of January 24, 1997 that 81% of all loans outstanding are in the bank's assessment area.

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

The level of HMDA reportable loans in ANB's assessment area to low- and moderate-income individuals is good. Table 1 illustrates that 42% of the number and 27% of the dollar amount of HMDA loans were made to low- and moderate-income individuals in the assessment area. This Table reveals a distribution of mortgage loans to borrowers of different income levels that is consistent with demographic information as 41% of the families in the assessment are low- and moderate-income.

Borrower Characteristics by Income	# of loans in Assessment Area	Percent of Total	\$ (000) of Loans in AA	Percent of Total
Low-Income Borrower	76	15%	\$2,206	8%
Moderate-Income	135	27%	\$5,110	19%
Middle-Income	147	29%	\$7,892	29%
Upper-Income	142	29%	\$12,272	44%
Total	500	100%	\$27,480	100%

The bank originates many loans to small businesses in its assessment area. A sample of 20 commercial loans originated in 1996 totaling approximately \$2 million was reviewed to determine the extent of the bank's origination of small business loans. Of the sample reviewed, 70% of the number of loans reviewed were to small businesses.

Geographic Distribution of Loans:

The bank has a reasonable distribution of loans in the assessment area. Using the HMDA information, the bank's loan distribution by census tract characteristic is as follows:

Table 2 All HMDA Loans Originated by Census Tract Characteristics						
Census Tract Income Level	Count and Amount		Percentages		Distribution of Owner-Occupied Units	Distribution of Census Tracts
	#	\$ (000)	#	\$		
Low-Income	10	\$1,734	2%	6%	1%	6%
Moderate-Inc.	31	\$1,146	6%	4%	7%	13%
Middle-Income	427	\$22,945	86%	84%	82%	69%
Upper-Income	32	\$1,655	6%	6%	10%	6%
NA*	0	0	0%	0%	0%	6%
Total	500	\$27,480	100%	100%	100%	100%

* Census tract not categorized by U.S. Census Bureau.

As illustrated in Table 2, the bank is well-represented in low- and moderate-income census tracts. In both the low- and moderate-income census tracts, the bank has originated approximately the same percentage of mortgage loans as the percentage of owner-occupied units.

Compliance with Fair Lending Laws and Regulations:

We conducted a fair lending examination using a sample of mobile home and home improvement loans originated in 1996. Based on the sample reviewed, no evidence of illegal discrimination was detected.