

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 6, 1997**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CAR Part 228.

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

The bank provides credit consistent with its size, financial capacity, location, current economic conditions and needs of its assessment area. The bank's loan-to-deposit ratio is reasonable and the bank originates a substantial majority of loans within its assessment area. The bank is lending to consumers of different income levels and businesses of different sizes and the geographic distribution of 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 following table indicates the performance level of **Bartonville Bank, Bartonville, Illinois** with respect to each of the five performance criteria:

SMALL INSTITUTION ASSESSMENT CRITERIA	BARTONVILLE BANK PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No CRA-related complaints have been received since the previous examination		

DESCRIPTION OF INSTITUTION

Bartonville Bank, with total assets of \$55.8 million as of September 30, 1996, is located in Bartonville, Illinois southwest of Peoria, Illinois. The bank operates its main office and one branch in Bartonville. Bartonville Bank is a wholly-owned subsidiary of Bartonville Investment Company. Bartonville Investment Company is part of the Backlund banking organization through the commonality of ownership interests of bank Chairman B.F. Backlund. There are six one-bank holding companies in the Backlund group and one independent bank. Collectively, these affiliated institutions are known as The Better Banks Group.

The bank offers the following types of credit: residential mortgages including second mortgage loans and revolving home equity loans; consumer loans consisting of automobile, boat, personal, motorcycle, mobile home, and home improvement loans; commercial loans; agricultural-related loans; and municipal loans. VISA, MasterCard and MasterCard Gold credit cards can also be obtained at the bank. There are no impediments limiting the bank's ability to meet the credit needs in its assessment area.

The bank receives its primary competition for credit products and services from the following financial institutions: the Bartonville branch office of South Side Trust & Savings Bank, Peoria; the Bartonville branch office of First Bank FSB, Clayton, Missouri; First Federal Savings & Loan Association of Pekin, Pekin; First of America Bank-Illinois, National Association, Peoria; Bank One, Peoria; Commerce Bank, National Association, Peoria; Redbrand Credit Union, Bartonville; and the Hanna City branch office of Heritage Bank of Central Illinois, Trivoli.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

The bank's assessment area consists of 80 census tracts; 50 in Peoria County and 30 in Tazewell County. All census tracts are located in the Peoria-Pekin Metropolitan Statistical Area (MSA 6120). Of the 80 census tracts in the assessment area, 25 are low- and moderate-income census tracts and eight are minority census tracts. Two of the low-income census tracts (201.99 and 217.00) have either no population or no housing units. Effectively, there are 78 census tracts in the assessment area with 23 low- to moderate-income census tracts.

According to 1990 census data, the assessment area has a population of 287,126. The largest towns in the assessment area are Peoria (113,504) and Pekin (32,254). Bartonville has a population of 5,643. The assessment area is 89.2% white and 10.8% minority. Bartonville and other cities located within the bank's assessment area (excluding Peoria) are predominantly White, with minorities representing less than 2% of Bartonville's population. Census data indicates that the ethnic make-up of Peoria is 77% White, 21% African

American, and 2% all other. The median family income in the assessment area is \$36,089. Of the 77,845 families in the assessment area, 21.2% are low-income, 17.6% are moderate-income,

23.5% are middle-income and 37.7% are upper-income.

Housing units within the assessment area total 116,444; 63.5% are owner-occupied, 31.1% are rental units, and 5.4% are vacant. The median age of the housing stock is 44 years. Overall, the median home value in the assessment area is \$48,806.

The following chart illustrates some of the major employers located in the assessment area:

Employer	# of Employees	Product/Service
Caterpillar, Inc.	17,847	Mechanical Products
St. Francis Medical Center	3,900	Health Care
Peoria Public Schools	2,847	District 150 Public Schools
Methodist Medical Center	2,600	Health Care
Keystone Steel & Wiring Company	1,600	Wire Products
Central Illinois Light Company	1,600	Utility
U.S. Post Office	1,475	Government Postal Service

The unemployment rates according to the Illinois Department of Labor Security for September 1995 and September 1996 in the indicated areas are as follows:

Area	September 1996 (%)	September 1995 (%)
Illinois	4.9	4.8
Peoria - Pekin MSA	5.3	3.8
Peoria County	6.0	4.2
Tazewell County	5.0	3.8
Peoria City/TWP	6.7	4.7

Although the Labor Department statistics show an increase in unemployment rates, the community representatives disputed these numbers, indicating that they felt the area economy has improved steadily during this time; they had no explanation for the increase in unemployment rates.

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 antidiscrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts.

Loan-to-Deposit Ratio

A review of the bank's Consolidated Reports of Condition over the most recent six quarters revealed that the loan-to-deposit (LTD) ratio averaged 63.86%. The following chart shows the bank's net loan-to-deposit ratios over the most recent six quarters:

9/30/96	6/30/96	3/31/96	12/31/95	9/30/95	6/30/95
65.17%	63.83%	64.51%	63.91%	63.25%	62.50%

Local competitor and peer group loan-to-deposit ratios for September 1996 were as follows:

BANK NAME	LTD
Heritage Bank of Central Illinois (\$66 million in assets)	66.39%
Southside Trust & Savings Bank (\$281 million in assets)	72.15%
Commerce Bank, N.A. (\$953 million in assets)	53.15%
Bank One - Peoria (\$293 million in assets)	95.89%
Peer Group	68.30%

The bank's loan-to-deposit ratio compares favorably with the loan-to-deposit ratios of its competitor of similar size and the peer group.

A comparison of the September 1995 and September 1996 Call Reports of Condition revealed loan growth of \$2.4 million (8%). Increases in consumer loans (\$1.8 million) and real estate-related loans (\$.5 million) accounted for most of this growth, evidencing the bank's continued focus on consumer lending.

The loan-to-deposit ratio meets the standards for satisfactory performance and demonstrates the bank's willingness to serve the assessment area's credit needs.

Lending in Assessment Area

A sample of 575 loans originated from July 1, 1996 to December 31, 1996 was reviewed to determine the bank's level of lending within its assessment area. Of the 575 loans, 493 loans or 85.7% were made within the bank's assessment area.

Review of 1995 Home Mortgage Disclosure Act (HMDA) data disclosed that the bank originated 95.5% (106 of 111) of loans within its assessment area. The 1996 HMDA LAR indicates that the bank originated 93.1% (81 of 87) of loans within its assessment area.

The examination loan sample and the HMDA data reveal that the bank originates a substantial majority of its loans within its assessment area and indicate that the bank's performance under this criterion exceeds the standards for satisfactory performance.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Analysis of 1995 HMDA data and the 1996 LAR (using a median family income of \$36,089) indicate the following distribution of mortgage loans among borrowers of different income levels:

Year	Loans to Low- and Moderate-Income Borrowers	Loans to Middle-Income Borrowers	Loans to Upper-Income Borrowers	Total Loans
1995 (HMDA)	22 (20.75%)	27 (25.47%)	57 (53.77%)	106
1996 (LAR)	12 (14.81%)	14 (17.28%)	55 (67.90%)	81

The distribution in the previous chart indicates that while the majority of HMDA-related loans were made to upper-income borrowers, lending activity to low- and moderate-income borrowers was generally consistent with the assessment area's demographics.

Analysis of all loans originated in the previous six months was conducted to assess the bank's performance under this criterion. For nonmortgage-related loans the bank does not consistently obtain borrower income information on its applications. Review of the 493 sampled loans revealed that 48 loans (9.74%) were in amounts of \$1,000 or less; loans usually associated with low-income borrowers. Additionally, 69 of 77 (89.61%) commercial loans sampled were made to small businesses; 71 of the 77 loans (92.21%) were in amounts of \$100,000 or less.

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-three of the 78 (29.49%) census tracts within the bank's assessment area are considered

low- or moderate-income census tracts. Two additional census tracts are considered low-income and have little (4 persons) or no population. The geographic distribution of loans originated from July 1, 1996 to December 31, 1996, by census tract income classification and loan type, is as follows:

LOAN TYPE	Loans in Low- and Moderate-Income Census Tracts	Loans in Middle-Income Census Tracts	Loans in Upper-Income Census Tracts	Total Loans
COMMERCIAL	10	61	6	77
MORTGAGE	1	43	0	44
INSTALLMENT	46	278	48	372
TOTAL	57	382	54	493

The bank originated loans in all but three of the 23 low- to moderate-income census tracts (9.00, 13.00, 14.00). The three census tracts without activity are located in downtown Peoria, an area where loan penetration by the bank would not be expected because of competition from larger banks and the limited consumer market. Overall, the bank penetrated 70 of 78 (89.74%) census tracts within its assessment area; 57 of 493 loans or 11.56% were originated in low- to moderate-income census tracts.

The 1995 HMDA data and 1996 LAR indicate that the bank originated more than 60% of its mortgage-related lending in the proximity of Bartonville (census tracts 46.00, 48.01 and 48.02). Loan penetration in low-, moderate-, and upper-income census tracts is low outside Bartonville, indicating a limited market for the bank's real estate loan products outside its immediate area.

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

Response to Complaints

No CRA-related complaints have been received since the previous examination.