

PUBLIC DISCLOSURE

September 14, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Country Bank
Certificate #35395**

**1308 S.E. 4th Street
Aledo, Illinois 61231**

**Federal Deposit Insurance Corporation
Division of Supervision and Consumer Protection
Chicago Regional Office
500 West Monroe, Suite 3500
Chicago, Illinois 60661**

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.

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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 **Country Bank** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **September 14, 2007**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

- The bank's average loan-to-deposit ratio exceeds the loan-to-deposit ratios of other banks that operate in, or adjacent to, the assessment area and is considered excellent.
- A significant majority of originated loans are within the assessment area.
- The bank has an acceptable record of funding small commercial and agriculture loans.
- The geographic distribution of originated loans is reasonable and reflects acceptable lending activity in all geographies within the assessment area.
- The bank has not received any CRA-related complaints since the prior evaluation and no violations of the substantive provisions of the anti-discriminatory laws and regulations were identified during the evaluation.

DESCRIPTION OF INSTITUTION

Country Bank is located in Aledo, Illinois, (population 3,600) in central Mercer County. The main banking office is located in census tract 403, which is designated as a middle-income tract. Since the prior evaluation, a branch office opened in Edgington (approximately 15 miles north of Aledo), which is located in census tract 241.03 and designated as a middle-income census tract. The bank operates 2 automated teller machines (ATM) at the drive up windows at each banking location as well as 2 cash dispensing ATMs in the town of Aledo. Internet banking is also available. Banking hours allow reasonable access to bank services. The bank’s previous CRA Performance Evaluation was dated February 4, 2002, with a “Satisfactory” rating assigned.

The bank offers a sufficient variety of products and services to meet the credit and deposit needs of the local area it serves. The bank’s primary lending focus is commercial and agricultural loans, which is unchanged from the prior evaluation. There are no legal or financial impediments that would hinder the bank’s CRA performance in regards to meeting the credit needs of the delineated assessment area. As of June 30, 2007, the bank had \$125,577,000 in total assets, \$104,068,000 in deposits, and \$93,954,000 in total loans.

<i>Table 1 - Loan Distribution as of June 30, 2007</i>		
<i>Loan Type</i>	<i>Dollar Amount (000s)</i>	<i>Percent of Total Loans</i>
<i>Construction and Land Development</i>	\$32,568	35%
<i>Secured by Farmland</i>	\$10,418	11%
<i>1-4 Family Residential</i>	\$2,387	2%
<i>Multi-Family (5 or more) Residential</i>	\$1,500	2%
<i>Commercial</i>	\$11,091	12%
<i>Total Real Estate Loans</i>	<i>\$57,964</i>	<i>62%</i>
<i>Commercial and Industrial</i>	\$20,598	22%
<i>Agricultural</i>	\$13,957	15%
<i>Consumer</i>	\$906	1%
<i>Other</i>	\$529	< 1%
<i>Total Loans</i>	<i>\$93,954</i>	<i>100%</i>

Source: Consolidated Report of Condition and Income

DESCRIPTION OF INSTITUTION'S ASSESSMENT AREA

MERCER COUNTY CENSUS TRACTS 401,402, 403, and 404 ROCK ISLAND CENSUS TRACTS 241.02 and 241.03

Country Bank's assessment area consists of all of Mercer County, which includes four census tracts, and two census tracts in southwest Rock Island County. Both counties are located in the Davenport-Moline-Rock Island, IA-IL MSA #19340. The city of Aledo is located in census tract 403. Census tract 241.02 is designated as upper-income with the remaining tracts designated as middle-income. Country Bank is the only financial institution headquartered in Aledo, Illinois. Five other banks are headquartered in the bank's assessment area. In addition, four branches of other financial institutions are located in Aledo, Illinois. The majority of the assessment area outside of Aledo is primarily rural in nature with agricultural-related occupations being the primary source of employment.

According to the U.S. Census Bureau's *QuickFacts* information, Rock Island County's population decreased 1.2 percent from April 1, 2000 to July 1, 2006 while Mercer County's population decreased 1.0 percent over this same period. In contrast, the State of Illinois experienced a population increase of 3.3 percent for this period.

Economically, the assessment area has been fairly stable in recent years. As of July 2007, the Illinois Department of Employment Security reports the unemployment rate was 4.1 percent for Rock Island County, which is a slight increase over the past twelve months when the unemployment rate was 4.0 percent in July 2006. As of July 2007, the unemployment rate was 4.1 percent for Mercer County, which is a slight decrease over the past twelve months when the unemployment rate was 4.3 percent in July 2006. The State of Illinois reported 5.4 percent unemployment for July 2007, which is an increase from 4.8 percent unemployment as of July 2006.

The five largest employers in Rock Island County are United States Department of the Army's Rock Island Arsenal (6,700 employees), Deere and Company (6,449 employees), Trinity Regional Health System (2,906), Tyson Fresh Meats (2,200 employees), and Blackhawk College (700 employees). The five largest employers in Mercer County are the Mercer County Hospital (150 employees), General Grind and Machine (150 employees), Wal-Mart (100 employees), Mercer County Nursing Home (100 employees), and the Aledo School District (91 employees). The five largest employers in Mercer County are located in Aledo.

Recent community contact information collected by various financial institutions' regulatory agencies pertaining to Aledo, Illinois reveals stable economic growth. New housing starts in Aledo have increased slightly in recent years due to a new subdivision with available lots. Although small business starts have been few in recent years, the downtown area has not experienced long-term vacant retail buildings. The local farm economy has been strong in comparison to national industry standards in recent years with a majority of the area farm operations being well established.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Scope of Evaluation Process

To assess the bank's record of helping to meet the credit needs of its community, a sample of commercial loans and agriculture loans extended within the previous 12 months were used for this evaluation. Commercial loans and agriculture loans were used for the evaluation process since these types of loans are the bank's main lending focus. The loans sampled for this evaluation period are representative of the bank's lending performance since the prior evaluation dated February 4, 2002. The bank's lending trends were reviewed from the quarterly Consolidated Reports of Condition and Income (or Call Report). Internal bank documents on lending performance and activities performed within the bank's community were also reviewed.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio as of June 30, 2007 was 89 percent and represents an excellent level of lending in comparison to other banks headquartered in, or adjacent to, the assessment area. The bank's loan-to-deposit ratio has remained at an acceptable level since the prior evaluation. The average net loan-to-deposit ratio using the quarterly figures from March 31, 2002 to June 30, 2007 is 84 percent. The ratio varied from 72 percent to 92 percent during this period. Table 2 shows the average loan-to-deposit ratios for this bank and other local institutions.

<i>Institutions in, and adjacent to, the Assessment Area</i>	<i>Average Loan-to-Deposit Ratio</i>
Country Bank	84%
Institution A	74%
Institution B	68%
Institution C	65%
Institution D	59%
Institution E	36%
Institution F	10%

Lending in the Assessment Area

The bank has been extending a significant majority of agricultural-related and commercial-related loans within the assessment area. The loans included in this evaluation illustrate this fact. The geographic distribution of the sampled commercial and agricultural loans extended within the prior 12 months was analyzed to determine the portion of loans extended inside and outside the assessment area. The results indicate that the overall majority of the loans by number and dollar amount were extended within the assessment area. Based on this analysis, the bank originates a majority of loans within the assessment area to meet the credit needs of its community. A summary of the findings of the geographic review is presented in Table 3.

<i>Table 3 – Distribution of Loans Inside and Outside of the Assessment Area</i>										
<i>Loan Type</i>	<i>Number of Loans</i>					<i>Dollars of Loans (000s)</i>				
	<i>Inside AA</i>		<i>Outside AA</i>		<i>Total</i>	<i>Inside AA</i>		<i>Outside AA</i>		<i>Total</i>
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>		<i>\$</i>	<i>%</i>	<i>\$</i>	<i>%</i>	
<i>Commercial Loans</i>	31	89%	4	11%	35	\$3,714	76%	\$1,193	24%	\$4,907
<i>Agricultural Loans</i>	30	100%	0	0%	30	\$2,056	100%	\$0	0%	\$2,056
<i>Total</i>	61	94%	4	6%	65	\$5,770	83%	\$1,193	17%	\$6,963

Lending to Commercial & Agricultural Borrowers

Commercial Lending

The bank's performance in lending to businesses of different sizes and borrowers of different income levels is adequate. The bank's performance in providing commercial-related loans to businesses of different sizes was analyzed by using loan amount. For this analysis, loan amount was considered as a proxy for business size. In general, small businesses typically demand smaller dollar loans, as it is often difficult for such businesses to service larger dollar amounts of commercial-related debt. Thus, the bank's record of making commercial-related loans, in smaller dollar sizes, is an indication of its performance in lending to small businesses.

As shown in Table 4, the bank is adequately serving the assessment area by extending small commercial-related loans. This lending performance is consistent with the information provided by the bank for the Call Report as of June 30, 2007. Under the definition used for CRA, small business loans are defined as those whose original amounts are \$1,000,000 or less and were reported in the Call Report as either "Loans secured by nonfarm nonresidential properties" or "Commercial and industrial loans." All of the commercial-related loans reviewed during the sample period and made within the bank's assessment area, were in amounts of \$1,000,000 or less. The bank does not have minimum loan amount requirement, which enables the bank to extend loans for smaller dollar amounts.

In addition, it was noted that the bank extended 4 loans during the previous 12 month evaluation period, for amounts greater than \$1,000,000. This provides further evidence that the bank is willing to make loans of various sizes, to meet the credit needs of small businesses within the assessment area.

<i>Table 4 – Distribution of Sampled Commercial Loans by Loan Size</i>					
<i>Loan Size</i>	<i>Businesses in AA</i>	<i>Distribution of Commercial Loans by Loan Size</i>			
	<i>%</i>	<i>#</i>	<i>%</i>	<i>\$ (000s)</i>	<i>%</i>
<i>Less than \$100,000</i>	59%	22	71%	\$819	22%
<i>\$100,000 but less than \$250,000</i>	23%	4	13%	\$560	15%
<i>\$250,000 but less than \$1,000,000</i>	18%	5	16%	\$2,335	63%
<i>Total</i>	<i>100%</i>	<i>31</i>	<i>100%</i>	<i>\$3,714</i>	<i>100%</i>

Agricultural Lending

The bank’s performance in lending to farms of different sizes and borrowers of different income levels is also adequate. The bank’s performance in providing agricultural-related loans to farms of different sizes was analyzed by using loan amount. For this analysis, loan amount was considered as a proxy for farm size. In general, small farms typically demand smaller dollar loans, as it is often difficult for such farms to service larger dollar amounts of agricultural-related debt. Thus, the bank’s record of making agricultural-related loans, in smaller dollar sizes, is an indication of its performance in lending to small farms.

As shown in Tables 5, the bank is adequately serving the assessment area by extending small agricultural-related loans. This lending performance is consistent with the information provided by the bank for the Call Report as of June 30, 2007. Under the definition used for CRA, small farm loans are defined as those whose original amounts are \$500,000 or less and were reported in the Call Report as either “Loans to finance agricultural production and other loans to farmers” or “Loans secured by farmland.” All of the sampled agricultural-related loans made within the bank’s assessment area were in amounts of \$500,000 or less. The bank does not have minimum loan amount requirement, which enables the bank to extend loans for smaller dollar amounts.

In addition, it was noted that the bank extended 4 agricultural loans during the sample period, for large dollar amounts greater than \$500,000. This provides further evidence that the bank is willing to make loans of various sizes, to meet the credit needs of small businesses within the assessment area.

<i>Table 5 – Distribution of Sampled Agriculture Loans by Loan Size</i>					
<i>Loan Size</i>	<i>Farms in AA</i>	<i>Distribution of Agricultural Loans by Loan Size</i>			
	<i>%</i>	<i>#</i>	<i>%</i>	<i>\$ (000s)</i>	<i>%</i>
<i>Less than \$100,000</i>	60%	21	70%	\$549	27%
<i>\$100,000 but less than \$250,000</i>	34%	8	27%	\$1,122	54%
<i>\$250,000 but less than \$500,000</i>	6%	1	3%	\$385	19%
<i>Total</i>	<i>100%</i>	<i>30</i>	<i>100%</i>	<i>\$2,056</i>	<i>100%</i>

Geographic Distribution of Lending

The bank has a reasonable geographic distribution of small business and small farm loans with no particular area immediately surrounding Aledo being excluded. The 31 commercial loans and 30 small farm loans extended within the assessment area were reviewed based upon the census tract income level of the location of the borrowers. As previously noted, the assessment area contains 1 upper-income and 5 middle-income census tracts. No low- or moderate-income tracts are located in close proximity to the assessment area. None of the census tracts in the assessment area were excluded from lending activity.

Response to Complaints

The bank is required to maintain a file containing all comments received by the public relating to lending performance in the assessment area. This file is required to be readily available for public inspection. No public comments regarding performance in helping to meet the credit needs of the community have been received. In addition, no complaints have been filed with the Chicago Regional Office.

Compliance with Anti-Discrimination Laws and Regulations

Recent originated loans and rejected credit applications were reviewed to ascertain compliance with applicable fair housing and fair lending laws and regulations. This evaluation did not identify any acts, policies, or practices that are inconsistent with the substantive provisions of these laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act.