

# **PUBLIC DISCLOSURE**

June 21, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bank of Pontiac  
RSSD# 930442

300 West Washington Street  
Pontiac, Illinois 61764

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, Illinois 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'S RATING

**Bank of Pontiac is rated: Satisfactory**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

Bank of Pontiac is meeting the credit needs of its community based on an analysis of lending and community development activities. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of loans and other lending-related activities are in the bank's assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Loan distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes. Neither Bank of Pontiac nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

The bank's community development performance demonstrates adequate responsiveness to the needs of its assessment area through community development loans, qualified investments and donations, and community development services. This performance is appropriate considering the bank's capacity, need, and availability of such opportunities for community development in the bank's assessment areas.

## SCOPE OF EXAMINATION

Bank of Pontiac's CRA performance was evaluated using the Intermediate Small Institution Examination Procedures issued by the Federal Financial Institutions Examination Council (FFIEC). The evaluation was performed within the context of information about the institution and its assessment areas including asset size, financial condition, competition, and economic and demographic characteristics.

The bank maintains two delineated assessment areas, Non-Metropolitan Statistical Area Illinois (Illinois Non-MSA) and Chicago-Naperville-Evanston, IL Metropolitan Division #16984 (Chicago IL MD). A full scope evaluation was selected for Illinois Non-MSA based on the bank's deposit market share, branch concentration, volume of Home Mortgage Disclosure Act (HMDA)-reportable loans, small business and small farm lending, economic and demographic characteristics, and an evaluation of the needs of assessment area communities. The Chicago IL MD was evaluated as a limited-scope review and evaluated for consistency with the bank's performance in the full-scope review assessment area.

The loan products reviewed include HMDA-reportable loans, as well as small business and small farm loans. HMDA-reportable and small business lending performance received the most weight, given the volume of total originations (by number) within the evaluation period. The bank's level of community development activity was also considered within this evaluation.

Performance within the designated assessment areas was evaluated using intermediate-small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 14-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank’s HMDA-reportable loans originated from January 1, 2019 through December 31, 2020, and samples of small business and small farm loans originated from January 1, 2020 through December 31, 2020, were reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank’s HMDA-reportable loans from January 1, 2019 through December 31, 2020, and samples of small business and small farm loans from January 1, 2020 through December 31, 2020, originated within the assessment area were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – The bank’s HMDA-reportable loans from January 1, 2019 through December 31, 2020, and samples of small business and small farm loans from January 1, 2020 through December 31, 2020, originated within the assessment area were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.
- ***Community Development Activities*** – The bank’s responsiveness to community development needs through community development loans, qualified investments, and community development services, from April 17, 2018 through June 21, 2021, were reviewed considering the capacity, need, and availability of such opportunities within the assessment area.

In addition, two community representatives were contacted in connection with this evaluation to provide information regarding local economic and socio-economic conditions in the assessment area. The following types of organizations were contacted: economic development and affordable housing.

## DESCRIPTION OF ASSESSMENT AREA

Bank of Pontiac’s combined assessment area includes two individual assessment areas in the upper central portion of the state of Illinois. The combined assessment area has expanded since the previous CRA exam from one assessment area (Illinois Non-MSA) comprised of 13 contiguous census tracts to two separate assessment areas (Illinois Non-MSA and Chicago IL MD) comprised of 37 contiguous census tracts. These changes were made due to the bank’s opening of a branch and automated teller machine (ATM) in Coal City, Illinois, located in Grundy County in March 2018, representing the first branch location within the Chicago IL MD. Additional information regarding these assessment areas is provided in the table below:

Assessment Area	Geographic Description	# of Branches	Review Type
Illinois Non-MSA	Full Livingston County Partial LaSalle County (7 of 28 census tracts) Partial McLean County (1 of 41 census tracts)	7	Full
Chicago IL MD	Full Grundy County Partial Will County (9 of 152 census tracts)	1	Limited

Of the 37 contiguous census tracts comprising the combined assessment area, two are designated as moderate-income, and there are no low-income tracts. The moderate-income census tracts are located within the Illinois Non-MSA and are home to 1,515 families, representing 3.9 percent of all families in the combined assessment area. There are no distressed or underserved middle-income census tracts within the combined assessment area.

There are 61,245 total housing units in the combined assessment area, of which 68.3 percent are owner-occupied, 21.9 percent are rental units, and the remaining 9.9 percent are vacant. Of the total housing units in the combined assessment area, only 4.7 percent are located in moderate-income census tracts and the owner-occupancy rate of housing units in those tracts is 54.9 percent. These factors demonstrate limited residential real estate lending opportunities within moderate-income census tracts in the assessment area.

Businesses and farms with revenues under \$1 million represent 89.6 and 99.4 percent, respectively, of total businesses and farms, evidencing ample lending opportunities to small businesses and small farms within the assessment area.

On April 1, 2021, Bank of Pontiac merged with First Farmers State Bank, Minier, Illinois, establishing three new branches to its network located in Bloomington, Miner, and Delavan, Illinois. This further expanded the bank's assessment area to include all of McLean County and the entirety of Tazewell County, both in Illinois. Tazewell County is located in the Peoria, Illinois MSA #37900, and with the addition of the entirety of McLean County, Bank of Pontiac will also expand its assessment area to include all of the Bloomington, Illinois MSA #14010. However, for purposes of the evaluation, the pre-merger assessment area described above will be evaluated.

## DESCRIPTION OF INSTITUTION

Bank of Pontiac is the sole subsidiary of Pontiac Bancorp, Inc., a one-bank holding company headquartered in Pontiac, Illinois. Bank of Pontiac’s branch network, including the main office, consists of seven full-service branch offices, and one limited-service branch office. The bank operates 14 ATMs, of which seven are full-service and seven are cash-only. The main office and one additional branch are located in Pontiac, with the main office operating within a moderate-income census tract. In addition, the bank operates four ATMs located in a moderate-income census tract in Pontiac. The remainder of bank branches are in the following cities: Odell, Dwight, Fairbury, Forrest, and Coal City. The Coal City branch was opened in March 2018, and the branch in Dwight was relocated in December of 2019, but remained in the same census tract.

As of March 31, 2021, the bank reported total assets of \$673.8 million based on the Uniform Banking Performance Report (UBPR), representing 31.6 percent growth since the previous evaluation. Bank of Pontiac is primarily a commercial and residential real estate lender, as represented by the loan portfolio table below. In addition, the bank offers a variety of other lending products including agricultural, consumer installment, and personal loans. The most notable increase in asset size since the previous evaluation is within the commercial portfolio. In response to the COVID-19 pandemic, the bank participated in government-sponsored loan programs, including the Small Business Administration’s (SBA) Payment Protection Program (PPP), and the growth within the commercial lending portfolio can partially be attributed to this program. Furthermore, the bank offers standard, non-complex deposit and savings products for individuals and businesses. Customers may conduct banking transactions through the bank’s website at [www.bankofpontiac.com](http://www.bankofpontiac.com).

Composition of Loan Portfolio as of March 31, 2021 (000's)		
Type	\$	%
Residential Real Estate	125,154	28.8
Commercial	207,301	47.7
Agriculture	77,955	17.9
Consumer	24,417	5.6
Other	87	0.0
Total	434,914	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

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

The bank was rated satisfactory under the CRA at its previous evaluation conducted on April 16, 2018.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

Bank of Pontiac's performance relative to the lending test is Satisfactory. This is based on a loan-to-deposit ratio that is reasonable given the bank's size, financial condition, and credit needs of the assessment area. Additionally, a majority of loans and other lending related activities are in the assessment area, the distribution of loans to individuals of different income levels and businesses and farms of different sizes is reasonable, and the geographic distribution of loans is reasonable given the bank's assessment area.

#### Loan-to-Deposit Ratio

Bank of Pontiac had a reasonable loan-to-deposit (LTD) ratio given the bank's size, financial condition, and the credit needs of its assessment areas. As of March 31, 2021, the bank's LTD ratio averaged 85.6 percent over a 14-quarter period, which is comparable to that of peer lenders in the area, suggesting the bank is meeting the credit needs of the community. The LTD ratio increased since the prior evaluation in 2018, when the LTD ratio was 79.8 percent. The following table compares the bank's LTD ratio to its local competitors.

Comparative Loan-to-Deposit Ratios as of March 31, 2021	
Comparative Data	14 Quarter Average (%)
Bank of Pontiac	85.6
Competitor Avg	87.4
Competitors	
Midland State Bank	99.0
First State Bank of Forrest	94.4
First Midwest Bank	92.6
Morton Community Bank	84.3
Heartland Bank and Trust Co.	78.3
State Bank of Graymont	75.6

#### Assessment Area Concentration

Bank of Pontiac made a majority of its loans, and as appropriate, other lending-related activities that are in its assessment area. During the review period, Bank of Pontiac originated 79.6 percent of all loans by number and 72.0 percent of all loans by dollar amount within its assessment area. The bank originated 79.4 percent by number and 70.4 percent by dollar of its HMDA-reportable loans inside its assessment area. Similarly, the bank originated 75.3 percent by number and 71.3 percent by dollar amount of its small business loans inside its assessment area. Small farm loans had the

highest concentration of loans originated in the assessment area with 91.0 percent by number and 92.3 percent by dollar amount. The percentage of HMDA-reportable, small business and small farm originations within the assessment area indicates the bank is actively serving the credit needs of the community.

The following table summarizes Bank of Pontiac’s lending inside and outside its assessment area for HMDA-reportable loans from January 1, 2019 to December 31, 2020, and small business and small farm loans from January 1, 2020 to December 31, 2020.

<b>Lending Inside and Outside the Assessment Area</b>								
<b>Loan Types</b>	<b>Inside</b>				<b>Outside</b>			
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Home Purchase – Conventional	241	79.8	24,437	73.4	61	20.2	8,866	26.6
Home Purchase - FHA	14	93.3	1,193	88.7	1	6.7	152	11.3
Home Improvement	31	79.5	1,546	76.1	8	20.5	486	23.9
Multi-Family Housing	4	57.1	1,046	37.3	3	42.9	1,760	62.7
Loan Purpose Not Applicable	12	92.3	890	87.9	1	7.7	122	12.1
Refinancing	424	78.8	58,153	69.7	114	21.2	25,314	30.3
<b>Total HMDA related</b>	<b>726</b>	<b>79.4</b>	<b>87,265</b>	<b>70.4</b>	<b>188</b>	<b>20.6</b>	<b>36,700</b>	<b>29.6</b>
<b>Total Small Business</b>	<b>113</b>	<b>75.3</b>	<b>7,814</b>	<b>71.3</b>	<b>37</b>	<b>24.7</b>	<b>3,142</b>	<b>28.7</b>
<b>Total Small Farm</b>	<b>61</b>	<b>91.0</b>	<b>9,595</b>	<b>92.3</b>	<b>6</b>	<b>9.0</b>	<b>806</b>	<b>7.7</b>
<b>TOTAL LOANS</b>	<b>900</b>	<b>79.6</b>	<b>104,675</b>	<b>72.0</b>	<b>231</b>	<b>20.4</b>	<b>40,647</b>	<b>28.0</b>

### **Geographic and Borrower Distribution**

The bank demonstrated a reasonable geographic distribution of loans given the bank's assessment areas. The bank’s distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels, including low- and moderate-income individuals, and businesses and farms of different sizes, is reasonable given the demographics of the bank's assessment areas. The specifics of the bank’s lending in each assessment area and relevant demographics are discussed in the individual assessment area sections.

### **Response to Complaints**

Neither the bank nor this Reserve Bank has received any CRA-related complaints since the previous examination.

### **COMMUNITY DEVELOPMENT TEST**

The bank’s performance relative to the community development test is Satisfactory.

### **Lending, Investment, and Services Activities**

Bank of Pontiac demonstrates adequate responsiveness to the community development needs of



its assessment areas through community development loans, qualified investments, and community development services. During the evaluation period, Bank of Pontiac originated 34 qualified loans totaling approximately \$13.8 million. This represents an increase of \$9.1 million in community development lending since the previous evaluation. The majority of loans were for the purposes of economic development and revitalization and stabilization of the community.

The bank made two new qualified investments during the evaluation period totaling \$1.7 million. Additionally, eight investments from the previous evaluation period qualified with an outstanding balance of \$1.7 million, increasing the review period amount to \$3.4 million. This total reflects a decrease from the prior evaluation in which the bank had approximately \$4.8 million in qualified investments. The majority of investments were for the purpose of revitalization and stabilization of the community.

There were 57 donations for community development purposes that totaled \$376,170, of which \$90,170 was in monetary value and the remaining \$286,000 via in-kind donations of physical properties. The donations primarily benefited organizations that focus on community services. This represents an increase of \$51,720 in the form of donations during the previous evaluation. No in-kind donations were made during the prior evaluation period.

Qualified community development service hours totaled 199 for 14 different organizations and primarily benefited organizations that focus on community services. The bank's service hours exhibited a significant decrease from the 523 hours during the prior evaluation period. The decrease is attributed to the COVID-19 pandemic and limited in-person involvement opportunities. However, the bank exhibited retail banking services that were responsive to low- and moderate-income individuals by waiving deposit-related fees and service charges, including overdraft fees. Additional information with respect to the bank's community development services is found within the individual assessment area discussions.

Community Development Activities April 17, 2018 – June 21, 2021								
Assessment Area	Loans		Investments		Donations		Services	
	#	\$	#	\$	#	\$	#	Hours
<b>Full Review</b>								
Non-MSA Illinois	31	9,872,439	6	2,221,100	52	369,470	10	171
<b>Limited Review</b>								
Chicago IL MD	2	2,908,800	4	1,215,000	3	5,700	4	28
Nationwide	1	1,056,900	0	0	2	1,000	0	0
<b>Total Qualified</b>	<b>34</b>	<b>13,838,139</b>	<b>10</b>	<b>3,436,100</b>	<b>57</b>	<b>376,170</b>	<b>14</b>	<b>199</b>

#### 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.

## ILLINOIS NON-MSA – FULL REVIEW

### SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the Illinois Non-MSA assessment area. The scope is consistent with the scope of the examination described within the institution summary. For further information, please refer to the “Scope of Examination” section.

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN ILLINOIS NON-MSA

Bank of Pontiac’s Illinois Non-MSA assessment area includes the main office, six branch locations, and 13 ATMs (six full-service and seven cash-only). The assessment area includes 18 total census tracts, including the entirety of Livingston County, partial LaSalle County (seven census tracts), and partial McLean County (one census tract). There are no low-income, two moderate-income, 13 middle-income, and three upper-income census tracts within the assessment area. The moderate-income tracts are located within LaSalle County and Livingston County.

This assessment area has changed since the previous examination. These changes were made due to the bank’s opening of a branch and ATM in Coal City, IL, in March 2018. This branch is located in Grundy County, thus representing the first branch location in the Chicago, IL MD. Therefore, Grundy County was delineated into a separate assessment area within the Chicago, IL MD, along with the addition of partial Will County (nine of 152 census tracts). Additionally, the Illinois Non-MSA assessment area was expanded to include part of LaSalle County (seven of 28 census tracts). The addition of the census tracts in LaSalle County bridges and incorporates the southwest portion of LaSalle County that falls along the north county line with Livingston County and the western border of Grundy County.

In 2019, Bank of Pontiac ranked first among 160 organizations that originated or purchased HMDA-reportable loans, originating 240 HMDA-reportable loans. By comparison, the second ranked organization by HMDA-reportable loans is the State Bank of Graymont with 96 originated or purchased home mortgage loans.

The June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report ranks Bank of Pontiac seventh out of 53 FDIC-insured depository institutions operating in the bank’s assessment area with a market share of 2.6 percent. For reference and comparison, the first ranked financial institution by market share is State Farm Bank, F.S.B. at 59.5 percent.

Key 2019 assessment area demographics are provided in the following table. Assessment area demographics for 2020 can be found in Appendix C.

Assessment Area: 2019 IL Non MSA								
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	3,371	18.7
Moderate-income	2	11.1	1,515	8.4	253	16.7	2,946	16.4
Middle-income	13	72.2	13,819	76.9	1,257	9.1	3,932	21.9
Upper-income	3	16.7	2,647	14.7	268	10.1	7,732	43.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>18</b>	<b>100.0</b>	<b>17,981</b>	<b>100.0</b>	<b>1,778</b>	<b>9.9</b>	<b>17,981</b>	<b>100.0</b>
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
Moderate-income	2,887	1,586	7.9	54.9	904	31.3	397	13.8
Middle-income	22,523	15,330	76.5	68.1	4,892	21.7	2,301	10.2
Upper-income	4,500	3,131	15.6	69.6	1,125	25.0	244	5.4
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>29,910</b>	<b>20,047</b>	<b>100.0</b>	<b>67.0</b>	<b>6,921</b>	<b>23.1</b>	<b>2,942</b>	<b>9.8</b>
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	336	14.4	299	14.5	33	15.4	4	6.8
Middle-income	1,694	72.6	1,489	72.3	153	71.5	52	88.1
Upper-income	303	13.0	272	13.2	28	13.1	3	5.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>2,333</b>	<b>100.0</b>	<b>2,060</b>	<b>100.0</b>	<b>214</b>	<b>100.0</b>	<b>59</b>	<b>100.0</b>
Percentage of Total Businesses:			88.3		9.2		2.5	
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	11	2.8	11	2.8	0	0.0	0	0.0
Middle-income	370	94.6	367	94.6	3	100.0	0	0.0
Upper-income	10	2.6	10	2.6	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>391</b>	<b>100.0</b>	<b>388</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
Percentage of Total Farms:			99.2		0.8		0.0	
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

## Population Change

The table below represents population changes in the assessment area counties and the state of Illinois from 2010 to 2015; the table does not include population change in the assessment area due to the aforementioned assessment area delineation change. Both LaSalle and Livingston Counties exhibited a declining population, with the most notable decline occurring in Livingston County, at 3.2 percent. Conversely, McLean County experienced an increase in population of 2.1 percent, and the state of Illinois exhibited a stable 0.3 percent increase. According to community representatives, some of the population decline within Livingston and LaSalle Counties can be attributed to younger families moving towards more populated areas in the state and retirees migrating out of state.

Population Change			
Area	2010 Population	2011-2015 Population	Percentage Change
LaSalle County, IL	113,924	112,579	-1.2
Livingston County, IL	38,950	37,689	-3.2
McLean County, IL	169,572	173,114	2.1
Assessment Area	N/A	69,917	N/A
State of Illinois	12,830,632	12,873,761	0.3
<i>Source: 2010—U.S. Census Bureau: Decennial Census 2011-2015—U.S. Census Bureau: American Community Survey</i>			

## Income Characteristics

According to 2019 FFIEC Census Data, the assessment area is comprised of 17,981 families, with 18.7 percent being low-income, 16.4 percent moderate-income, 21.9 percent middle-income and 43.0 percent upper-income. Approximately 9.9 percent of families residing within the assessment area live below the poverty line, which is comparable to the state of Illinois poverty rate of 10.5 percent.

The following table compares the median family income (MFI) for the assessment area, its counties, and the state of Illinois; however, the table does not include MFI percentage change in the assessment area due to the aforementioned assessment area delineation change. According to the 2011-2015 American Community Survey (ACS), the MFI in Livingston and McLean Counties significantly outpaced the growth of the state of Illinois at 9.1, 7.7 and 4.9 percent, respectively. The MFI in LaSalle County experienced slower growth during the same time period, at 2.5 percent. Although MFI was lower in Livingston County in 2010, by 2015, the MFI in Livingston County exceeded that of LaSalle County due to significant growth. A community representative attributed the growth to major industries entering the area and offering higher wages, as well as a growing and competitive manufacturing market.

<b>Median Family Income Change</b>			
<b>Area</b>	<b>2006-2010 Median Family Income (In 2010 Dollars)</b>	<b>2011-2015 Median Family Income (In 2015 Dollars)</b>	<b>Percentage Change</b>
LaSalle County, IL	62,252	63,812	2.5
Livingston County, IL	60,933	66,464	9.1
McLean County, IL	77,093	83,034	7.7
Assessment Area	N/A	64,449	N/A
State of Illinois	68,236	71,546	4.9
<i>Source: 2006-2010—U.S. Census Bureau: American Community Survey</i>			
<i>2011-2015—U.S. Census Bureau: American Community Survey</i>			

### Housing Characteristics

There are 29,910 housing units within the assessment area. The majority of housing units are owner-occupied at 67.0 percent, while 23.1 percent are rental, and 9.8 percent are vacant units. The state of Illinois has similar percentages with the majority of housing units being owner occupied (59.9 percent), followed by rental (30.3 percent) and vacant units (9.8 percent). Community representatives in the area stated the current housing market in the area is tight, with the supply of multi-family housing and rentals unable to meet the current demand. In addition, there is a need for more affordable residential housing in general.

According to the 2011-2015 ACS, Livingston County had a median housing value of \$107,200 and median gross rent of \$626. Median housing values in Livingston County increased by 5.4 percent between 2010 and 2015, while median gross rent increased by a comparable 5.6 percent. Median housing value and gross rent in the assessment area are similar at \$104,841 and \$627, respectively. The change in median housing value and gross rent within the assessment area is unavailable due to the aforementioned assessment area delineation change. A community representative attributed these price increases to the area being more heavily impacted during the pre-2010 recession, and noted newer housing and rental options are now available. The median housing values in LaSalle County and the state of Illinois exhibited a decline in value from 2010 to 2015, with the sharpest decline occurring in the state of Illinois.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix D. A higher ratio supports more affordable housing opportunities. Based on the 2011-2015 ACS data, the affordability ratio for the assessment area is 0.50, which is above the state of Illinois ratio of 0.33. The ratios indicate that housing in the assessment area is more affordable when compared to the state as a whole, which is evident in the comparison of median housing values and median gross rent prices. The following table presents recent trends in housing costs within the assessment area and the state of Illinois.

Trends in Housing Costs 2006-2010 and 2011-2015							
Area	Median Housing Value			Median Gross Rent			Affordability Ratio
	2006-2010	2011-2015	% Change	2006-2010	2011-2015	% Change	2011-2015
LaSalle County, IL	125,500	123,100	-1.9	646	700	8.4	0.41
Livingston County, IL	101,700	107,200	5.4	593	626	5.6	0.51
McLean County, IL	151,700	160,500	5.8	692	780	12.7	0.39
Assessment Area	N/A	104,841	N/A	N/A	627	N/A	0.50
State of Illinois	202,500	173,800	-14.2	834	907	8.8	0.33
<i>Source: 2006-2010 – U.S. Census Bureau: American Community Survey 2011-2015 – U.S. Census Bureau: American Community Survey</i>							

### Foreclosure Inventory Rate

The Federal Reserve Bank of Chicago conducted a study on the changes in the foreclosure inventory rate at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure. It excludes properties that have completed the foreclosure cycle.

Foreclosure inventory rates in the assessment area and in the state have declined steadily since the previous examination. As of September 2019, the foreclosure inventory rate for the state of Illinois was 1.0 percent, while LaSalle County’s foreclosure inventory rate was 1.3 percent, Livingston County’s rate was 1.5 percent, and McLean County’s rate was 0.9 percent. At the time of the prior evaluation, in April 2018, the foreclosure inventory rate for the aforementioned geographies were 1.1, 1.9, and 1.7, 0.8 percent, respectively. The continued declining percentage of properties in the process of foreclosure since the prior evaluation indicates housing sector improvements within the overall assessment area and state of Illinois.

### Employment Characteristics

The following table presents the unemployment trends for the assessment area counties and the state of Illinois from 2016 to 2019. The counties comprising the assessment area and the state of Illinois all experienced a decline in unemployment rates between 2016 and 2019. The overall trend during this evaluation period is indicative of a healthy, stabilizing economy. Local community representatives noted that there is a higher demand for jobs than those seeking employment, primarily in the manufacturing, healthcare, and the service industries. Representatives further noted that employers are willing to overcome any skill gap by offering training programs to meet the needs of the jobs; however, the COVID-19 pandemic has led to an increased number of people voluntarily exiting the labor force.

Recent Unemployment Rates (%)				
Area	2016	2017	2018	2019
LaSalle County, IL	6.7	5.7	5.8	5.3
Livingston County, IL	5.5	4.5	4.4	4.1
McLean County, IL	5.1	4.2	4.2	3.8
State of Illinois	5.9	4.9	4.3	4.0

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics (LAUS)*

### Industry Characteristics

The information presented in the table below includes the largest employers in the assessment area as of 2019. According to location quotients developed by the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base and is most heavily impacted by the industries of manufacturing, goods producing, and agriculture.

Largest Employers in the Assessment Area			
Company	County	Industry	# of Employees
Caterpillar	Livingston	Automobile Parts & Supplies-Manufacturers	860
Guzzler Manufacturing, Inc.	Livingston	Trucks-Industrial (Wholesale)	600
Cat Inc	Livingston	Manufacturers	600
Pontiac Correctional Center	Livingston	Government Offices-State	599
Vactor Manufacturing Inc.	Livingston	Sewer & Drain Cleaning-Service/Repair	500
US Foods	Livingston	Food Service – Distributors	360
Osf St James-John W Albrecht	Livingston	Hospitals	296

*Source: Business information provided by Infogroup®, Omaha, NE*

### Community Representatives

Two community representatives were contacted to provide information regarding local economic and demographic conditions. The representatives provided information on affordable housing, employment, and economic development needs within the assessment area. One representative stated their community has been able to maintain jobs throughout the pandemic, despite what may be happening in other parts of the country. Moreover, the volume of job openings is greater than the demand to fill the roles, providing a challenge for local employers. The community’s current housing market is tight, similar to most of the country, with demand outpacing supply. There is a need for housing units of all types, including affordable housing, with the greater need closer to larger cities where the demand is deemed to be the highest due to the trend of people leaving the more rural areas for more lucrative job opportunities in the larger cities. According to the local representatives, the financial institutions in the area, including Bank of Pontiac, remain actively involved in meeting the needs of the community.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS NON-MSA

### LENDING TEST

Bank of Pontiac's performance relative to the lending test in the Illinois Non-MSA is satisfactory. This rating is based on reasonable geographic distribution of HMDA-reportable, small business, and small farm loans, as well as reasonable dispersion among individuals of different income levels and businesses and farms of different sizes in the bank's assessment area.

#### **Geographic Distribution of Loans**

The bank demonstrates reasonable geographic distribution of loans given the bank's assessment area. Although there are no low-income census tracts in the assessment area, the bank did lend within in the two moderate-income census tracts. In 2019, the bank made loans within both moderate-income tracts, while in 2020 the bank made loans within one of the two tracts. Based upon the analysis, it appears there are no conspicuous geographic lending gaps.

#### **HMDA-Reportable Loans**

Geographic distribution of 2019 HMDA-reportable loans is reasonable throughout the assessment area. Geographic distribution of 2020 HMDA-reportable loans are comparable, as shown in Appendix C. The bank's primary HMDA-reportable products during the review period were home purchase and refinance loans. The remaining HMDA-reportable products are not included in the evaluation due to low volumes of originations.

##### *Home-Purchase*

In 2019, home purchase loans represented the largest percentage (51.3 percent) of the bank's HMDA-reportable loans in the assessment area. Bank of Pontiac originated 10.3 percent of its home purchase loans in moderate-income census tracts, which exceeds the performance of aggregate lenders (6.7 percent) and owner-occupied units (7.9 percent). Of the remaining home purchase loans, 43.1 percent were originated in middle-income census tracts and 46.6 percent were originated in upper-income census tracts. This performance is below aggregate lenders (75.5 percent) and owner-occupied units (76.5 percent) in middle-income census tracts, but exceeds aggregate lenders (17.9 percent) and owner-occupied units (15.6 percent) in upper-income census tracts.

The geographic distribution of HMDA-reportable home purchase loans in 2020 was consistent with the pattern of lending in 2019, with a notable increase in lending in middle-income census tracts and slight decrease in moderate-income census tracts. The bank's 2020 HMDA-reportable lending is included in Appendix C.



### *Refinance*

At 38.1 percent, refinance loans represented the second largest percentage of the bank's 2019 HMDA-reportable loans in the assessment area. In 2019, Bank of Pontiac originated 8.1 percent of its refinance loans in the moderate-income census tracts, outperforming aggregate lenders (6.1 percent) and similar to the percentage of owner-occupied units (7.9 percent). The bank originated 53.5 percent of its refinance loans in middle-income census tracts, which is below the aggregate (76.3 percent) and owner-occupied units (76.5 percent). The bank originated 38.4 percent of its refinance loans in upper-income census tracts, which is higher than aggregate lenders (17.6 percent) and owner-occupied units (15.6 percent).

The geographic distribution of HMDA-reportable refinance loans in 2020 was consistent with the pattern of lending in 2019. The bank's 2020 HMDA-reportable lending is included in Appendix C.

Geographic Distribution of HMDA Reportable Loans								
Assessment Group: 2019 IL Non MSA								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		Count Bank		Agg	Dollar Bank		Agg	
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	12	10.3	6.7	780	8.1	4.2	7.9
	Middle	50	43.1	75.5	4,076	42.5	77.8	76.5
	Upper	54	46.6	17.9	4,724	49.3	18.0	15.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>116</b>	<b>100.0</b>	<b>100.0</b>	<b>9,580</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	7	8.1	6.1	605	6.9	3.9	7.9
	Middle	46	53.5	76.3	5,032	57.8	79.8	76.5
	Upper	33	38.4	17.6	3,072	35.3	16.4	15.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>86</b>	<b>100.0</b>	<b>100.0</b>	<b>8,709</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	5.6	4.1	15	1.7	2.6	7.9
	Middle	10	55.6	77.0	575	63.7	81.6	76.5
	Upper	7	38.9	18.9	312	34.6	15.8	15.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>18</b>	<b>100.0</b>	<b>100.0</b>	<b>902</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	<b>Multi-Family</b> 0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	19.9
	Middle	1	100.0	100.0	135	100.0	100.0	59.1
	Upper	0	0.0	0.0	0	0.0	0.0	21.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>135</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Other Purpose LOC	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	4.8	0	0.0	1.7	7.9
	Middle	0	0.0	85.7	0	0.0	95.9	76.5
	Upper	0	0.0	9.5	0	0.0	2.4	15.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
Other Purpose Closed/Exempt	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	7.5	0	0.0	7.2	7.9
	Middle	0	0.0	75.5	0	0.0	63.8	76.5
	Upper	0	0.0	17.0	0	0.0	29.0	15.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	7.9
	Middle	3	60.0	82.4	289	65.2	85.9	76.5
	Upper	2	40.0	17.6	154	34.8	14.1	15.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>5</b>	<b>100.0</b>	<b>100.0</b>	<b>443</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	20	8.8	6.2	1,400	7.1	4.0	7.9
	Middle	110	48.7	76.2	10,107	51.1	78.7	76.5
	Upper	96	42.5	17.6	8,262	41.8	17.3	15.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>	<b>226</b>	<b>100.0</b>	<b>100.0</b>	<b>19,769</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Originations & Purchases  
2016 FFIEC Census Data

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

### Small Business Loans

Geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The 2020 small business loan sample includes 102 loans originated within the assessment area. The bank originated 14.7 percent of its small business loans in moderate-income census tracts. This is comparable the percentage of businesses located in the tract (14.6 percent), which signifies the bank is successfully reaching their moderate-income areas.

Bank of Pontiac originated the majority (71.6 percent) of its small business loans in the middle-income census tracts, which is also comparable to the percentage of businesses located in these tracts (71.8 percent). The bank originated 13.7 percent of its small business loans in upper-income census tracts, which is similar to the businesses located in these tracts (13.6 percent).

The following table presents the geographic distribution of small business loans from January 1, 2020 through December 31, 2020.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Assessment Area: 2020 IL Non MSA</b>						
	<b>Tract Income Levels</b>	<b>Bank &amp; Demographic Comparison</b>				
		<b>Count Bank</b>		<b>Dollar Bank</b>		<b>Total Businesses</b>
		<b>#</b>	<b>%</b>	<b>\$ 000s</b>	<b>\$ %</b>	<b>%</b>
<b>Small Business</b>	Low	0	0.0	0	0.0	0.0
	Moderate	15	14.7	1,509	22.8	14.6
	Middle	73	71.6	4,835	73.2	71.8
	Upper	14	13.7	262	4.0	13.6
	Unknown	0	0.0	0	0.0	0.0
	<b>Total</b>	<b>102</b>	<b>100.0</b>	<b>6,606</b>	<b>100.0</b>	<b>100.0</b>
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

### Small Farm Loans

Bank of Pontiac’s performance with respect to small farm lending is reasonable. While the bank originated only one loan (1.8 percent) in moderate-income census tracts during the evaluation period, only 2.3 percent of farms in the assessment area are located in these tracts.

The bank originated the remaining 98.2 percent of small farm loans in middle-income census tracts, slightly exceeding the percentage of total farms within these tracts (95.1 percent). No small farm loans were originated in upper-income tracts, where only 2.6 percent of assessment area farms reside.

The following table presents the geographic distribution of small farm loans from January 1, 2020 through December 31, 2020.

<b>Geographic Distribution of Small Farm Loans</b>						
<b>Assessment Area: 2020 IL Non MSA</b>						
	<b>Tract Income Levels</b>	<b>Bank &amp; Demographic Comparison</b>				
		<b>Count</b>		<b>Dollar</b>		<b>Total Farms</b>
		<b>Bank</b>	<b>2020</b>	<b>Bank</b>	<b>2020</b>	
		<b>#</b>	<b>%</b>	<b>\$ 000s</b>	<b>\$ %</b>	<b>%</b>
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	1	1.8	88	1.0	2.3
	Middle	55	98.2	8,648	99.0	95.1
	Upper	0	0.0	0	0.0	2.6
	Unknown	0	0.0	0	0.0	0.0
	<b>Total</b>	<b>56</b>	<b>100.0</b>	<b>8,736</b>	<b>100.0</b>	<b>100.0</b>

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

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

The bank demonstrates a distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels, including low- and moderate-income individuals, and businesses and farms of different sizes that is reasonable given the demographics of the bank's assessment area.

### **HMDA-Reportable Loans**

The borrower distribution of 2019 HMDA-reportable loans to individuals of different income levels, including low- and moderate-income levels is reasonable. The bank made nine loans to borrower's with unknown incomes. Loans originated to borrowers of unknown income are loans originated to businesses, which while they are HMDA-reportable loans, they are not required to report income. The bank's primary HMDA-reportable products during the review period were home purchase and refinance loans. The remaining HMDA-reportable products are not included in the evaluation due to the low volume of originations.

Borrower distribution of 2020 HMDA-reportable loans is comparable to the bank's performance in 2019, as shown in Appendix C, with a notable increase in refinance transactions to upper-income borrowers.

### *Home Purchase*

In 2019, Bank of Pontiac originated 12.1 percent of its home purchase loans to low-income borrowers, which is comparable to aggregate lenders at 11.1 percent, but lower than the percentage of low-income families in the assessment area at 18.7 percent. Home purchase loans to moderate-

income borrowers (25.9 percent) was comparable to aggregate lenders (25.6 percent), but outperformed the demographic percentage of moderate-income families (16.4 percent) in the assessment area. Bank of Pontiac originated 27.6 percent of home purchase loans to middle-income borrowers, which was above aggregate lenders and the demographic of families at 22.7 and 21.9 percent, respectively. Further, the bank originated 32.8 percent of its home purchase loans to upper-income borrowers, which was above aggregate lenders (26.7 percent), but below the demographic of families (43.0 percent).

The borrower distribution of HMDA-reportable home purchase loans in 2020 was consistent with the bank's performance in 2019. Please refer to Appendix C for the 2020 borrower distribution lending table.

### *Refinance*

In 2019, Bank of Pontiac originated 12.8 percent of refinance loans to low-income borrowers, which exceeded aggregate lending (8.2 percent), but was below the demographic percentage of low-income families (18.7 percent). The bank originated 18.6 percent of its refinance loans to moderate-income borrowers, which is above both the aggregate lending (17.0 percent) and demographic of families (16.4 percent). Similarly, the bank originated 27.9 percent of refinance loans to middle-income borrowers, which is above both the aggregate and demographic of middle-income families at 24.7 percent and 21.9 percent, respectively. Bank of Pontiac originated 38.4 percent of refinance loans to upper-income borrowers, which was below both aggregate lenders and the demographic of families at 39.3 percent and 43.0 percent, respectively.

The borrower distribution of HMDA-reportable refinance loans in 2020 was mostly similar to the pattern of lending in 2019, with a notable increase in the total overall amount of refinance transactions. In 2020, the bank originated a total of 290 refinance loans, representing a 237.2 percent increase from 2019. The significant increase in refinance lending is consistent with industry-wide trends, as the low-rate environment presented the opportunity for many to seek refinance loans. In terms of percentages, the most notable increase was to upper-income borrowers at 52.8 percent, while the percentage of loans to low-income borrowers declined to 5.9 percent. Although the overall percentage of refinance loans to low-income borrowers decreased, the lending to low- and moderate-income borrowers increased by both volume and dollar amount. The bank's 2020 HMDA-reportable lending is included in Appendix C. The following table summarizes the bank's 2019 borrower distribution of HMDA-reportable lending in the assessment area.

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Group: 2019 IL Non MSA</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2019						
		Count Bank		Agg	Dollar Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	14	12.1	11.1	757	7.9	6.1	18.7
	Moderate	30	25.9	25.6	2,125	22.2	20.8	16.4
	Middle	32	27.6	22.7	2,800	29.2	22.1	21.9
	Upper	38	32.8	26.7	3,816	39.8	36.8	43.0
	Unknown	2	1.7	13.9	82	0.9	14.1	0.0
	<b>Total</b>		<b>116</b>	<b>100.0</b>	<b>100.0</b>	<b>9,580</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	11	12.8	8.2	651	7.5	3.7	18.7
	Moderate	16	18.6	17.0	1,301	14.9	11.7	16.4
	Middle	24	27.9	24.7	2,270	26.1	22.9	21.9
	Upper	33	38.4	39.3	4,353	50.0	48.8	43.0
	Unknown	2	2.3	10.8	134	1.5	12.8	0.0
	<b>Total</b>		<b>86</b>	<b>100.0</b>	<b>100.0</b>	<b>8,709</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	8.1	0	0.0	7.4	18.7
	Moderate	5	27.8	23.0	294	32.6	28.8	16.4
	Middle	2	11.1	18.9	31	3.4	16.4	21.9
	Upper	11	61.1	45.9	577	64.0	45.9	43.0
	Unknown	0	0.0	4.1	0	0.0	1.5	0.0
	<b>Total</b>		<b>18</b>	<b>100.0</b>	<b>100.0</b>	<b>902</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	18.7
	Moderate	0	0.0	0.0	0	0.0	0.0	16.4
	Middle	0	0.0	0.0	0	0.0	0.0	21.9
	Upper	1	100.0	60.0	135	100.0	30.9	43.0
	Unknown	0	0.0	40.0	0	0.0	69.1	0.0
	<b>Total</b>		<b>1</b>	<b>100.0</b>	<b>100.0</b>	<b>135</b>	<b>100.0</b>	<b>100.0</b>
Other Purpose LOC	Low	0	0.0	9.5	0	0.0	6.8	18.7
	Moderate	0	0.0	14.3	0	0.0	10.0	16.4
	Middle	0	0.0	9.5	0	0.0	3.9	21.9
	Upper	0	0.0	52.4	0	0.0	76.1	43.0
	Unknown	0	0.0	14.3	0	0.0	3.3	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Other Purpose Closed/Exempt	Low	0	0.0	15.1	0	0.0	8.9	18.7
	Moderate	0	0.0	20.8	0	0.0	19.4	16.4
	Middle	0	0.0	17.0	0	0.0	20.0	21.9
	Upper	0	0.0	37.7	0	0.0	44.2	43.0
	Unknown	0	0.0	9.4	0	0.0	7.5	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	18.7
	Moderate	0	0.0	0.0	0	0.0	0.0	16.4
	Middle	0	0.0	0.0	0	0.0	0.0	21.9
	Upper	0	0.0	0.0	0	0.0	0.0	43.0
	Unknown	5	100.0	100.0	443	100.0	100.0	0.0
	<b>Total</b>		<b>5</b>	<b>100.0</b>	<b>100.0</b>	<b>443</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	25	11.1	9.9	1,408	7.1	5.2	18.7
	Moderate	51	22.6	21.7	3,720	18.8	17.2	16.4
	Middle	58	25.7	22.2	5,101	25.8	21.5	21.9
	Upper	83	36.7	32.0	8,881	44.9	40.9	43.0
	Unknown	9	4.0	14.2	659	3.3	15.2	0.0
	<b>Total</b>		<b>226</b>	<b>100.0</b>	<b>100.0</b>	<b>19,769</b>	<b>100.0</b>	<b>100.0</b>

Originations & Purchases  
2016 FFIEC Census Data  
*Note: Percentages may not add to 100.0 percent due to rounding*

### Small Business Loans

The distribution of small business loans reflects reasonable penetration among business of different revenue sizes. In 2020, the bank originated 42.2 percent of loans to businesses with gross annual revenues of \$1.0 million or less. The bank’s performance was below the percentage of small businesses within the area, at 88.5 percent. However, of the 43 small business loans originated, 38 (88.4 percent) of those were in amounts of \$100,000 or less, and an additional 9.3 percent were originated in amounts between \$100,000 and \$250,000. These figures indicate the bank’s willingness to meet the credit needs of small businesses, as ultimately these loans are considered to be the most beneficial in providing important funding for the smallest businesses in the community.

In addition, the bank experienced an influx of small business borrowers via the Small Business Administration’s Paycheck Protection Program (PPP). The PPP did not require banks to obtain proof of annual revenue prior to extending credit through the program. Therefore, the bank’s 2020 lending data reflects an abnormally high volume of loans with unknown revenue. All 32 of the bank’s loans with unknown revenue were PPP loans, which represents 31.4 percent of the bank’s small business lending. This significant volume of PPP loans, combined with the high level of small dollar loans, demonstrates the bank’s responsiveness to the COVID-19 pandemic and the willingness to meet the credit needs of small businesses in the community.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2020 IL Non MSA							
Product Type		Bank & Demographic Comparison					
		2020		2020		Total Businesses	
#	%	\$ 000s	\$ %	%	%		
						Small Business	Revenue
Over \$1 Million	27	26.5	3,948	59.8	8.9		
Unknown	32	31.4	1,141	17.3	2.5		
<b>Total</b>	<b>102</b>	<b>100.0</b>	<b>6,606</b>	<b>100.0</b>	<b>100.0</b>		
Loan Size	\$100,000 or Less	84	82.4	1,969	29.8		
	\$100,001 - \$250,000	10	9.8	1,490	22.6		
	\$250,001 - \$1 Million	8	7.8	3,146	47.6		
	<b>Total</b>	<b>102</b>	<b>100.0</b>	<b>6,605</b>	<b>100.0</b>		
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	38	88.4	731	48.2		
	\$100,001 - \$250,000	4	9.3	485	32.0		
	\$250,001 - \$1 Million	1	2.3	300	19.8		
	<b>Total</b>	<b>43</b>	<b>100.0</b>	<b>1,516</b>	<b>100.0</b>		

Originations & Purchases  
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS  
*Note: Percentages may not add to 100.0 percent due to rounding*

## Small Farm Loans

Borrower distribution of small farm loans is reasonable. In 2020, the bank originated 91.1 percent of loans to farms with gross annual revenues of \$1.0 million or less. This is comparable to the 99.2 percent of farms in the assessment area of the same size. Nearly half of all small farm loans (49.0 percent) were originated in the amount of \$100,000 or less, demonstrating support of the smallest farms.

<b>Small Farm Lending By Revenue &amp; Loan Size</b>							
<b>Assessment Area: 2020 IL Non MSA</b>							
Product Type		Bank & Demographic Comparison					
		2020		2020		Total Farms	
		Count Bank		Dollar Bank			
#	%	\$ 000s	\$ %	%			
Small Farm	Revenue	\$1 Million or Less	51	91.1	7,380	84.5	99.2
		Over \$1 Million	5	8.9	1,356	15.5	0.8
		Unknown	0	0.0	0	0.0	0.0
		<b>Total</b>	<b>56</b>	<b>100.0</b>	<b>8,736</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	26	46.4	1,554	17.8	
		\$100,001 - \$250,000	18	32.1	2,947	33.7	
		\$250,001 - \$500,000	12	21.4	4,235	48.5	
		<b>Total</b>	<b>56</b>	<b>100.0</b>	<b>8,736</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	25	49.0	1,464	19.8	
		\$100,001 - \$250,000	16	31.4	2,531	34.3	
		\$250,001 - \$500,000	10	19.6	3,385	45.9	
		<b>Total</b>	<b>51</b>	<b>100.0</b>	<b>7,380</b>	<b>100.0</b>	
Originations & Purchases							
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

## COMMUNITY DEVELOPMENT TEST

### Lending, Investments, and Services Activities

Bank of Pontiac's community development activities are satisfactory. The bank demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. The bank made the majority of community development loans to help promote economic development and to revitalize and stabilize moderate-income census tracts. The majority of the remaining community development activities were devoted to community services towards low- and moderate-income individuals and families.



## **Lending**

During the evaluation period, the bank originated 31 qualified loans totaling approximately \$9.9 million toward community development purposes, with a heavy focus on economic development. Roughly half of the qualified loans had a focus of revitalizing and stabilizing the assessment area. The bank increased community development lending in the Illinois Non-MSA assessment area since the previous evaluation period, in which the bank qualified 10 community development loans totaling \$4.8 million. The increase can be partially attributed to the bank's involvement with the Small Business Administration's (SBA's) Paycheck Protection Program (PPP) in response to the COVID-19 pandemic. This involvement is responsive to the needs of the community, as identified by a representative in the area who indicated a need for participation and tailoring of products to benefit those impacted by COVID-19.

## **Investments**

The bank made two new investments during the evaluation period totaling \$1.7 million. In addition, four investments with an outstanding balance from the prior period totaling \$486,100 qualified during this evaluation. The two new investments went toward local schools within the assessment area comprised of a majority of students from low- or moderate-income families. In comparison, the bank made 19 new investments for \$3.9 million and three prior period investments of \$845,000 during the previous evaluation.

In addition, the bank made 52 qualified donations totaling \$369,470, most of which were to community organizations with a focus on community services that benefit low- and moderate-income individuals and families within the assessment area. The number and dollar amount of donations increased since the previous evaluation where the bank made 48 qualified donations for a total of \$38,450. The primary reason for the increase in value is attributed to two in-kind donations of property with a value of approximately \$286,000. The in-kind property donations helped to provide economic development and community service for low- and moderate-income individuals and families within the assessment area.

## **Services**

During the evaluation period, the bank logged 171 hours of community development services for 10 different organizations, which represented a significant decrease from the 523 hours qualified for 11 different organizations at the previous evaluation. The decrease is attributed to a lack of available opportunities resulting from the COVID-19 pandemic. All community development service hours were dedicated to organizations with a community service focus for low- and moderate-income individuals and families in the assessment area.

The following table presents the bank's community development activities during the evaluation period.

Community Development Activities April 17, 2018 – June 21, 2021										
Type of Activity	Affordable Housing		Economic Development		Activities that Revitalize/Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
<b>Lending</b>	0	0	15	7,593,839	14	2,028,600	2	250,000	31	9,872,439
<b>Investment</b>	0	0	0	0	3	286,100	3	1,935,000	6	2,221,100
<b>Donations</b>	3	4,000	1	125,000	0	0	48	240,470	52	369,470
<b>Services</b>	0	0	0	0	0	0	10	171	10	171

## CHICAGO IL MD - Limited Review

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN CHICAGO IL MD

Bank of Pontiac's Chicago IL MD assessment area includes one branch location with one full-service ATM. This assessment area is new since the previous evaluation due to a branch opening in Coal City, Illinois in March 2018. This branch opening resulted in the bank expanding the assessment area to include Grundy County in its entirety, and portions of Will County (9 of 152 census tracts), for a total of 19 census tracts. No low- or moderate-income census tracts are included within the assessment area delineation.

In 2019, of the 220 organizations that originated or purchased HMDA-reportable loans, Bank of Pontiac ranked 27th. The June 30, 2020, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report ranks Bank of Pontiac 40th of 43 FDIC-insured depository institutions operating in the bank's assessment area with a market share of less than 0.1 percent.

Key 2019 assessment area demographics are provided in the following table. Assessment area demographics for 2020 can be found in Appendix C.

Assessment Area: 2019 Chicago-Naperville-Evanston, IL MD 16984								
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	3,745	18.2
Moderate-income	0	0.0	0	0.0	0	0.0	3,500	17.0
Middle-income	15	78.9	16,586	80.4	1,359	8.2	4,570	22.2
Upper-income	4	21.1	4,033	19.6	124	3.1	8,804	42.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>19</b>	<b>100.0</b>	<b>20,619</b>	<b>100.0</b>	<b>1,483</b>	<b>7.2</b>	<b>20,619</b>	<b>100.0</b>
	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	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	25,474	17,409	80.0	68.3	5,265	20.7	2,800	11.0
Upper-income	5,861	4,347	20.0	74.2	1,204	20.5	310	5.3
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>31,335</b>	<b>21,756</b>	<b>100.0</b>	<b>69.4</b>	<b>6,469</b>	<b>20.6</b>	<b>3,110</b>	<b>9.9</b>
	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	
Moderate-income	0	0	0.0	0	0.0	0	0.0	
Middle-income	2,032	1,845	74.9	74.9	145	73.2	42	82.4
Upper-income	681	619	25.1	25.1	53	26.8	9	17.6
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>2,713</b>	<b>2,464</b>	<b>100.0</b>	<b>100.0</b>	<b>198</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>
		Percentage of Total Businesses:		90.8		7.3		1.9
	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	
Moderate-income	0	0	0.0	0	0.0	0	0.0	
Middle-income	109	109	82.0	82.0	0	0.0	0	0.0
Upper-income	24	24	18.0	18.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>133</b>	<b>133</b>	<b>100.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
		Percentage of Total Farms:		100.0		0.0		0.0

2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS

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

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS CHICAGO IL MD #16984

### LENDING TEST

Bank of Pontiac's lending performance in the area is consistent with the bank's lending performance overall. The bank's borrower distribution within this assessment area reflects less penetration among individuals of different income levels and businesses and farms of different sizes. However, given the low lending volume, recent assessment area expansion, and overall limited market share and branch presence, the bank's performance is still considered reasonable.

### Geographic Distribution of Loans

The following tables represent the 2019 geographic distribution of HMDA-reportable and 2020 small business and small farm loans in the assessment area. The assessment area is comprised only of middle-income and upper-income census tracts; therefore, a meaningful analysis of geographic distribution could not be performed. Please see Appendix C for the bank's 2020 HMDA-reportable lending information.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2019 Chicago-Naperville-Evanston, IL MD 16984								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		2019			Dollar			
		Count Bank		Agg	Bank			Agg
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	9	90.0	83.9	1,308	89.7	82.5	80.0
	Upper	1	10.0	16.1	150	10.3	17.5	20.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>10</b>	<b>100.0</b>	<b>100.0</b>	<b>1,458</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	13	100.0	81.1	2,819	100.0	81.1	80.0
	Upper	0	0.0	18.9	0	0.0	18.9	20.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>13</b>	<b>100.0</b>	<b>100.0</b>	<b>2,819</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	0	0.0	82.1	0	0.0	85.9	80.0
	Upper	0	0.0	17.9	0	0.0	14.1	20.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	<b>Multi-Family</b> 0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	0	0.0	70.6	0	0.0	69.7	73.0
	Upper	0	0.0	29.4	0	0.0	30.3	27.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Other Purpose LOC	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	0	0.0	78.4	0	0.0	70.5	80.0
	Upper	0	0.0	21.6	0	0.0	29.5	20.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Other Purpose Closed/Exempt	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	0	0.0	84.8	0	0.0	85.8	80.0
	Upper	0	0.0	15.2	0	0.0	14.2	20.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	0	0.0	90.0	0	0.0	89.7	80.0
	Upper	0	0.0	10.0	0	0.0	10.3	20.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	22	95.7	82.7	4,127	96.5	81.9	80.0
	Upper	1	4.3	17.3	150	3.5	18.1	20.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>23</b>	<b>100.0</b>	<b>100.0</b>	<b>4,277</b>	<b>100.0</b>	<b>100.0</b>

Originations & Purchases  
2016 FFIEC Census Data  
*Note: Percentages may not add to 100.0 percent due to rounding*

<b>Geographic Distribution of Small Business Loans</b>						
<b>Assessment Area: 2020 Chicago-Naperville-Evanston, IL MD 16984</b>						
	Tract Income Levels	<b>Bank &amp; Demographic Comparison</b>				
		Count Bank		2020 Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	0.0
	Middle	9	81.8	1,190	98.4	74.6
	Upper	2	18.2	19	1.6	25.4
	Unknown	0	0.0	0	0.0	0.0
	<b>Total</b>	<b>11</b>	<b>100.0</b>	<b>1,209</b>	<b>100.0</b>	<b>100.0</b>
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

<b>Geographic Distribution of Small Farm Loans</b>						
<b>Assessment Area: 2020 Chicago-Naperville-Evanston, IL MD 16984</b>						
	Tract Income Levels	<b>Bank &amp; Demographic Comparison</b>				
		Count Bank		2020 Dollar Bank		Total Farms
		#	%	\$ 000s	\$ %	%
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	0.0
	Middle	5	100.0	859	100.0	81.9
	Upper	0	0.0	0	0.0	18.1
	Unknown	0	0.0	0	0.0	0.0
	<b>Total</b>	<b>5</b>	<b>100.0</b>	<b>859</b>	<b>100.0</b>	<b>100.0</b>
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

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

The following tables represent the 2019 borrower distribution of HMDA-reportable and 2020 small business and small farm loans in the assessment area. Please refer to Appendix C for the bank's 2020 HMDA-reportable lending information.

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2019 Chicago-Naperville-Evanston, IL MD 16984</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison					Families by Family Income %	
		2019			Dollar			
		Count Bank	Agg	Dollar Bank	Agg			
		#	%	\$ %	\$ %			
Home Purchase	Low	0	0.0	5.7	0	0.0	3.6	18.2
	Moderate	1	10.0	22.1	71	4.9	17.4	17.0
	Middle	3	30.0	27.4	490	33.6	27.1	22.2
	Upper	6	60.0	29.1	897	61.5	36.4	42.7
	Unknown	0	0.0	15.6	0	0.0	15.5	0.0
	<b>Total</b>		<b>10</b>	<b>100.0</b>	<b>100.0</b>	<b>1,458</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	7.7	6.3	240	8.5	4.0	18.2
	Moderate	1	7.7	16.8	199	7.1	13.2	17.0
	Middle	4	30.8	26.1	1,563	55.4	25.0	22.2
	Upper	2	15.4	35.3	400	14.2	39.7	42.7
	Unknown	5	38.5	15.5	417	14.8	18.2	0.0
	<b>Total</b>		<b>13</b>	<b>100.0</b>	<b>100.0</b>	<b>2,819</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	7.5	0	0.0	6.1	18.2
	Moderate	0	0.0	9.4	0	0.0	9.5	17.0
	Middle	0	0.0	30.2	0	0.0	28.8	22.2
	Upper	0	0.0	51.9	0	0.0	54.9	42.7
	Unknown	0	0.0	0.9	0	0.0	0.6	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	18.2
	Moderate	0	0.0	5.9	0	0.0	5.3	17.0
	Middle	0	0.0	0.0	0	0.0	0.0	22.2
	Upper	0	0.0	5.9	0	0.0	4.1	42.7
	Unknown	0	0.0	88.2	0	0.0	90.6	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Other Purpose LOC	Low	0	0.0	6.9	0	0.0	4.7	18.2
	Moderate	0	0.0	20.6	0	0.0	15.8	17.0
	Middle	0	0.0	28.4	0	0.0	25.7	22.2
	Upper	0	0.0	40.2	0	0.0	51.3	42.7
	Unknown	0	0.0	3.9	0	0.0	2.5	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Other Purpose Closed/Exempt	Low	0	0.0	15.2	0	0.0	15.1	18.2
	Moderate	0	0.0	10.9	0	0.0	10.1	17.0
	Middle	0	0.0	34.8	0	0.0	25.7	22.2
	Upper	0	0.0	34.8	0	0.0	45.2	42.7
	Unknown	0	0.0	4.3	0	0.0	4.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	18.2
	Moderate	0	0.0	0.0	0	0.0	0.0	17.0
	Middle	0	0.0	0.0	0	0.0	0.0	22.2
	Upper	0	0.0	0.0	0	0.0	0.0	42.7
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	<b>Total</b>		<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
HMDA Totals	Low	1	4.3	6.0	240	5.6	3.7	18.2
	Moderate	2	8.7	19.0	270	6.3	15.2	17.0
	Middle	7	30.4	26.4	2,053	48.0	25.5	22.2
	Upper	8	34.8	31.9	1,297	30.3	37.1	42.7
	Unknown	5	21.7	16.7	417	9.7	18.4	0.0
	<b>Total</b>		<b>23</b>	<b>100.0</b>	<b>100.0</b>	<b>4,277</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2016 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								



<b>Small Business Lending By Revenue &amp; Loan Size</b>							
<b>Assessment Area: 2020 Chicago-Naperville-Evanston, IL MD 16984</b>							
Product Type		Bank & Demographic Comparison					
		2020		2020		Total Businesses	
#	%	\$ 000s	%	%	%		
						Small Business	Revenue
Over \$1 Million	5	45.5	940	77.8	7.6		
Unknown	3	27.3	23	1.9	1.8		
<b>Total</b>	<b>11</b>	<b>100.0</b>	<b>1,209</b>	<b>100.0</b>	<b>100.0</b>		
Loan Size	\$100,000 or Less	8	72.7	279	23.1		
	\$100,001 - \$250,000	1	9.1	150	12.4		
	\$250,001 - \$1 Million	2	18.2	780	64.5		
	<b>Total</b>	<b>11</b>	<b>100.0</b>	<b>1,209</b>	<b>100.0</b>		
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	2	66.7	96	39.0		
	\$100,001 - \$250,000	1	33.3	150	61.0		
	\$250,001 - \$1 Million	0	0.0	0	0.0		
	<b>Total</b>	<b>3</b>	<b>100.0</b>	<b>246</b>	<b>100.0</b>		
Originations & Purchases							
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

<b>Small Farm Lending By Revenue &amp; Loan Size</b>							
<b>Assessment Area: 2020 Chicago-Naperville-Evanston, IL MD 16984</b>							
Product Type		Bank & Demographic Comparison					
		2020		2020		Total Farms	
#	%	\$ 000s	%	%	%		
						Small Farm	Revenue
Over \$1 Million	0	0.0	0	0.0	0.0		
Unknown	0	0.0	0	0.0	0.0		
<b>Total</b>	<b>5</b>	<b>100.0</b>	<b>859</b>	<b>100.0</b>	<b>100.0</b>		
Loan Size	\$100,000 or Less	2	40.0	89	10.4		
	\$100,001 - \$250,000	1	20.0	200	23.3		
	\$250,001 - \$500,000	2	40.0	570	66.4		
	<b>Total</b>	<b>5</b>	<b>100.0</b>	<b>859</b>	<b>100.0</b>		
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	2	40.0	89	10.4		
	\$100,001 - \$250,000	1	20.0	200	23.3		
	\$250,001 - \$500,000	2	40.0	570	66.4		
	<b>Total</b>	<b>5</b>	<b>100.0</b>	<b>859</b>	<b>100.0</b>		
Originations & Purchases							
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

**COMMUNITY DEVELOPMENT TEST**

Bank of Pontiac’s community development performance in the area is consistent with the bank’s community development performance overall, provided its overall limited market position and branch presence.

Community Development Activities April 17, 2018 – June 21, 2021										
Type of Activity	Affordable Housing		Economic Development		Activities that Revitalize/Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
<b>Lending</b>	0	0	2	2,908,800	0	0	0	0	2	2,908,800
<b>Investment</b>	0	0	0	0	4	1,215,000	0	0	4	1,215,000
<b>Donations</b>	0	0	0	0	0	0	3	5,700	3	5,700
<b>Services</b>	0	0	0	0	0	0	4	28	4	28



**APPENDIX B – Scope of Examination**

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>	HMDA-Reportable Lending: January 1, 2019 through December 31, 2020 Small Business Lending: January 1, 2020 through December 31, 2020 Small Farm Lending: January 1, 2020 through December 31, 2020 Community Development Activities: April 17, 2018 through June 21, 2021		
<b>FINANCIAL INSTITUTION</b>			<b>PRODUCTS REVIEWED</b>
Bank of Pontiac			HMDA Reportable Small Business Small Farm
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
None	NA		NA
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
Non-MSA Illinois	Full Scope	None	NA
Chicago IL MD #16984	Limited Scope	None	NA

**APPENDIX C - ASSESSMENT AREA DEMOGRAPHICS; ADDITIONAL TABLES**

Assessment Area: 2020 IL Non MSA								
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	3,371	18.7
Moderate-income	2	11.1	1,515	8.4	253	16.7	2,946	16.4
Middle-income	13	72.2	13,819	76.9	1,257	9.1	3,932	21.9
Upper-income	3	16.7	2,647	14.7	268	10.1	7,732	43.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>18</b>	<b>100.0</b>	<b>17,981</b>	<b>100.0</b>	<b>1,778</b>	<b>9.9</b>	<b>17,981</b>	<b>100.0</b>
	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	2,887	1,586	7.9	54.9	904	31.3	397	13.8
Middle-income	22,523	15,330	76.5	68.1	4,892	21.7	2,301	10.2
Upper-income	4,500	3,131	15.6	69.6	1,125	25.0	244	5.4
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>29,910</b>	<b>20,047</b>	<b>100.0</b>	<b>67.0</b>	<b>6,921</b>	<b>23.1</b>	<b>2,942</b>	<b>9.8</b>
	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	
Moderate-income	341	14.6	304	14.7	32	15.3	5	8.5
Middle-income	1,678	71.8	1,478	71.4	149	71.3	51	86.4
Upper-income	319	13.6	288	13.9	28	13.4	3	5.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>2,338</b>	<b>100.0</b>	<b>2,070</b>	<b>100.0</b>	<b>209</b>	<b>100.0</b>	<b>59</b>	<b>100.0</b>
	Percentage of Total Businesses:			88.5		8.9		2.5
	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	
Moderate-income	9	2.3	9	2.3	0	0.0	0	0.0
Middle-income	372	95.1	369	95.1	3	100.0	0	0.0
Upper-income	10	2.6	10	2.6	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>391</b>	<b>100.0</b>	<b>388</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	Percentage of Total Farms:			99.2		0.8		0.0
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Geographic Distribution of HMDA Reportable Loans</b>						
<b>Assessment Group: 2020 IL Non MSA</b>						
Product Type	Tract Income Levels	Bank & Demographic Comparison				Owner Occupied % of Units
		2020				
		Count Bank		Dollar Bank		
		#	%	\$ (000s)	%	
Home Purchase	Low	0	0.0%	0	0.0%	0.0
	Moderate	6	5.0%	342	2.6%	7.9
	Middle	67	55.4%	8,106	62.6%	76.5
	Upper	48	39.7%	4,491	34.7%	15.6
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>121</b>	<b>100.0%</b>	<b>12,939</b>	<b>100.0%</b>
Refinance	Low	0	0.0%	0	0.0%	0.0
	Moderate	19	6.6%	2,097	5.5%	7.9
	Middle	151	52.1%	21,103	54.9%	76.5
	Upper	120	41.4%	15,252	39.7%	15.6
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>290</b>	<b>100.0%</b>	<b>38,452</b>	<b>100.0%</b>
Home Improvement	Low	0	0.0%	0	0.0%	0.0
	Moderate	1	8.3%	20	3.7%	7.9
	Middle	5	41.7%	212	39.0%	76.5
	Upper	6	50.0%	312	57.4%	15.6
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>12</b>	<b>100.0%</b>	<b>544</b>	<b>100.0%</b>
Multi-Family	Low	0	0.0%	0	0.0%	<b>Multi-Family</b> 0.0
	Moderate	0	0.0%	0	0.0%	19.9
	Middle	0	0.0%	0	0.0%	59.1
	Upper	1	100.0%	638	100.0%	21.0
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>1</b>	<b>100.0%</b>	<b>638</b>	<b>100.0%</b>
Other Purpose LOC	Low	0	0.0%	0	0.0%	0.0
	Moderate	0	0.0%	0	0.0%	7.9
	Middle	0	0.0%	0	0.0%	76.5
	Upper	0	0.0%	0	0.0%	15.6
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
Other Purpose Closed/Exempt	Low	0	0.0%	0	0.0%	0.0
	Moderate	0	0.0%	0	0.0%	7.9
	Middle	0	0.0%	0	0.0%	76.5
	Upper	0	0.0%	0	0.0%	15.6
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
Loan Purpose Not Applicable	Low	0	0.0%	0	0.0%	0.0
	Moderate	0	0.0%	0	0.0%	7.9
	Middle	5	71.4%	377	84.3%	76.5
	Upper	2	28.6%	70	15.7%	15.6
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>7</b>	<b>100.0%</b>	<b>447</b>	<b>100.0%</b>
HMDA Totals	Low	0	0.0%	0	0.0%	0.0
	Moderate	26	6.0%	2,459	4.6%	7.9
	Middle	228	52.9%	29,798	56.2%	76.5
	Upper	177	41.1%	20,763	39.2%	15.6
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>431</b>	<b>100.0%</b>	<b>53,020</b>	<b>100.0%</b>
Originations & Purchases						
2016 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

<b>Borrower Distribution of HMDA Reportable Loans</b>						
<b>Assessment Group: 2020 IL Non MSA</b>						
Product Type	Borrower Income Levels	Bank & Demographic Comparison 2020				Families by Family Income %
		Count Bank		Dollar Bank		
		#	%	\$(000s)	\$ %	
Home Purchase	Low	10	8.3%	596	4.6%	18.7
	Moderate	34	28.1%	2,587	20.0%	16.4
	Middle	41	33.9%	4,697	36.3%	21.9
	Upper	34	28.1%	4,895	37.8%	43.0
	Unknown	2	1.7%	164	1.3%	0.0
	<b>Total</b>		<b>121</b>	<b>100.0%</b>	<b>12,939</b>	<b>100.0%</b>
Refinance	Low	17	5.9%	1,101	2.9%	18.7
	Moderate	54	18.6%	4,888	12.7%	16.4
	Middle	64	22.1%	7,371	19.2%	21.9
	Upper	153	52.8%	25,041	65.1%	43.0
	Unknown	2	0.7%	51	0.1%	0.0
	<b>Total</b>		<b>290</b>	<b>100.0%</b>	<b>38,452</b>	<b>100.0%</b>
Home Improvement	Low	1	8.3%	30	5.5%	18.7
	Moderate	0	0.0%	0	0.0%	16.4
	Middle	4	33.3%	181	33.3%	21.9
	Upper	5	41.7%	286	52.6%	43.0
	Unknown	2	16.7%	47	8.6%	0.0
	<b>Total</b>		<b>12</b>	<b>100.0%</b>	<b>544</b>	<b>100.0%</b>
Multi-Family	Low	0	0.0%	0	0.0%	18.7
	Moderate	0	0.0%	0	0.0%	16.4
	Middle	0	0.0%	0	0.0%	21.9
	Upper	0	0.0%	0	0.0%	43.0
	Unknown	1	100.0%	638	100.0%	0.0
	<b>Total</b>		<b>1</b>	<b>100.0%</b>	<b>638</b>	<b>100.0%</b>
Other Purpose LOC	Low	0	0.0%	0	0.0%	18.7
	Moderate	0	0.0%	0	0.0%	16.4
	Middle	0	0.0%	0	0.0%	21.9
	Upper	0	0.0%	0	0.0%	43.0
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
Other Purpose Closed/Exempt	Low	0	0.0%	0	0.0%	18.7
	Moderate	0	0.0%	0	0.0%	16.4
	Middle	0	0.0%	0	0.0%	21.9
	Upper	0	0.0%	0	0.0%	43.0
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
Loan Purpose Not Applicable	Low	0	0.0%	0	0.0%	18.7
	Moderate	0	0.0%	0	0.0%	16.4
	Middle	0	0.0%	0	0.0%	21.9
	Upper	0	0.0%	0	0.0%	43.0
	Unknown	7	100.0%	447	100.0%	0.0
	<b>Total</b>		<b>7</b>	<b>100.0%</b>	<b>447</b>	<b>100.0%</b>
HMDA Totals	Low	28	6.5%	1,727	3.3%	18.7
	Moderate	88	20.4%	7,475	14.1%	16.4
	Middle	109	25.3%	12,249	23.1%	21.9
	Upper	192	44.5%	30,222	57.0%	43.0
	Unknown	14	3.2%	1,347	2.5%	0.0
	<b>Total</b>		<b>431</b>	<b>100.0%</b>	<b>53,020</b>	<b>100.0%</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Assessment Area: 2020 Chicago-Naperville-Evanston, IL MD 16984								
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	3,745	18.2
Moderate-income	0	0.0	0	0.0	0	0.0	3,500	17.0
Middle-income	15	78.9	16,586	80.4	1,359	8.2	4,570	22.2
Upper-income	4	21.1	4,033	19.6	124	3.1	8,804	42.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>19</b>	<b>100.0</b>	<b>20,619</b>	<b>100.0</b>	<b>1,483</b>	<b>7.2</b>	<b>20,619</b>	<b>100.0</b>
	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	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	25,474	17,409	80.0	68.3	5,265	20.7	2,800	11.0
Upper-income	5,861	4,347	20.0	74.2	1,204	20.5	310	5.3
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>31,335</b>	<b>21,756</b>	<b>100.0</b>	<b>69.4</b>	<b>6,469</b>	<b>20.6</b>	<b>3,110</b>	<b>9.9</b>
	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	
Moderate-income	0	0	0.0	0	0.0	0	0.0	
Middle-income	2,023	74.6	1,833	74.6	148	72.2	42	84.0
Upper-income	688	25.4	623	25.4	57	27.8	8	16.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>2,711</b>	<b>100.0</b>	<b>2,456</b>	<b>100.0</b>	<b>205</b>	<b>100.0</b>	<b>50</b>	<b>100.0</b>
		Percentage of Total Businesses:		90.6		7.6		1.8
	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	
Moderate-income	0	0	0.0	0	0.0	0	0.0	
Middle-income	113	81.9	113	81.9	0	0.0	0	0.0
Upper-income	25	18.1	25	18.1	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>138</b>	<b>100.0</b>	<b>138</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
		Percentage of Total Farms:		100.0		0.0		0.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS

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



<b>Geographic Distribution of HMDA Reportable Loans</b>						
<b>Assessment Area: 2020 Chicago-Naperville-Evanston, IL MD 16984</b>						
Product Type	Tract Income Levels	Bank & Demographic Comparison				Owner Occupied % of Units
		2020		2020		
		Count Bank	%	Dollar Bank	%	
		#	%	\$ (000s)	%	
Home Purchase	Low	0	0.0%	0	0.0%	0.0
	Moderate	0	0.0%	0	0.0%	0.0
	Middle	8	100.0%	1,653	100.0%	80.0
	Upper	0	0.0%	0	0.0%	20.0
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>8</b>	<b>100.0%</b>	<b>1,653</b>	<b>100.0%</b>
Refinance	Low	0	0.0%	0	0.0%	0.0
	Moderate	0	0.0%	0	0.0%	0.0
	Middle	33	94.3%	7,633	93.4%	80.0
	Upper	2	5.7%	540	6.6%	20.0
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>35</b>	<b>100.0%</b>	<b>8,173</b>	<b>100.0%</b>
Home Improvement	Low	0	0.0%	0	0.0%	0.0
	Moderate	0	0.0%	0	0.0%	0.0
	Middle	1	100.0%	100	100.0%	80.0
	Upper	0	0.0%	0	0.0%	20.0
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>1</b>	<b>100.0%</b>	<b>100</b>	<b>100.0%</b>
Multi-Family	Low	0	0.0%	0	0.0%	<b>Multi-Family</b> 0.0
	Moderate	0	0.0%	0	0.0%	0.0
	Middle	2	100.0%	273	100.0%	73.0
	Upper	0	0.0%	0	0.0%	27.0
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>2</b>	<b>100.0%</b>	<b>273</b>	<b>100.0%</b>
Other Purpose LOC	Low	0	0.0%	0	0.0%	0.0
	Moderate	0	0.0%	0	0.0%	0.0
	Middle	0	0.0%	0	0.0%	80.0
	Upper	0	0.0%	0	0.0%	20.0
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
Other Purpose Closed/Exempt	Low	0	0.0%	0	0.0%	0.0
	Moderate	0	0.0%	0	0.0%	0.0
	Middle	0	0.0%	0	0.0%	80.0
	Upper	0	0.0%	0	0.0%	20.0
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
Loan Purpose Not Applicable	Low	0	0.0%	0	0.0%	0.0
	Moderate	0	0.0%	0	0.0%	0.0
	Middle	0	0.0%	0	0.0%	80.0
	Upper	0	0.0%	0	0.0%	20.0
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
HMDA Totals	Low	0	0.0%	0	0.0%	0.0
	Moderate	0	0.0%	0	0.0%	0.0
	Middle	44	95.7%	9,659	94.7%	80.0
	Upper	2	4.3%	540	5.3%	20.0
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>46</b>	<b>100.0%</b>	<b>10,199</b>	<b>100.0%</b>
Originations & Purchases						
2016 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

<b>Borrower Distribution of HMDA Reportable Loans</b>						
<b>Assessment Area: 2020 Chicago-Naperville-Evanston, IL MD 16984</b>						
Product Type	Borrower Income Levels	Bank & Demographic Comparison 2020				Families by Family Income %
		Count Bank		Dollar Bank		
		#	%	\$(000s)	\$ %	
Home Purchase	Low	0	0.0%	0	0.0%	18.2
	Moderate	1	12.5%	141	8.5%	17.0
	Middle	2	25.0%	366	22.1%	22.2
	Upper	5	62.5%	1,146	69.3%	42.7
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>8</b>	<b>100.0%</b>	<b>1,653</b>	<b>100.0%</b>
Refinance	Low	1	2.9%	98	1.2%	18.2
	Moderate	1	2.9%	229	2.8%	17.0
	Middle	10	28.6%	2,074	25.4%	22.2
	Upper	23	65.7%	5,772	70.6%	42.7
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>35</b>	<b>100.0%</b>	<b>8,173</b>	<b>100.0%</b>
Home Improvement	Low	0	0.0%	0	0.0%	18.2
	Moderate	0	0.0%	0	0.0%	17.0
	Middle	0	0.0%	0	0.0%	22.2
	Upper	1	100.0%	100	100.0%	42.7
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>1</b>	<b>100.0%</b>	<b>100</b>	<b>100.0%</b>
Multi-Family	Low	0	0.0%	0	0.0%	18.2
	Moderate	0	0.0%	0	0.0%	17.0
	Middle	0	0.0%	0	0.0%	22.2
	Upper	1	50.0%	104	38.1%	42.7
	Unknown	1	50.0%	169	61.9%	0.0
	<b>Total</b>		<b>2</b>	<b>100.0%</b>	<b>273</b>	<b>100.0%</b>
Other Purpose LOC	Low	0	0.0%	0	0.0%	18.2
	Moderate	0	0.0%	0	0.0%	17.0
	Middle	0	0.0%	0	0.0%	22.2
	Upper	0	0.0%	0	0.0%	42.7
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
Other Purpose Closed/Exempt	Low	0	0.0%	0	0.0%	18.2
	Moderate	0	0.0%	0	0.0%	17.0
	Middle	0	0.0%	0	0.0%	22.2
	Upper	0	0.0%	0	0.0%	42.7
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
Loan Purpose Not Applicable	Low	0	0.0%	0	0.0%	18.2
	Moderate	0	0.0%	0	0.0%	17.0
	Middle	0	0.0%	0	0.0%	22.2
	Upper	0	0.0%	0	0.0%	42.7
	Unknown	0	0.0%	0	0.0%	0.0
	<b>Total</b>		<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
HMDA Totals	Low	1	2.2%	98	1.0%	18.2
	Moderate	2	4.3%	370	3.6%	17.0
	Middle	12	26.1%	2,440	23.9%	22.2
	Upper	30	65.2%	7,122	69.8%	42.7
	Unknown	1	2.2%	169	1.7%	0.0
	<b>Total</b>		<b>46</b>	<b>100.0%</b>	<b>10,199</b>	<b>100.0%</b>
Originations & Purchases 2016 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

## APPENDIX D – 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.

**American Community Survey Data (ACS):** The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.<sup>1</sup>

**Area Median Income (AMI):** AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment area:** Assessment area means a geographic area delineated in accordance with section 228.41

**Automated teller machine (ATM):** An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

**Bank:** Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

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<sup>1</sup> Source: FFIEC press release dated October 19, 2011.

**Branch:** Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

**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.

**Combined Statistical Area (CSAs):** Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

**Community Development:** The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:
  - a. Rates of poverty, unemployment or population loss; or
  - b. Population size, density and dispersion. Activities that revitalize and

stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

**Community Development Loan:** A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
  - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
  - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

**Community Development Service:** A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

**Consumer loan:** A loan(s) 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, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

**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 household 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.

**Full review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

**Geography:** A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act:** The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

**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.

**Income Level:** Income level means:

- 1) Low-income – an 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 census tract;
- 2) Moderate-income – an 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 census tract;
- 3) Middle-income – an 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 census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

*Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and*

*geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).*

**Limited-purpose bank:** This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

**Limited review:** Performance under the Lending, Investment, and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

**Loan location:** Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

**Loan product office:** This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

**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 reporting lenders in the MA/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 single core 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.

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

**Nonmetropolitan area:** This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

**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.

**Qualified Investment:** This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

**Small Bank:** This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.322 billion. Intermediate small bank means a small bank with assets of at least \$330 million as of December 31 of both of the prior two calendar years and less than \$1.322 billion as of December 31 of either of the prior two calendar years.

*Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.*

**Small Business Loan:** This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** This term refers to a loan that is included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. 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.

**Wholesale Bank:** This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).