



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 12, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Buena Vista National Bank
Charter Number 14479**

**1309 Swanwick Street, P.O. Box 268
Chester, IL 62233**

**Comptroller of the Currency
St. Louis Field Office
2350 Market Street, Suite 100
St. Louis, MO 63103**

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.

All the applicable lending performance components meet the standards for satisfactory performance. The major factors that support this rating are:

- The bank's lending distribution to borrowers of different income levels is reasonable based on the demographics of the community and credit needs of the AA.
- The level of lending is reasonable. The bank's average loan-to-deposit ratio is 63%.
- A substantial majority of the bank's loans extended during this evaluation period were originated within the bank's assessment area (AA).

DESCRIPTION OF INSTITUTION

Buena Vista National Bank (BVNB) is wholly owned by Buena Vista Bancorp, a one-bank holding company, located in the city of Chester, Illinois. As of December 31, 2002, BVNB had total assets of \$95 million, net loans of \$41 million, total deposits of \$74 million, and total risk based capital of \$17 million. BVNB assets represent substantially all of the holding company's assets; there are no subsidiaries or affiliates. There have been no changes in the bank's corporate structure since the last CRA evaluation.

BVNB's main office, with drive-up facility and depository ATM, is located in downtown Chester. The bank also has a branch in a Chester grocery store and a branch in downtown Evansville, Illinois. Both branches have depository ATMs. BVNB offers traditional banking services and loan products typically associated with a community bank. As of December 31, 2002, net loans represented 43% of total assets. The loan portfolio consisted of 43% 1-4 family residential real estate, 21% consumer, 21% commercial real estate/business, 7% farm real estate/agriculture production, 5% multi-family, and 3% other loans. Bank management indicated that residential real estate and consumer loans represented the bank's primary loan product during this evaluation period. Reports were not readily available to validate this; however, composition of the loan portfolio supports management's assertions.

There are no legal or financial constraints placed on the bank's ability to meet the community credit needs. The bank has adequate resources to provide for the credit needs of its AA. The type and amount of CRA activities are consistent with the bank's size, its financial capacity, local economic conditions, and the credit needs of the community.

BVNB's last CRA evaluation was June 1, 1998, and we rated the bank Satisfactory.

DESCRIPTION OF ASSESSMENT AREA

Management designated Randolph County as its AA. This is a contiguous area, meets the requirements of the regulation, and does not arbitrarily exclude low- or moderate-income geographies.

Randolph County is a non-Metropolitan Statistical Area (non-MSA) and is comprised of nine Block Numbering Areas (BNA): 9505, 9506, 9507, 9508, 9509, 9510, 9511, 9512, and 9513. Based on the 1990 non-MSA median family income, eight BNAs or 89% are classified as middle-income and one BNA or 11% is classified as upper-income.

The 1990 census data shows that the total population in Randolph County was 34,583, which included 8,732 families. Of these families, 1,474 or 17% were classified as low-income, 1,558 or 18% as moderate-income, 2,077 or 24% as middle-income, and 3,623 or 41% as upper-income. All three banking facilities are located in middle-income BNAs.

The non-MSA median family income as of the 1990 Census was \$29,693. The 2002 updated figure, adjusted for inflation by the Department of Housing and Urban Development, was \$46,700. We used the 2002 updated figure in our analysis to determine the borrower income levels.

Based on the 1990 census data for the AA, 33% of households receive social security, 6% of households are in retirement, and 12% of households live below the poverty level. In 1990, the median housing value for the AA was \$44,861 and the median age of the housing stock was 43 years. Local housing for the AA was 78% 1-4 family units, with 71% being owner-occupied and 9% vacant.

Economic conditions in Randolph County are stable. The December 2002 unemployment rates for Randolph County and Illinois were 6% and 6.4%, respectively. These ratios are slightly above the 2002 national unemployment rate of 5.7%. Major employers in the area include Menard Correctional Center, Chester Mental Health and Gilster-Mary Lee.

Competitive pressures are strong and primarily come from five banks in Chester and surrounding communities. This number does not include the array of credit unions, mortgage companies, farm services, and insurance company offices that offer loan products.

Management indicated the primary credit need of Randolph County is residential real estate and consumer loans. To further our understanding of the community's credit needs, we performed a community contact with a businessperson knowledgeable about the community who confirmed the need for residential real estate loans.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

BVNB does a satisfactory job of meeting the credit needs of its AA, including those of low- and moderate-income people, given the performance context, demographics, economic factors, and competitive pressures faced by the bank. Please refer to the “Description of Institution” and “Description of Assessment Area” sections of this evaluation for details on these performance context factors.

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

The bank’s lending distribution to borrowers of different income levels is considered reasonable. During this evaluation period, BVNB’s primary loan products were residential real estate and consumer loans. Using only loans made in the AA, we sampled 20 residential and consumer loans originated during 2000, 2001 and 2002. We did not segregate home mortgage loans by purpose (purchase, refinance, home improvement), as the data was not readily available from bank reports.

Based on the loans made within the AA, the bank’s residential lending reflects reasonable penetration to borrowers of different income levels given the demographic data noted above. While penetration to low-income families is low, the percentage of loans made to moderate-income families significantly exceeds demographic data.

The facts and data used to evaluate BVNB’s lending activity are presented in the following tables.

Borrower Distribution of Residential Real Estate Loans in Randolph County								
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
Residential Real Estate	17%	5%	18%	30%	24%	50%	41%	15%

Sources: Bank records and 1990 US Census Information. The updated 2002 non-MSA median family income is \$46,700. The income categories are defined as: less than 50%, 50% to 80%, 80% to 120%, and over 120%, respectively, of \$46,700.

The bank’s distribution of consumer loans to borrowers of different income levels is satisfactory and compares to AA demographic data. It is also noted that 12% of households are below the poverty level.

Borrower Distribution of Consumer Loans in Randolph County								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	22%	20%	14%	15%	19%	40%	45%	25%

Sources: Bank records and 1990 US Census Information.

Geographic Distribution of Loans

Analysis of the geographic distribution of the bank's loans in its AA would not be meaningful. The bank's AA consists of nine BNAs, which are all classified as middle- or upper-income.

Loan-to-Deposit Ratio

BVNB's loan-to-deposit (LTD) ratio is reasonable. As of December 31, 2002, the bank's LTD ratio was 55%. BVNB's quarterly average LTD ratio since the 1998 CRA examination was 63%. This is comparable to six similarly situated banks in the area whose quarterly average LTD ratios ranged from 33% to 70%, with an average ratio of 53%. These banks are considered similarly situated because of their location, size, and lending opportunities.

Lending in Assessment Area

Lending in the AA is satisfactory. A substantial majority of the bank's residential real estate loans originated since the last CRA evaluation were made in the AA. Our conclusion is based on a sample of 20 residential real estate loans originated from 2000 through 2002. The data shows that 90%, or 18 of the 20 loans sampled, were made within the bank's AA.

Responses to Complaints

BVNB has not received any complaints about its performance in helping to meet community credit needs since the last CRA examination.

Fair Lending Review

We found no evidence of illegal discrimination or other illegal credit practices.