

PUBLIC DISCLOSURE

January 8, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bartonville Bank
RSSD# 429535

5600 SW Adams
Bartonville, Illinois 61607

Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, Illinois 60604-1413

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.

TABLE OF CONTENTS

Institution’s CRA Rating 1

Description of Institution 2

Description of the Assessment Area 3

Conclusions with Respect to Performance Criteria 4

Loan-To-Deposit Ratio 4

Lending in the Assessment Area..... 5

Lending To Borrowers of Different Incomes and Business of Different Sizes 6

Geographic Distribution of Loans 7

Response to Complaints..... 8

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 operations 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 **Bartonville Bank, Bartonville, Illinois** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **January 8, 2001**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

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

The bank has provided credit consistent with its size, financial capacity, location, economic conditions, and the competitive factors within its assessment area. The bank's loan-to-deposit ratio is considered adequate given the bank's very conservative loan policy, the competitive pricing factors of the assessment area, and the bank's reduction of the volume of indirect paper. The bank's percentage of lending within its assessment area exceeds the standards for satisfactory performance. The bank shows a reasonable amount of lending to borrowers of different incomes and business of different sizes. The geographic distribution of the bank's loans demonstrates the bank's willingness to extend credit throughout its entire assessment area.

The examination revealed no patterns or practices intended to discriminate or discourage loan applications from any member of a protected class. There were no CRA-related complaints received by the bank since the previous examination.

The bank's CRA performance was previously evaluated January 6, 1996 at which time it was rated satisfactory.

DESCRIPTION OF INSTITUTION

Bartonville Bank, with total assets of \$73,476,000 as of December 31, 2000, is a subsidiary of Bartonville Investment Corporation, a one-bank holding company located in Bartonville, Illinois. The bank is located at 5600 SW Adams, in Bartonville, Illinois. The bank also has a branch located at 1204 West Garfield, in Bartonville, Illinois; this location includes a drive-up teller window and an automated teller machine (ATM).

The bank's primary business focus is consumer and small business lending. The bank offers traditional consumer loans, business purpose loans, and deposit products. Consumer loans include real estate, installment, and single-payment loans; home equity loans and lines of credit; and personal lines of credit. The bank is also an issuer of credit cards, including VISA, Classic MasterCard, and MasterCard Gold.

A review of the bank's December 31, 2000 Uniform Bank Performance Report (UBPR) revealed a loan-to-deposit ratio of 46.83%. The distribution of the loan portfolio by loan type for the bank and its peer group are as follows:

COMPOSITION OF BANK'S LOAN PORTFOLIO AS COMPARED TO PEER		
LOAN TYPE	BANK AVERAGE LOAN MIX (%)	PEER AVERAGE LOAN MIX (%)
Real Estate Loans	48.54	63.50
Loans To Individuals	37.43	9.64
Credit Card Loans	3.77	.24
Commercial & Industrial Loans	12.44	20.71
Agricultural Loans	.53	1.46
Municipal Loans	.94	.13
Other Loans *	.08	.28
*Excludes Financial Institution Loans, Acceptance of Other Banks, Foreign Office Loans and Leases, and Lease Financing Receivables		

Real estate loans and loans to individuals comprise the majority of the bank's loan portfolio, which is similar to its peer group loan mix. The bank's loans to individuals comprise a more significant component of the portfolio than its peer group. However, it should be noted that the bank has consistently decreased its commercial and industrial lending, and its loans to individuals since the previous examination.

Based upon a comparison of the bank's loan distribution with information contained in the previous report of examination (January 6, 1996), total loans have decreased by approximately four million dollars. In that time, however, the bank has substantially

decreased their purchase of indirect automobile loans, which formerly comprised a large portion of the loan portfolio.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is comprised of Peoria, Tazewell, and Woodford Counties located in central Illinois (Appendix A), representing Metropolitan Statistical Area (MSA) 6120 (Peoria-Pekin MSA). The assessment area consists of a total of 87 census tracts. The bank's assessment area excludes census tracts 50.97 and 50.98 in Peoria County, as they have no population. Census tract 201.99 in Tazewell County is also excluded from the bank's assessment area, as there are no households in the tract. A total of 8 low-income tracts, 17 moderate-income, 45 middle-income, and 17 upper-income census tracts make-up the 87 census tract assessment area.

According to 1990 census data, the housing stock within the bank's assessment has a median value of \$49,105 versus the State of Illinois median housing value of \$80,114. There are a total of 128,720 housing units within the assessment area, of which 82,489 or 64.1% are owner-occupied, 39,543 or 30.7% are rental and 6,688 or 5.2% are vacant units. One-to-four family homes account for the majority 107,827 or 83.7% of the assessment areas housing, while multifamily homes comprise 17,057 or (13.3%) of the housing. The median age of homes in the bank's assessment area is 48 years. The adjusted median family income for the MSA is \$53,200 according to 2000 Housing and Urban Development (HUD) data.

According to 1999 information released by the Economic Development Council for the Peoria Area, the following illustrates some of the major employers within the bank's assessment area:

MAJOR EMPLOYERS IN THE PEORIA-PEKIN MSA		
EMPLOYER	# OF EMPLOYEES	PRODUCT / SERVICE
Caterpillar, Inc.	16,553	Mechanical Products
St. Francis Medical Center	4,250	Health Care
Pekin Insurance Company	3,164	Insurance
Methodist Medical Center	2,400	Health Care
Pekin Federal Correctional Institution	1,963	Correctional Institution
Keystone Steel & Wire Company	1,675	Wire Products
Illinois Central College	1,493	Higher Education

Current unemployment statistics from the State of Illinois Department of Employment Security

(IDES) are as follows:

UNEMPLOYMENT STATISTICS		
AREA	2000 (3 RD QUARTER) (%)	1999 (3 RD QUARTER) (%)
State of Illinois	4.30	4.50
Peoria County	4.20	4.40
Tazewell County	3.40	4.40
Woodford County	2.40	3.00

Competition within the assessment area continues to be strong, and includes several branch offices, credit unions, and branches of large regional banks, as well as smaller, locally managed institutions. According to management, the bank's primary competitor is Citizens Equity Federal Credit Union of Peoria, a \$1.7 billion institution and a long-standing community-based credit union that originated from Caterpillar Inc., the largest employer in the assessment area. Additional competitors include South Side Trust & Savings Bank of Peoria, with a branch located in Bartonville; and Heritage Bank of Central Illinois of Trivoli, with a branch located in Peoria.

Community representatives contacted during the examination to determine the credit needs of the assessment area indicated that the bank is actively involved in the community and is adequately meeting the credit needs of the community. Additionally, community representatives stated that they felt that consumer confidence was fairly strong and unemployment in the area was fairly low. It should be noted that the assessment area has high exposure to one employer (Caterpillar), and recently has had negative migration trends.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The bank was examined for compliance with fair lending laws and regulations; no evidence of prohibited discriminatory credit practices was found. The bank is in compliance with the substantive provisions of anti-discrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts.

LOAN-TO-DEPOSIT RATIO

A review of the bank's Consolidated Report of Condition from March 31, 1997 to December 31, 2000 revealed an average loan-to-deposit (LTD) ratio of 56.29%.

The quarterly ratios for both the bank and its peer group since the previous examination are as follows:

Loan-to-Deposit Ratio		
Past 16 Quarters (March '97 – Dec '00)	Bank	Peer
March 1997	63.09%	68.30%
June 1997	62.27%	69.88%
September 1997	62.69%	69.99%
December 1997	59.68%	68.71%
March 1998	57.86%	68.61%
June 1998	56.96%	68.90%
September 1998	53.98%	68.81%
December 1998	53.08%	67.81%
March 1999	54.08%	69.49%
June 1999	52.26%	70.63%
September 1999	56.18%	71.84%
December 1999	57.97%	73.42%
March 2000	60.62%	74.42%
June 2000	54.09%	75.61%
September 2000	48.98%	76.29%
December 2000	46.83%	75.90%
AVERAGE	56.29%	71.16%

The bank's LTD ratio has continued to decline significantly since the previous examination. The bank's average LTD ratio has decreased from 65.17% (as of the previous examination) to 46.83%. The bank's peer group had LTD ratios, which were substantially higher than the ratios at Bartonville Bank for the same time period. The bank's LTD ratios show a decreasing trend since the previous examination, and are substantially (38%) below peer at present.

According to bank management, the low LTD ratio was attributed to three primary reasons: the very conservative lending policy that bank management has prescribed for the bank, the decision to substantially decrease the volume of indirect paper that it was purchasing, and the bank's deposit base has also grown substantially (approximately \$10 million) over the preceding year while loan volume has remained relatively stable.

The loan-to-deposit ratio meets the standards for satisfactory performance.

LENDING IN ASSESSMENT AREA

2000 HMDA DATA

A review of the bank's 2000 Home Mortgage Disclosure Act Data (HMDA) was reviewed to analyze the bank's record of lending in the assessment area. Of the 48 real estate-related loans included in the 2000 HMDA loan application register (LAR), 100% were originated within the bank's assessment area. This level of real-estate-related loans in the bank's assessment area indicates that the bank's performance under this criterion exceeds the standards for satisfactory performance.

COMMERCIAL LENDING

Of the thirteen new commercial loans originated during the six-month review period (July, 1 2000 – December 31, 2000) totaling \$22,874,455, all were originated within the bank's assessment area. The bank's performance under this criterion also exceeds the standard for satisfactory performance.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

Analysis of the 2000 HMDA data, indicate the following distribution of HMDA-related loans:

Distribution of 2000 HMDA-Related Loans by Borrower Income Level*				
LOAN TYPE	LOW-INCOME BORROWERS	MODERATE- INCOME BORROWERS	MIDDLE-INCOME BORROWERS	UPPER-INCOME BORROWERS
	Number / \$000's	Number / \$000's	Number / \$000's	Number / \$000's
Purchase Money	2 / \$103	4 / \$177	3 / \$223	3 / \$231
Refinance	1 / \$10	7 / \$271	8 / \$575	11 / \$866
Home Improvement	2 / \$47	3 / \$88	1 / \$50	4 / \$190
TOTAL #	5	14	12	18
% of Total Borrowers	10.2%	28.6%	24.5%	36.7%

* Information based on HUD's 2000 Adjusted Median Family Income

The distribution in the preceding chart indicates that while a majority (61.2%) of the HMDA-related loans were made to middle- and upper-income borrowers, lending activity to low- and moderate-income borrowers is generally consistent with the assessment area's demographics (28.7% low- and moderate-income tracts). The bank's combined lending to borrowers with low- or moderate incomes (38.8%) satisfactorily meets the performance criterion and reflects a reasonable penetration among borrowers of different income levels.

Analysis of all business loans originated July 1, 2000 through December 31, 2000 was conducted to assess the bank's performance under this criterion. Upon review, 7 of 13 loans (53.8%) were made to small businesses with gross revenue under one million dollars.

Analysis of the bank's commercial lending revealed that all thirteen of the banks commercial loans for six-month period were in amounts less than \$100,000.00.

The distribution of loans and the range of loan amounts reflect a reasonable penetration among borrowers of different income levels and businesses of different sizes.

GEOGRAPHIC DISTRIBUTION OF LOANS

Twenty-five of the 87 (28.7%) census tracts within the bank's assessment area are considered low- or moderate- income census tracts. The geographic distribution of loans originated from January 1, 2000 through December 31, 2000, by census tract income classification and loan type, is as follows:

LOAN DISTRIBUTION BY CENSUS TRACT CLASSIFICATION AND LOAN TYPE					
LOAN TYPE	LOANS IN LOW- INCOME CENSUS TRACTS	LOANS IN MODERATE- INCOME CENSUS TRACTS	LOANS IN MIDDLE- INCOME CENSUS TRACTS	LOANS IN UPPER- INCOME CENSUS TRACTS	TOTAL LOANS
Mortgage*	1	3	38	6	48
Commercial**	2	2	7	2	13
Total	3	5	45	8	61
% of Total Loans	4.92%	8.20%	73.77%	13.11%	100%

* The Loan Period Reviewed for Mortgage Lending was all HMDA-related loans for the year 2000

** Loan Period Reviewed for Commercial Lending was July 1, 2000 through December 31, 2000

For the analysis period, the bank originated 8 of 61 loans, (13.12% of the loans reviewed) in low- and moderate- census income tracts. Given the bank's loan volume for the review period, and the concentration of the population (79.5%) in middle and upper income census tracts; loan penetration in low-, moderate-, and upper-income census tracts is low outside Bartonville. This is due to the bank's location and the relative location of the low- and moderate- income census tracts. This results in a limited market for the bank's real estate loan products outside its immediate assessment area.

Based on the bank's overall lending, bank location, and the bank's competitors within its assessment area, the geographic distribution of loans within the assessment area meets the standards for satisfactory performance.

RESPONSE TO COMPLAINTS

The bank has not received any CRA-related complaints since the previous examination; therefore this criterion was not reviewed.