

PUBLIC DISCLOSURE

October 27, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Morton Community Bank
RSSD# 825146

721 West Jackson Street
Morton, IL 61550

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, IL 60604-1413

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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INSTITUTION RATING

Morton Community Bank’s Overall CRA Rating: Satisfactory

Performance Test Rating Table

The following table indicates the performance level of Morton Community Bank with respect to the lending, investment, and service tests.

Performance Levels	Performance Tests*		
	Lending Test	Investment Test	Service Test
Outstanding			
High Satisfactory		X	X
Low Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Summary of Major Factors that Support the Rating

Lending Test:

- Reflects adequate responsiveness to assessment area credit needs;
- Makes a substantial majority of loans in the bank’s assessment areas;
- Has adequate penetration of 2012 and 2013 HMDA- and CRA-reportable loans throughout the assessment area, including low- and moderate-income (LMI) areas within the assessment areas;
- Has adequate penetration among individuals of different income levels and to businesses and farms of different sizes, given the product lines offered by the bank;
- Exhibits an adequate record of serving the credit needs of low-income individuals and areas and very small businesses.

- Makes a relatively high level of community development (CD) loans; and
- Makes limited use of innovative and/or flexible lending practices in serving the assessment area credit needs.

Investment Test:

- Provides an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, often in a leadership position;
- Demonstrates occasional use of innovative and/or complex investments to support community development initiatives; and
- Exhibits good responsiveness to area credit and community development needs.

Service Test:

- Maintains delivery systems that are reasonably accessible to the bank's geographies and individuals of different income levels in the assessment area;
- Has business hours and banking services that do not vary in a way that inconveniences its assessment area, particularly LMI individuals and geographies;
- Has a record of opening and closing branch offices that has not adversely affected the availability of delivery systems, particularly to LMI census tracts and individuals; and
- Provides a relatively high level of community development services.

MORTON COMMUNITY BANK

DESCRIPTION OF INSTITUTION

Morton Community Bank (“MCB” or “Morton”) is a state member bank with total assets of \$2.8 billion as of June 30, 2014. MCB is wholly-owned by Hometown Community Bancorp (HCB), a one-bank holding company with assets of approximately \$2.8 billion as of June 30, 2014. Both MCB and HCB are headquartered in Morton, Illinois.

The bank’s primary focus is commercial lending; however, a variety of products and services are offered to meet the needs of consumers, businesses, and farms. Deposit products include checking, savings, money market accounts, NOW accounts, certificates of deposit, and prepaid debit cards. Credit products consist of commercial loans, residential real estate mortgage loans (including secondary market lending), agricultural loans, consumer loans, and credit cards. The bank also participates in federally sponsored loan programs.

Additional services provided by Morton Community Bank include remote deposit capture, mobile banking, internet banking, and telephone banking. Further, individuals may apply for residential real estate loans online via the bank’s website: www.hometownbanks.com. The website contains information about the bank’s products and services and provides links to its online services. These include balance inquiry, account transfers, and electronic bill payment.

Morton Community Bank currently operates one main office and 30 branches throughout four assessment areas. Since the previous evaluation, dated November 28, 2011, the bank opened one new branch: Fondulac Clock Tower in the Peoria MSA. During the same time period it closed two branches in the Bloomington-Normal MSA, Stanford and Cropsey, and consolidated two branches into one in the Peoria MSA. The bank also closed one stand-alone Automated Teller Machine (ATM) in Hopedale in the Peoria MSA, relocated one stand-alone ATM in the Peoria MSA, and opened one ATM in the Peoria MSA.

The table below provides a breakdown of the bank’s branches and ATMs. Beyond these, the bank operates nine stand-alone ATMs throughout its assessment areas.

Branch and ATM Breakdown by Assessment Area				
Office Address	Full-Service ATM	Cash-Only ATM	City	State
Peoria MSA – 37900				
Main: 721 W. Jackson Street		Y	Morton	IL
Morton South Main: 1301 S. Main Street		Y	Morton	IL
Morton Downtown: 218 N. Main Street			Morton	IL
Fondulac: 2400 E. Washington Street		Y	East Peoria	IL
Fondulac Clock Tower: 201 Clock Tower Drive	Y		East Peoria	IL
Fondulac Express: 252 E. Washington Street		Y	East Peoria	IL
Pekin Main: 601 Court Street	Y		Pekin	IL
Pekin East: 3512 Court Street		Y	Pekin	IL
Minier: 119 S. Minier Ave		Y	Minier	IL
Washington: 1895 Washington Road	Y		Washington	IL
Sunnyland: 2301 Washington Road		Y	Washington	IL
Peoria Metro: 4730 N. University Street		Y	Peoria	IL
Knoxville: 6907 N. Knoxville Ave		Y	Peoria	IL
Princeville: 116 E. Main Street		Y	Princeville	IL
Elmwood: 101 E. Evergreen Street		Y	Elmwood	IL
Bartonville: 1500 W. Garfield		Y	Bartonville	IL
Washburn: 101 S. Jefferson Street		Y	Washburn	IL
Minonk: 137 W. Fifth Street		Y	Minonk	IL
Roanoke: 416 W. Front Street		Y	Roanoke	IL
Spring Bay: 1605 N. Tremont Street		Y	Spring Bay	IL
Eureka: 205 S. Main Street		Y	Eureka	IL
Lacon: 313 Fifth Street		Y	Lacon	IL
Toluca: 201 N. Main Street		Y	Toluca	IL
Tremont: 101 S. Chestnut Street		Y	Tremont	IL
Bloomington-Normal MSA – 14060				
<i>Cropsey: 130 Main Street (Closed 8/8/2014)</i>		Y	<i>Cropsey</i>	<i>IL</i>
<i>Stanford: 206 W. Main Street (Closed 12/31/2012)</i>		Y	<i>Stanford</i>	<i>IL</i>
Non-MSA IL North – Bureau, La Salle, Livingston, and Putnam Counties				
Fairbury: 804 W. Oak Street		Y	Fairbury	IL
Non-MSA IL West – Fulton, Knox, Mason, McDonough, and Warren Counties				
Farmington: 147 E. Fort Street			Farmington	IL
Manito: 105 S. Adams Street			Manito	IL
Macomb Main: 127 South Side Square			Macomb	IL
Macomb East: 1400 E. Jackson Ave		Y	Macomb	IL
Macomb West: 1100 W. Jackson Ave		Y	Macomb	IL
Roseville: 100 S. Main Street		Y	Roseville	IL

As presented in the table below, commercial lending is the bank’s primary focus with commercial real estate (non-farm, non-residential loans) and commercial and industrial loans comprising 51.3 percent of the bank’s portfolio as of June 30, 2014.

Comparative Loan Mix					
	Dollar Volume (000)			% of Portfolio	
	6/30/14	6/30/13	% Change	9/30/14	9/30/13
Real Estate					
1-4 Family Res Construction Lns (03/2008)	15,986	7,319	118.4%	0.8%	0.4%
Other Const Lns & Land Dev & Other (03/2008)	104,216	80,815	29.0%	5.4%	4.5%
Farm Land	158,382	142,218	11.4%	8.1%	7.9%
1-4 Family-Revolving	28,834	27,197	6.0%	1.5%	1.5%
1-4 Family Res Secured by First Liens	325,177	302,202	7.6%	16.7%	16.7%
1-4 Family Res Secured by Junior Liens	9,185	10,161	-9.6%	0.5%	0.6%
Multifamily	160,993	145,513	10.6%	8.3%	8.0%
Lns Secured Owner Occupd NonFrm NonRes (03/2008)	276,319	273,327	1.1%	14.2%	15.1%
Lns Secured by Other NonFrm NonRes (03/2008)	320,466	314,649	1.9%	16.5%	17.4%
Total Real Estate Loans	1,399,558	1,303,401	7.4%	71.9%	71.9%
Agricultural	86,858	72,516	19.8%	4.5%	4.0%
Commercial & Industrial	401,427	387,294	3.7%	20.6%	21.4%
Loans to Individuals *	22,356	20,977	6.6%	1.2%	1.2%
States & Political Subdivisions	27,148	16,799	61.6%	1.4%	0.9%
All Other Loans	9,037	10,033	-9.9%	0.5%	0.6%
Lease Financing	2,320	2,696	-14.0%	0.1%	0.2%
(Less Unearned Income)	1,267	1,407	-10.0%	0.1%	0.1%
Total Loans & Leases	1,947,437	1,812,309	7.5%	100.00%	100.00%
*Includes credit cards, other revolving credit, automobile loans, and other consumer loans. Note: Percentages may not add to 100.0 percent due to rounding.					

There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

At its previous evaluation, conducted on November 28, 2011, the bank was rated satisfactory under the CRA.

SCOPE OF THE EXAMINATION

The CRA performance evaluation assesses the bank's responsiveness and effectiveness in meeting the credit and community development needs of its assessment areas. The bank's performance was evaluated within the context of information about the institution including asset size, financial condition, and competitive factors as well as consideration of the economic and demographic characteristics of its assessment areas.

For this evaluation, greater emphasis is generally placed on CRA-reportable loans, considering commercial lending is the bank's primary focus. Appendix A includes a summary of the scope of the evaluation and Appendix B provides a glossary of key terms used. The examination scope, under the Large Bank examination procedures, specifically included the following:

Lending Activity - Evaluated HMDA- and CRA-reportable loans originated between January 1, 2012 and December 31, 2013 to determine lending activity.

Assessment Area Concentration - Evaluated HMDA- and CRA-reportable loans originated between January 1, 2012 and December 31, 2013 to determine the percentage of loans originated in the assessment area.

Geographic Distribution of Lending in the Assessment Area - Evaluated HMDA- and CRA-reportable loans originated between January 1, 2012 and December 31, 2013 to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- or moderate-income.

Lending to Borrowers of Different Income Levels and Businesses and Farms of Different Sizes - Evaluated HMDA- and CRA-reportable loans originated between January 1, 2012 and December 31, 2013 to assess the loan distribution among borrowers of different income levels and businesses and farms of different sizes.

Community Development Lending - Reviewed the number, volume, and complexity of community development loans originated between November 28, 2011 and October 27, 2014 to determine the bank's responsiveness to community development lending needs in the assessment area.

Innovative or Flexible Lending Practices - Reviewed special lending programs to determine the degree to which the bank uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals or geographies.

Investments - Evaluated qualified investment activities, including investments and grants, made between November 28, 2011 and October 27, 2014 to determine the bank's responsiveness to community development investment needs in the assessment area.

Services - Reviewed retail banking services, including accessibility of delivery systems, changes in branch locations, and reasonableness of hours of operation, in addition to the extent and innovativeness of community development services between November 28, 2011 and October 27, 2014 to determine the accessibility of bank services to members of the community, especially those who are low- or moderate-income or who live in low- or moderate-income geographies.

Morton Community Bank's current assessment area includes two Metropolitan Statistical Areas (MSA) and two Non-Metropolitan areas, as follows:

- Peoria, IL MSA #37900 including Tazewell, Peoria, Woodford, Marshall, and Stark counties in their entirety;
- Bloomington-Normal, IL MSA #14060 including McLean County in its entirety;

- Non-Metropolitan IL “North” including Livingston, La Salle, Bureau, and Putnam counties in their entirety; and
- Non-Metropolitan IL “West” including Fulton, McDonough, Knox, Mason, and Warren counties in their entirety.

A full review was conducted for the Peoria, IL MSA #37900 assessment area. Limited reviews were conducted for the remaining three assessment areas. The analysis places the greatest weight on the full review assessment area (Peoria) given the majority of branches, deposits, and loans were located in the Peoria, IL MSA.

Eight community representatives were contacted to help determine the credit and banking needs of the assessment areas. Representatives specialized in affordable housing, economic development, and small business development and provided information relevant to the performance contexts for each assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Morton Community Bank’s performance on the lending test is rated low satisfactory as lending activity represents adequate responsiveness in meeting the credit needs of the assessment areas. A substantial majority of loans were originated within the assessment areas. The geographic distribution of loans reflects adequate penetration throughout the assessment areas, including LMI geographies, and the bank demonstrated adequate loan distribution across borrowers of different income levels and businesses and farms of different sizes. The bank makes a relatively high level of community development loans and makes limited use of flexible lending programs in serving the credit needs of its community.

Level of Lending Activity

Morton Community Bank’s lending levels reflect adequate responsiveness to assessment area credit needs. The bank is primarily a commercial lender and the largest portion of its portfolio consists of non-real estate secured commercial and industrial loans. Nevertheless, 16.7 percent of its portfolio consists of 1-4 family first lien residential real estate.

MCB originated fewer HMDA- and CRA-reportable loans overall since the previous evaluation, particularly with respect to HMDA-reportable lending. During 2009-2010, the bank originated 2,424 such loans, but in 2012-2013 the bank originated only 704 HMDA-reportable loans. Significant decreases were noted regarding refinancing, which is mainly driven by market conditions. Additionally, decreases were also noted in construction-permanent and 1-4 family first liens. While HMDA-reportable lending declined, the volume of the bank’s small business related

loans increased from 2,222 to 3,028 during the same time period. This can be attributed to the bank's strategic commercial lending growth since the previous evaluation.

Summary of Lending Activity – 2012 and 2013				
Loan Type	#	%	\$ (000s)	%
Home Improvement	124	2.3	5,419	0.6
Home Purchase	254	4.7	42,891	5.5
Multi-Family Housing	28	0.5	23,670	3.0
Refinancing	298	5.5	48,576	6.2
Total HMDA-reportable	704	13.0	120,556	15.5
Total Small Business related	3,028	56.0	428,553	55.1
Total Small Farm related	1,683	31.1	228,265	29.4
Total Loans	5,415	100.0	777,374	100.0

Note: Percentages may not add to 100.0 percent due to rounding.

Assessment Area Concentration

A substantial majority of loans were made in the bank's assessment area. Morton Community Bank originated 93.3 percent of its loans by number and 89.8 percent by dollar volume in its assessment areas. The following table presents the assessment area concentration by loan product.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Purchase Loans-Conv.	238	94.1	36,871	86.0	15	5.9	5,989	14.0
Home Purchase-FHA	1	100.0	31	100.0	0	0.0	0	0.0
Refinanced Loans	286	96.0	46,602	95.9	12	4.0	1,974	4.1
Home Improvement Loans	119	96.0	5,200	96.0	5	4.0	219	4.0
Multi-Family Loans	26	92.9	19,572	82.7	2	7.1	4,098	17.3
Total HMDA-Reportable Loans	670	95.2	108,276	89.8	34	4.8	12,280	10.2
Total Small Business Loans	2,791	92.2	373,707	87.2	237	7.8	54,846	12.8
Total Small Farm Loans	1,593	94.7	215,760	94.5	90	5.3	12,505	5.5
Total Loans	5,054	93.3	697,743	89.8	361	6.7	79,631	10.2

Note: Percentages may not add to 100.0 percent due to rounding.

Geographic and Borrower Distribution

The geographic distribution of the bank's HMDA- and CRA-reportable lending is adequate. The distribution of borrowers reflects, given the product lines offered, adequate penetration among borrowers of different income levels and businesses and farms of different sizes. Overall, geographic and borrower distribution performance mirrors the bank's performance in the Peoria, IL MSA. A detailed analysis for distribution of loans by income level of the geography and borrower is provided in the analysis for each assessment area.

Morton Community Bank makes limited use of flexible lending programs. The bank engages in federally sponsored loan programs, and in response to a tornado which left parts of two assessment areas a FEMA designated disaster area, the bank created a flexible loan product called the Disaster Recovery Loan Program. It originated 75 loans under this program in the two affected assessment areas: Peoria, IL MSA and Non-MSA Illinois North.

Community Development Lending

Morton Community Bank makes a relatively high level of community development loans. During the evaluation period, the bank originated 17 loans totaling \$75.3 million, mainly benefitting the Peoria, IL assessment area. This is a dollar volume improvement from the previous evaluation, at which time, MCB made 24 community development loans, totaling \$50.3 million. The bank continues to concentrate its community development lending in revitalizing and stabilizing its assessment areas, a stated need by community representatives.

INVESTMENT TEST

Morton Community Bank's performance relative to the Investment Test is rated high satisfactory based on its performance in the combined assessment area. The bank provides an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, often in a leadership position. Though it makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs.

The bank made 150 investments totaling \$55.9 million during the review period. This is an increase from the previous review period when the bank made 66 investments totaling \$42.7 million. Investments were largely responsive to area needs, focusing on economic development and community services, but with large portions also dedicated to affordable housing and revitalizing and stabilizing the assessment areas.

The bank also made 60 donations to organizations in its combined assessment areas totaling \$46,250. Donations were largely responsive to area needs, primarily funding community services targeted to low- and moderate-income individuals. During the previous review period, the bank made 50 donations worth \$38,533. Please refer to the individual assessment areas for further information on qualified investments and donations.

SERVICE TEST

Morton Community Bank's performance relative to the Service Test is rated high satisfactory based on the following major factors as they apply to the bank's performance across assessment areas. Delivery systems are accessible to the bank's geographies and individuals of different income levels. The bank's record of opening and closing branches has not adversely affected the

accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. Services, including business hours, do not vary in a way that inconveniences its assessment areas, particularly LMI geographies and individuals. Additionally, the bank provides a relatively high level of community development services.

Retail Services

The bank operates a main office and 30 branches throughout its assessment areas. Of these, two branches are located in low-income geographies, three branches are located in moderate-income geographies, the main office and one branch are located in upper-income geographies, and the balance of locations are located in middle-income geographies. In addition to ATMs attached to branches, the bank's stand-alone ATMs, of which there are nine, are located in low- (1), moderate- (1), middle- (6) and upper- (1) income geographies, respectively.

With the exception of operations in two assessment areas (Bloomington-Normal MSA and Non-MSA IL North), each office is accessible to all portions of the assessment area, including low- and moderate-income individuals and geographies. The one branch in Non-MSA North is only reasonably accessible, as portions of the bank's geographies and individuals of different income levels in the assessment area are some distance from the location; however, as this assessment area underwent a limited review this did not impact the overall rating. Please note, no branch locations remain open in the Bloomington-Normal MSA, but similar to Non-MSA North, underwent a limited review and did not impact the overall rating. Refer to the respective assessment area discussions for additional information.

Considering branch opening, consolidation, and closing activity, the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and low- and moderate-income individuals. The largest branch closing impact was the aforementioned Bloomington-Normal locations, but this did not impact the overall rating. Branches typically open between 7:30 am and 9:00 am and close between 4:00 pm and 6:00 pm. Most branches also maintain Saturday hours and drive up service. Business hours and banking services are reasonable and do not vary in a way that inconveniences the assessment areas, particularly low- and moderate-income geographies and individuals. Alternative delivery systems available to all customers include ATMs, debit cards, remote deposit capture, telephone banking, mobile banking, online banking services, account transfers, and electronic bill payment. Alternative delivery systems, with the exception of ATMs, are accessible and do not vary across assessment areas; thus, they will not be discussed within each individual assessment area.

Most offices maintain in-house lenders. For those that do not, branch personnel accept loan applications, refer to nearby locations, or schedule appointments to meet with a requisite lender. In addition, individuals can submit residential real estate loan applications online.

Community Development Services

The bank provides a relatively high level of community development services. Bank officers and personnel conducted a variety of financial literacy and technical assistance programs throughout the bank's combined assessment area during the review period, amounting to 1,810 hours of community service. Programs include providing technical assistance to nonprofit organizations and financial guidance to community service organizations' clients. Refer to the respective assessment area sections for additional detail.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

PEORIA, IL METROPOLITAN STATISTICAL AREA - #37900 - Full Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the public evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE PEORIA, IL MSA - #37900

The vast majority of Morton Community Bank's operations are conducted in this assessment area. The bank's main office and 23 branches are located in this assessment area, three of which are in moderate-income census tracts. In addition to ATMs located at offices, the bank maintains four separate cash-only ATMs, one of which is in a moderate-income census tract. All other branches and ATMs are located in middle- and upper-income census tracts. The assessment area is comprised of 9 low-, 16 moderate-, 53 middle-, and 16 upper-income census tracts. It remains unchanged since the previous evaluation.

The FDIC Deposit Market Share Report, as of June 30, 2014, ranks the bank first of 42 FDIC-insured depository institutions operating in the assessment area with 28.5 percent of total deposits. With respect to lending, the bank ranks 12th of 282 HMDA-reporting institutions in the assessment area as of year-end 2013. This places it in the 4th percentile of home mortgage lending by such institutions. In the same year, MCB ranked first of 46 CRA-reporting institutions in the assessment area.

ASSESSMENT AREA DEMOGRAPHICS

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	9	9.6	4,198	4.2	1,786	42.5	19,582	19.7
Moderate-income	16	17.0	14,257	14.3	2,093	14.7	18,237	18.3
Middle-income	53	56.4	58,393	58.7	3,496	6.0	22,296	22.4
Upper-income	16	17.0	22,628	22.7	648	2.9	39,361	39.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0

	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied			Rental		Vacant		
		#	%	%	#	%	#	%	
Low-income	9,270	2,623	2.4	28.3	4,997	53.9	1,650	17.8	
Moderate-income	27,041	15,566	14.0	57.6	8,756	32.4	2,719	10.1	
Middle-income	93,358	67,314	60.6	72.1	19,697	21.1	6,347	6.8	
Upper-income	33,567	25,520	23.0	76.0	6,028	18.0	2,019	6.0	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total Assessment Area	163,236	111,023	100.0	68.0	39,478	24.2	12,735	7.8	
Total Assessment Area	94	100.0	99,476	100.0	8,023	8.1	99,476	100.0	

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	1,044	6.9	837	6.3	154	13.3	53	8.4
Moderate-income	2,247	14.9	1,996	15.0	174	15.1	77	12.1
Middle-income	8,352	55.4	7,402	55.7	576	49.8	374	59.0
Upper-income	3,438	22.8	3,056	23.0	252	21.8	130	20.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	15,081	100.0	13,291	100.0	1,156	100.0	634	100.0
Percentage of Total Businesses:			88.1		7.7		4.2	

	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%

Low-income	2	0.1	2	0.1	0	0.0	0	0.0
Moderate-income	30	2.0	30	2.0	0	0.0	0	0.0
Middle-income	1,145	76.0	1,139	75.9	4	100.0	2	100.0
Upper-income	329	21.8	329	21.9	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,506	100.0	1,500	100.0	4	100.0	2	100.0
	Percentage of Total Farms:			99.6		0.3		0.1

Based on 2013 D&B information according to 2010 ACSBoundaries.

Population Characteristics

Census data indicates the population of the assessment area increased approximately 3.3 percent since the 2000 Census, matching the growth of the State of Illinois (the state) as a whole. While two of the counties in the assessment area experienced population declines of more than four percent, Woodford County experienced notable growth (9.0 percent). In addition to offering prime agricultural land, Woodford County continues to grow as a bedroom community for not only the city of Peoria, but also the nearby cities of Bloomington and Normal.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change
Assessment Area	366,899	379,186	3.3%
Marshall County	13,180	12,640	-4.1%
Peoria County	183,433	186,494	1.7%
Stark County	6,332	5,994	-5.3%
Tazewell County	128,485	135,394	5.4%
Woodford County	35,469	38,664	9.0%
State of Illinois	12,419,293	12,830,632	3.3%

*Source: 2000—U.S. Census Bureau: Decennial Census
2010—U.S. Census Bureau: Decennial Census*

Income Characteristics

Based on 2010 Census figures, the median family income (MFI) in the assessment area was \$66,038. All counties that comprise the assessment area, the state, and the assessment area itself experienced at least 24.8 percent median family income growth between 2000 and 2010, according to Census data. Stark County's growth of 44.4 percent was the area's highest increase. Community representatives indicate the farming industry is thriving in this county, which may have contributed to the growth in median family income.

Median Family Income Change 2000 and 2010			
Area	2000 Median Family Income	2006-2010 Median Family Income	Percentage Change
Assessment Area	52,122	66,038	27.0%
Marshall County	48,061	64,781	34.8%
Peoria County	50,592	63,163	24.8%
Stark County	43,410	62,681	44.4%
Tazewell County	53,412	66,764	25.0%
Woodford County	58,305	75,601	29.7%
State of Illinois	55,545	68,236	22.8%

*Source: 2000—U.S. Census Bureau: Decennial Census
2006-2010—U.S. Census Bureau: American Community Survey*

Bankruptcies, according to the Administrative Office of the U.S. Courts, decreased throughout the assessment area since the previous evaluation, and the area maintained a lower rate of bankruptcy than the state throughout this time period. In 2011, Peoria County had the highest bankruptcy rate at 4.7 per 1000 population. By 2013, the rate lowered to 3.6 per 1000 population. The assessment area's highest bankruptcy rate that year was 3.8 per 1000, in both Tazewell and Marshall counties, which is below the state of Illinois rate of 5.1.

Housing Characteristics

Both median home value and gross rent increased in all segments that makeup the assessment area from 2000 to 2010. In the state of Illinois, the median housing value rose 58.5 percent between the 2000 and 2010 Censuses. In the assessment area, the largest increase in median housing value was 46.8 percent in Woodford County. As population grew in Woodford County so did demand for housing, and as a result, housing values.

Trends in Housing Costs 2000 and 2010				
Location	2000 Median Housing Value	2006-2010 Median Housing Value	2000 Median Gross Rent	2006-2010 Median Gross Rent
Assessment Area	87,949	123,500	480	657
Marshall County	77,400	102,700	410	574
Peoria County	85,300	119,000	490	669
Stark County	63,600	87,500	397	488
Tazewell County	89,300	125,700	471	631
Woodford County	103,200	151,500	484	675
State of Illinois	127,800	202,500	605	834

*Source: 2000—U.S. Census Bureau: Decennial Census
2006-2010—U.S. Census Bureau: American Community Survey*

The Peoria MSA is home to 99,476 families, 18.6 percent of which live in LMI geographies. There are a total of 163,236 housing units in the assessment area, of which 22.2 percent are located in low-

and moderate-income geographies. Generally, housing units in the low-income census tracts are either rental or vacant (71.7 percent). In moderate-income census tracts, 57.6 percent of the housing units are owner-occupied. This data supports the presence of both families and housing units in the moderate-income census tracts and the potential for credit related opportunities for banks.

Low- and moderate-income families represent 39.7 percent of all families in the assessment area. In addition, businesses and farms with \$1 million or less in revenue represent 88.1 and 99.6 percent, respectively, of all such organizations in the assessment area, with 19.4 percent located in low- and moderate-income geographies. This data suggests credit needs are present throughout the assessment area, including low- and moderate-income census tracts.

According to LPS Applied Analytics, foreclosure rates are decreasing throughout the assessment area, and generally, the area maintains a lower rate of foreclosure than the state. Considering the period November 2011 through March 2013, Peoria, Stark, Tazewell, and Woodford counties had lower rates of foreclosure than the state, which had a rate of 6.1 percent. Only Marshall County had a higher rate of 6.7 percent.

Employment Conditions

The assessment area’s employment base is diverse, with multiple sectors represented. One of the largest employers in the Peoria, IL MSA is Caterpillar, Inc., a manufacturer of mining and construction equipment, with over 17,000 statewide employees. Caterpillar, a Fortune 500 company, continues to be a source of stability for the city of Peoria and surrounding communities. Three of the other largest employers are involved in the health care industry.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Children’s Hospital-Illinois	6,000	General Medical and Surgical Hospitals
St. Francis Medical Center	5,500	All Other Misc. Ambulatory Health Care Services
Caterpillar Logistics Service., Incorporated	3,000	Administrative & General Management Consulting Services
Caterpillar, Incorporated	2,500	Construction Machinery Manufacturing
Methodist Medical Center of Illinois	2,000	General Medical and Surgical Hospitals

Source: America’s Labor Market Information System (ALMIS) - A United States Department of Labor employment and training initiative.

Throughout the state and counties comprising the assessment area, unemployment decreased from 2010 to 2012, indicating an improving economy. However, in 2013 this trend has dissipated and unemployment increased in each county this year, with the highest rates in Stark and Peoria counties, at 10.6 and 9.9 percent, respectively. Five larger Peoria County businesses closed or made mass layoffs in 2012 and 2013, resulting in the loss of jobs and employment opportunities in surrounding areas.

Unemployment Rates (%)				
Region	2010	2011	2012	2013
State of Illinois	10.5	9.8	8.9	9.2
Marshall County	9.9	8.8	7.8	8.4
Peoria County	11.0	9.5	8.4	9.9
Stark County	11.1	9.7	9.0	10.6
Tazewell County	10.2	8.3	7.6	9.0
Woodford County	8.3	7.0	6.5	7.6

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Community Contacts

Five community representatives were contacted to help determine the credit and banking needs of the assessment area. Community representatives noted that foreclosures in the assessment area are decreasing, and there is now a need for rehabilitation of area housing, particularly in some regions of the city of Peoria.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PEORIA, IL MSA - #37900

LENDING TEST

Morton Community Bank's performance under the lending test in the Peoria, IL MSA #37900 is adequate. Geographic distribution reflects adequate penetration of HMDA- and CRA-reportable loans throughout the assessment area, and borrower loan distribution reflects adequate penetration among borrowers of different income levels and businesses and farms of different sizes. In addition, the bank makes a relatively high level of community development loans in the assessment area.

HMDA-reportable lending activity increased from 239 loans in 2012 to 324 loans in 2013. However, such lending activity significantly decreased from the previous evaluation during which MCB made 1,061 HMDA-reportable loans in 2009 and 981 HMDA-reportable loans in 2010. This is somewhat expected as there was a significant decrease in the number of refinancings in the current evaluation period. CRA-reportable lending remained static with a slight decrease from 1,676 in 2012 to 1,631 in 2013. During the previous review period, CRA-reportable lending did not substantially change: 1,691 in 2009 and 1,555 in 2010.

Geographic Distribution of Loans

HMDA-Reportable Loans

Morton Community Bank's geographic distribution of HMDA-reportable loans is good. Approximately 16.4 percent of the assessment area's owner-occupied housing is located in LMI census tracts. In 2012, the bank originated 11.3 percent of its HMDA-reportable loans by volume in

these census tracts, compared to aggregate lenders who originated 9.9 percent of their HMDA-reportable loans in these census tracts. Moreover, 12.9 percent of MCB's HMDA-reportable loans by dollar amount were originated in LMI geographies, a substantially higher percentage of dollars lent than aggregate lenders, who originated 5.7 percent by dollar amount of their HMDA-reportable loans to LMI geographies.

In 2013, the bank originated 11.7 percent by volume of its HMDA-reportable loans to LMI census tracts, compared to aggregate lenders' 12.1 percent. Further, the bank originated 11.9 percent by dollar amount while aggregate lenders originated 7.6 percent by dollar amount.

In response to a tornado which left parts of the assessment area a FEMA designated disaster area, the bank created a flexible loan product called the Disaster Recovery Loan Program. Under this program, Morton Community Bank set aside general underwriting and pricing standards. Regardless of collateral, applicants were able to qualify for up to a \$5,000 loan at a 1 percent annual percentage rate. The bank made 74 such loans in the aftermath of the storm, three of which were made in moderate-income geographies. While this was one of the few flexible products the bank offered in the time period, this judicious response to the immediate needs of its assessment area demonstrates the bank's engagement in meeting those needs.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2013 Peoria, IL MSA 37900								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		Count			Dollar			
		Bank		Agg	Bank		Agg	
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	1	0.8	0.9	108	0.5	0.4	2.4
	Moderate	11	8.5	11.3	2,732	13.2	6.5	14.0
	Middle	85	65.4	61.2	11,994	57.9	55.3	60.6
	Upper	33	25.4	26.6	5,878	28.4	37.8	23.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	130	100.0	100.0	20,712	100.0	100.0	100.0
Refinance	Low	0	0.0	0.7	0	0.0	0.4	2.4
	Moderate	18	11.1	10.4	3,054	11.6	5.4	14.0
	Middle	110	67.9	59.1	15,324	58.1	48.1	60.6
	Upper	34	21.0	29.8	8,006	30.3	46.0	23.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	162	100.0	100.0	26,384	100.0	100.0	100.0
Home Improvement	Low	1	3.8	2.0	82	4.1	0.6	2.4
	Moderate	7	26.9	15.8	338	17.0	7.6	14.0
	Middle	15	57.7	59.5	1,288	64.7	55.8	60.6
	Upper	3	11.5	22.6	283	14.2	36.1	23.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	26	100.0	100.0	1,991	100.0	100.0	100.0
Multi-Family	Low	0	0.0	4.3	0	0.0	18.8	11.0
	Moderate	0	0.0	27.7	0	0.0	33.5	15.7
	Middle	4	66.7	61.7	2,456	59.5	43.8	49.4
	Upper	2	33.3	6.4	1,670	40.5	3.8	23.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	6	100.0	100.0	4,126	100.0	100.0	100.0
HMDA Totals	Low	2	0.6	0.9	190	0.4	0.9	2.4
	Moderate	36	11.1	11.2	6,124	11.5	6.7	14.0
	Middle	214	66.0	60.0	31,062	58.4	51.3	60.6
	Upper	72	22.2	27.9	15,837	29.8	41.1	23.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	324	100.0	100.0	53,213	100.0	100.0	100.0
Originations & Purchases								
Information based on 2010 ACS data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

CRA-Reportable Loans – Small Business

Geographic distribution of small business loans is adequate. Approximately 21 percent of the assessment area’s businesses were located in LMI census tracts. In 2012, the bank originated 13.9 percent of small business loans, by number, and 15.1 percent by dollar amount in low- and moderate-income census tracts. By comparison, the aggregate lending level within low- and moderate-income census tracts was 17.6 percent by volume and 20.6 percent by dollar amount for small business loans.

The bank’s penetration of businesses located in LMI census tracts improved in 2013, as lending by volume in LMI tracts increased to 14.5 percent and lending by dollar increased to 18.0 percent. However, aggregate lenders originated 16.8 percent by volume and 17.8 percent by dollar amount.

Geographic Distribution of Small Businesses Loans								
Assessment Area: 2013 Peoria, IL MSA 37900								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Small Businesses %
		2013			2013			
		Count		Agg	Dollar		Agg	
		Bank #	%	%	Bank \$ 000s	\$ %	\$ %	
Small Businesses	Low	54	4.8	6.2	6,789	4.7	6.1	6.3
	Moderate	108	9.7	10.6	19,147	13.3	11.7	15.0
	Middle	752	67.4	57.2	86,954	60.6	54.4	55.7
	Upper	202	18.1	24.4	30,540	21.3	27.5	23.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown	0	0.0	1.6	0	0.0	0.3	
	Total	1,116	100.0	100.0	143,430	100.0	100.0	100.0
Originations & Purchases Based on 2013 D&B information according to 2010 ACS Boundaries <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

CRA-Reportable Loans – Small Farms

Despite not originating any small farm loans in LMI geographies in either 2012 or 2013, Morton’s performance with respect to CRA-reportable farm lending represents adequate penetration of these census tracts. Only 2.1 percent of the assessment area’s farms are located in LMI census tracts, making it difficult for the bank to originate loans in those areas. Additionally, aggregate lenders were only able to originate 0.3 percent of CRA-reportable farm loans by volume in these census tracts in 2012 and 0.1 percent of such loans by volume in these census tracts in 2013, with similar dollar figures for both years.

Geographic Distribution of Small Farms Loans								
Assessment Area: 2013 Peoria, IL MSA 37900								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Small Farms %
		2013			2013			
		Count		Agg %	Dollar		Agg \$ %	
Bank #	%	Bank \$ 000s	\$ %					
Small Farms	Low	0	0.0	0.0	0	0.0	0.0	0.1
	Moderate	0	0.0	0.1	0	0.0	0.0	2.0
	Middle	461	89.5	85.9	63,251	89.5	86.3	75.9
	Upper	54	10.5	13.7	7,393	10.5	13.7	21.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown	0	0.0	0.3	0	0.0	0.0	
	Total	515	100.0	100.0	70,644	100.0	100.0	100.0
Originations & Purchases								
Based on 2013 D&B information according to 2010 ACS Boundaries								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Lending to Borrowers of Different Income Levels and Lending to Businesses and Farms of Different Sizes

HMDA-Reportable Loans

Borrower distribution of home mortgage loans is adequate. Thirty eight percent of the assessment area’s families are LMI, providing reasonable opportunity for Morton to serve their lending needs. In 2012, the bank originated 29.7 percent of its HMDA-reportable loans by volume to LMI individuals. It performed slightly better than aggregate lenders who provided 27.2 percent of these loans by volume to LMI individuals. However, aggregate lenders originated a higher percentage by dollar amount than did the bank at 16.6 percent and 13.1 percent, respectively.

While aggregate lenders’ penetration of LMI individuals improved in 2013, the bank’s borrower distribution declined. Aggregate lenders percentage of HMDA-reportable loans by volume was 28.4 while the bank’s was 22.5. The bank was also outperformed with respect to the percentage of dollar amount lent to LMI individuals, at 10.5 percent compared to aggregate lenders at 16.4 percent. Nevertheless, given the opportunity for lending and the bank’s actual activity, MCB’s performance is meeting the needs of borrowers.

Of the Disaster Recovery Program loans the bank originated in the assessment area, 24, or approximately one third, were made to LMI individuals and families. This demonstrates the bank’s flexibility in serving community needs.

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2013 Peoria, IL MSA 37900								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2013			2013			
		Count		Agg %	Dollar		Agg \$ %	
Bank #	%	Bank \$(000s)	\$ %					
Home Purchase	Low	10	7.7	11.5	564	2.7	6.0	19.7
	Moderate	14	10.8	20.0	1,208	5.8	14.6	18.3
	Middle	27	20.8	19.9	2,992	14.4	19.2	22.4
	Upper	65	50.0	32.4	12,946	62.5	47.1	39.6
	Unknown	14	10.8	16.2	3,002	14.5	13.1	0.0
	Total	130	100.0	100.0	20,712	100.0	100.0	100.0
Refinance	Low	18	11.1	7.7	1,195	4.5	3.5	19.7
	Moderate	28	17.3	17.3	2,454	9.3	10.2	18.3
	Middle	39	24.1	22.0	4,694	17.8	16.3	22.4
	Upper	63	38.9	41.3	13,802	52.3	48.8	39.6
	Unknown	14	8.6	11.8	4,239	16.1	21.1	0.0
	Total	162	100.0	100.0	26,384	100.0	100.0	100.0
Home Improvement	Low	0	0.0	12.9	0	0.0	5.2	19.7
	Moderate	3	11.5	22.2	178	8.9	14.0	18.3
	Middle	8	30.8	24.0	684	34.4	24.6	22.4
	Upper	8	30.8	32.1	580	29.1	49.3	39.6
	Unknown	7	26.9	8.9	549	27.6	6.9	0.0
	Total	26	100.0	100.0	1,991	100.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	19.7
	Moderate	0	0.0	0.0	0	0.0	0.0	18.3
	Middle	0	0.0	0.0	0	0.0	0.0	22.4
	Upper	0	0.0	0.0	0	0.0	0.0	39.6
	Unknown	6	100.0	100.0	4,126	100.0	100.0	0.0
	Total	6	100.0	100.0	4,126	100.0	100.0	100.0
HMDA Totals	Low	28	8.6	9.7	1,759	3.3	4.5	19.7
	Moderate	45	13.9	18.7	3,840	7.2	11.9	18.3
	Middle	74	22.8	21.1	8,370	15.7	17.3	22.4
	Upper	136	42.0	36.6	27,328	51.4	46.7	39.6
	Unknown	41	12.7	13.9	11,916	22.4	19.6	0.0
	Total	324	100.0	100.0	53,213	100.0	100.0	100.0
Originations & Purchases								
Information based on 2010 ACS data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

CRA-Reportable Loans – Small Business

The borrower distribution of small business loans is adequate. In 2012 the majority of businesses in the assessment area, 88.1 percent, reported annual revenues of \$1 million or less. Morton Community Bank provided 52.8 percent of its CRA-reportable business loans by volume to these borrowers. Of these, 65.5 percent were in amounts of \$100,000 or less, often considered most beneficial to small businesses. Aggregate lenders made only 28.8 percent of their CRA-reportable loans by volume to businesses reporting annual revenue of \$1 million or less; however, 90.4 percent of loans were in amounts of \$100,000 or less.

The bank’s and aggregate lenders’ performance was relatively similar in 2013. The bank originated 47.2 percent of its CRA-reportable business loans by volume to those reporting revenues of \$1 million or less while aggregate lenders originated 45.9 percent of such loans by volume to the same group. Additionally, 66.8 percent of Morton’s loans were made in amounts of \$100,000 or less, while aggregate lenders originated 85.3 percent of these types of loans.

Small Businesses Lending By Revenue & Loan Size									
Assessment Area: 2013 Peoria, IL MSA 37900									
Product Type		Bank & Aggregate Lending Comparison						Total Businesses %	
		2013							
		Count		Dollar		Agg			
		Bank	Agg	Bank	Agg	Agg			
		#	%	%	\$ 000s	\$ %	\$ %		
Small Businesses	Revenue	\$1 Million or Less	527	47.2	45.9	49,760	34.7	36.3	88.1
		Over \$1 Million	379	34.0					7.7
		<i>Total Rev. available</i>	906	81.2					95.8
		Rev. Not Known	210	18.8					4.2
		Total	1,116	100.0					100.0
	Loan Size	\$100,000 or Less	745	66.8	85.3	28,097	19.6	23.6	
		\$100,001 - \$250,000	203	18.2	7.5	34,413	24.0	19.5	
		\$250,001 - \$1 Million	168	15.1	7.2	80,920	56.4	56.8	
		Total	1,116	100.0	100.0	143,430	100.0	100.0	
	Loan Size & Rev \$1 Mill	\$100,000 or Less	400	75.9		15,232	30.6		
\$100,001 - \$250,000		72	13.7		11,835	23.8			
\$250,001 - \$1 Million		55	10.4		22,693	45.6			
Total		527	100.0		49,760	100.0			
Originations & Purchases Aggregate data is unavailable for loans to businesses with revenue over \$1 million or revenue unknown, and for loan size by revenue Based on 2013 D&B information according to 2010 ACS Boundaries Note: Percentages may not add to 100.0 percent due to rounding									

CRA-Reportable Loans – Small Farms

The borrower distribution of small farm loans is adequate. In 2012, nearly every farm in the assessment area, 99.6 percent, reported revenue of \$1 million or less during the review period. The bank originated 80.2 percent of its CRA-reportable farm lending in this category. Further, more than half (55.8) of the loans made to this group were in amounts of \$100,000 or less, often considered most beneficial to small farms. Aggregate lenders performed somewhat worse (72.4 percent) with respect to general loan volume and somewhat better with respect to loan volume (63.1 percent) in amounts of \$100,000 or less.

The bank’s and aggregate lenders’ performance remained relatively consistent in 2013. Both continued to make approximately the same percentage of loans for \$100,000 to farms reporting annual revenues of \$1 million or less.

Small Farms Lending By Revenue & Loan Size									
Assessment Area: 2013 Peoria, IL MSA 37900									
Product Type		Bank & Aggregate Lending Comparison						Total Farms	
		2013			Dollar				
		Count		Agg	Bank		Agg		
		#	%	%	\$ 000s	\$ %	\$ %	%	
Small Farms	Revenue	\$1 Million or Less	402	78.1	70.4	50,237	71.1	71.7	99.6
		Over \$1 Million	69	13.4					.3
		<i>Total Rev. available</i>	471	91.5					99.9
		Not Known	44	8.5					.1
		Total	515	100.0					100.0
Small Farms	Loan Size	\$100,000 or Less	272	52.8	60.3	12,736	18.0	20.4	
		\$100,001 - \$250,000	155	30.1	26.3	26,760	37.9	38.8	
		\$250,001 - \$500,000	88	17.1	13.4	31,148	44.1	40.8	
		Total	515	100.0	100.0	70,644	100.0	100.0	
Small Farms	Loan Size & Rev \$1 Mill	\$100,000 or Less	226	56.2		10,295	20.5		
		\$100,001 - \$250,000	117	29.1		19,806	39.4		
		\$250,001 - \$500,000	59	14.7		20,136	40.1		
		Total	402	100.0		50,237	100.0		
Originations & Purchases Aggregate data is unavailable for loans to businesses with revenue over \$1 million or revenue unknown, and for loan size by revenue Based on 2013 D&B information according to 2010 ACS Boundaries <i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

Community Development Lending

Morton Community Bank made a relatively high level of community development loans during the review period. The bank made 12 loans for a total of \$51.2 million. During the previous review the bank also made 12 loans in the assessment area, but the dollar amount for those loans was \$30.7 million. All loans were for the purpose of revitalizing and stabilizing the assessment area.

INVESTMENT TEST

Morton Community Bank's performance indicates an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, often in a leadership position, making occasional use of innovative and/or complex investments to support community development initiatives, and exhibiting good responsiveness to credit and community development needs.

The bank maintained 146 investments totaling \$51.1 million during the review period. Of these, 111 worth \$47.1 million were made during the evaluation timeframe. The remainder consists of investments that occurred during the previous review period, but continued to benefit the communities in the assessment area. This level of investments represents improved performance from the previous evaluation, at which time the bank made 59 investments totaling \$38.2 million. The bank also made 31 donations to organizations providing food for impoverished school children, supporting homeless shelters, and providing medical services for those unable to afford them, among other activities. Donations totaled \$28,570, up from \$22,900 during the previous evaluation.

While the bank makes occasional use of innovative and/or complex investments, investments made are heavily concentrated in economic development and municipal bonds, areas of need in the assessment area according to community representatives. This exhibits good responsiveness to credit and community development needs.

SERVICE TEST

Morton Community Bank's performance under the Service Test is based on the distribution of delivery systems, record of branch closings, services offered in the area, and level of community development services.

Retail Services

The bank operates one main office and 23 branch locations in the assessment area. Three branches are located in moderate-income census tracts in the cities of East Peoria, IL and Pekin, IL. The remaining 21 offices are located in middle- and upper-income census tracts. All branches maintain ATMs except the Lacon, IL and Morton-Downtown branches. Of these, three are full service

ATMs, and 19 are cash-only ATMs. The bank also maintains four free standing cash-only ATMs throughout the assessment area.

Delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area. Branches and ATMs are spread throughout the assessment area, with branches located in many geographies, particularly those that are most heavily populated. The distribution of branches and ATMs provides individuals, businesses, and farms wide access to the bank in terms of proximity. Also, as noted, the bank maintains branches and ATMs in LMI census tracts, providing access to service for those who live there.

Morton Community Bank made changes to its branch and ATM locations since the previous evaluation. During this period, the bank closed one cash-only ATM, opened a cash-only ATM, and consolidated two branches into one, with this activity occurring in middle-income census tracts. The bank also opened the Fondulac Clock Tower branch, with a full service ATM, in a moderate-income census tract. Lastly, one ATM was moved between locations within the same census tract. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals.

The bank's business hours and services do not vary in a way that inconveniences its assessment area, particularly LMI geographies and/or LMI individuals. Most locations maintain weekday lobby hours between 8:00 am and 5:00 pm, with limited locations closing earlier or later. Nearly all branches maintain Saturday hours and drive-up services. Teller services are offered at every location and all but one take deposit account applications. Lenders for all product types are available at most locations. In instances where a specific type of lender is not available, the applicant will be directed to a nearby location or an appointment will be arranged.

Community Development Services

The bank provides a relatively high level of community development services in the assessment area. During the review period, management and staff provided 814 hours of financial services such as board membership, budgeting, accounting, and low-income tax return preparation to area organizations. Examples of the groups include the East Peoria Housing Authority, Heartland Community Center, and the METEC Housing Resource Center; and other similar organizations which help meet social services needs for LMI individuals and families in the assessment area.

BLOOMINGTON-NORMAL MSA #14060 - Limited Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the performance evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE BLOOMINGTON-NORMAL MSA #14060

Morton Community Bank operates two cash-only ATMs in the Bloomington-Normal assessment area. The bank closed its only two branches in the assessment area: Cropsey, IL closed in August 2014 and Stanford, IL closed in December 2012. The branches were open during the review period; thus, their operations are considered for the evaluation.

The assessment area remains unchanged from the previous evaluation. Of 41 geographies comprising the assessment area, 1 is low-, 7 are moderate-, 25 are middle-, 7 are upper-income, and one is of unknown income. The bank's former branches and current ATMs are all located in middle-income geographies. Operations were limited in the assessment area as the Cropsey and Stanford branches did not offer loan services; services were limited to deposit account applications and teller services.

The FDIC Deposit Market Share Report, as of June 30, 2014, ranks MCB last of 34 FDIC-insured depository institutions operating in the assessment area with 0.0 percent of total deposits. The following table reflects demographic information for the assessment area.

ASSESSMENT AREA DEMOGRAPHICS

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	2.4	319	0.8	31	9.7	7,506	19.1
Moderate-income	7	17.1	4,782	12.2	590	12.3	6,806	17.4
Middle-income	25	61.0	24,513	62.5	1,512	6.2	9,470	24.1
Upper-income	7	17.1	9,603	24.5	279	2.9	15,441	39.4
Unknown-income	1	2.4	6	0.0	6	100.0	0	0.0
Total Assessment Area	41	100.0	39,223	100.0	2,418	6.2	39,223	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	1,551	282	0.7	18.2	962	62.0	307	19.8
Moderate-income	10,480	5,888	13.7	56.2	3,080	29.4	1,512	14.4
Middle-income	42,886	26,496	61.5	61.8	13,325	31.1	3,065	7.1
Upper-income	13,564	10,451	24.2	77.0	2,446	18.0	667	4.9
Unknown-income	308	0	0.0	0.0	215	69.8	93	30.2
Total Assessment Area	68,789	43,117	100.0	62.7	20,028	29.1	5,644	8.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	357	5.5	306	5.3	33	7.7	18	6.7
Moderate-income	648	10.1	590	10.3	46	10.8	12	4.5
Middle-income	4,311	66.9	3,824	66.6	281	65.8	206	76.6
Upper-income	1,097	17.0	1,003	17.5	64	15.0	30	11.2
Unknown-income	29	0.5	23	0.4	3	0.7	3	1.1
Total Assessment Area	6,442	100.0	5,746	100.0	427	100.0	269	100.0
Percentage of Total Businesses:			89.2		6.6		4.2	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0

Moderate-income	15	2.2	15	2.2	0	0.0	0	0.0
Middle-income	628	92.4	627	92.3	1	100.0	0	0.0
Upper-income	37	5.4	37	5.4	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	680	100.0	679	100.0	1	100.0	0	0.0
	Percentage of Total Farms:			99.9		0.1		0.0

Based on 2013 D&B information according to 2010 ACSBoundaries.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN BLOOMINGTON-NORMAL MSA #14060

LENDING TEST

Given the limited lending volume, MCB's lending performance in the Bloomington-Normal IL MSA assessment area is consistent to the bank's lending performance overall.

Geographic Distribution of Loans

The geographic distribution of loans is consistent with the overall rating.

HMDA-Reportable Loans

Geographic Distribution of HMDA Reportable								
Assessment Area: 2013 Bloomington-Normal, IL MSA 14060								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		Count		2013				
		Bank #	Agg %	Dollar Bank		Agg %		
				\$ (000s)	\$ %	\$ %		
Home Purchase	Low	0	0.0	0.5	0	0.0	0.4	0.7
	Moderate	2	16.7	9.8	253	13.1	7.0	13.7
	Middle	8	66.7	59.5	1,387	71.7	54.3	61.5
	Upper	2	16.7	30.1	294	15.2	38.3	24.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	12	100.0	100.0	1,934	100.0	100.0	100.0
Refinance	Low	0	0.0	0.7	0	0.0	0.4	0.7
	Moderate	1	10.0	9.0	56	2.7	6.3	13.7
	Middle	7	70.0	59.5	1,535	73.2	55.9	61.5
	Upper	2	20.0	30.8	506	24.1	37.3	24.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	10	100.0	100.0	2,097	100.0	100.0	100.0
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.7
	Moderate	0	0.0	12.6	0	0.0	7.5	13.7
	Middle	0	0.0	65.5	0	0.0	58.7	61.5
	Upper	2	100.0	21.5	526	100.0	33.7	24.2
	Unknown	0	0.0	0.4	0	0.0	0.1	0.0
	Total	2	100.0	100.0	526	100.0	100.0	100.0
Multi-Family	Low	0	0.0	3.6	0	0.0	0.5	5.0
	Moderate	3	50.0	23.2	1,030	39.5	10.0	11.4
	Middle	3	50.0	66.1	1,575	60.5	87.5	64.8
	Upper	0	0.0	7.1	0	0.0	2.0	16.8
	Unknown	0	0.0	0.0	0	0.0	0.0	2.0
	Total	6	100.0	100.0	2,605	100.0	100.0	100.0
HMDA Totals	Low	0	0.0	0.6	0	0.0	0.4	0.7
	Moderate	6	20.0	9.6	1,339	18.7	6.9	13.7
	Middle	18	60.0	59.8	4,497	62.8	57.4	61.5
	Upper	6	20.0	30.0	1,326	18.5	35.3	24.2
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	30	100.0	100.0	7,162	100.0	100.0	100.0
Originations & Purchases								
Based on 2013 D&B information and 2010 ACS Boundaries								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

CRA-Reportable Loans – Small Business and Small Farm

Geographic Distribution of Small Businesses & Small Farms Loans								
Assessment Area: 2013 Bloomington-Normal, IL MSA 14060								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Small Businesses
		2013			2013			
		Count		Agg	Dollar		Agg	
		Bank			Bank			Businesses
		#	%	%	\$ (000s)	\$ %	\$ %	%
Small Businesses	Low	3	2.1	4.8	420	2.0	5.2	5.3
	Moderate	8	5.6	7.7	2,951	13.9	7.2	10.3
	Middle	66	46.5	63.1	9,005	42.5	58.7	66.6
	Upper	65	45.8	23.0	8,788	41.5	28.7	17.5
	Unknown	0	0.0	0.2	0	0.0	0.1	0.4
	Tr Unknown	0	0.0	1.3	0	0.0	0.1	
	Total		142	100.0	100.0	21,164	100.0	100.0
Small Farms								Small Farms
	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.8	0	0.0	0.6	2.2
	Middle	54	98.2	95.8	8,931	99.4	96.6	92.3
	Upper	1	1.8	3.4	50	0.6	2.8	5.4
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown	0	0.0	0.0	0	0.0	0.0	
Total		55	100.0	100.0	8,981	100.0	100.0	100.0
Originations & Purchases								
Based on 2013 D&B information and 2010 ACS Boundaries								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Lending to Borrowers of Different Income Levels and Lending to Businesses and Farms of Different Sizes

The bank’s distribution to, and among, borrowers of different income levels and among businesses and farms of different sizes is consistent with the overall rating.

HMDA-Reportable Loans

Borrower Distribution of HMDA Reportable Loans by Revenue & Loan Size								
Assessment Area: 2013 Bloomington-Normal, IL MSA 14060								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison					Families by Family Income %	
		Count		2013 Dollar				
		Bank #	Agg %	Bank \$ (000s)	Agg %	Agg %		
Home Purchase	Low	1	8.3	18.2	255	13.2	11.2	19.1
	Moderate	2	16.7	24.4	272	14.1	20.5	17.4
	Middle	1	8.3	23.0	135	7.0	24.6	24.1
	Upper	3	25.0	25.9	572	29.6	35.9	39.4
	Unknown	5	41.7	8.5	700	36.2	7.8	0.0
	Total	12	100.0	100.0	1,934	100.0	100.0	100.0
Refinance	Low	1	10.0	11.1	240	11.4	6.4	19.1
	Moderate	2	20.0	18.9	302	14.4	14.3	17.4
	Middle	0	0.0	27.2	0	0.0	25.6	24.1
	Upper	7	70.0	35.1	1,555	74.2	45.4	39.4
	Unknown	0	0.0	7.8	0	0.0	8.3	0.0
	Total	10	100.0	100.0	2,097	100.0	100.0	100.0
Home Improvement	Low	1	50.0	13.8	380	72.2	8.5	19.1
	Moderate	1	50.0	26.4	146	27.8	19.6	17.4
	Middle	0	0.0	24.9	0	0.0	21.1	24.1
	Upper	0	0.0	31.0	0	0.0	42.8	39.4
	Unknown	0	0.0	3.8	0	0.0	7.9	0.0
	Total	2	100.0	100.0	526	100.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	19.1
	Moderate	0	0.0	0.0	0	0.0	0.0	17.4
	Middle	0	0.0	0.0	0	0.0	0.0	24.1
	Upper	0	0.0	0.0	0	0.0	0.0	39.4
	Unknown	6	100.0	100.0	2,605	100.0	100.0	0.0
	Total	6	100.0	100.0	2,605	100.0	100.0	100.0
HMDA Totals	Low	3	10.0	14.2	875	12.2	8.1	19.1
	Moderate	5	16.7	21.4	720	10.1	16.1	17.4
	Middle	1	3.3	25.1	135	1.9	23.4	24.1
	Upper	10	33.3	30.7	2,127	29.7	38.2	39.4
	Unknown	11	36.7	8.6	3,305	46.1	14.2	0.0
	Total	30	100.0	100.0	7,162	100.0	100.0	100.0
<p>Originations & Purchases Aggregate data is unavailable for loans to businesses with revenue over \$1 million or revenue unknown, and for loan size by revenue Based on 2013 D&B information and 2010 ACS Boundaries Note: Percentages may not add to 100.0 percent due to rounding</p>								

CRA-Reportable Loans – Small Business and Small Farm

Borrower Distribution of Small Businesses/Small Farms Lending by Revenue & Loan Size								
Assessment Area: 2013 Bloomington-Normal, IL MSA 14060								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison					Total Businesses	
		2013			Dollar			
		Count		Agg	Bank			Agg
		#	%	%	\$(000s)	\$ %	\$ %	%
Revenue	\$1 Million or Less	60	42.3	47.9	8,868	41.9	41.1	89.2
	Over \$1 Million	63	44.4					6.6
	<i>Total Rev. available</i>	123	86.7					95.8
	Rev. Not Known	19	13.4					4.2
	Total	142	100.0					100.0
Loan Size	\$100,000 or Less	68	47.9	84.1	3,066	14.5	21.7	
	\$100,001 - \$250,000	52	36.6	8.2	7,575	35.8	20.4	
	\$250,001 - \$1	22	15.5	7.7	10,523	49.7	58.0	
	Total	142	100.0	100.0	21,164	100.0	100.0	
Small Farms Revenue	\$1 Million or Less	38	69.1	71.5	4,699	52.3	67.9	Total Farms 99.9
	Over \$1 Million	12	21.8					.1
	Not Known	5	9.1					.0
	Total	55	100.0					100.0
Small Farms Loan Size	\$100,000 or Less	26	47.3	60.1	1,219	13.6	20.1	
	\$100,001 - \$250,000	17	30.9	25.5	2,994	33.3	37.0	
	\$250,001 - \$500,000	12	21.8	14.3	4,768	53.1	42.9	
	Total	55	100.0	100.0	8,981	100.0	100.0	
Originations & Purchases Aggregate data is unavailable for loans to businesses with revenue over \$1 million or revenue unknown, and for loan size by revenue Based on 2013 D&B information and 2010 ACS Boundaries <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Community Development Lending

Morton Community Bank’s activities are consistent with the overall rating. The bank originated two loans totaling approximately \$8.0 million in the assessment area. During the previous evaluation, when Morton maintained two branches for the duration of the period, the bank made two loans for \$5.9 million.

INVESTMENT TEST

Morton Community Bank maintained three investments totaling \$4.5 million during the review period, all of which were new. This level of investments is consistent with the overall rating and represents improved performance from the previous evaluation, at which time Morton made two investments totaling \$1.5 million.

SERVICE TEST

Morton Community Bank's service performance in the assessment area is consistent with the overall performance.

Retail Services

Retail services are consistent. During the review period, the bank operated two branch offices in the assessment area. Both the Cropsey and Stanford branches maintained cash-only ATMs. While both of the branches closed, both ATMs remain in service. The bank's record of opening and closing branch offices has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income census tracts or individuals. MCB's delivery systems were accessible to the bank's census tracts and individuals of different income levels in the assessment area. The bank's branch hours were consistent across both branches. Standard banking products and services were offered at branch locations within this assessment area and did not vary in a way that inconveniences its assessment area, particularly low- and moderate-income census tracts and/or individuals.

Community Development Services

The bank provides a consistent level of community development services in the assessment area. During the review period, employees provided 288 hours of financial advising service to a local food bank benefitting low- and moderate-income individuals.

**NON-MSA ILLINOIS - LIVINGSTON, LA SALLE, PUTNAM, AND BUREAU COUNTIES
("NORTH") - Limited Review**

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the performance evaluation.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA ILLIONIS -
LIVINGSTON, LA SALLE, PUTNAM, AND BUREAU COUNTIES ("NORTH")**

Morton Community Bank operates one branch with a cash-only ATM in the City of Fairbury within the assessment area. The branch is located in a middle-income geography, as is much of the assessment area, whose census tract distribution is as follows: 1 moderate-, 38 middle-, and 11 upper-income census tracts. The assessment area remains unchanged since the previous evaluation, and none of the middle-income geographies are designated as distressed or underserved.

The FDIC Deposit Market Share Report, as of June 30, 2014, ranks MCB 32nd of 47 FDIC-insured depository institutions operating in the assessment area with 0.8 percent of total deposits.

ASSESSMENT AREA DEMOGRAPHICS

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	7,941	15.2
Moderate-income	1	2.0	711	1.4	175	24.6	8,428	16.1
Middle-income	38	76.0	39,613	75.7	3,574	9.0	11,959	22.8
Upper-income	11	22.0	12,032	23.0	573	4.8	24,028	45.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	50	100.0	52,356	100.0	4,322	8.3	52,356	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	1,509	721	1.2	47.8	608	40.3	180	11.9
Middle-income	63,660	44,155	75.3	69.4	14,547	22.9	4,958	7.8
Upper-income	19,190	13,786	23.5	71.8	3,254	17.0	2,150	11.2
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	84,359	58,662	100.0	69.5	18,409	21.8	7,288	8.6
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	237	2.8	206	2.8	16	2.7	15	3.7
Middle-income	6,311	75.0	5,546	74.6	455	78.2	310	76.9
Upper-income	1,869	22.2	1,680	22.6	111	19.1	78	19.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	8,417	100.0	7,432	100.0	582	100.0	403	100.0
Percentage of Total Businesses:			88.3		6.9		4.8	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0

Moderate-income	15	0.9	15	0.9	0	0.0	0	0.0
Middle-income	1,381	82.5	1,372	82.6	9	81.8	0	0.0
Upper-income	277	16.6	275	16.5	2	18.2	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,673	100.0	1,662	100.0	11	100.0	0	0.0
	Percentage of Total Farms:			99.3		0.7		0.0

Based on 2013 D&B information according to 2010 ACS Boundaries.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-MSA ILLINOIS -
LIVINGSTON, LA SALLE, PUTNAM, AND BUREAU COUNTIES ("NORTH")**

LENDING TEST

Given the limited lending volume, MCB's performance in this assessment area is consistent to the bank's lending performance overall.

Geographic Distribution of Loans

The geographic distribution of loans is consistent with the overall rating.

HMDA-Reportable Loans

Geographic Distribution of HMDA Reportable Assessment Area: 2013 North IL Non MSA 99999								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2013			2013			
		Count		Agg %	Dollar		Agg \$ %	
#	%	\$ (000s)	\$ %					
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.8	0	0.0	0.4	1.2
	Middle	4	100.0	71.4	303	100.0	66.6	75.3
	Upper	0	0.0	27.8	0	0.0	33.0	23.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	4	100.0	100.0	303	100.0	100.0	100.0
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.5	0	0.0	0.4	1.2
	Middle	2	100.0	68.3	110	100.0	65.6	75.3
	Upper	0	0.0	31.2	0	0.0	34.0	23.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	2	100.0	100.0	110	100.0	100.0	100.0
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	1.3	0	0.0	0.6	1.2
	Middle	0	0.0	76.4	0	0.0	72.0	75.3
	Upper	0	0.0	22.2	0	0.0	27.5	23.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	Multi-Family 0.0
	Moderate	0	0.0	7.1	0	0.0	32.8	8.4
	Middle	0	0.0	71.4	0	0.0	52.9	73.1
	Upper	0	0.0	21.4	0	0.0	14.3	18.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.7	0	0.0	0.9	1.2
	Middle	6	100.0	70.0	413	100.0	66.0	75.3
	Upper	0	0.0	29.3	0	0.0	33.1	23.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	6	100.0	100.0	413	100.0	100.0	100.0
Originations & Purchases								
Based on 2013 D&B information and 2010 ACS Boundaries								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

CRA-Reportable Loans – Small Business and Small Farm

Geographic Distribution of Small Businesses & Small Farms Loans								
Assessment Area: 2013 North IL Non MSA 99999								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Small Businesses
		2013			2013			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000s)	\$ %	\$ %	%
Small Businesses	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	2.3	0	0.0	2.3	2.8
	Middle	34	97.1	70.2	2,812	99.5	76.8	74.6
	Upper	1	2.9	23.0	13	0.5	20.2	22.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown	0	0.0	4.4	0	0.0	0.7	
	Total		35	100.0	100.0	2,825	100.0	100.0
Small Farms								Small Farms
	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.9	0	0.0	0.9	0.9
	Middle	69	98.6	85.0	9,599	99.3	86.8	82.6
	Upper	1	1.4	13.8	72	0.7	12.3	16.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown	0	0.0	0.3	0	0.0	0.0	
Total		70	100.0	100.0	9,671	100.0	100.0	100.0
Originations & Purchases								
Based on 2013 D&B information and 2010 ACS Boundaries								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Lending to Borrowers of Different Income Levels and Lending to Businesses and Farms of Different Sizes

The bank’s distribution to, and among, borrowers of different income levels and among businesses and farms of different sizes is consistent with the overall rating.

HMDA-Reportable Loans

Borrower Distribution of HMDA Reportable Loans by Revenue & Loan Size Assessment Area: 2013 North IL Non MSA 99999								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		Count		2013 Dollar				
		Bank #	Agg %	Bank \$(000s)	Agg \$ %	Bank \$ %	Agg \$ %	
Home Purchase	Low	0	0.0	10.3	0	0.0	5.7	15.2
	Moderate	1	25.0	20.8	35	11.6	16.8	16.1
	Middle	0	0.0	23.8	0	0.0	23.6	22.8
	Upper	2	50.0	32.3	214	70.6	42.0	45.9
	Unknown	1	25.0	12.9	54	17.8	11.8	0.0
	Total	4	100.0	100.0	303	100.0	100.0	100.0
Refinance	Low	0	0.0	5.2	0	0.0	2.9	15.2
	Moderate	1	50.0	15.2	46	41.8	10.4	16.1
	Middle	0	0.0	23.5	0	0.0	19.7	22.8
	Upper	1	50.0	45.6	64	58.2	55.2	45.9
	Unknown	0	0.0	10.5	0	0.0	11.9	0.0
	Total	2	100.0	100.0	110	100.0	100.0	100.0
Home Improvement	Low	0	0.0	9.3	0	0.0	4.4	15.2
	Moderate	0	0.0	15.1	0	0.0	12.2	16.1
	Middle	0	0.0	26.7	0	0.0	19.8	22.8
	Upper	0	0.0	46.7	0	0.0	61.2	45.9
	Unknown	0	0.0	2.2	0	0.0	2.3	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	15.2
	Moderate	0	0.0	0.0	0	0.0	0.0	16.1
	Middle	0	0.0	0.0	0	0.0	0.0	22.8
	Upper	0	0.0	0.0	0	0.0	0.0	45.9
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
HMDA Totals	Low	0	0.0	7.4	0	0.0	4.0	15.2
	Moderate	2	33.3	17.3	81	19.6	12.7	16.1
	Middle	0	0.0	23.7	0	0.0	20.9	22.8
	Upper	3	50.0	40.3	278	67.3	49.7	45.9
	Unknown	1	16.7	11.3	54	13.1	12.8	0.0
	Total	6	100.0	100.0	413	100.0	100.0	100.0
Originations & Purchases Aggregate data is unavailable for loans to businesses with revenue over \$1 million or revenue unknown, and for loan size by revenue Based on 2013 D&B information and 2010 ACS Boundaries Note: Percentages may not add to 100.0 percent due to rounding								

CRA-Reportable Loans – Small Business and Small Farm

Borrower Distribution of Small Businesses/Small Farms Lending by Revenue & Loan Size								
Assessment Area: 2013 North IL Non MSA 99999								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison					Total Businesses	
		2013						
		Count		Dollar				
		Bank	Agg	Bank	Agg			
		#	%	%	\$(000s)	\$ %	\$ %	%
Revenue	\$1 Million or Less	17	48.6	44.6	547	19.4	31.5	88.3
	Over \$1 Million	9	25.7					6.9
	<i>Total Rev. available</i>	26	74.3					95.2
	Rev. Not Known	9	25.7					4.8
	Total	35	100.0					100.0
Loan Size	\$100,000 or Less	30	85.7	93.0	964	34.1	33.3	
	\$100,001 - \$250,000	1	2.9	3.4	161	5.7	16.9	
	\$250,001 - \$1	4	11.4	3.6	1,700	60.2	49.8	
	Total	35	100.0	100.0	2,825	100.0	100.0	
Small Farms Revenue	\$1 Million or Less	51	72.9	66.1	6,177	63.9	75.2	Total Farms 99.3
	Over \$1 Million	16	22.9					.7
	Not Known	3	4.3					.0
	Total	70	100.0					100.0
Small Farms Loan Size	\$100,000 or Less	36	51.4	59.7	1,237	12.8	15.6	
	\$100,001 - \$250,000	23	32.9	25.2	4,012	41.5	37.2	
	\$250,001 - \$500,000	11	15.7	15.2	4,422	45.7	47.2	
	Total	70	100.0	100.0	9,671	100.0	100.0	
Originations & Purchases Aggregate data is unavailable for loans to businesses with revenue over \$1 million or revenue unknown, and for loan size by revenue Based on 2013 D&B information and 2010 ACS Boundaries <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Community Development Lending

Community development lending activities are below overall performance as the bank did not originate any community development loans in this assessment area during the review period; however, it does not change the overall rating.

INVESTMENT TEST

Morton Community Bank's investment performance in the assessment area is below the bank's investment performance overall. No qualified investments were made, and only three donations totaling \$1,700 were made during the evaluation period; however, it does not change the overall rating.

SERVICE TEST

Morton Community Bank's service performance in the assessment area is consistent to the overall performance.

Retail Services

Retail services are consistent. Morton Community Bank operates one branch with a cash-only ATM in the assessment area. The branch is located in a middle-income census tract in the City of Fairbury. The bank's record of opening and closing branch offices has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income census tracts or individuals. MCB's delivery systems are reasonably accessible to the bank's census tracts and individuals of different income levels in the assessment area. The bank's branch hours were consistent, standard banking products and services are offered at the branch location within this assessment area, and they do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income census tracts and/or individuals.

Community Development Services

The bank provides a consistent level of community development services in the assessment area. During the review period, employees delivered 113 hours of financial advising service to an organization that works to provide the education and services necessary for its LMI participants to achieve self-sufficiency.

**NON-MSA ILLINOIS - FULTON, MCDONOUGH, WARREN, MASON, AND KNOX
COUNTIES ("WEST") - Limited Review**

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the performance evaluation.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA ILLINOIS - FULTON,
MCDONOUGH, WARREN, MASON, AND KNOX COUNTIES ("WEST")**

Morton Community Bank operates six branches in the West assessment area. The Manito, Macomb-Downtown, and Farmington branches operate without ATMs while the other three branches maintain cash-only ATMs. The bank maintains three additional stand-alone ATMs: one full service ATM in the City of Manito, one cash-only ATM at McDonough District Hospital in Macomb, IL, and one cash-only ATM at Western Illinois University in Macomb.

Two branches, Macomb-Downtown and Macomb-West, are in low-income census tracts while the other four branches are in middle-income census tracts. The Manito stand-alone ATM is located in a middle-income geography, and the Macomb stand-alone ATMs are in a low-income (Western University) and upper-income census tract (McDonough District Hospital), respectively.

The assessment area is comprised of 3 low-, 9 moderate-, 32 middle-, and 5 upper-income census tracts. Several of the assessment area's middle-income census tracts are designated distressed. In 2012, these included four geographies in Mason County, distressed due to population loss, and five geographies in McDonough County, distressed due to poverty rates. In 2013, these aforementioned geographies maintained their designation as distressed and were joined by nine geographies in Knox County, distressed due to poverty.

The FDIC Deposit Market Share Report, as of June 30, 2014, ranks MCB 3rd of 37 FDIC-insured depository institutions operating in the assessment area with 7.4 percent of total deposits.

ASSESSMENT AREA DEMOGRAPHICS

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	3	6.1	1,142	2.9	527	46.1	8,492	21.5
Moderate-income	9	18.4	7,050	17.8	1,343	19.0	7,947	20.1
Middle-income	32	65.3	26,964	68.1	2,342	8.7	8,702	22.0
Upper-income	5	10.2	4,426	11.2	271	6.1	14,441	36.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	49	100.0	39,582	100.0	4,483	11.3	39,582	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	4,455	736	1.6	16.5	3,049	68.4	670	15.0
Moderate-income	12,442	7,461	16.6	60.0	3,681	29.6	1,300	10.4
Middle-income	44,959	31,420	70.1	69.9	9,296	20.7	4,243	9.4
Upper-income	7,644	5,225	11.7	68.4	1,944	25.4	475	6.2
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	69,500	44,842	100.0	64.5	17,970	25.9	6,688	9.6
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	589	9.9	519	9.7	45	12.9	25	8.9
Moderate-income	1,153	19.3	1,029	19.2	81	23.3	43	15.3
Middle-income	3,615	60.5	3,224	60.3	197	56.6	194	69.0
Upper-income	622	10.4	578	10.8	25	7.2	19	6.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	5,979	100.0	5,350	100.0	348	100.0	281	100.0
Percentage of Total Businesses:			89.5		5.8		4.7	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	10	0.7	10	0.7	0	0.0	0	0.0

Moderate-income	169	12.1	168	12.1	1	33.3	0	0.0
Middle-income	1,077	77.3	1,075	77.4	2	66.7	0	0.0
Upper-income	137	9.8	136	9.8	0	0.0	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,393	100.0	1,389	100.0	3	100.0	1	100.0
	Percentage of Total Farms:			99.7		0.2		0.1

Based on 2013 D&B information according to 2010 ACSBoundaries.

LENDING TEST

Given the limited lending volume, MCB's performance in this assessment area is consistent to the bank's lending performance overall.

Geographic Distribution of Loans

The geographic distribution of loans is consistent with the overall rating.

HMDA-Reportable Loans

Geographic Distribution of HMDA Reportable Loans									
Assessment Area: 2013 West IL Non MSA 99999									
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units	
		Count		2013					
		Bank		Agg		Dollar			Agg
		#	%	%	\$ (000s)	\$ %	\$ %		
Home Purchase	Low	1	11.1	2.7	29	2.4	2.7	1.6	
	Moderate	0	0.0	14.2	0	0.0	10.3	16.6	
	Middle	5	55.6	63.7	413	34.6	59.0	70.1	
	Upper	3	33.3	19.2	750	62.9	27.9	11.7	
	Unknown	0	0.0	0.2	0	0.0	0.1	0.0	
	Total	9	100.0	100.0	1,192	100.0	100.0	100.0	
Refinance	Low	0	0.0	2.1	0	0.0	13.1	1.6	
	Moderate	0	0.0	14.0	0	0.0	19.5	16.6	
	Middle	8	88.9	63.0	1,034	70.3	52.7	70.1	
	Upper	1	11.1	20.9	437	29.7	14.7	11.7	
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0	
	Total	9	100.0	100.0	1,471	100.0	100.0	100.0	
Home Improvement	Low	1	25.0	2.1	55	23.2	3.0	1.6	
	Moderate	0	0.0	18.6	0	0.0	18.5	16.6	
	Middle	3	75.0	59.1	182	76.8	51.3	70.1	
	Upper	0	0.0	19.9	0	0.0	26.7	11.7	
	Unknown	0	0.0	0.3	0	0.0	0.4	0.0	
	Total	4	100.0	100.0	237	100.0	100.0	100.0	
Multi-Family	Low	0	0.0	15.0	0	0.0	6.7	38.8	
	Moderate	0	0.0	15.0	0	0.0	3.6	8.9	
	Middle	0	0.0	60.0	0	0.0	22.9	37.5	
	Upper	0	0.0	10.0	0	0.0	66.8	14.7	
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0	
	Total	0	0.0	100.0	0	0.0	100.0	100.0	
HMDA Totals	Low	2	9.1	2.5	84	2.9	9.7	1.6	
	Moderate	0	0.0	14.5	0	0.0	16.4	16.6	
	Middle	16	72.7	62.9	1,629	56.2	53.4	70.1	
	Upper	4	18.2	20.0	1,187	40.9	20.6	11.7	
	Unknown	0	0.0	0.1	0	0.0	0.0	0.0	
	Total	22	100.0	100.0	2,900	100.0	100.0	100.0	
Originations & Purchases									
Information based on 2010 ACS data									
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>									

CRA-Reportable Loans – Small Business and Small Farm

Geographic Distribution of Small Businesses Loans								
Assessment Area: 2013 West IL Non MSA 99999								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Small Businesses
		2013			2013			
		Count		Agg	Dollar		Agg	
		Bank	Agg		Bank	Agg		
#	%	%	\$ 000s	\$ %	\$ %	%		
Small Businesses	Low	10	10.8	10.3	560	10.4	5.7	9.7
	Moderate	2	2.2	19.9	95	1.8	29.1	19.2
	Middle	68	73.1	56.6	4,279	79.8	51.7	60.3
	Upper	13	14.0	10.8	426	7.9	12.3	10.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown	0	0.0	2.5	0	0.0	1.3	
	Total	93	100.0	100.0	5,360	100.0	100.0	100.0
Originations & Purchases								
Based on 2013 D&B information according to 2010 ACS Boundaries								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Farms Loans								
Assessment Area: 2013 West IL Non MSA 99999								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Small Farms
		2013			2013			
		Count		Agg	Dollar		Agg	
		Bank	Agg		Bank	Agg		
#	%	%	\$ 000s	\$ %	\$ %	%		
Small Farms	Low	1	0.9	0.3	60	0.4	0.4	0.7
	Moderate	3	2.7	18.7	404	2.7	19.8	12.1
	Middle	88	80.0	66.8	12,259	81.8	66.0	77.4
	Upper	18	16.4	13.6	2,264	15.1	13.7	9.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown	0	0.0	0.7	0	0.0	0.1	
	Total	110	100.0	100.0	14,987	100.0	100.0	100.0
Originations & Purchases								
Based on 2013 D&B information according to 2010 ACS Boundaries								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Lending to Borrowers of Different Income Levels and Lending to Businesses and Farms of Different Sizes

The bank’s distribution to, and among, borrowers of different income levels and among businesses and farms of different sizes is consistent with the overall rating.

HMDA-Reportable Loans

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2013 West IL Non MSA 99999								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2013			2013			
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$(000s)	\$ %	\$ %	%
Home Purchase	Low	0	0.0	9.0	0	0.0	5.2	21.5
	Moderate	1	11.1	22.4	25	2.1	17.2	20.1
	Middle	3	33.3	25.0	263	22.1	23.6	22.0
	Upper	5	55.6	30.7	904	75.8	41.1	36.5
	Unknown	0	0.0	13.0	0	0.0	13.0	0.0
	Total		9	100.0	100.0	1,192	100.0	100.0
Refinance	Low	2	22.2	8.2	137	9.3	2.4	21.5
	Moderate	1	11.1	14.1	26	1.8	5.0	20.1
	Middle	4	44.4	23.6	226	15.4	9.6	22.0
	Upper	2	22.2	39.5	1,082	73.6	25.5	36.5
	Unknown	0	0.0	14.7	0	0.0	57.5	0.0
	Total		9	100.0	100.0	1,471	100.0	100.0
Home Improvement	Low	0	0.0	9.6	0	0.0	4.8	21.5
	Moderate	1	25.0	17.5	10	4.2	11.3	20.1
	Middle	2	50.0	25.4	172	72.6	22.4	22.0
	Upper	1	25.0	42.6	55	23.2	58.6	36.5
	Unknown	0	0.0	4.8	0	0.0	2.8	0.0
	Total		4	100.0	100.0	237	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	21.5
	Moderate	0	0.0	0.0	0	0.0	0.0	20.1
	Middle	0	0.0	0.0	0	0.0	0.0	22.0
	Upper	0	0.0	0.0	0	0.0	0.0	36.5
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	2	9.1	8.6	137	4.7	3.2	21.5
	Moderate	3	13.6	17.7	61	2.1	8.4	20.1
	Middle	9	40.9	24.2	661	22.8	13.5	22.0
	Upper	8	36.4	35.9	2,041	70.4	30.0	36.5
	Unknown	0	0.0	13.6	0	0.0	44.9	0.0
	Total		22	100.0	100.0	2,900	100.0	100.0
Originations & Purchases								
Information based on 2010 ACS data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

CRA-Reportable Loans – Small Business and Small Farm

Small Businesses Lending By Revenue & Loan Size									
Assessment Area: 2013 West IL Non MSA 99999									
Product Type		Bank & Aggregate Lending Comparison						Total Businesses %	
		2013							
		Count		Agg	Dollar		Agg		
		Bank		Bank		Agg			
		#	%	%	\$ 000s	\$ %	\$ %		
Small Businesses	Revenue	\$1 Million or Less	53	57.0	50.0	2,000	37.3	50.6	89.5
		Over \$1 Million	23	24.7					5.8
		<i>Total Rev. available</i>	76	81.7					95.3
		Rev. Not Known	17	18.3					4.7
		Total	93	100.0					100.0
	Loan Size	\$100,000 or Less	82	88.2	92.8	2,543	47.4	34.8	
		\$100,001 - \$250,000	8	8.6	3.4	1,317	24.6	14.6	
		\$250,001 - \$1 Million	3	3.2	3.8	1,500	28.0	50.6	
		Total	93	100.0	100.0	5,360	100.0	100.0	
	Loan Size & Rev \$1 Mill	\$100,000 or Less	49	92.5		1,495	74.8		
\$100,001 - \$250,000		4	7.5		505	25.3			
\$250,001 - \$1 Million		0	0.0		0	0.0			
Total		53	100.0		2,000	100.0			
Originations & Purchases Aggregate data is unavailable for loans to businesses with revenue over \$1 million or revenue unknown, and for loan size by revenue Based on 2013 D&B information according to 2010 ACS Boundaries Note: Percentages may not add to 100.0 percent due to rounding									

Small Farms Lending By Revenue & Loan Size									
Assessment Area: 2013 West IL Non MSA 99999									
Product Type		Bank & Aggregate Lending Comparison						Total Farms	
		2013			2013				
		Count		Agg %	Dollar		Agg \$ %		
Bank #	%	Bank \$ 000s	\$ %						
Small Farms	Revenue	\$1 Million or Less	73	66.4	65.8	10,223	68.2	65.4	99.7
		Over \$1 Million	23	20.9					.2
		<i>Total Rev. available</i>	96	87.3					99.9
		Not Known	14	12.7					.1
		Total	110	100.0					100.0
	Loan Size	\$100,000 or Less	62	56.4	67.8	2,665	17.8	22.0	
		\$100,001 - \$250,000	26	23.6	19.5	4,377	29.2	33.0	
		\$250,001 - \$500,000	22	20.0	12.7	7,945	53.0	45.0	
		Total	110	100.0	100.0	14,987	100.0	100.0	
	Loan Size & Rev \$1 Mill	\$100,000 or Less	39	53.4		1,749	17.1		
\$100,001 - \$250,000		18	24.7		3,051	29.8			
\$250,001 - \$500,000		16	21.9		5,423	53.0			
Total		73	100.0		10,223	100.0			
Originations & Purchases Aggregate data is unavailable for loans to businesses with revenue over \$1 million or revenue unknown, and for loan size by revenue Based on 2013 D&B information according to 2010 ACS Boundaries Note: Percentages may not add to 100.0 percent due to rounding									

Community Development Lending

Morton Community Bank’s activities are consistent with the overall rating. The bank originated three loans totaling \$16.1 million in the assessment area. During the previous evaluation, the bank made two loans totaling \$5.8 million.

INVESTMENT TEST

Morton Community Bank’s investment performance in the assessment area is below the bank’s investment performance overall, as one qualified investments for \$379,000 carried over from the previous review period. During the previous evaluation, the bank made five investments for approximately \$3 million.

SERVICE TEST

Morton Community Bank’s service performance in the assessment area is consistent to the overall performance.

Retail Services

Retail services are consistent. Morton Community Bank operates six branches in the assessment area. Two branches are located in low-income census tracts while the other branches are located in middle-income census tracts. With the exception of the Farmington, Manito, and Macomb Main branches, the bank maintains cash-only ATMs at all locations in the assessment area. It also maintains three additional stand-alone ATMs: one cash-only ATM in Macomb, IL, in a low-income census tract, one cash-only ATM in Macomb, IL, in an upper-income census tract, and one full service ATM in Manito, IL, in a middle-income census tract.

The bank's record of opening and closing branch offices has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income census tracts or individuals. MCB's delivery systems are accessible to the bank's census tracts and individuals of different income levels in the assessment area. The bank's branch hours were consistent across locations. Standard banking products and services are offered at branch locations within this assessment area and do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income census tracts and/or individuals.

Community Development Services

The bank provides a consistent level of community development services in the assessment area. During the review period, employees delivered 595 hours of financial advising service to organizations involved in providing assistance and affordable housing to the area's LMI individuals.

APPENDIX A – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Home Mortgage and Small Business and Small Farm Loan Lending Activity: January 1, 2012 - December 31, 2013. Community Development Activities: November 28, 2011 to October 27, 2014.		
FINANCIAL INSTITUTION Morton Community Bank			PRODUCTS REVIEWED HMDA- and CRA-reportable home mortgage, small business, and small farm loans. Community Development Loans, Investments, and Services.
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Peoria, IL Metropolitan Statistical Area #37900	Full scope review	Fondulac Clock Tower and Pekin Main	N/A

Bloomington-Normal, IL Metropolitan Statistical Area #14060	Limited scope review	None	N/A
Non-Metropolitan IL North - Livingston, La Salle, Putnam, and Bureau Counties	Limited scope review	None	N/A
Non-Metropolitan IL West - Fulton, McDonough, Warren, Mason, and Knox Counties	Limited scope review	None	N/A

APPENDIX B – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Consumer loan: A loan to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, home equity, other secured loan, and other unsecured loan.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the

rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Geography: A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home mortgage loans: Include home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area (MMSA). Performance within each MMSA is analyzed separately as a full-scope review and receives its own ratings under the

Lending, Investment and Service Tests provided the financial institution has its main office, branch, or deposit-taking ATM located in each applicable state making up the MMSA.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Small loans to business: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small loans to farms: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.