



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

June 16, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Atlanta National Bank
Charter Number 3711

105 Southwest Church Street
Atlanta, IL 61723-7576

Office of the Comptroller of the Currency

NORTH CENTRAL ILLINOIS & EASTERN IOWA FIELD OFFICE
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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

The Atlanta National Bank (ANB) is rated satisfactory.

The major factors that support ANB's rating include:

- ANB's distribution of loans to individuals of different income levels is satisfactory.
- A majority of the loans originated by ANB are to customers from within its assessment area (AA).
- ANB's quarterly average loan-to-deposit ratio of forty-nine percent over the evaluation period is reasonable, given the bank's size, financial condition, and AA credit needs.

SCOPE OF EXAMINATION

This Performance Evaluation assesses ANB's record of meeting the credit needs of the communities in which it operates. We evaluated ANB under the Small Bank performance criterion, which includes a lending test. The lending test evaluates a bank's record of helping to meet the credit needs of its AA through its lending activities.

- The evaluation period covers loans originated or purchased from March 3, 2003 through May 31, 2008.
- ANB has two AAs, generating a majority of the bank's loans and deposits. The DeWitt/Logan County AA will receive a full-scope review, while the McLean County AA will receive a limited-scope review. A significant majority of loan originations are from the DeWitt/Logan County AA. The lending test is based on ANB's primary loan products.
- Conclusions regarding the bank's lending performance are based on consumer and residential real estate loans originated or purchased from January 1, 2006 through May 31, 2008, utilizing 2000 census data.
- We reviewed residential real estate loans reported under the Home Mortgage Disclosure Act (HMDA) for the years 2006, 2007 and year-to-date 2008. We conducted Data Integrity reviews of the HMDA data by comparing information from the bank's loan application registers and actual loan files. We found the HMDA data to be accurate and reliable for use in this examination.
- ANB is not required to maintain income information on consumer loans outside of the individual credit files. Thus, we reviewed a sample of 20 consumer loans originated during the evaluation period from each AA to assess the range of loan distribution to households of different income levels.

DESCRIPTION OF INSTITUTION

ANB is a \$49 million financial institution located along Interstate Highway 55, approximately 20 miles southwest of Bloomington and 10 miles northeast of Lincoln, Illinois. ANB is headquartered at 105 Southwest Church Street, Atlanta, Illinois. ANB has one additional full-service branch located in McLean, Illinois. Since the previous CRA evaluation, ANB has not opened or closed any branch locations. ANB has one cash-dispensing Automated Teller Machine (ATM) located at the main office in Atlanta.

Customers may also access their accounts through the Internet. Internet banking services include transfers between ANB accounts, review of account balances or transactions, access loan account information, and bill-paying capability for the Internet banking product. The bank also offers debit cards providing customers with additional access to their accounts at point of sale or ATM locations.

ANB is a wholly-owned subsidiary of ANB Bancorp, Inc (ANB BC) a one-bank holding company, and does not have any affiliates. As of December 31, 2007, the holding company had total assets of \$50 million. ANB BC is located at 105 Southwest Church Street. ANB's business strategy is to provide a full service community bank with the best customer service possible through very dedicated and experienced staff.

ANB has two primary lending products: residential real estate and consumer loans. Residential real estate and consumer lending account for 79 percent of the amount of all loan originations during the evaluation period and make up 59 percent of the outstanding loan balances as March 31, 2008. Agriculture and commercial lending are not primary loan products, accounting for 21 percent of the amount of all loan originations and 13 percent of the number of loan originations during the evaluation period.

Table 1 – Loan Originations by Loan Type from January 1, 2006 through March 31, 2008				
Loan Category	\$ (000)	%	#	%
Residential Loans	\$ 12,527	50%	159	18%
Consumer Loans	\$ 7,221	29%	603	69%
Agriculture Loans	\$ 2,678	11%	60	7%
Commercial Loans	\$ 2,462	10%	51	6%
Total Originations	\$ 24,888	100%	873	100%

Source: Bank Records from January 1, 2006 – March 31, 2008

As of March 31, 2008, the bank reported \$17 million in outstanding loans and had a net loans and leases to total assets ratio of 36 percent. The loan portfolio consists of the following:

Table 2 – Loan Portfolio Summary by Loan Type March 31, 2008		
Loan Category	\$(000)	%
Residential Loans	\$ 5,279	31%
Consumer Loans	\$ 4,763	28%
Agriculture Loans	\$ 3,868	23%
Commercial Loans	\$ 3,010	18%
Total Loans	\$ 16,920	100%

Source: Call Report March 31, 2008

There are no financial conditions, legal constraints or other factors that would hinder the bank's ability in helping to meet the credit needs of the communities within its assessment area. Tier 1 capital was reported at \$5 million as March 31, 2008. The bank's previous CRA rating as of March 8, 2003 was Satisfactory.

DESCRIPTION OF ASSESSMENT AREAS

ANB's AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. ANB has two AAs: DeWitt/Logan County AA and McLean County AA. The bank's AA has changed since the prior examination. Lending in Logan County has increased; therefore, additional CTs were added. Lending in Tazewell County has decreased; therefore, it has been removed from the bank's AA.

Competition for financial services within the AA remains strong. There are numerous banks, thrifts, and credit unions with facilities in DeWitt, Logan, and McLean Counties.

DeWitt/Logan County AA

The DeWitt/Logan County AA, which is not part of a MSA, consists of seven census tracts (CTs): one CT covering the western portion of DeWitt County and six CTs covering the northern portion of Logan County. The 2000 U.S. Census data shows this AA does not contain any low- or moderate-income CTs. All CTs are designated as middle-income.

The following is demographic information for the assessment area:

Table 3 - Demographic Information for the DeWitt/Logan County Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	7	0%	0%	100%	0%
Population by Geography	26,225	0%	0%	100%	0%
Owner-Occupied Housing by Geography	7,208	0%	0%	100%	0%
Businesses by Geography	1,617	0%	0%	100%	0%
Farms by Geography	243	0%	0%	100%	0%
Family Distribution by Census Tract	6,875	0%	0%	100%	0%
Family Distribution by Income Level	6,875	14%	16%	25%	45%
Household Distribution by Income Level	10,067	19%	16%	20%	45%
Median Family Income	\$48,202	Median Housing Value			\$77,420
Median Household Income	\$39,270	Median Year Built			1958
2007 HUD Adjusted Median Family Income for Illinois Non-MSA	\$51,900	Average Monthly Gross Rent			\$ 449
Families Below the Poverty Level	7%	Households Below the Poverty Level			9%

Source: 2000 U.S. Census Data

McLean County AA

The McLean County AA is part of the Bloomington-Normal MSA and consists of two CTs covering the southwest portion of McLean County. The 2000 U.S. Census data shows this AA does not contain any low- or moderate-income CTs. All CTs are designated as middle-income.

Table 4 - Demographic Information for the McLean County Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	2	0%	0%	100%	0%
Population by Geography	3,804	0%	0%	100%	0%
Owner-Occupied Housing by Geography	1,158	0%	0%	100%	0%
Businesses by Geography	246	0%	0%	100%	0%
Farms by Geography	69	0%	0%	100%	0%

Family Distribution by Census Tract	1,109	0%	0%	100%	0%
Family Distribution by Income Level	1,109	16%	21%	29%	34%
Household Distribution by Income Level	1,370	13%	17%	21%	49%
Median Family Income	\$60,234	Median Housing Value			\$99,181
Median Household Income	\$54,922	Median Year Built			1962
2007 HUD Adjusted Median Family Income for Illinois Non-MSA	\$70,900	Average Monthly Gross Rent			\$ 491
Families Below the Poverty Level	2%	Households Below the Poverty Level			3%

Source: 2000 U.S. Census Data

Economic Data

The local economy has recently experienced a slight down turn. The May 2008 unemployment rate of 6.2% for Logan County is above the national average of 5.5% and compares favorably to the State of Illinois average of 6.4%. The economy of the AA is concentrated in agriculture, government, and manufacturing. Major employers in Atlanta include: Central Illinois Ag., Country Aire Restaurant, Hoblit Seed Co. Inc., T.N.T Holland Trucking, UAP/Richter, and Universal Sports Lighting. Major employers in the local economy outside Atlanta include: Illinois State University, Mitsubishi Motors, and State Farm Insurance in Bloomington. ANB experiences significant competition from other financial institutions due to the proximity to Lincoln and Bloomington-Normal.

We contacted a local public official during the examination. The contact stated the economy in the assessment area is experiencing a decrease due to higher fuel prices which results in lower disposable income. The contact indicated the primary credit needs in the assessment area are agriculture, general consumer, and residential real estate loans. He felt FNB is actively meeting the credit needs of the area. The contact was not aware of any credit needs or banking services that are not met or provided for by the local financial institutions.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

ANB meets the standards for satisfactory performance.

- The distribution of loans to individuals of different income levels is satisfactory.
- A majority of the loans originated by ANB are to customers from within its AA.
- ANB'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

The distribution of loans reflects satisfactory penetration among individuals of different income levels (including low-, and moderate-income).

Residential Real Estate Loans

The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of different income levels. The distribution of residential related loans based on the HMDA data is reasonable.

In the DeWitt/Logan County AA, ANB’s lending to low-income borrowers is excellent and exceeds the percentage of low-income families. The lending to moderate-income borrowers is reasonable and above the percentage of moderate-income families. The overall lending to low- and moderate-income borrowers is excellent, given that seven percent of the families in the AA are below the poverty level. ANB’s performance in the McLean County AA reflects a reasonable penetration among borrowers of different income levels.

Table 5 – Borrower Distribution of Residential Real Estate Loans in the DeWitt/Logan County 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	14%	18%	16%	18%	25%	21%	45%	43%

Source: HMDA records from January 1, 2006 to March 31, 2008; 2000 Census Data.

Consumer Loans

The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among households of different income levels. The distribution of consumer related loans based on the consumer sample is reasonable.

In the DeWitt/Logan County AA, ANB’s lending to moderate-income borrowers is excellent and exceeds the percentage of moderate-income households, while lending to low-income households is poor and well below the percentage of low-income households. The overall lending to low-and moderate-income borrowers is reasonable, given the excellent lending to moderate-income families. ANB’s performance in the McLean County AA is similar to that of the DeWitt/Logan County AA.

Table 6 – Borrower Distribution of Consumer Loans in the DeWitt and Logan County AA								
Household Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number	% of AA Households	% of Number	% of AA Households	% of Number	% of AA Households	% of Number
Consumer	18%	5%	16%	35%	20%	20%	40%	46%

Source: Bank records on loans originated or purchased from January 1, 2006 to March 31, 2008; 2000 Census Data.

LENDING IN THE ASSESSMENT AREA

A majority of the loans originated by ANB are to customers within its AA. ANB’s lending to customers within the AA for all loan types is reasonable. The following table details the bank’s lending within the AA by number of loan originations and dollar volume during the evaluation period.

Table 7 – Loans Originated within the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total \$(000)
	#	%	#	%		\$(000)	%	\$(000)	%	
Residential	46	85%	8	15%	54	\$ 2,584	71%	\$ 1,044	29%	\$ 3,628
Consumer	393	65%	210	35%	603	\$ 4,299	60%	\$ 2,922	40%	\$ 7,221
Totals	439	67%	218	33%	657	\$ 6,883	63%	\$ 3,966	37%	\$ 10,849

Source: Bank records on new loans originated in 2006, 2007, and through March 31, 2008.

LOAN-TO-DEPOSIT RATIO

ANB's average loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and AA credit needs. ANB's quarterly average loan-to-deposit ratio for the period January 1, 2003 to March 31, 2008, was forty-nine percent. The quarterly average loan-to-deposit ratio for other similarly situated financial institutions over the same time period ranged from twenty-six percent to ninety percent. ANB’s average loan-to-deposit ratio is comparable with ten similarly situated banks, which range in asset size from \$16 million to \$52 million. The similarly situated banks utilized for comparison purposes are community banks located in DeWitt, Logan, and McLean Counties.

GEOGRAPHIC DISTRIBUTION OF LOANS

A geographic distribution of loans was not performed at this examination. All the geographies are middle-income, thus, the analysis would not be meaningful.

RESPONSES TO COMPLAINTS

ANB has not received any complaints about its performance in helping to meet the credit needs within its AA during this evaluation period.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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