



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

April 08, 2013

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Illinois National Bank  
Charter Number 11443

322 East Capitol Street  
Springfield, IL 62701

Office of the Comptroller of the Currency

211 Fulton Street, Suite 604  
Peoria, IL 61602

**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:**

**Illinois National Bank (INB) is rated Satisfactory.**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

- The quarterly average loan-to-deposit (LTD) ratio over the evaluation period is reasonable.
- A majority of loans originated by INB are to customers from inside its assessment areas (AAs).
- The distribution of loans to individuals of different income levels and businesses of different sizes reflects reasonable penetration.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA, including low- and moderate- income census tracts (CTs)
- Community development performance demonstrates reasonable responsiveness to the community development needs of its AAs through community development loans, qualified investments, and community development services.

## **Scope of Examination**

This Performance Evaluation assesses INB's record of meeting the credit needs of the communities in which it operates. We evaluated INB under the Intermediate Small Bank performance criterion, which includes a lending test and a community development test. The lending test evaluates INB's record of helping to meet the credit needs of its assessment area through its lending activities. The community development test evaluates INB's community development lending, qualified investments, and community development service activities.

The Performance Evaluation covers the period from May 25, 2010 to April 8, 2013. The community development test covers the period from May 25, 2010 to April 8, 2013.

The Sangamon AA received a full-scope review as the AA accounted for 84.95 percent of loans originated or purchased from January 1, 2011 to December 31, 2012 and 84.65 percent of deposits, as of June 30, 2012. The Peoria AA, Vermilion AA, and the Logan AA received limited scope reviews, as the volume of loans and deposits from these AAs is substantially less.

We based the lending test on the primary loan products for the AAs, based on volume of loan originations and purchases from January 1, 2011 to December 31, 2012. Primary products are commercial and residential loans in the Sangamon AA and commercial loans in the Peoria AA, Vermilion, AA, and the Logan AA, based on dollar volume.

We based conclusions for loans originated or purchased from January 1, 2011 to December 31, 2011 on 2000 census data. We based conclusions for loans originated or purchased from January 1, 2012 to December 31, 2012 on 2010 census data. We gave more weight to the 2012 year as the bank originated or purchased 57.48 percent of loans from January 1, 2012 to December 31, 2012.

We conducted data integrity reviews of the Home Mortgage Disclosure Act (HMDA) data and sampled commercial loans from each AA for 2011 and 2012.

## **Description of Institution**

Illinois National Bank is a community bank headquartered in Springfield, Illinois. INB reported total assets of \$640 million, as of March 31, 2013. INB predominately offers commercial and residential loan products to its customers through its 11 branches throughout central Illinois. Branches are equipped with drive-up facilities, with the exception of the Fairmount branch. There were no branch additions or closures during the evaluation period. INB has a network of 17 ATMs available to the general public.

INB is a wholly owned subsidiary of Illinois National Bancorp, Inc (INBI), a one-bank holding company with assets of \$641 million, as of March 31, 2013, and headquartered in Springfield, Illinois. INBI does not negatively affect INB's ability to meet the credit needs of the community.

INB has two wholly owned subsidiaries, INB Park, LLC and BORE, LLC. INB Park, LLC owns and operates a parking garage across from the main branch. BORE, LLC was created to house assets with on-going operations, which were taken into possession as a result of a foreclosure; it does not currently hold any assets. The wholly owned subsidiaries do not negatively affect INB's ability to meet the credit needs of the community.

INB received a rating of Satisfactory for the previous Community Reinvestment Act Performance Evaluation, dated May 24, 2010.

## Description of Assessment Areas

The Sangamon, Peoria, and Logan AAs are located in central Illinois and the Vermilion AA is located in east-central Illinois along the Illinois-Indiana border. The Sangamon AA is comprised of all CTs in Sangamon County and has eight branch locations. The Peoria AA includes CTs in Peoria, Tazewell, and Woodford and has one branch location. The Logan AA includes CTs in the southern half of Logan County and has one branch. The Vermilion AA includes CTs in the southern half of Vermilion County and has one branch.

The following tables provide additional demographic information for the full scope review of the Sangamon AA for 2012 and 2011:

### Sangamon AA

2011 Demographic Information for Sangamon Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	52	9.62	26.92	34.62	28.85
Population by Geography	188,951	5.38	23.74	38.50	32.38
Owner-Occupied Housing by Geography	55,098	2.60	20.47	40.90	36.04
Business by Geography	19,626	7.28	22.63	32.04	38.05
Farms by Geography	923	1.30	8.67	53.41	36.62
Family Distribution by Income Level	50,106	18.59	18.94	23.76	38.71
Distribution of Low and Moderate Income Families throughout AA Geographies	18,806	9.26	35.10	37.26	18.38
Median Family Income		53,573	Median Housing Value		95,141
HUD Adjusted Median Family Income for 2011		69,100	Unemployment Rate*		7.50%
Households Below Poverty Level		8%			

(\*) Bureau of Labor Statistics. December 2011 Springfield County.  
Source: 2000 US Census and 2011 HUD updated MFI

2012 Demographic Information for Sangamon Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	53	16.98	20.75	35.85	24.53
Population by Geography	197,465	11.39	18.64	37.54	31.92
Owner-Occupied Housing by Geography	57,820	6.44	17.47	40.46	35.63
Business by Geography	18,752	10.94	20.40	33.18	32.06
Farms by Geography	922	3.90	8.35	51.08	36.55
Family Distribution by Income Level	51,150	22.31	15.92	21.83	39.94
Distribution of Low and Moderate Income Families throughout AA Geographies	18,247	10.41	19.30	36.72	33.58
Median Family Income		66,823	Median Housing Value		116,203
FFIEC Adjusted Median Family Income for 2012		70,000	Unemployment Rate**		7.2%
Households Below Poverty Level		12%			

(\*) One census tract is categorized as NA and consists of geographies that have not been assigned an income classification.

(\*\*) Bureau of Labor Statistics. December 2012 Springfield County.

Source: 2010 US Census and 2012 FFIEC updated MFI

The local economies of the AAs are concentrated in government, healthcare, agriculture, education, and retail services. Unemployment remains elevated in the AAs. Unemployment rates for the counties in which the AAs are primarily located in are Sangamon at 7.2 percent, Peoria at 8.9 percent, Vermilion at 10.4 percent, Logan at 8.1 percent, as of December 2012 from the Bureau of Labor Statistics. Major employers in the AAs include State of Illinois, St. John’s Hospital, OSF Saint Francis Medical Center, and Caterpillar.

We contacted a community development official in Sangamon County during the examination. The official indicated the eastern areas of Springfield are in the most need for community development. This area is comprised of low- and moderate-income CTs. The governmental sector helps to stabilize the county but eastern Springfield suffers from higher unemployment and families in this area are more likely to be in poverty and children more likely to be on free school lunch/breakfast programs. The official mentioned that greater financial literacy is needed for the young and seniors. Greater small business funding is needed as banks have tightened lending requirements and as community organizations and charities have lost funding to aid small businesses. The official stated there are opportunities for banks to participate in projects that benefit low- and moderate-income CTs, particularly in eastern Springfield.

## Conclusions with Respect to Performance Tests

### LENDING TEST

INB meets the standards for Satisfactory performance. In making this determination, we gave more weight to the performance of lending in the Sangamon AA.

**Loan-to-Deposit Ratio**

INB's average LTD ratio is reasonable. The quarterly average LTD ratio is 61.07 percent for the period from April 1, 2010 to December 31, 2012. The average LTD ratio is comparable with five other similarly situated community banks located within the AAs, which range in size from \$347 million to \$758 million. The quarterly average LTD ratio for the five similarly situated community banks ranged from 43 percent to 92 percent.

**Lending in Assessment Areas**

A majority of loans originated are to customers inside the AAs. The following table details the lending within the AAs based on the number of loan originations and dollar volume during the evaluation period.

<b>Lending in Assessment Areas</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	100	77.52	29	22.48	129	26,927	68.97	12,114	31.03	39,041
Residential	1,524	86.00	248	14.00	1,772	222,304	72.87	82,783	27.13	305,087
Totals	1,624	85.43	277	14.57	1,901	249,231	72.42	94,897	27.58	344,128

*Source: Commercial loan sample; Data reported under HMDA for 2011 and 2012.*

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

The lending to borrowers of different incomes and to businesses of different sizes reflects reasonable penetration.

Commercial Loans

Loans to businesses in the Sangamon AA reflects reasonable penetration among businesses of different sizes in 2011.

<b>2011- Borrower Distribution of Loans to Businesses in Sangamon AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	63.89	3.27	32.84	100%
% of Bank Loans in AA by #	68.42	31.58	0.00	100%
% of Bank Loans in AA by \$	51.84	48.16	0.00	100%

*Source: Commercial loan sample; 2011 Geodemographic business data.*

Based on a sample of commercial loans from 2012, loans to businesses in the Sangamon AA reflect reasonable penetration among businesses of different sizes.

<b>2012 - Borrower Distribution of Loans to Businesses in Sangamon AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	68.10	4.21	27.69	100%
% of Bank Loans in AA by #	85.71	14.29	0.00	100%
% of Bank Loans in AA by \$	66.79	33.21	0.00	100%

Source: Commercial loan sample; 2012 Geodemographic business data.

Conclusions for limited scope areas:

For 2011, performance in the Peoria AA is consistent with the full-scope review, as the dispersion of loans to businesses of different sizes reflects reasonable penetration. Performance in the Vermilion and Logan AAs was stronger than the full-scope review, as the dispersion of loans to businesses of different sizes reflects excellent penetration.

For 2012, the performance in the Peoria AA is consistent with the full-scope review, as the dispersion of loans to businesses of different sizes reflects reasonable penetration. Performance in the Vermilion and Logan AAs was stronger than the full-scope review, as the dispersion of loans to businesses of different sizes reflects excellent penetration.

Residential Real Estate Loans

For 2011, the distribution of borrowers reflects reasonable penetration among families of different income levels in the Sangamon AA. Performance among moderate-income families is excellent for home purchases and reasonable for refinances. Performance among low-income families is excellent for home purchases, considering that 8 percent of households are below poverty levels, and poor for refinances.

<b>2011 - Borrower Distribution of Residential Real Estate Loans in Sangamon AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	18.59	15.15	18.94	25.25	23.76	16.16	38.71	43.43
Refinance	18.59	5.57	18.94	16.45	23.76	22.81	38.71	55.17

Source: 2011 Data reported under HMDA; 2000 U.S. Census data.

The distribution of borrowers reflects reasonable penetration among families of different income levels in the Sangamon AA for 2012. Performance is excellent among moderate-income families for home purchases and refinances and poor for low-income tracts for home purchases and refinances. The poor performance among low-income tracts is partly mitigated as 12 percent of households are below poverty levels.

2012 - Borrower Distribution of Residential Real Estate Loans in Sangamon AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	22.31	8.13	15.92	18.13	21.83	22.50	39.94	51.25
Refinance	22.31	5.51	15.92	18.70	21.83	23.71	39.94	52.09

Source: 2012 Data reported under HMDA; 2010 U.S. Census data.

Conclusions for limited scope areas:

We did not perform limited scope reviews as residential real estate loans are not primary products for Peoria, Logan, or Vermilion AAs.

**Geographic Distribution of Loans**

The geographic distribution of loans reflects reasonable dispersion.

Commercial Loans

For 2011, the geographic distribution of loans to businesses in the Sangamon AA reflects reasonable dispersion. Lending in low-income CTs is excellent, but poor among moderate-income CTs.

2011 - Geographic Distribution of Loans to Businesses in Sangamon AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	7.28	26.32	22.63	10.53	32.04	36.84	38.05	26.32

Source: Commercial loan sample; 2011 Geodemographic business data.

For 2012, the geographic distribution of loans to businesses in the Sangamon AA reflects excellent dispersion among low- and moderate-income CTs.

2012 - Geographic Distribution of Loans to Businesses in Sangamon AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	10.94	21.43	20.40	21.43	33.18	50.00	32.06	7.14

Source: Commercial loan sample; 2012 Geodemographic business data.

Conclusions for limited scope areas:

The limited-scope review was limited to the Peoria AA as there are no low- or moderate-income CTs in the Vermilion and Logan AAs. The analysis would not be meaningful.

For 2011, the performance in the Peoria AA is inconsistent with the full-scope review as the geographic distribution of loans to businesses reflects very poor dispersion among low-income CTs and poor dispersion among moderate-income CTs.

For 2012, the performance in the Peoria AA is inconsistent with the full-scope review as the geographic distribution of loans to businesses reflects poor dispersion among low- and moderate-income CTs.

Residential Real Estate Loans

For 2011, the geographic distribution of loans in the Sangamon AA reflects poor dispersion. Lending in low- and moderate-income CTs for home purchases and refinances is poor.

<b>2011 - Geographic Distribution of Residential Real Estate Loans in Sangamon AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	2.60	0.96	20.47	8.65	40.90	42.31	36.04	48.08
Refinance	2.60	0.25	20.47	7.81	40.90	36.52	36.04	55.42

Source: 2011 Data reported under HMDA; 2000 U.S. Census data.

For 2012, the geographic distribution of loans in the Sangamon AA reflects excellent dispersion. Lending in moderate-income CTs is excellent for home purchases and refinances. Lending in low-income CTs is excellent for home purchases and reasonable for refinances.

<b>2012 - Geographic Distribution of Residential Real Estate Loans in Sangamon AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	6.44	8.13	17.47	18.13	40.46	22.50	35.63	51.25
Refinance	6.44	5.51	17.47	18.70	40.46	23.71	35.63	52.09

Source: 2012 Data reported under HMDA; 2010 U.S. Census data.

Conclusions for limited scope areas:

For 2012 and 2011, we did not perform limited scope reviews on the Peoria AA, as residential real estate is not a primary product, or the Vermilion and Logan AAs as there are no low- and moderate-income CTs.

### **Responses to Complaints**

There were no complaints about INB's performance in helping to meet the credit needs in its AAs during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

INB's community development performance demonstrates adequate responsiveness to the community development needs of its AAs through community development loans, qualified investments, and community development services.

### **Number and Amount of Community Development Loans**

Based on a full-scope review, INB has 17 qualifying loans, lines of credits, and letters of credit totaling \$6,459,046 during the evaluation period.

- INB originated an annual line of credit to a non-profit organization that provides health services to low- and moderate-income persons in eastern Springfield, IL.
- INB originated annual lines of credit to non-profit organizations that provide housing and other services to low- and moderate-income persons.
- INB originated an annual line of credit to a business that develops affordable housing communities occupied by low- and moderate-income persons.

### **Number and Amount of Qualified Investments**

Based on a full-scope review, INB made a total \$52,374 in contributions and donations to community development organizations assisting low- and moderate-income people in the Sangamon AA.

### **Extent to Which the Bank Provides Community Development Services**

For one week in April each year during the evaluation period, INB staff visited local schools in the Sangamon AA to teach students about financial literacy.

INB staff participate on the boards of 10 organizations that promote services to low- and moderate-income people and economic development across the Sangamon and Peoria AA.

INB maintains its main office in a low-income CT and one branch in a moderate-income CT in Springfield, IL. All other branches in the AAs are located in middle and upper income CTs. Loan and deposit products are available at all branch locations.

**Responsiveness to Community Development Needs**

INB's responsiveness through development loans, investments, and services are reasonable in the Sangamon AA.

Conclusions for limited scope areas:

INB's responsiveness through development loans, investments, and services is reasonable in the Peoria AA and poor in Vermilion and Logan AAs. INB has no community development loans originated in the Peoria, Vermilion, or Logan AA. INB made a total of \$3,400 in contributions and donations to community development organizations assisting low- and moderate-income people in the Peoria AA.

**Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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