



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

October 19, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**National Bank of St. Anne
Charter Number 14617**

**158 W. Station Street
St. Anne, IL 60964**

**Comptroller of the Currency
Chicago South
7600 County Line Road Unit 3
Burr Ridge, IL 60527**

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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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 CRA performance of **National Bank of St. Anne** prepared by **The Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of October 19, 2004. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

This evaluation covers the period since July 6, 1999, the date of the last CRA examination when the bank was rated "**Satisfactory Record of Meeting Community Credit Needs.**"

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

The major factors that support National Bank of St. Anne's overall rating include:

- The bank's loan to deposit ratio is reasonable.
- The bank's lending activity in the assessment area is excellent.
- The bank's record of extending credit to individual's of different income levels and to businesses and farms of different sizes is satisfactory.
- The bank did not receive any written complaints about its performance in helping to meet the credit needs within their assessment area during this evaluation period.

DESCRIPTION OF INSTITUTION

National Bank of St. Anne (NBSA) is headquartered in St. Anne, Illinois, approximately 18 miles southeast of Kankakee, Illinois. NBSA is owned by various individual shareholders; NBSA does not have a holding company. NBSA does not have any financial service affiliates. The bank operates one full service office with a drive-up facility. NBSA also owns one automated teller machine (ATM), located in St. Anne.

The bank has total assets of \$28 million as of June 30, 2004. The loan portfolio represents 34 percent of total assets. The table below illustrates the composition of the loan portfolio.

Loan Category	\$(000)	Percent
Residential Real Estate Loans	\$2,347	21%
Commercial and Commercial Real Estate Loans	\$4,097	36%
Agricultural Loans	\$3,132	27%
Individual Loans	\$1,820	16%
Total	\$11,396	100%

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in the bank's assessment area. There has been no change in the bank's corporate structure since the last CRA examination.

DESCRIPTION OF ASSESSMENT AREA

NBSA has one assessment area (AA) encompassing four geographies, three in the southeast corner of Kankakee County in Metropolitan Area (MA) 3740 and one in the northeast corner of Iroquois County (non-MA). Using 1990 census data, one of the geographies (25 percent) is low income and the other three geographies (75 percent) are middle income. This AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. Competition in the bank's AA is moderate. NBSA ranks 12th, out of the 16 banks in Kankakee County, with a 1.40 percent deposit market share in Kankakee County.

The evaluation period included loans originated from January 1, 2001 through December 31, 2002 and were analyzed using 1990 census data.

The total population of the AA is 10,562 based on 1990 census data. The median updated annual family income in the bank's AA, based on 1990 census data, is \$53 thousand. Per the 1990 census, 84 percent of the housing in the AA is 1-4 family units with 67 percent owner-occupied. The median home value, based on 1990 census data, is approximately \$41 thousand.

The local economy is stable. The 2002 unadjusted seasonal unemployment rate for Kankakee County is 7.2 percent. The 2002 State of Illinois unemployment rate is 6.5 percent and the 2002 national unemployment rate average is 5.8 percent.

As part of this evaluation we contacted a local community official. The contact indicated that the performance of local financial institutions is very good. The credit and financial service needs vary from agricultural credit, home improvement and some small business credit. The area contains a mix of residential housing, small businesses and small farms.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's average loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and AA credit needs. NBSA's LTD ratio has been trending upward since our last evaluation. The bank's LTD ratio as of June 30, 2004 is 50.19 percent. NBSA's quarterly average LTD ratio for the period from September 30, 1999 through June 30, 2004 is 43 percent. Banks of various sizes in the AA range from an average of 43 percent to 93 percent in their LTD ratio. NBSA is similarly situated in relationship to banks of comparable asset size within the AA.

Lending in Assessment Area

NBSA's primary loan types are home-mortgage, commercial, and agricultural loans. These loan types constitute a significant volume of the bank's lending mix. Residential loans comprise 21 percent of NBSA's portfolio. The commercial and commercial real estate loan portfolio comprises 36 percent, agricultural loans comprise 27 percent, and loans to individuals are 16 percent.

NBSA's lending within the AA is excellent. Loans inside NBSA's AA represent 93 percent of the number of loans sampled (60 loans) and 98 percent of the dollar amount (\$1.8 million). The following table details the bank's lending within the AA by the number of loans originated and dollar volume in the sample.

Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000 omitted)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase*#	5	100	0	0	5	\$206	100	\$0	0	\$206
Home Refinance*#	15	100	0	0	15	\$777	100	\$0	0	\$777
Total Residential Real Estate*#	20	100	0	0	20	\$983	100	\$0	0	\$983
Small Business *#	16	80	4	20	20	\$313	90	\$33	10	\$346
Small Farm *#	20	100	0	30	20	\$461	100	\$0	0	\$461
TOTAL Loans	56	93	4	7	60	\$1,757	98	\$33	2	\$1,790

* Represents loans originated between January 1, 2001 and December 31, 2002.

NBSA is not a Home Mortgage Disclosure Act or a small business reporter, therefore; the analysis performed on the portfolio is based solely on the sample size of 20 from each product type.

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

The bank's lending to borrowers of different income levels is satisfactory.

In evaluating the borrower distribution of home mortgage loans, we considered the number of households in the bank's assessment area that live below the poverty level (22 percent using 1990 census) and the unemployment rate for Kankakee County (7.2 percent). The average median housing cost for 1990 census was \$41 thousand. The poverty level and the unemployment rate are barriers that may have a negative affect on home ownership.

Residential Real Estate Loan Originations

The borrower distribution of home purchase loans is good. There were no home purchase loans made to low-income borrowers in our sample. The percentage of low-income families within the AA is 28.53%. However, with 22% of the population below the poverty level in the AA, opportunities for low-income home purchases in the area are very limited. Home purchase loans made to moderate-income borrowers exceed the percentage of moderate-income families within the AA.

The borrower distribution of home refinance loans is good. Home refinance loans made to low-income borrowers is reasonable compared to the percentage of low-income families within the AA. Home refinance loans made to moderate-income borrowers exceed the percentage of moderate-income families within the AA.

There were no home improvement loans included in our sample. The data necessary to analyze the bank’s home improvement loans during this evaluation period was not available.

Table 2a – Borrower Distribution of Residential Real Estate Loans								
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*	28%	0%	21%	60%	23%	0%	28%	40%
Home Refinance*	28%	7%	21%	47%	23%	26%	28%	20%

*Represents loans originated as analyzed using a sample of 20 loans (5 home purchase, 15 home refinance).

Small Loans to Businesses

The bank’s lending to small businesses with revenues of \$1 million or less is more than reasonable. Our review included a sample of 20 loans inside the bank’s AA between January 1, 2001 and December 31, 2002.

Borrower distribution of loans to businesses is more than reasonable based on the sample size of twenty loans. NBSA’s loans to businesses with revenues of \$1 million or less comprised 95 percent of our sample and was well above the percentage of small businesses (76 percent which represents 260 businesses) in the AA. Below is a table that reflects the distribution of loans to businesses by loan size.

Borrower Distribution of Loans to Businesses by Loan Size				
Loan Size	Number of Loans	Percent of Number	Dollar Volume of Loans ('000)	Percent of Dollar Volume
\$0 - \$100,000	18	90%	332	43%
\$100,001 - \$250,000	2	10%	445	57%
\$250,001 - \$500,000	0	0%	0	0%
\$500,001 - \$1,000,000	0	0%	0	0%
Over \$1,000,000	0	0%	0	0%

Small Loans to Farms

The bank's lending to small farms with revenues of \$1 million or less is reasonable. Our review included a sample of 20 loans inside the bank's AA between January 1, 2001 and December 31, 2002.

Borrower distribution of small loans to farms is reasonable based on the sample size of twenty loans. NBSA's loans to farms with revenues of \$1 million or less comprised 80 percent of our sample and was below the percentage of small farms (95 percent which represents 128 farms) in the AA. Below is a table that reflects the distribution of loans to farms by loan size.

Borrower Distribution of Loans to Farms by Loan Size				
Loan Size	Number of Loans	Percent of Number	Dollar Volume of Loans ('000)	Percent of Dollar Volume
\$0 - \$100,000	19	95%	\$327	71%
\$100,001 - \$250,000	1	5%	\$134	29%
\$250,001 - \$500,000	0	0%	\$0	0%
\$500,001 - \$1,000,000	0	0%	\$0	0%
Over \$1,000,000	0	0%	\$0	0%

Geographic Distribution of Loans

A geographic distribution analysis would not be meaningful. Only one of the loans within our sample of 20 loans was made to a borrower located within the low income geography. Therefore, a geographic distribution analysis would not be meaningful. Our review determined that NBSA has made loans to borrowers within this geography; however, only one of these loans was included in our loan sample.

Responses to Complaints

NBSA has no outstanding complaints about its performance in helping to meet the credit needs within its AA during this evaluation period.

Fair Lending Review

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