

# **PUBLIC DISCLOSURE**

**December 8, 2003**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Riverton Community Bank  
Certificate #19438**

**409 North Seventh Street, PO Box 80  
Riverton, Illinois 62561**

**Federal Deposit Insurance Corporation  
Division of Compliance and Consumer Affairs  
Chicago Regional Office  
500 West Monroe Street, Suite 3500  
Chicago, Illinois 60661**

**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.

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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 Community Reinvestment Act (CRA) performance of **Riverton Community Bank** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **December 8, 2003**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

## INSTITUTION RATING

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

- The majority of residential and business loan originations are made in the assessment area.
- The institution's residential loan originations are fairly distributed among low-income borrowers. The distribution among moderate-income borrowers is excellent and substantially exceeds the comparable population percentage.
- All business loans sampled were originated in amounts less than \$100,000. This compares very well to the percentage of small businesses, which represents 77 percent of the businesses in the assessment area.
- The bank's net loan-to-deposit ratio is reasonable given the bank's size, competition, and the credit needs of the assessment area.
- The institution's assessment area is comprised entirely of middle-income geographies; therefore, very little weight was given to the geographic distribution of loans made in the assessment area.
- There have been no CRA complaints filed with the bank or the FDIC Regional Office since the prior CRA evaluation.

## DESCRIPTION OF RIVERTON COMMUNITY BANK

Riverton Community Bank is a commercial bank with \$34, 801,000 in total assets, \$17,459,000 in net loans, and \$31,612,000 in total deposits. The bank operates from one full-service office located in Riverton, Illinois. Riverton (population 3,048) is located in eastern Sangamon County approximately four miles east of Springfield. The subject bank’s stock is widely held. No legal or financial impediments exist that would prohibit the bank from meeting the credit needs of its community. The bank was rated “Satisfactory” at the last CRA evaluation, which was performed on February 1, 1999.

Riverton Community Bank offers a typical array of conventional loan and deposit products. The loan products consist of 1) real estate loans for home purchase, home improvement, construction, farm real estate, and commercial real estate, 2) agricultural and commercial loans for operating expenses and equipment, and 3) consumer loans for auto, personal, boat, motorcycle, and education.

The primary business focus of the bank is residential lending with emphasis on commercial and consumer lending. Based on the September 30, 2003, Consolidated Report of Condition and Income (Call Report), approximately 53 percent of the bank’s loan portfolio consisted of home mortgage loans, 20 percent consisted of business loans, 18 percent consisted of consumer loans, and 3 percent consisted of agricultural loans. Table 1 illustrates the bank's loan portfolio as of September 30, 2003.

**Table 1**

Loan Type	Dollar Amount	Percent of Total Loans
<b><i>LOANS SECURED BY REAL ESTATE</i></b>		
Construction and Land Development	\$153	1%
Secured by Farmland	\$534	3%
<b><i>Secured by 1-4 Family Residential Properties:</i></b>		
Open-end Lines of Credit	\$4	<1%
Secured by First Liens	\$9,280	53%
Secured by Junior Liens	\$198	1%
<b><i>Total 1-4 Family Residential</i></b>	<b><i>\$9,482</i></b>	<b><i>54%</i></b>
Secured by multifamily residential properties	\$530	3%
Secured by nonfarm nonresidential properties	\$1,899	11%
<b><i>Total Real Estate Loans</i></b>	<b><i>\$11,911</i></b>	<b><i>68%</i></b>
Loans to Finance Agricultural production and other loans to Farmers	\$58	<1%
Commercial & Industrial Loans	\$1,674	9%
Loans to Individuals for Household, Family, and Personal	\$3,194	18%
All other Loans and Leases (exclude consumer loans)	\$30	<1%
<b>TOTAL LOANS</b>	<b><i>\$17,554</i></b>	<b><i>100%</i></b>

## DESCRIPTION OF ASSESSMENT AREA

The assessment area of Riverton Community Bank consists of two middle-income census tracts located in the northeastern portion of Sangamon County, which is a part of the Springfield Metropolitan Statistical Area (MSA). Riverton is located along the Sangamon River, which represents the dividing line between census tracts 38.01 and 38.02. According to a contact interviewed in connection with this evaluation, a large percentage of Riverton residents commute daily to Springfield for a wide variety of employment opportunities. Although part of the Springfield MSA, the bank's assessment area economy area is largely rural in nature.

The Department of Housing and Urban Development (HUD) categorizes individual census tracts as, low-, moderate-, middle-, or upper-income based upon the individual tract's Median Family Income (MFI) as a percentage of the MSA's MFI. Both census tracts comprising Riverton Community Bank's assessment area are middle-income tracts. **Table 2** reflects selected demographic data for the assessment area as compared to the Springfield MSA.

**Table 2**

<b>Demographic &amp; Economic Data of the AA Compared with Springfield, IL MSA</b>		
	<b>Assessment Area</b>	<b>MSA 7880</b>
Population	8,131	201,437
<b>Median Family Income:</b>		
2000 Median Family Income	\$53,610	\$53,834
2003 Estimated Median Family Income(*)	N/A	\$58,500
<b>Percentage of Families by Income Level of Family:</b>		
Low-Income	16%	23%
Moderate-Income	21%	16%
Middle-Income	28%	20%
Upper-Income	35%	41%
Families Below the Poverty Level	5%	16%
<b>Percentage of Total Housing Units:</b>		
Owner-Occupied Housing Units	77%	65%
Rental Housing Units	16%	27%
1-4 Family Residential	74%	82%
Multi-Family	3%	12%
Mobile Home or Trailer	24%	7%
<b>Median Housing Characteristics:</b>		
Median Age in Years	24	31
Median Home Value	\$91,875	\$91,400
Median Gross Rent	\$509	\$501

*Source: 2000 U.S. Census. \*--Based on estimates from HUD for the Springfield, IL MSA.*

Riverton Community Bank operates in an extremely competitive banking environment primarily due to its close proximity to Springfield. A total of 27 FDIC insured financial institutions operate 78 offices in Sangamon County. The vast majority of these offices are located in the City of Springfield, which is approximately four miles west of Riverton. Retail deposits of Riverton Community Bank account for approximately one percent of deposits held by all FDIC insured institutions operating in the county.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**Scope of the Evaluation**

CRA performance at small banks (less than \$250 million in total assets) is evaluated based on the following criteria:

- Lending in the assessment area
- Lending to borrowers of different income categories and businesses of different sizes
- Geographic distribution of loans within the assessment area by census tract and income level
- Loan-to-deposit ratio
- Response to consumer complaints

**Sampling Procedures Performed**

To evaluate the bank's CRA performance, commercial and industrial, commercial real estate, and home mortgage loans originated in the six-month period of April 1, 2003 to September 30, 2003 were analyzed. The listed loan types account for approximately 77 percent of the bank's loan portfolio as of September 30, 2003. For purposes of this analysis, commercial and industrial loans and commercial real estate loans will be combined and referred to as "business loans."

No new products have been offered and no changes in the bank's lending philosophy or procedures have occurred since the February 1, 1999, CRA evaluation. Other than normal growth, there have been no significant fluctuations in lending levels since the prior CRA evaluation. Therefore, the loans reviewed during the review period are believed to be representative of the bank's lending performance throughout the entire evaluation period.

As shown in **Table 3**, samples were taken of originated loans to prepare the schedules contained in the tables throughout this Performance Evaluation. Lending patterns adequately represent the bank's lending efforts since the prior evaluation.

Table 3

<b>Information about Loan Samples Taken in 2003</b>				
Year	Residential		Business	
	Sample	Universe	Sample	Universe
2003	24	35	33	128

Source: Bank data

**Lending in the Assessment Area:**

The bank's lending in its assessment area is considered adequate. The bank originates the majority of both the number and dollars of its loans within the assessment area. Specifically, 63 percent of the number and 61 percent of the dollar amount of sampled loans were made within the assessment area. The majority of sampled loans found to be outside the assessment area were within census tracts adjacent to tracts 38.01 and 38.02 in Springfield and Sherman. Complete data showing the distribution of loans inside and outside the assessment area are contained in **Table 4**.

**Table 4**

<b>Residential and Business Loans Originated Within the Assessment Area</b>							
<b>Type of Loans</b>		<b>Loans Reviewed</b>		<b>Loans Within Assessment Area</b>			
		<b>Number</b>	<b>\$(000)</b>	<b>Number</b>	<b>% of #</b>	<b>\$(000)</b>	<b>% of \$</b>
<b>Residential Loans:</b>	2003	24	\$967	15	63%	\$565	58%
<b>Business Loans:</b>	2003	33	\$418	21	64%	\$284	68%
<b>Total All Loans:</b>		<b>57</b>	<b>\$1,385</b>	<b>36</b>	<b>63%</b>	<b>\$849</b>	<b>61%</b>

*Source: Bank data*

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

The bank's performance of residential lending to low- and moderate-income borrowers and lending to small businesses is good.

**Residential Loans**

To determine the distribution of lending to borrowers of different incomes, borrowers' incomes are classified as low-, moderate-, middle-, or upper-income. Those categories are calculated by using the HUD estimated MFI for the Springfield MSA. The estimated MFI for calendar year 2003 is \$58,500. The definitions in **Table 5** show the divisions of income for 2003.

**Table 5**

<b>Income Level</b>	<b>Percent of MFI</b>	<b>Income Range 2003</b>
Low	Less than 50%	Less than \$29,250
Moderate	50% to < 80%	\$29,250 to <\$46,800
Middle	80% to < 120%	\$46,800 to <\$70,200
Upper	120% and Over	\$70,200 and Over

*Source: U.S. 2000 Census and HUD.*

Riverton Community Bank’s residential lending to low- and moderate-income individuals is good and is illustrated in **Table 6**. The bank’s lending percentage to low-income families is far less than the low-income family population in the assessment area, which is 16 percent. However, five percent of the assessment area’s population is below poverty level. Families in this income category tend to have more difficulty affording home ownership because of income limitations and downpayment requirements. Therefore, only 11 percent of the low-income families in the assessment area would be more likely to seek or to afford home ownership. Therefore, the bank’s record of lending to low-income borrowers is slightly below the adjusted population level. The bank’s lending record to moderate-income families is excellent, and substantially exceeds the comparable percentage of moderate-income families in the assessment area.

**Table 6**

Borrower Income Level	Percent of Total Families in AA	Residential Lending 2003	
		#	%
<b>Low</b>	16%	1	7%
<b>Moderate</b>	21%	7	46%
<b>Middle</b>	28%	3	20%
<b>Upper</b>	35%	4	27%
<b>Total</b>	<b>100%</b>	<b>15</b>	<b>100%</b>

*Source: U.S. 2000 Census, Bank Records*

**Small Business Loans**

The bank’s performance of lending to businesses of different sizes reflects an excellent level of performance. The Call Report defines small business loans as those extended in original amounts of \$1,000,000 or less. The June 30, 2003 Call Report states that all or substantially all of the bank’s loans secured by nonfarm nonresidential properties and commercial loans have original amounts of \$100,000 or less. To complete this analysis, loan amount is used as a proxy for business size on the presumption that small businesses tend to borrow in smaller denominations than do larger businesses. In fact, a vast majority of loan originations were made to small/micro-businesses in amounts less than \$50,000. **Table 7** reflects the distribution of sampled small business loans in the assessment area on the basis of loan size.

**Table 7**

<b>Distribution of Business Loans by Loan Amount</b>				
<b>Loan Amount</b>	<b>Number of Loans</b>	<b>Percent of Number</b>	<b>Dollar Amount of Loans \$ (000)</b>	<b>Percent of Dollar Amount</b>
< \$25,000	16	76%	\$96	34%
\$25,000 - < \$50,000	4	19%	\$128	45%
\$50,000 - < \$100,000	1	5%	\$60	21%
> \$100,000	0	0%	\$0	0%
<b>Totals</b>	21	100%	\$284	100%

Source: Bank data

This level of lending to small businesses is consistent with business demographic data provided by Dunn & Bradstreet. According to Dunn & Bradstreet data, of the 326 businesses in the assessment area, 280 (or 77 percent) reported revenues less than or equal to one million dollars. Businesses with this level of revenue are considered small businesses for purposes of this evaluation.

**Geographic Distribution of Loans:**

Given that there are no low- or moderate-income census tracts in the assessment area, no analysis was performed and this performance criterion bears very little weight in the overall rating. Loans sampled in 2003 were being extended in both census tracts contained within the bank's assessment area.

**Loan-to-Deposit Ratio:**

Riverton Community Bank's volume of lending during the evaluation period is considered acceptable. During the 19 calendar quarters ending September 30, 2003, the bank's average net loan to deposit ratio is 72 percent. The bank's net loan to deposit ratio has varied from a high of 82 percent at the end of the third quarter of 2000 to the present low of 55 percent. While the bank's deposit balances have grown approximately 44 percent during the review period, loan balances have only increased only 13 percent. Given the bank's tremendous deposit growth and the high level of competition, this loan-to-deposit ratio is deemed to be adequate.

**Response to Consumer Complaints:**

No complaints concerning the bank's Community Reinvestment Act performance have been received by the bank or the FDIC Regional Office since the prior CRA evaluation on February 1, 1999.

**Compliance with Anti-Discrimination Laws and Regulations:**

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified during this evaluation.