



PUBLIC DISCLOSURE

February 29, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Buena Vista National Bank
Charter Number 14479

1309 Swanwick Street
Chester, IL 62233

Office of the Comptroller of the Currency

St. Louis Field Office
500 North Broadway, Suite 1700
St. Louis, MO 63102

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.

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

The major factors that support this rating are:

- The distribution of loans reflects reasonable penetration to individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects excellent dispersion in Macon County.
- Lending in the assessment areas (AAs) is reasonable based on the bank's quarterly average loan-to-deposit (LTD) ratio since the last CRA evaluation.
- A substantial majority of the bank's loans were made within the AA.

SCOPE OF EXAMINATION

This Performance Evaluation of the Buena Vista National Bank (BVNB) assesses BVNB's record of meeting the credit needs of the communities in which it operates. We evaluated BVNB under the Small Bank performance criteria. The bank's overall rating is a blend of the conclusions for both AAs (Macon County and Randolph County, Illinois). We placed more weight on the conclusions for Randolph County because a substantial majority of the bank's deposits (91%) are from this area.

The evaluation period is from July 23, 2009 through February 29, 2016. Conclusions regarding the bank's lending performance are based on primary loan products (based on number) consisting of residential real estate (RRE) and consumer loans for Randolph County, and RRE and business loans for Macon County. Analyses were completed using RRE loans reported under the Home Mortgage Disclosure Act (HMDA) in 2013-2014 and consumer and business loans in 2014-2015.

We conducted a data integrity review of the RRE loans reported under HMDA. We found the HMDA data to be accurate and reliable. The loan data we analyzed included all HMDA loans, twenty-four consumer loans for Randolph County, and twenty commercial loans for Macon County.

DESCRIPTION OF INSTITUTION

BVNB is wholly owned by Buena Vista Bancorp, Inc., located in Chester, Illinois. As of December 31, 2015, BVNB reported total assets of \$211 million and Net Tier One Capital of \$21.3 million.

BVNB's business strategy focuses on RRE and consumer loans. Loan products offered include one-to-four family RRE loans, agricultural loans, commercial loans, and consumer loans. As of December 31, 2015, net loans represented 45% of total assets and consisted of RRE loans (51%), commercial and commercial real estate loans (30%), consumer loans (14%), agricultural and agricultural real estate loans (4%), and other loans (1%).

BVNB is an intrastate bank with eight offices. The two branches in Macon County are located in the cities of Decatur and Warrensburg. There are six offices in Randolph County located in the cities of Chester (2), Evansville (1), Red Bud (2), and Prairie du Rocher (1). All offices are located in middle-income census tracts (CTs), except for the Decatur branch, which is in a moderate-income geography (CT 0029.03).

The main office in Chester and the two branches in Macon County are full-service offices. When BVNB merged with the State Bank of Prairie du Rocher, BVNB opened the full-service Red Bud and Prairie du Rocher branches in December 2012. BVNB also opened a second branch in Red Bud in July 2013. There are no legal, financial, or other factors impeding BVNB's ability to help meet the credit needs of the AAs it serves.

BVNB was rated "Satisfactory" at its last CRA evaluation dated July 23, 2009.

DESCRIPTION OF ASSESSMENT AREAS

Randolph County

Management designated all of Randolph County in southwestern Illinois as one of its AAs. Based on 2010 Census data, Randolph County consists of nine middle-income geographies. There are no low-, moderate-, or upper-income geographies within this AA. FDIC deposit data as of June 30, 2015 shows BVNB's deposits total \$163.5 million in this AA. BVNB is the largest deposit-taking institution, with a 21% deposit market share. Competition for financial services is strong, as eight other financial institutions have a presence in the AA. Six competitors are local community banks, and two are large regional banks.

Major industries consist of retail trade, followed by services and public administration. Since the height of the recession in 2010, unemployment rates have steadily declined in the AA. The November 2015 unemployment rate for Randolph County (6.1%) is higher than the Illinois statewide rate (5.9%). Seven percent of families and 10% of households live below the poverty level, based on 2010 Census Data. The 2014 adjusted median family income for the AA is \$58,600. Based on 2010 Census data, 16% and 19% of families are low- and moderate-income, respectively. The percentages of households that are low- and moderate-income are 20% and 16%, respectively.

We contacted a representative from a local grassroots community organization to identify credit and other needs within the AA. The contact noted Randolph County is stable. The contact indicated most needs are met, but people could benefit from rental, utility, and food assistance.

Macon County

Management designated all of Macon County in central Illinois as the second AA. Macon County is the only county in the Decatur Metropolitan Statistical Area (MSA) # 19500. This AA is comprised of 34 CTs; there are four low-income, ten moderate-income, ten middle-income, and ten upper-income geographies within the AA. The low-income geographies are located in downtown Decatur, four miles from BVNB's closest branch office at the northern edge of the city.

Competition in this AA is strong, with 14 institutions operating 40 offices within Macon County. FDIC deposit data as of June 30, 2015 shows BVNB's deposits total \$15.2 million in Macon County. BVNB is the thirteenth largest deposit-taking institution, with a 0.80% deposit market share. Competitors range from small community banks to large banks with a nationwide presence.

Major industries consist of retail trade, followed by transportation and services. Unemployment rates have steadily declined in the AA. The November 2015 unemployment rate for Macon County (7.6%) is higher than the Illinois statewide rate (5.9%). Ten percent of families and 14% of households live below the poverty level, based on 2010 Census Data. The 2014 updated MSA Median Family Income for the AA is \$63,700. Based on 2010 Census data, 21% and 18% of families are low- and moderate-income, respectively.

As of 2015, 72% of businesses in the AA report revenues of \$1 million or less, 6% report revenues over \$1 million, and 22% did not report revenues. A majority of businesses (65%) employ 1 to 4 workers. Fourteen percent of the businesses are located in the low-income geographies; 23.6% are located in the moderate-income geographies.

We contacted a community-based development organization that operates a number of programs including graduation assistance, improved self-sufficiency, basic service assistance, increased access to direct healthcare, and various other community services. The contact indicated the primary need is affordable owner-occupied housing for low- and moderate-income individuals and Single Residency Occupancy units for the homeless.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

BVNB's LTD ratio is reasonable given the institution's size, its financial condition, and AA credit needs.

As of December 31, 2015, BVNB's LTD ratio was 54%. The bank's quarterly average of LTD ratios since the last CRA evaluation was 52.8%. This ratio is higher than four comparable banks and lower than four others. The average LTD ratio of these banks, which are comparable in size and location, ranges from 41% to 79% for the same time period.

Lending in Assessment Area

A substantial majority (81%) of loans were made within BVNB's two AAs. BVNB originated or purchased 81%, 95%, and 80% of residential real estate, consumer, and commercial loans, respectively, within its AAs.

Lending in Randolph County and Macon County										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total (\$)
	#	%	#	%		\$	%	\$	%	
Residential RE	395	81%	94	19%	489	28,205	73%	10,251	27%	38,456
Consumer	19	95%	1	5%	20	293,285	96%	11,087	4%	304,372
Commercial	16	80%	4	20%	20	334,179	84%	65,169	16%	399,348
Totals	430	81%	99	19%	529	\$655,669	88%	\$86,507	12%	\$742,176

Source: RRE loan data reported under HMDA for 2013 and 2014, a sample of 20 consumer, and a sample of 20 commercial loans originated in 2014 and 2015.

Lending to Borrowers of Different Income Levels

The distribution of loans to individuals and businesses reflects reasonable penetration within the AAs.

Randolph County

BVNB's lending distribution to borrowers of different income levels in this AA is reasonable. We placed more weight on the analysis of RRE for this conclusion because we evaluated all RRE loans originated versus a small sample of consumer car loans.

Residential Real Estate Loans

The borrower distribution of RRE loans originated or purchased during the evaluation period is reasonable. In evaluating the borrower distribution, we considered the percentage of families (7%) who live below the poverty level and the barriers this may have on home ownership.

The percentage of home purchase loans to low-income borrowers was near the percentage of AA families who are low-income. The percentage of home purchase loans to moderate-income borrowers was also near the percentage of AA families who are moderate-income. The percentage of home improvement loans to low-income borrowers was lower than the percentage of AA families who are low-income. The percentage of home improvement loans to moderate-income borrowers was also lower than the percentage of AA families who are moderate-income. The percentage of home mortgage refinance loans to low-income borrowers was significantly lower than the percentage of AA families who are low-income. The percentage of home mortgage refinance loans to moderate-income borrowers was lower than the percentage of AA families who are moderate-income.

Borrower Distribution of Residential Real Estate Loans in Randolph County								
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	16.0%	14.6%	19.5%	18.8%	24.3%	23.0%	40.3%	43.8%
Home Improvement	16.0%	10.0%	19.5%	10.0%	24.3%	25.7%	40.3%	54.3%
Home Mortgage Refinance	16.0%	5.5%	19.5%	13.6%	24.3%	27.2%	40.3%	53.7%

Source: RRE loan data reported under HMDA for 2013 and 2014; and 2010 U.S. Census Data.

Consumer Loans

The borrower distribution of consumer loans originated or purchased during the evaluation period does not meet the standard.

Based on our sample, the percentage of consumer loans to low-income borrowers was lower than the percentage of AA households who are low-income. The percentage of consumer loans to moderate-income borrowers was lower than the percentage of AA households who are moderate-income. However, this assessment is mitigated by the fact that 10% of households in Randolph County live below the poverty line.

Borrower Distribution of Consumer Loans in Randolph County								
Borrower Income Level	Low		Moderate		Middle		Upper	
Consumer Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	20.4%	16.7%	16.3%	12.5%	20.7%	25.0%	42.8%	45.8%

Source: Sample of 24 consumer loans originated in 2014 and 2015, and 2010 U.S. Census data.

Macon County

BVNB’s lending distribution to borrowers of different income levels and businesses of different sizes in this AA is reasonable.

Residential Real Estate Loans

The borrower distribution of RRE loans originated or purchased during the evaluation period is reasonable. In evaluating the borrower distribution, we considered the percentage of families (9%) who live below the poverty level and the barriers this may have on home ownership.

The percentage of home purchase loans to low-income borrowers exceeded the percentage of AA families who are low-income. The percentage of home purchase loans to moderate-income borrowers was near the percentage of AA families who are moderate-income. The percentage of home improvement loans to low-income borrowers was significantly lower than the percentage of AA families who are low-income. The percentage of home improvement loans to moderate-income borrowers was slightly lower than the percentage of AA families who are moderate-income. The percentage of home mortgage refinance loans to low-income borrowers was significantly lower than the percentage of AA families who are low-income. The percentage of home mortgage refinance loans to moderate-income borrowers was also significantly lower than the percentage of AA families who are moderate-income.

Borrower Distribution of Residential Real Estate Loans in Macon County								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans						
Home Purchase	20.8%	21.7%	18.2%	17.4%	20.3%	17.4%	40.6%	43.5%
Home Improvement	20.8%	7.7%	18.2%	15.4%	20.3%	15.4%	40.6%	61.5%
Home Mortgage Refinance	20.8%	9.5%	18.2%	9.5%	20.3%	28.6%	40.6%	52.4%

Source: RRE loan data reported under HMDA for 2013 and 2014; and 2010 U.S. Census Data.

Commercial Loans

The borrower distribution of commercial loans originated or purchased during the evaluation period exceeds the standard. The percentage of loans to businesses with revenues of \$1 million or less exceeds the percentage of businesses with revenues of \$1 million or less.

Borrower Distribution of Loans to Businesses in Macon County			
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown
% of AA Businesses	72%	6%	22%
% of Bank Loans in AA by #	90%	10%	0%
% of Bank Loans in AA by \$	88%	12%	0%

Source: Sample of 20 commercial loans originated in 2014 and 2015, and business demographic data from Dun & Bradstreet as of June 2014.

Geographic Distribution of Loans

The geographic distribution of loans reflects excellent dispersion within Macon County. No geographic distribution analysis was performed in Randolph County as there are no low- or moderate-income geographies within this AA. The bank lends in most geographies within the AAs, and we identified no conspicuous gaps in lending.

Macon County

The geographic distribution of loans is excellent given the performance context discussed in the Description of Assessment Area section of this evaluation.

Residential Real Estate Loans

The geographic distribution of RRE is more than reasonable.

While BVNB did not originate or purchase any home purchase loans to low-income geographies in this AA, the percentage of home purchase loans in moderate-income geographies significantly exceeded the percentage of owner-occupied housing units within those geographies. The percentage of home improvement loans in low-income geographies significantly exceeded the percentage of owner-occupied housing units within those geographies. The percentage of home improvement loans in moderate-income geographies also significantly exceeded the percentage of owner-occupied housing units within those geographies. The percentage of home mortgage refinance loans in low-income geographies exceeded the percentage of owner-occupied housing units within those geographies. The percentage of home mortgage refinance loans in moderate-income geographies significantly exceeded the percentage of owner-occupied housing units within those geographies.

Geographic Distribution of Residential Real Estate Loans in Macon County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	5.2%	0.0%	18.5%	31.0%	37.6%	55.2%	38.7%	13.8%
Home Improvement	5.2%	11.1%	18.5%	44.4%	37.6%	33.3%	38.7%	11.1%
Home Mortgage Refinance	5.2%	7.7%	18.5%	34.6%	37.6%	23.1%	38.6%	34.6%

Source: RRE loan data reported under HMDA for 2013 and 2014; and 2010 U.S. Census Data

Commercial Loans

The geographic distribution of commercial loans is reasonable. The percentage of commercial loans in low-income geographies was significantly lower than the percentage of businesses within those geographies. The percentage of commercial loans in moderate-income geographies was near the percentage of businesses within those geographies.

Geographic Distribution of Commercial Loans in Macon County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	14.0%	5.0%	23.6%	20.0%	31.3%	35.0%	31.1%	40.0%

Source: Sample of 20 commercial loans originated in 2014 and 2015, and business demographic data from Dun & Bradstreet as of June 2014.

Responses to Complaints

No CRA-related complaints have been received by the bank or the OCC since the prior CRA evaluation.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.