



PUBLIC DISCLOSURE

June 1, 1998

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Buena Vista National Bank of Chester
Charter # 14479
1309 Swanwick Street, P.O. Box 268
Chester, Illinois 62233

Comptroller of the Currency
Fairview Heights Field Office
13 Executive Drive, Suite 7
Fairview Heights, Illinois 62208

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 **Buena Vista National Bank of Chester, Illinois**, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of June 1, 1998. This evaluation is based on information since the last CRA examination dated **July 17, 1995**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

- The level of lending to borrowers of different income levels is good based on our review of residential mortgage lending activities.
- The bank's loan-to-deposit ratio is comparable to similarly situated area banks.
- A majority of loans are extended in the bank's assessment area.

DESCRIPTION OF INSTITUTION

Buena Vista National Bank of Chester is an \$81 million bank that is wholly owned by Buena Vista Bancorp, a one-bank holding company. The bank operates one banking facility with one ATM in downtown Chester. The bank's primary business focus is in 1-4 family residential real estate loans. As of March 31, 1998, loans secured by 1-4 family residential real estate loans comprised 37% of the bank's portfolio.

No financial or legal constraints impede the bank's ability to meet community credit needs. The bank has adequate resources to provide for the credit needs of its assessment area. The type and amount of CRA activities are consistent with the bank's size, financial capacity, and local economic conditions. The bank's prior CRA rating, dated July 17, 1995, was "Satisfactory Record of Meeting Community Credit Needs."

DESCRIPTION OF ASSESSMENT AREA

Buena Vista National Bank of Chester has designated Randolph County as its assessment area. The assessment area contains nine Block Numbering Areas (BNAs). The bank is located in middle-income BNA 9513. Of the remaining eight BNAs, there are seven middle-income and one upper-income geographies. This assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income areas.

The population of Buena Vista National Bank's assessment area was 34,583 as of the 1990 census. The median family income of this area was \$31,306 in 1990. The 1998 Illinois non-metropolitan median family income is \$39,500. Census information on family incomes aggregated for all BNAs in the assessment area shows that 17% of the families were in low-, 18% were in moderate-, 24% were in middle-, and 41% were in upper-income levels. Other demographic data shows that the median housing value is \$44,861 and the median year built is 1961. Owner-occupied units represent 71% of the housing stock, with 78% of the housing stock being 1-4 family units.

For the analysis contained in this report, low income is defined as income that is less than 50% of the 1998 state-wide non-metropolitan median family income (MFI). Moderate income is defined as income that is at least 50% but less than 80% of the 1998 MFI. Middle income is at least 80% but less than 120% of the 1998 MFI. Upper income is income that is 120% or more of the 1998 MFI.

The unemployment rate for Randolph County reflects higher unemployment and a poorer economy compared to the state and nation as a whole. The March 1998 unemployment rate in Randolph County was 7.1% compared to the state unemployment rate of 4.8% and the national rate of 5.0% for the same period. Several factors have been responsible for the poor local economy and high unemployment rate. Within the past few years, Randolph County has been negatively impacted by the closing of area coal mines and Spartan Printing. Major employers in the area are Gilster Mary Lee, Menard State Prison, and Chester Mental Health Center.

Moderate competition is provided by six financial institutions for residential real estate lending, which is the bank's main focus.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes:

The bank demonstrates good performance. Our review of all residential real estate originations between January 1997 and May 1998 revealed the distribution of loans to borrowers of low- and moderate-income levels exceeded the income characteristics of the assessment area. However, the numbers and dollars are skewed because management routinely collects net income and not gross income to calculate the debt-to-income ratio. During the examination, we discussed this practice with management. They agreed to collect gross income, along with net income, going forward.

A summary of these findings is presented in the following table.

Income Levels	# of Loans	% By # of Loans	Loan \$	% By \$ of Loans	BNA Family Breakdown by Income
<i>Low Income</i>	11	22%	\$309,011	19%	17%
<i>Moderate Income</i>	17	32%	\$553,793	33%	18%
<i>Middle Income</i>	11	22%	\$309,562	19%	24%
<i>Upper Income</i>	12	24%	\$485,410	29%	41%

The bank extends loans to small businesses and small farms. The following tables were produced using bank reports for all small business and small farm loans extended between January 1997 and May 1998.

Size of Loans to Small Businesses

	Under \$100M		\$100M-\$250M		\$250M-\$500M		Over \$500M	
#	30	88%	4	12%	0	0%	0	0%
\$	\$588,146	51%	\$559,986	49%	\$0	0%	\$0	0%

Size of Loans to Small Farms

	Under \$100M		\$100M-\$250M		\$250M-\$500M		Over \$500M	
#	13	100%	0	0%	0	0%	0	0%
\$	\$186,796	100%	\$0	0%	\$0	0%	\$0	0%

Geographic Distribution of Loans:

Because all of the BNAs in the bank's assessment area are either middle- or upper-income, no meaningful analysis could be performed based on loans in geographies of different income levels.

Loan-to-Deposit Ratio:

The bank's loan-to-deposit ratio is reasonable. The loan-to-deposit ratio was 53% as of March 31, 1998. The bank's average loan-to-deposit ratio for the twelve quarters since the previous CRA evaluation is 49%. Six similarly situated financial institutions show loan-to-deposit ratios ranging from 40% to 65% as of March 31, 1998, and average ratios for the period ranging from 41% to 64%.

Lending in the Assessment Area:

Lending in the assessment area is satisfactory. Our review of the residential real estate loans originated between January 1997 and May 1998 shows 89% in number and 74% in dollar amount within the assessment area.

Response to Complaints:

No complaints were received since the prior CRA evaluation.

Compliance with Antidiscrimination Laws:

In conjunction with the CRA evaluation, we performed a Fair Lending examination which included a review of the bank's compliance with the Equal Credit Opportunity Act and the Fair Housing Act. No substantive violations of these antidiscrimination laws and regulations were identified.