

# **PUBLIC DISCLOSURE**

July 15, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bank of Pontiac  
RSSD# 930442

300 W. Washington St  
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.

## TABLE OF CONTENTS

<b>INSTITUTION’S CRA RATING</b> .....	2
<b>SCOPE OF EXAMINATION</b> .....	2
<b>DESCRIPTION OF INSTITUTION</b> .....	4
<b>DESCRIPTION OF ASSESSMENT AREA</b> .....	5
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA</b> .....	8
LENDING TEST .....	8
COMMUNITY DEVELOPMENT TEST.....	10
<b>ILLINOIS NON-MSA – FULL REVIEW</b> .....	12
DESCRIPTION OF INSTITUTION’S OPERATIONS IN ILLINOIS NON METROPOLITAN AREA.....	12
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS NON METROPOLITAN AREA .....	18
<b>BLOOMINGTON, IL MSA #14010 – FULL REVIEW</b> .....	29
DESCRIPTION OF INSTITUTION’S OPERATIONS IN BLOOMINGTON, IL MSA #14010.....	29
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN BLOOMINGTON, IL MSA #14010 .....	34
<b>CHICAGO-NAPERVILLE-EVANSTON,IL MD #16984 – LIMITED REVIEW</b> .....	44
DESCRIPTION OF INSTITUTION’S OPERATIONS IN CHICAGO-NAPERVILLE-EVANSTON,IL MD #16984.....	44
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CHICAGO-NAPERVILLE-EVANSTON,IL MD #16984 .....	46
<b>PEORIA, IL MSA #37900 – LIMITED REVIEW</b> .....	50
DESCRIPTION OF INSTITUTION’S OPERATIONS IN PEORIA, IL MSA #37900 .....	50
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PEORIA, IL MSA #37900 .....	55
<b>FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW</b> .....	55
<b>APPENDIX A – MAP OF ASSESSMENT AREAS</b> .....	56
<b>APPENDIX B – ADDITIONAL TABLES</b> .....	57
<b>APPENDIX C – SCOPE OF EXAMINATION</b> .....	62
<b>APPENDIX D – GLOSSARY</b> .....	63



## INSTITUTION'S CRA 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 average loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of loans are originated in the bank's assessment areas. The geographic distribution reflects reasonable dispersion throughout the assessment area. Loan distribution reflects reasonable penetration among borrowers of different income levels, particularly low- and moderate-income borrowers, and businesses and farms of different revenue sizes. Neither Bank of Pontiac nor this Reserve Bank received any Community Reinvestment Act (CRA) related complaints since the previous examination.

Bank of Pontiac's community development performance demonstrates adequate responsiveness to the needs of its assessment areas through community development loans, donations, qualified investments, and community development services. This performance is appropriate, considering the bank's capacity and the needs and availability of community development opportunities within 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). Performance was evaluated in the context of information about the institution and its assessment areas, including the bank's asset size, financial condition, competition, and the economic and demographic characteristics of the bank's assessment areas.

The bank delineates four assessments areas within the state of Illinois: Bloomington, IL Metropolitan Statistical Area (MSA) #14010, which consists of McLean County in its entirety; Illinois Non-MSA, which includes the entirety of Livingston County and partial LaSalle County (seven of 28 census tracts); Peoria, IL MSA #37900, consisting of the entirety of Tazewell County; and Chicago-Naperville-Evanston, IL MD #16984 (Chicago, IL MD), consisting of the entirety of Grundy County and contiguous tracts of partial Will County (nine of 152 census tracts).

A full-scope evaluation was selected for the Illinois Non-MSA and Bloomington, IL MSA. Each assessment area was selected for a full-scope review based on several factors including deposit market share, branch concentration, volume of Home Mortgage Disclosure Act (HMDA) reportable loans, small business and small farm lending, the percentage of low- and moderate-income households, and an evaluation of the needs of the assessment area communities.

Performance for Bloomington, IL MSA and Illinois Non-MSA were weighted equally amongst each other.

Loan products reviewed include HMDA-reportable loans, small business loans, and small farm loans, which are the bank's primary business lines based on volume by number and dollar amount. HMDA-reportable, small business, and small farm loans were given equal weight during the 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 12-quarter average loan-to-deposit (LTD) ratio was calculated from June 30, 2021, through March 31, 2024, 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, 2022, through December 31, 2023, and a sample of small business and small farm loans originated from January 1, 2023, through December 31, 2023, 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 originated from January 1, 2022, through December 31, 2023, and a sample of small business and small farm loans originated from January 1, 2023, through December 31, 2023, 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 as low and moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – The bank's HMDA-reportable loans originated from January 1, 2022, through December 31, 2023, and a sample of small business and small farm loans originated from January 1, 2023, through December 31, 2023, originated within the assessment area were analyzed 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 June 22, 2021, through July 15, 2024, were reviewed

considering the capacity, need, and availability of such opportunities within the assessment area.

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

## DESCRIPTION OF INSTITUTION

Bank of Pontiac is the sole subsidiary of Pontiac Bancorp, Inc., a non-complex, one bank holding company headquartered in Pontiac, Illinois. The bank operates eleven full-service branches, including its main office, and one limited-service branch office. Additionally, the bank operates 10 full-service and eight deposit-only ATMs. Seven of the bank’s 11 total branch locations are located within the Illinois Non-MSA assessment area, two are in the Peoria, IL MSA, and one branch in Chicago, IL MD and Bloomington, IL MSA. The bank’s products and services do not vary across location.

According to the March 31, 2024, Uniform Bank Performance Report (UBPR) BOP reported total assets at approximately \$942.1 million. Bank of Pontiac provides a range of traditional loan and deposit products and services. While the bank is primarily a commercial lender, it also offers agricultural, residential real estate, and consumer loan products. The bank offers a variety of traditional deposit products, including checking and saving accounts, certificates of deposits, and individual retirement accounts. The bank maintains a website ([www.bankofpontiac.com](http://www.bankofpontiac.com)) that provides information on loan and deposit products, applications, online banking, and other banking services.

Details of the bank’s loan portfolio allocation are provided in the following table.

<b>Composition of Loan Portfolio</b> as of <b>March 31, 2024</b> (000's)		
<b>Type</b>	<b>\$</b>	<b>%</b>
<b>Residential Real Estate</b>	197,163	25.3
<b>Commercial</b>	357,844	46.0
<b>Agriculture</b>	193,922	24.9
<b>Consumer</b>	29,064	3.7
<b>Other</b>	488	0.1
<b>Total</b>	778,481	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 September 26, 2021.

## DESCRIPTION OF ASSESSMENT AREA

Bank of Pontiac (BOP) is an intrastate bank that operates in four assessment areas throughout the north central portion of Illinois. The delineated assessment areas include a portion of the Chicago-Naperville-Evanston, IL MD (Chicago, IL MD) comprising of the entirety of Grundy County and partial Will County (nine of 152 census tracts); Illinois Non-MSA comprising of the entirety of Livingston County and partial LaSalle County (seven of 28 census tracts); partial Peoria, IL MSA comprising of the entirety of Tazewell County; and Bloomington, IL MSA comprising of McLean County. Seven of the bank's 11 total branch locations are located within the Illinois Non-MSA assessment area, two are in the Peoria, IL MSA, and one branch in the Chicago, IL MD and Bloomington, IL MSA. The combined assessment area includes a total of 113 census tracts. Of which, one is considered low-income, 21 are considered moderate-income, 72 are considered middle-income, 16 are considered upper-income, and three designated as unknown-income.

The combined assessment area has changed since the previous evaluation, with its addition of three branches due to the merger with First Farmers State Bank on April 1, 2021. With this acquisition, the bank's assessment area was expanded to include the entirety of McLean and Tazewell Counties, which led the bank to include Peoria, IL MSA and the entirety of the Bloomington, IL MSA. Additionally, the bank acquired approximately \$800 million in assets. Products and services remain consistent across branches and there are no distressed or underserved market areas within the combined assessment area.

Additionally, on January 26, 2024, the bank acquired three branches, one cash only ATM, and approximately \$157 million in deposits and \$22 million in associated loans from Farmers-Merchants Bank of Illinois. These branches are located in Melvin, IL, Piper City, IL and Paxton, IL, all of which are in Ford County in the Illinois Non-MSA. However, for the purposes of the evaluation, the merger activity with Farmers-Merchants Bank of Illinois will not be reflected due to the timing of the acquisition in relation to the examination. Below is a table further outlining the bank's assessment area.

Description of Bank of Pontiac’s Individual Assessment Areas			
Assessment Area	Description	# of Branches	Review Type
Illinois Non-MSA	<ul style="list-style-type: none"> <li>Livingston County</li> <li>LaSalle County (7 of 28 census tracts)</li> </ul>	7	Full
Chicago-Naperville-Evanston, IL MD #16984	<ul style="list-style-type: none"> <li>Grundy County</li> <li>Will County (9 of 152 census tracts)</li> </ul>	1	Partial
Peoria, IL MSA #37900	<ul style="list-style-type: none"> <li>Tazewell County</li> </ul>	2	Partial
Bloomington, IL MSA #14010	<ul style="list-style-type: none"> <li>McLean County</li> </ul>	1	Full

As of June 30, 2023, the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, BOP ranks 10<sup>th</sup> out of 79 institutions operating within the combined assessment area. The bank held approximately \$800 million in deposits at the time, representing a market share of 2.3 percent. The financial institutions with the largest percentage of the deposit market share are Old National Bank, JP Morgan Chase, and BMO Harris Bank at 14.3 percent, 12.3 percent, and 10.6 percent, respectively.

Of the 112,732 families living within the combined assessment area, 19.3 percent are low-income, and 17.4 percent are moderate-income families. Businesses and farms with gross annual revenues less than or equal to \$1 million represent 89.8 and 99.3 percent, respectively. This information indicates that there are a number of lending opportunities within the assessment areas for low- and moderate-income families, as well as small business and small farm lending opportunities. Additional assessment area demographic information is provided in the following table.

2023 Combined Assessment Area AA Demographics									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low	1	0.9	494	0.4	130	26.3	21,791	19.3	
Moderate	21	18.6	15,654	13.9	1,830	11.7	19,586	17.4	
Middle	72	63.7	76,279	67.7	5,416	7.1	25,659	22.8	
Upper	16	14.2	19,319	17.1	519	2.7	45,696	40.5	
Unknown	3	2.7	986	0.9	337	34.2	0	0.0	
<b>Total AA</b>	<b>113</b>	<b>100.0</b>	<b>112,732</b>	<b>100.0</b>	<b>8,232</b>	<b>7.3</b>	<b>112,732</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Type by Tract							
		Owner-occupied			Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit	
Low	1,090	359	0.3	32.9	553	50.7	178	16.3	
Moderate	31,685	17,855	14.3	56.4	10,417	32.9	3,413	10.8	
Middle	127,353	84,640	67.8	66.5	32,374	25.4	10,339	8.1	
Upper	27,074	21,181	17.0	78.2	4,563	16.9	1,330	4.9	
Unknown	4,718	803	0.6	17.0	3,087	65.4	828	17.5	
<b>Total AA</b>	<b>191,920</b>	<b>124,838</b>	<b>100.0</b>	<b>65.0</b>	<b>50,994</b>	<b>26.6</b>	<b>16,088</b>	<b>8.4</b>	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low	52	0.4	50	0.4	2	0.2	0	0.0	
Moderate	2,187	15.7	1,980	15.8	180	15.1	27	11.8	
Middle	9,136	65.5	8,184	65.3	771	64.6	181	79.0	
Upper	2,171	15.6	1,959	15.6	197	16.5	15	6.6	
Unknown	407	2.9	357	2.8	44	3.7	6	2.6	
<b>Total AA</b>	<b>13,953</b>	<b>100.0</b>	<b>12,530</b>	<b>100.0</b>	<b>1,194</b>	<b>100.0</b>	<b>229</b>	<b>100.0</b>	
<b>Percentage of Total Businesses:</b>					89.8		8.6		1.6
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate	53	5.6	53	5.7	0	0.0	0	0.0	
Middle	757	80.4	751	80.3	5	83.3	1	100.0	
Upper	129	13.7	129	13.8	0	0.0	0	0.0	
Unknown	3	0.3	2	0.2	1	16.7	0	0.0	
<b>Total AA</b>	<b>942</b>	<b>100.0</b>	<b>935</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	
<b>Percentage of Total Farms:</b>					99.3		0.6		0.1
<i>Source: 2023 FFIEC Census Data 2023 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>									
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>									

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

Bank of Pontiac’s performance relative to the lending test is Satisfactory. This is based on the bank’s reasonable loan-to-deposit (LTD) ratio given the bank’s size, financial condition, and assessment area credit needs. A majority of HMDA-reportable, small business, and small farm loans were originated within the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Lending activities also reflect reasonable penetration among individuals of different incomes levels, and businesses and farms of different annual revenues. Finally, no CRA-related complaints have been received by the bank or by this Reserve Bank since the previous evaluation.

#### Loan-to-Deposit Ratio

The bank’s LTD ratio is reasonable given the bank’s size, financial condition, the credit needs of its assessment areas. As of March 31, 2024, the bank’s LTD ratio averaged 77.9 percent over a 12-quarter period. The LTD ratio shows a slight decrease from the previous evaluation, in which the bank had a ratio of 85.6 percent over a 14-quarter period. Overall, Bank of Pontiac’s LTD ratio is below the local competitors’ average LTD ratio over the evaluation period but remains at a reasonable level.

The following table compares the bank’s LTD ratio to its local competitors.

Comparative Loan-to-Deposit Ratios as of March 31, 2024	
Comparative Data	12 Quarter Average (%)
Bank of Pontiac	77.9
Peer Avg – Local	81.9
Competitors	
First State Bank of Forrest	95.5
Heartland Bank and Trust Co.	70.4
Midland State Bank	93.4
Morton Community Bank	68.1

#### Assessment Area Concentration

Bank of Pontiac made a majority of its loans, and as appropriate, other lending-related activities that are in the bank’s assessment area. During the evaluation period, the bank originated 77.8 percent of total loans by number and 49.2 percent by dollar amount inside the assessment areas. The percentage of HMDA-reportable loans originated within the assessment areas was 80.5 by number and 46.0 percent by dollar volume. In addition, the bank originated 66.4 percent of small business loans by number and 57.6 percent by dollar amount inside the assessment areas. Bank of

Pontiac originated 75.3 percent of small farm loans by number and 75.2 percent by dollar amount within the assessment area. The bank originated 50.8 percent of its total loans by dollar amount outside of its assessment area, largely due to the bank’s origination of high dollar multi-family housing loans consisting of 24 loans for approximately \$54.0 million. Overall, this performance indicates the bank is actively serving the credit needs of the local communities within their assessment areas.

While the bank originated 77.8 percent of its total amount of loans inside its assessment areas when calculated at the aggregate level, the bank originated less than a majority of its total loans, 49.4 percent, within the specific Chicago, IL MD assessment area.

The following table summarizes Bank of Pontiac’s lending inside and outside its assessment are for HMDA-reportable loans, in addition to small business and small farm lending.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	33	94.3	\$2,269	96.6	2	5.7	\$80	3.4
Home Purchase - Conventional	272	83.2	\$33,972	70.5	55	16.8	\$14,247	29.5
Home Purchase - FHA	11	100.0	\$1,010	100.0	0	0.0	\$0	0.0
Multi-Family Housing	9	27.3	\$6,161	10.3	24	72.7	\$53,927	89.7
Refinancing	128	81.5	\$19,835	76.6	29	18.5	\$6,071	23.4
<b>Total HMDA related</b>	<b>453</b>	<b>80.5</b>	<b>\$63,247</b>	<b>46.0</b>	<b>110</b>	<b>19.5</b>	<b>\$74,325</b>	<b>54.0</b>
Small Business	73	66.4	\$9,186	57.6	37	33.6	\$6,771	42.4
<b>Total Small Bus. related</b>	<b>73</b>	<b>66.4</b>	<b>\$9,186</b>	<b>57.6</b>	<b>37</b>	<b>33.6</b>	<b>\$6,771</b>	<b>42.4</b>
Small Farm	67	75.3	\$9,169	75.2	22	24.7	\$3,020	24.8
<b>Total Small Farm related</b>	<b>67</b>	<b>75.3</b>	<b>\$9,169</b>	<b>75.2</b>	<b>22</b>	<b>24.7</b>	<b>\$3,020</b>	<b>24.8</b>
<b>TOTAL LOANS</b>	<b>593</b>	<b>77.8</b>	<b>\$81,603</b>	<b>49.2</b>	<b>169</b>	<b>22.2</b>	<b>\$84,116</b>	<b>50.8</b>

### Geographic and Borrower Distribution

The geographic distribution of HMDA-reportable, small business, and small farm loans reflects reasonable dispersion throughout both of the bank’s full-review assessment areas with consideration of its size and complexity. Similarly, Bank of Pontiac’s distribution of loans to individuals of different income levels (including low- and moderate-income) and businesses and farms of different revenue sizes reflects reasonable penetration given the demographics of the bank's assessment areas.

Please refer to the full reviews of the Illinois Non-MSA and the Bloomington, IL MSA #14010 assessment areas below for more information.



## **Response to Complaints**

The bank or this Reserve Bank has not 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 20 qualified loans for a total of \$22.1 million towards affordable housing, community services, and economic development within its assessment area. This represents a decrease in total number of qualified loans compared to last exam period, but a 60.1 percent increase in the overall dollar amount where the bank made 34 loans worth approximately \$13.8 million. For its qualified investments, the bank fulfilled eight of their investments from the prior period, totaling approximately \$2.0 million. This represents a decrease from the previous evaluation, where the bank had a total of 10 qualified investments totaling approximately \$3.4 million.

There were 88 qualified donations equaling approximately \$213,880, that were made to local organizations that support affordable housing, revitalizing and stabilizing local communities, and providing community services tailored to meet the needs of low- and moderate-income individuals and families. At the previous examination, the bank made 57 total donations for approximately \$376,170, of which \$90,170 was in monetary value and the remaining \$286,000 was in-kind donations of physical properties. No in-kind donations were made during this review period.

During the evaluation period, Bank of Pontiac's staff provided 186 hours of community development services to 36 different organizations. A majority of service hours were dedicated to organizations with a community service or economic development focus. Bank staff provided these organizations with financial planning services, technical assistance, and used their knowledge to benefit organizations targeting low- and moderate-income individuals and families within the community. At the previous evaluation, the bank provided a total of 199 service hours to 14 different organizations.

Additional information with respect to the bank's community development activities is found within the individual assessment area sections.

Qualified Community Development Activities June 22, 2021 – July 15, 2024								
AA Name	Loans		Investments		Donations		Services	
	#	\$	#	\$	#	\$	#	Hours
Chicago, IL MD	4	4,269,929	0	0	8	4,000	2	7
Illinois non-MSA	3	6,246,400	8	1,973,893	45	63,855	12	91
Peoria, IL MSA	0	0	0	0	16	5,700	1	4
Bloomington, IL MSA	7	2,549,800	0	0	17	140,275	21	84
Nationwide – Outside of AA	6	9,040,942	0	0	2	50	0	0
<b>Total</b>	<b>20</b>	<b>22,107,071</b>	<b>8</b>	<b>1,973,893</b>	<b>88</b>	<b>213,880</b>	<b>36</b>	<b>186</b>

## Illinois Non-MSA – FULL REVIEW

### SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank’s performance in the Illinois Non-MSA assessment area. The scope is consistent with the overall scope of the examination described within the institutional summary. For further information, refer to the “Scope of Examination” section for details.

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN ILLINOIS NON-MSA<sup>1</sup>

Bank of Pontiac’s Illinois Non-MSA assessment area is comprised of Livingston County in its entirety and seven of 28 total tracts in LaSalle County. The bank maintains its main office and six branches within Livingston County, along with six full-service ATMs, and eight cash-only ATMs. Based on 2023 FFIEC Census Data, the assessment area includes 17 total census tracts, which is comprised of one moderate-income, 15 middle-income, and one upper-income census tracts. There are no low-income tracts within the assessment area, and no distressed and/or underserved designation tracts.

The bank operates three cash only ATMs and their main office in moderate-income census tracts within the assessment area. Middle-income census tracts host four cash-only ATMs, three branches with full-service ATMs, and one branch without an ATM. Upper-income census tracts contain one cash-only ATM, one branch without an ATM, and one drive-thru only location with a full-service ATM.

This assessment area has changed since the previous examination, where one census tract within McLean County was included within this Illinois Non-MSA. This change occurred following the bank’s acquisition of First Farmers State Bank on April 1, 2021, where it expanded its assessment area to include all of McLean County. This expansion to include all of McLean County is now represented in the Bloomington, IL MSA #14010.

According to the June 30, 2023, FDIC Deposit Market Share Report, Bank of Pontiac ranked third out of 31 financial institutions operating with Livingston and LaSalle Counties in Illinois Non-MSA. The bank held \$581.6 million in deposits, representing a market share of 11.8 percent. The financial institutions with the largest percentage share of the deposit market include American Commercial Bank & Trust at 15.2 percent, and First State Bank at 12.4 percent. In 2022, Bank of Pontiac ranked first out of 157 HMDA-reporting financial institutions in the Illinois Non-MSA with a total of 185 HMDA-reported originations. First State Bank of Forrest and State Bank of Graymont ranked second and third with 115 total originations and 67 total originations respectively. Overall,

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<sup>1</sup> Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

this represents a moderately competitive market in which the bank is able to meet the credit needs of the assessment area.

Additional assessment area demographic information for 2023 is provided in the following table. Please refer to Appendix B for 2022 demographic information for the assessment area demographic information.

2023 IL Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	3,419	21.1
Moderate	1	5.9	700	4.3	132	18.9	2,331	14.4
Middle	15	88.2	13,872	85.5	1,711	12.3	3,666	22.6
Upper	1	5.9	1,657	10.2	98	5.9	6,813	42.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>17</b>	<b>100.0</b>	<b>16,229</b>	<b>100.0</b>	<b>1,941</b>	<b>12.0</b>	<b>16,229</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied		Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,309	667	3.7	51.0	552	42.2	90	6.9
Middle	24,416	15,686	87.3	64.2	6,256	25.6	2,474	10.1
Upper	2,444	1,606	8.9	65.7	693	28.4	145	5.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>28,169</b>	<b>17,959</b>	<b>100.0</b>	<b>63.8</b>	<b>7,501</b>	<b>26.6</b>	<b>2,709</b>	<b>9.6</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	233	10.9	205	10.9	24	12.1	4	8.0
Middle	1,658	77.8	1,465	77.8	150	75.8	43	86.0
Upper	241	11.3	214	11.4	24	12.1	3	6.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>2,132</b>	<b>100.0</b>	<b>1,884</b>	<b>100.0</b>	<b>198</b>	<b>100.0</b>	<b>50</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				88.4		9.3		2.3
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	7	2.2	7	2.2	0	0.0	0	0.0
Middle	253	79.1	251	78.9	2	100.0	0	0.0
Upper	60	18.8	60	18.9	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>320</b>	<b>100.0</b>	<b>318</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				99.4		0.6		0.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

## Population Characteristics

According to the U.S. Census Bureau American Community Survey, population in the assessment area was 145,473 in 2020, a decrease of 3.2 percent since 2015. The majority of the assessment area’s population resides in LaSalle County, which hosts a population of 109,658, a decrease of 2.6 percent since 2015. The assessment area, as well as the individual counties comprising the assessment area, saw a greater population decrease than the state of Illinois as a whole, which experienced a population loss of 0.5 percent. According to community representatives, Livingston County has a housing shortage that impacts how many people can live in the area, despite there being a number of available jobs. The shortage and cost of homes has led people to leave in search of more affordable housing. Employees are seeking to move closer to work, but due to limited supply at each level of housing, opportunities are limited.

The following table presents population trends for the assessment area, the counties comprising the assessment area, the entirety of Illinois Non-MSA, and the state of Illinois from 2015 to 2020.

2023 IL Non MSA Population Change			
Area	2015 Population	2020 Population	Percent Change
2023 IL Non MSA	150,268	145,473	-3.2%
LaSalle County, IL	112,579	109,658	-2.6%
Livingston County, IL	37,689	35,815	-5.0%
Illinois Non-MSA	1,486,185	1,421,720	-4.3%
Illinois	12,873,761	12,812,508	-0.5%

*Source: 2011-2015 U.S. Census Bureau American Community Survey  
2020 U.S. Census Bureau Decennial Census*

## Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 16,229 families, of which 21.1 percent are designated as low-income, 14.4 percent are moderate-income, 22.6 percent are middle-income, and 42.0 percent are upper-income. Families living below the poverty level equaled 12.0 percent of the assessment area’s population.

Overall, the assessment area experienced an increase in median family income (MFI) of 3.6 percent, which is less than half of what was seen across the state of Illinois, which saw a 10.3 percent increase in MFI, from 2015 to 2020. Livingston County had the smallest increase of 2.9 percent compared to LaSalle County’s MFI increase of 4.1 percent, although Livingston County’s MFI is slightly higher by dollar value. According to community representatives, there has been an increase in entry level wages over the past two years due to increased job postings and more competition amongst employers. Representatives noted that wages are doing a relatively good job in keeping up with the cost of living in the area, despite overall income being lower than that of

the bigger metropolitan areas within the state. The following table presents the MFI for families living in the assessment area, the counties comprising the assessment area, the entirety of the Illinois Non-MSA, and the entirety of the state of Illinois.

2023 IL Non MSA Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
2023 IL Non MSA	\$70,371	\$72,911	3.6%
LaSalle County, IL	\$69,720	\$72,583	4.1%
Livingston County, IL	\$72,617	\$74,696	2.9%
Illinois Non-MSA	\$64,815	\$68,958	6.4%
Illinois	\$78,169	\$86,251	10.3%

*Source: 2011 - 2015 U.S. Census Bureau American Community Survey  
2016 - 2020 U.S. Census Bureau American Community Survey  
Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.*

### Housing Characteristics

There are a total of 28,169 housing units within the assessment area. Most housing units are owner-occupied at 63.8 percent, followed by rental units which comprise 26.6 percent of the total housing units. Vacant units make up 9.6 percent of housing units in the assessment area.

A method to understand poverty and housing outcomes is calculating housing cost burden. The housing cost burden is the ratio of a household’s gross monthly housing costs to the household’s gross monthly income. If a household’s housing cost is above 30.0 percent of its income, then the household is considered housing cost burden. If housing cost is above 50.0 percent, then the household is severely housing cost burdened.

As depicted within the following table, low-income individuals are impacted at higher rates than moderate-income individuals, as both renters and owners. Within the assessment area, 71.5 percent of low-income renters experience the housing cost burden, compared to only 17.5 percent of renters who qualify as moderate-income individuals. When evaluating ownership, owners considered low-income are considerably more impacted by housing cost burden at 58.0 percent compared to 21.8 percent for moderate-income owners. Livingston County’s low-income renters and owners experience the highest cost burden within the assessment area at 72.6 percent for renters, and 65.8 percent for owners, which is most comparable to the state of Illinois average.

According to community representatives, both renters and owners experience difficulty in finding suitable living conditions. Representatives stated that demand for affordable housing remains very high, due to the lack of affordable housing, particularly in the Livingston County area. The lack of available affordable housing in the area is also impacting the population as many are looking for options outside of the county.

The table below presents housing cost burden for renters and owners living in the assessment area, the counties comprising the assessment area, the entirety of Illinois Non-MSA, and the entirety of the state of Illinois.

2023 IL Non MSA Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
<b>2023 IL Non MSA</b>	71.5%	17.5%	36.3%	58.0%	21.8%	15.4%
<b>LaSalle County, IL</b>	71.2%	16.2%	37.0%	55.4%	21.0%	15.0%
<b>Livingston County, IL</b>	72.6%	21.6%	34.4%	65.8%	24.3%	16.8%
<b>Illinois Non-MSA</b>	65.4%	16.5%	35.6%	51.6%	17.6%	14.0%
<b>Illinois</b>	72.9%	30.3%	41.8%	65.6%	32.4%	21.1%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy</i>						

### Employment Characteristics

As of 2022, the unemployment rate for the assessment area was 4.7 percent, which is comparable to the state of Illinois' unemployment rate at 4.6 percent. During the COVID-19 pandemic in 2020, the assessment area, its comprising counties, and the state of Illinois as a whole all experienced a significant increase in unemployment. During 2020 the assessment area had 8.9 percent unemployment, with LaSalle County reaching 9.5 percent, and Illinois as a state saw 9.3 percent. The assessment area has returned to similar unemployment rates compared to pre-pandemic levels in 2019.

Community representatives stated that the number of job seekers and the number of open positions within Livingston County has increased over the last two years. Specifically, growth in manufacturing jobs in the area has been consistent and has helped to contribute to a small growth in entry level income. However, representatives also noted that skilled workers are in short supply and that many employers, manufacturing and healthcare in particular, are struggling to fill more technical jobs despite having a low unemployment rate in the assessment area.

The table below presents unemployment statistics for the assessment area, the counties making up the assessment area, the entire non-MSA, and the state of Illinois from 2018 to 2022.



<b>IL Non MSA Unemployment Rates</b>					
<b>Area</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>2023 IL Non MSA</b>	5.4%	4.8%	8.9%	5.8%	4.7%
<b>LaSalle County, IL</b>	5.7%	5.1%	9.5%	6.0%	4.9%
<b>Livingston County, IL</b>	4.3%	3.9%	6.8%	5.1%	4.0%
<b>Illinois Non-MSA</b>	4.9%	4.2%	7.8%	5.2%	4.2%
<b>Illinois</b>	4.4%	4.0%	9.3%	6.1%	4.6%
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

### **Industry Characteristics**

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 manufacturing, retail, and government industries. According to community representatives, the assessment area has experienced relative stability in local industry conditions and a growth in manufacturing opportunities.

### **Community Representatives**

Two community representatives were contacted during the evaluation to provide information regarding local economic and demographic conditions within the assessment area. Each representative provided information on housing, employment, and economic development needs within the local economy. Representatives highlighted the need for more affordable housing, opportunities for more participation by local financial institutions, and financial challenges that their respective groups are facing.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS 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 business and farms of different revenue sizes in the bank’s assessment area.

### **Geographic Distribution of Loans**

Bank of Pontiac’s geographic distribution of HMDA-reportable, small business, and small farm loans reflects reasonable dispersion throughout the assessment area. An analysis of the bank’s geographic dispersion of loans within the assessment area was conducted to identify possible conspicuous gaps in lending, particularly within moderate-income tracts. Overall, the gap analysis indicates the bank’s lending patterns are well balanced across the census tracts within the

assessment area and no substantial disparities were identified. The bank's 2022 distribution of loans among the assessment area was comparable to 2023 performance.

### **HMDA-Reportable Loans**

The bank's geographic distribution of HMDA-reportable loans reflects reasonable dispersion throughout the assessment area. This assessment area does not include any low-income census tracts, and therefore an analysis of the performance within these tracts could not be conducted.

In 2022, Bank of Pontiac originated 10.2 percent of its total HMDA-reportable loans by number, and 7.0 percent by dollar amount in the sole moderate-income census tract. Loans originated by number were above the aggregate performance and the demographic percentage of owner-occupied units at 5.3 percent and 3.7 percent, respectively. However, in 2022 the bank was below the aggregate in dollar amount percentages, as the aggregate was at 10.3 percent.

This lending rate was consistent in 2023 where 10.0 percent of the bank's HMDA-reportable loans by number were in the moderate-income census tract.

#### *Home Purchase Loans*

In 2022, home purchase loans comprised 57.6 percent of the bank's total HMDA-reportable loan portfolio. Bank of Pontiac originated 12.7 percent of home purchase loans in moderate-income census tracts, which was above the aggregate's 5.5 percent and demographic's 3.7 percent.

#### *Refinance Loans*

In 2022, refinance loans comprised 33.9 percent of the bank's total HMDA-reportable loan portfolio. Bank of Pontiac originated 8.3 percent of refinance loans in the single moderate-income census tract, which was above the aggregate's 5.6 percent and the demographic's 3.7 percent.

#### *Home Improvement*

In 2022, home improvement loans comprised of 7.9 percent of the bank's total HMDA-reportable loan portfolio. Bank of Pontiac originated no home improvement loans in the moderate-income census tract, which was below the aggregate and demographics at 2.9 percent and 3.7 percent respectively.

The following table presents the bank's geographic distribution of HMDA-reportable loans in 2022 and 2023.

Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography											
Assessment Area: IL Non MSA											
Geographic Income Level	Bank And Aggregate Loans By Year										Owner Occupied Units %
	2022						2023*				
	Bank		Agg		Bank		Agg		Bank		
	#	%	#	\$ (000)	%	%	#	%	\$ (000)	%	
Home Purchase Loans											
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Moderate	13	12.7	5.5	1,067	9.4	4.0	5	8.1	308	4.6	3.7
Middle	72	70.6	84.4	7,836	69.3	84.8	48	77.4	5,176	76.9	87.3
Upper	17	16.7	10.2	2,402	21.2	11.2	9	14.5	1,245	18.5	8.9
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	102	100.0	100.0	11,305	100.0	100.0	62	100.0	6,729	100.0	100.0
Refinance Loans											
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Moderate	5	8.3	5.6	423	5.2	4.3	4	14.3	216	5.3	3.7
Middle	40	66.7	83.2	5,437	66.9	84.4	18	64.3	2,523	62.1	87.3
Upper	15	25.0	11.2	2,271	27.9	11.3	6	21.4	1,321	32.5	8.9
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	60	100.0	100.0	8,131	100.0	100.0	28	100.0	4,060	100.0	100.0
Home Improvement Loans											
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	2.9	0	0.0	2.6	1	12.5	18	7.8	3.7
Middle	13	92.9	82.7	819	95.3	80.6	4	50.0	125	54.1	87.3
Upper	1	7.1	14.4	40	4.7	16.8	3	37.5	88	38.1	8.9
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	14	100.0	100.0	859	100.0	100.0	8	100.0	231	100.0	100.0
Multifamily Loans											
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	22.2	0	0.0	83.4	0	0.0	0	0.0	11.1
Middle	1	100.0	66.7	1,100	100.0	15.4	2	100.0	1,684	100.0	81.5
Upper	0	0.0	11.1	0	0.0	1.2	0	0.0	0	0.0	7.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	1	100.0	100.0	1,100	100.0	100.0	2	100.0	1,684	100.0	100.0
Total Home Mortgage Loans											
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Moderate	18	10.2	5.3	1,490	7.0	10.3	10	10.0	542	4.3	3.7
Middle	126	71.2	83.7	15,192	71.0	79.0	72	72.0	9,508	74.8	87.3
Upper	33	18.6	11.0	4,713	22.0	10.6	18	18.0	2,654	20.9	8.9
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	177	100.0	100.0	21,395	100.0	100.0	100	100.0	12,704	100.0	100.0

Source: 2023 FFIEC Census Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding. \*Aggregate data is not currently available.

### Small Business Loans

Geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The 2023 small business loan sample includes 44 loans originated within the assessment area. The bank originated 18.2 percent by volume, and 8.6 percent of its loans by dollar amount in the sole moderate-income census tract. The percentage by volume exceeds the total amount of small businesses in the area at 10.9 percent.

The following table presents the geographic distribution of small business loans in 2023.

Distribution of 2023 Small Business Lending By Income Level of Geography					
Assessment Area: IL Non MSA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	8	18.2	422	8.6	10.9
Middle	26	59.1	3,141	64.3	77.8
Upper	10	22.7	1,323	27.1	11.3
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>44</b>	<b>100.0</b>	<b>4,887</b>	<b>100.0</b>	<b>100.0</b>

Source: 2023 FFIEC Census Data  
2023 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

### Small Farm Loans

Geographic distribution of small farm loans reflects excellent dispersion throughout the assessment area. The 2023 small farm loan sample includes 36 loans originated within the assessment area. The bank originated 11.1 percent of its small business loans by volume, and 13.5 percent by dollar amount in the sole moderate-income census tract. This is well above the percentage of small farms located in the tract at 2.2 percent, which signifies the bank is very successful in reaching their moderate-income area.

The following table presents the geographic distribution of small farm loans in 2023.

Distribution of 2023 Small Farm Lending By Income Level of Geography					
Assessment Area: IL Non MSA					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	4	11.1	544	13.5	2.2
Middle	26	72.2	2,853	70.9	79.1
Upper	6	16.7	629	15.6	18.8
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>36</b>	<b>100.0</b>	<b>4,026</b>	<b>100.0</b>	<b>100.0</b>

Source: 2023 FFIEC Census Data  
2023 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

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

An analysis of loans was conducted to determine the level of lending to borrowers of different income levels and businesses and farms of different sizes. Bank of Pontiac’s distribution of loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses and farms of different revenue sizes.

### HMDA-Reportable Loans

The borrower distribution of HMDA-reportable loans reflects reasonable penetration among individuals of different income levels. Bank of Pontiac’s distribution of total HMDA-reportable lending to borrowers of different income levels in 2022 is comparable to the bank’s performance in 2023. In 2022, Bank of Pontiac’s HMDA-reportable loans originated to low-income borrowers was 13.1 percent by number, which was slightly above the aggregate at 11.5 percent and below the percentage of low-income families located in the assessment area at 21.1 percent. The bank originated 22.7 percent of total HMDA-reportable to moderate-income borrowers, which was equal to the aggregate, but above the 14.4 percent of families located in the assessment area who were identified as moderate-income.

#### Home Purchase Loans

In 2022, Bank of Pontiac originated 13.7 percent of home purchase loans to low-income borrowers, which was slightly greater than the aggregate at 12.4 percent, but less than the percentage of low-income families located in the assessment area at 21.1 percent. The bank originated 24.5 percent of home purchase loans to moderate-income borrowers, which was slightly below the aggregate at 25.6 percent but above the demographics at 14.4 percent.

### *Refinance Loans*

In 2022, Bank of Pontiac originated 15.0 percent of its refinance loans to low-income borrowers. This was above the performance of the aggregate at 10.3 percent but below the percentage of low-income families in the assessment area at 21.1 percent. The bank originated 20.0 percent of refinance loans to moderate-income borrowers, which was comparable to the aggregate at 19.5 percent and above the 14.4 percent of the demographic.

### *Home Improvement*

In 2022, Bank of Pontiac did not originate any home improvement loans to low-income borrowers, compared to 5.8 percent at the aggregate lender level and 21.1 percent of low-income families within the assessment area. Moderate-income borrowers, however, accounted for 21.4 percent of the bank's home improvement lending, exceeding the 12.5 percent at the aggregate level and 14.4 percent at the demographic level.

The following table presents Bank of Pontiac's borrower distribution of HMDA-reportable loans by borrower income level in 2022 and 2023.

Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level												
Assessment Area: IL Non MSA												
Borrower Income Level	Bank And Aggregate Loans By Year										Families by Family Income %	
	2022					2023*						
	Bank		Agg			Bank		Agg				
	#	%	%	\$(000)	%	%	#	%	\$(000)	%		
<b>Home Purchase Loans</b>												
Low	14	13.7	12.4	853	7.5	7.4	12	19.4	843	12.5	21.1	
Moderate	25	24.5	25.6	2,175	19.2	19.8	22	35.5	1,765	26.2	14.4	
Middle	31	30.4	23.4	3,715	32.9	25.2	13	21.0	1,591	23.6	22.6	
Upper	24	23.5	22.2	4,028	35.6	32.6	12	19.4	2,257	33.5	42.0	
Unknown	8	7.8	16.4	534	4.7	15.0	3	4.8	273	4.1	0.0	
<b>Total</b>	<b>102</b>	<b>100.0</b>	<b>100.0</b>	<b>11,305</b>	<b>100.0</b>	<b>100.0</b>	<b>62</b>	<b>100.0</b>	<b>6,729</b>	<b>100.0</b>	<b>100.0</b>	
<b>Refinance Loans</b>												
Low	9	15.0	10.3	582	7.2	5.0	2	7.1	87	2.1	21.1	
Moderate	12	20.0	19.5	1,565	19.2	17.1	5	17.9	553	13.6	14.4	
Middle	11	18.3	30.7	1,454	17.9	27.8	3	10.7	285	7.0	22.6	
Upper	26	43.3	30.7	4,392	54.0	40.1	15	53.6	2,951	72.7	42.0	
Unknown	2	3.3	8.8	138	1.7	10.0	3	10.7	184	4.5	0.0	
<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>100.0</b>	<b>8,131</b>	<b>100.0</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>4,060</b>	<b>100.0</b>	<b>100.0</b>	
<b>Home Improvement Loans</b>												
Low	0	0.0	5.8	0	0.0	4.0	0	0.0	0	0.0	21.1	
Moderate	3	21.4	12.5	246	28.6	12.1	4	50.0	103	44.6	14.4	
Middle	6	42.9	37.5	282	32.8	31.5	2	25.0	61	26.4	22.6	
Upper	5	35.7	38.5	331	38.5	44.7	2	25.0	67	29.0	42.0	
Unknown	0	0.0	5.8	0	0.0	7.7	0	0.0	0	0.0	0.0	
<b>Total</b>	<b>14</b>	<b>100.0</b>	<b>100.0</b>	<b>859</b>	<b>100.0</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>231</b>	<b>100.0</b>	<b>100.0</b>	
<b>Total Home Mortgage Loans</b>												
Low	23	13.1	11.5	1,435	7.1	6.8	14	14.3	930	8.4	21.1	
Moderate	40	22.7	22.7	3,986	19.6	18.7	31	31.6	2,421	22.0	14.4	
Middle	48	27.3	25.8	5,451	26.9	25.8	18	18.4	1,937	17.6	22.6	
Upper	55	31.3	25.9	8,751	43.1	34.8	29	29.6	5,275	47.9	42.0	
Unknown	10	5.7	14.1	672	3.3	13.9	6	6.1	457	4.1	0.0	
<b>Total</b>	<b>176</b>	<b>100.0</b>	<b>100.0</b>	<b>20,295</b>	<b>100.0</b>	<b>100.0</b>	<b>98</b>	<b>100.0</b>	<b>11,020</b>	<b>100.0</b>	<b>100.0</b>	
Source: 2023 FFIEC Census Data												
2016-2020 U.S. Census Bureau: American Community Survey												
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.												
Multifamily loans are not included in the borrower distribution analysis.												

### Small Business Loans

Bank of Pontiac’s distribution of small business loans reflects reasonable dispersion among businesses of different revenue sizes. A sample of the bank’s small business loans originated in 2023 was reviewed, of which 63.6 percent by number were to businesses with total revenues of \$1.0 million or less. This is below the percentage of total businesses within the assessment area with

total revenues of \$1.0 million or less at 88.4 percent. However, of these loans, the bank originated 67.9 percent in the amount of \$100,000 or less, which are considered the most beneficial to small businesses and indicating the bank’s willingness to meet the credit needs of small businesses.

The following table presents the borrower distribution of small business loans in 2023.

<b>Distribution of 2023 Small Business Lending By Revenue Size of Businesses</b>					
<b>Assessment Area: IL Non MSA</b>					
	<b>Bank Loans</b>				<b>Total Businesses %</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>\$%</b>	
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	28	63.6	2,653	54.3	88.4
<b>Over \$1 Million</b>	14	31.8	2,100	43.0	9.3
<b>Revenue Unknown</b>	2	4.5	135	2.8	2.3
<b>Total</b>	<b>44</b>	<b>100.0</b>	<b>4,887</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	31	70.5	1,232	25.2	
<b>\$100,001 - \$250,000</b>	9	20.5	1,305	26.7	
<b>\$250,001 - \$1 Million</b>	4	9.1	2,350	48.1	
<b>Total</b>	<b>44</b>	<b>100.0</b>	<b>4,887</b>	<b>100.0</b>	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	19	67.9	648	24.4	
<b>\$100,001 - \$250,000</b>	8	28.6	1,205	45.4	
<b>\$250,001 - \$1 Million</b>	1	3.6	800	30.2	
<b>Total</b>	<b>28</b>	<b>100.0</b>	<b>2,653</b>	<b>100.0</b>	
<i>Sources: 2023 FFIEC Census Data 2023 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

### Small Farm Loans

Bank of Pontiac’s distribution of small farm loans reflects reasonable loan penetration among farms of different revenue sizes. A sample of small farm loans originated in 2023 were reviewed, of which 75.0 percent by number were to farms with a total revenue of \$1.0 million or less. This is below the 99.4 percent of small farms in the assessment area. However, of these loans, the bank originated 63.0 percent in the amount of \$100,000 or less, which are considered the most beneficial to small farms and indicative of the bank’s willingness to meet the credit needs of small farms within the assessment area.

The following table presents the borrower distribution of small farm loans in 2023.



Distribution of 2023 Small Farm Lending By Revenue Size of Farms					
Assessment Area: IL Non MSA					
	Bank Loans				Total Farms
	#	#%	\$(000)	\$%	%
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	27	75.0	2,369	58.8	99.4
<b>Over \$1 Million</b>	8	22.2	1,645	40.9	0.6
<b>Revenue Unknown</b>	1	2.8	12	0.3	0.0
<b>Total</b>	36	100.0	4,026	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	19	52.8	699	17.4	
<b>\$100,001 - \$250,000</b>	12	33.3	1,736	43.1	
<b>\$250,001 - \$500,000</b>	5	13.9	1,590	39.5	
<b>Total</b>	36	100.0	4,026	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	17	63.0	603	25.5	
<b>\$100,001 - \$250,000</b>	8	29.6	1,126	47.5	
<b>\$250,001 - \$500,000</b>	2	7.4	640	27.0	
<b>Total</b>	27	100.0	2,369	100.0	
<i>Source: 2023 FFIEC Census Data 2023 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

## COMMUNITY DEVELOPMENT TEST

### Lending, Investment, Donation, and Service 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 loans, qualified investments, donations, and services as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s assessment area. Despite the bank’s assets having grown significantly since the previous evaluation, its overall community development activity within the IL Non MSA assessment area has decreased. However, at the previous evaluation the bank’s qualified activity largely consisted of Paycheck Protection Program (PPP) loans, which were in response to the COVID-19 pandemic.

### Lending

During the evaluation period, the bank originated three community development loans for approximately \$6.2 million dollars with the community development designation of affordable housing and community services. At the previous examination the bank had 31 qualified loans within the assessment area totaling approximately \$9.9 million. The loans originated for this exam

with respect to affordable housing were determined to be particularly responsive to the needs within this assessment area.

### Investments

The bank qualified eight community development investments during the review period for approximately \$2.0 million, all for the purpose of community services. All eight of the investments were prior period investments that were fully funded during the evaluation period. At the previous examination, the bank made six investments totaling approximately \$2.2 million.

### Donations

The bank made 45 qualified community development donations totaling approximately \$64,000 to various organizations within the assessment area. A substantial portion of qualified donations were to community service organizations. Additionally, the bank provided donations within the assessment area to organizations that assist with affordable housing. This represents a decrease since the previous evaluation, where the bank made 52 total qualified donations totaling approximately \$369,000. However, at the previous evaluation, the bank provided in-kind donations of a property that was valued at approximately \$286,000.

### Services

Bank staff provided a total of 91 qualified community development service hours across 12 unique organizations located in the assessment area. The majority of service hours involved bank staff serving as board members and providing financial expertise and technical experience to their organizations. The bank’s community service hours decreased from a total of 171 qualified hours since the previous evaluation, despite the number of organizations increasing from ten.

The following table presents the bank’s community development activities in the Illinois Non-MSA assessment area during the evaluation period.

Qualified Community Development Activities Review Period June 22, 2021 – July 15, 2024										
Type of Activity	Affordable Housing		Economic Development		Revitalize/Stabilize		Community Services		Total	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Lending	2	5,246,400	0	0	0	0	1	1,000,000	3	6,246,400
Investment	0	0	0	0	0	0	8	1,973,893	8	1,973,893
Donations	4	5,500	0	0	0	0	41	58,355	45	63,855
Services	0	0	3	55	0	0	9	36	12	91

## BLOOMINGTON, IL MSA #14010 – FULL SCOPE REVIEW

### SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank’s performance in the Bloomington, IL MSA assessment area. The scope of this section is consistent with the overall scope of the examination described within the institution summary. For further information refer to the “Scope of Examination” section for details.

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN BLOOMINGTON, IL MSA<sup>2</sup>

The bank’s Bloomington, IL MSA assessment area is comprised of McLean County in its entirety; this is the only county within this MSA. Based on 2023 FFIEC census data, the assessment area is comprised of 47 total census tracts. This includes one low-, 13 moderate-, 22 middle-, eight upper-, and three unknown-income census tracts. The unknown-income census tracts are due to a university being located within these tracts. Since the last examination the bank has expanded their assessment area to include the entirety of Bloomington, IL MSA due to the acquisition of First Farmers State Bank in April 2021. Prior to the acquisition, the bank had only operated in partial McLean County (one census tract). This is the first evaluation of the bank’s performance within this MSA.

Within the assessment area, the bank operates one branch with a full-service ATM located in a middle-income census tract in Bloomington, Illinois. According to the June 30, 2023, FDIC Deposit Market Share Report, Bank of Pontiac ranked 15<sup>th</sup> out of 25 FDIC-insured financial institutions operating within the Bloomington, IL MSA. The bank held \$46.8 million in deposits, representing a market share of 1.12 percent. The financial institutions with the largest percentage share of the deposit market include Commerce Bank at 17.77 percent, Heartland Bank and Trust Company at 16.9 percent, and PNC Bank at 14.23 percent. In 2022, Bank of Pontiac ranked 18<sup>th</sup> out of 252 HMDA-reporting financial institutions in the Bloomington, IL MSA for HMDA-reportable originations with 82 total originations, suggesting significant market competition. First State Mortgage Services and Citizens Equity First ranked first and second with 650 and 340 total originations respectively.

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<sup>2</sup> Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

2023 Bloomington, IL MSA 14010 AA Demographics									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low	1	2.1	494	1.2	130	26.3	8,344	21.0	
Moderate	13	27.7	8,910	22.5	1,164	13.1	6,683	16.8	
Middle	22	46.8	20,617	52.0	1,367	6.6	8,879	22.4	
Upper	8	17.0	8,658	21.8	187	2.2	15,759	39.7	
Unknown	3	6.4	986	2.5	337	34.2	0	0.0	
<b>Total AA</b>	<b>47</b>	<b>100.0</b>	<b>39,665</b>	<b>100.0</b>	<b>3,185</b>	<b>8.0</b>	<b>39,665</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Type by Tract							
		Owner-occupied				Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit	
Low	1,090	359	0.8	32.9	553	50.7	178	16.3	
Moderate	19,397	10,172	23.7	52.4	7,221	37.2	2,004	10.3	
Middle	35,927	21,945	51.0	61.1	10,924	30.4	3,058	8.5	
Upper	11,448	9,726	22.6	85.0	1,435	12.5	287	2.5	
Unknown	4,718	803	1.9	17.0	3,087	65.4	828	17.5	
<b>Total AA</b>	<b>72,580</b>	<b>43,005</b>	<b>100.0</b>	<b>59.3</b>	<b>23,220</b>	<b>32.0</b>	<b>6,355</b>	<b>8.8</b>	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low	52	1.0	50	1.1	2	0.4	0	0.0	
Moderate	1,256	24.3	1,141	24.5	99	22.0	16	21.9	
Middle	2,665	51.5	2,374	51.0	246	54.5	45	61.6	
Upper	798	15.4	732	15.7	60	13.3	6	8.2	
Unknown	407	7.9	357	7.7	44	9.8	6	8.2	
<b>Total AA</b>	<b>5,178</b>	<b>100.0</b>	<b>4,654</b>	<b>100.0</b>	<b>451</b>	<b>100.0</b>	<b>73</b>	<b>100.0</b>	
<b>Percentage of Total Businesses:</b>				<b>89.9</b>	<b>8.7</b>	<b>1.4</b>			
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate	36	12.3	36	12.3	0	0.0	0	0.0	
Middle	217	74.1	217	74.3	0	0.0	0	0.0	
Upper	37	12.6	37	12.7	0	0.0	0	0.0	
Unknown	3	1.0	2	0.7	1	100.0	0	0.0	
<b>Total AA</b>	<b>293</b>	<b>100.0</b>	<b>292</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	
<b>Percentage of Total Farms:</b>				<b>99.7</b>	<b>0.3</b>	<b>0.0</b>			
<i>Source: 2023 FFIEC Census Data 2023 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>									

### Population Characteristics

According to the U.S. Census Bureau ACS, population in the assessment area in 2020 was 170,954, a decrease of 1.2 percent since 2015 when it was 173,114. The assessment area decreased at a rate greater than that of the state of Illinois. During the same time, Illinois decreased by only 0.5 percent.

Community representatives spoke to the impact on the population that occurred when a large auto-manufacture opened a new plant in 2018, which is continuing to increase employment opportunities to the area. Although not fully represented in the population change, Bloomington, Illinois, saw an increase in residents moving from California, Texas, and Chicago moving into town for jobs at the new plant. While the opening of the plant is generally positive, the increase in new residents has placed a strain on housing supply, which will be discussed further in *Housing Characteristics* section. According to representatives, the shortage of housing has led to a number of the new employees living in surrounding counties.

The following table presents population trends for the assessment area and for the state of Illinois from 2015 and 2020.

2023 Bloomington, IL MSA 14010 Population Change			
Area	2015 Population	2020 Population	Percent Change
Bloomington, IL MSA 14010	173,114	170,954	-1.2%
Illinois	12,873,761	12,812,508	-0.5%

*Source: 2011-2015 U.S. Census Bureau American Community Survey  
2020 U.S. Census Bureau Decennial Census*

### Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 39,665 families, of which 21.0 percent are designated as low-income, 16.8 percent are moderate-income, 22.4 percent are middle-income, and 39.7 percent are designated upper-income. The percentage of families living below the poverty level within the assessment area is 8.0 percent.

The assessment area experienced an increase in MFI of 3.5 percent, significantly trailing the increase experienced by the state of Illinois of 10.3 percent, from 2015 through 2020. Overall, the MFI of the assessment area remains higher than that of the state of Illinois.

The following table presents the MFI for families living in the assessment area and the state of Illinois from 2015 and 2020.

<b>2023 Bloomington, IL MSA 14010 Median Family Income Change</b>			
<b>Area</b>	<b>2015 Median Family Income</b>	<b>2020 Median Family Income</b>	<b>Percent Change</b>
<b>2023 Bloomington, IL MSA 14010</b>	\$90,721	\$93,882	3.5%
<b>Illinois</b>	\$78,169	\$86,251	10.3%

*Source: 2011 - 2015 U.S. Census Bureau American Community Survey  
2016 - 2020 U.S. Census Bureau American Community Survey  
Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.*

### Housing Characteristics

There are a total of 72,580 housing units within the assessment area. The majority of housing units are owner-occupied at 59.3 percent, followed by rental units at 32.0 percent, and vacant units at 8.8 percent. Owner-occupied, rental, and vacant housing units are represented in census tracts of all income levels within the assessment area.

A method to understand poverty and housing outcomes is calculating housing cost burden, which is presented in the table below. The housing cost burden is the ratio of a household’s gross monthly housing costs to the household’s gross monthly income. If a household’s housing cost is above 30.0 percent, the household is considered housing cost burdened. If housing cost is above 50.0 percent, then the household is severely housing cost burdened.

As depicted within the following table, low-income individuals are impacted at higher rates than moderate-income individuals, as both renters and owners. Within the assessment area, 61.2 percent of low-income renters experience housing cost burden, compared to only 7.5 percent of renters who qualify as moderate-income individuals. When evaluating ownership, the two groups are slightly closer, but owners considered low-income are still considerably more impacted by housing cost burden at 49.0 percent compared to 20.3 percent for moderate-income owners. However, when compared to the state of Illinois, the Bloomington, IL MSA experience lower housing cost burdens for its renters and owners for both low and moderate-income individuals.

According to community representatives, the availability housing, in particular affordable housing of all kinds, is the number one issue facing the community. With an influx in employees at a new auto-manufacturing plant, housing became a hot commodity. Although representatives have tried working with non-profits and other organizations in Chicago, developers are slow to develop in the assessment area. In part, this is due to an increase in cost of goods, labor, and in the cost of purchasing land for development. By the time a development comes to fruition, it is too expensive for the workers on entry level salaries.

The following table presents housing cost burden as it applies to renters and owners for the assessment area and for the state of Illinois.

2023 Bloomington, IL MSA 14010 Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
<b>Bloomington, IL MSA 14010</b>	61.2%	7.5%	36.2%	49.0%	20.3%	13.4%
<b>Illinois</b>	72.9%	30.3%	41.8%	65.6%	32.4%	21.1%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy</i>						

### Employment Characteristics

The unemployment rate for the assessment area is lower than the unemployment rate for the state of Illinois, 3.5 percent and 4.6 percent respectively. The assessment area has reached the approximate level of unemployment that was present immediately prior to the COVID-19 pandemic, 3.6 percent in 2019 and 3.5 percent in 2022. Meanwhile, the state of Illinois is experiencing slightly higher unemployment in 2022 at 4.6 percent than it was experiencing in 2019 at 4.0 percent.

As mentioned briefly above, community representatives highlighted the recent hiring by a new auto-manufacturing plant in the area over recent years. This hiring has also led to an increased demand in skilled labor, which has made these potential employees more difficult to find and technical roles harder to fill. To further complicate employment in the assessment area, there are plenty of entry-level positions available, but can be difficult to attract employees who want to remain long term. Locally, organizations are working with Illinois State University, Illinois Wesleyan University, and Heartland Community College students to generate opportunities that would allow for the retention of students within the area.

2023 Bloomington, IL MSA 14010 Unemployment Rates					
Area	2018	2019	2020	2021	2022
<b>Bloomington, IL MSA 14010</b>	4.1%	3.6%	6.9%	4.7%	3.5%
<b>Illinois</b>	4.4%	4.0%	9.3%	6.1%	4.6%
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

### Industry Characteristics

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 finance and insurance, manufacturing, retail, and healthcare. With the corporate headquarters of State Farm Insurance located in Bloomington, Illinois, it is understandable that a large portion of the employment industry would be related to finance and insurance related services.

## **Community Representatives**

Two community representatives were contacted during the evaluation to provide information regarding local economic and demographic conditions within the assessment area. Each representative provided information on housing, employment, and economic development needs. Representatives spoke about the financial conditions that they are seeing within their organizations, and both stressed the need for more affordable housing to better retain new employees and allow those getting jobs in the area to live closer to their work.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS BLOOMINGTON, IL MSA**

### **LENDING TEST**

Bank of Pontiac's performance under the lending test in the Bloomington, IL MSA assessment area is satisfactory. Borrower loan distribution reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes, given the products and services offered.

### **Geographic Distribution of Loans**

Bank of Pontiac's geographic distribution of HMDA-reportable, small business, and small farm loans reflects reasonable dispersion throughout the assessment area. An analysis of the bank's geographic dispersion of loans within the assessment area was conducted to identify any possible conspicuous gaps in lending, particularly within low- and moderate-income tracts. The assessment area contains 47 census tracts, of which one is low-income, 13 are moderate-income, 22 are middle-income, eight are upper-income, and three are unknown-income designated. In 2023, Bank of Pontiac originated loans in 74.5 percent of the 47 census tracts in the assessment area. Overall, the gap analysis indicates the bank's lending patterns are well balanced across the census tracts within the assessment area and no substantial disparities were identified. The bank's 2022 distribution of loans among the assessment area was comparable to 2023 performance.

### **HMDA-Reportable Loans**

The bank's geographic distribution of HMDA-reportable loans reflects reasonable dispersion throughout the assessment area. Geographic distribution of 2023 HMDA-reportable loans are comparable to the 2022 HMDA-reportable lending performance.

In 2022, Bank of Pontiac originated 1.3 percent of its total HMDA-reportable loans by number in low-income census tracts, similar to the 1.4 percent the aggregate lender originates and slightly above the demographic at 0.8 percent. Additionally, the bank originated 20.8 percent of total HMDA-reportable loans in moderate-income census tracts by number, which was below the



aggregate lender and the demographics, 23.6 percent and 23.7 percent respectively. Lastly, unknown census tracts accounted for 2.6 percent of the bank's HMDA-reportable loans, above the 2.0 percent of the aggregate and 1.9 percent by demographic.

Due to low volumes, home improvement and multifamily loans were not included in the geographic and borrower distribution analyses of HMDA-reportable loans for this assessment area.

#### *Home Purchase Loans*

In 2022, home purchase loans comprised of 68.8 percent of the bank's total HMDA-reportable loan portfolio. Bank of Pontiac originated 1.9 percent of home purchase loans in low-income census tracts, which was slightly above the aggregate at 1.7 percent and demographic at 0.8 percent. The bank originated 20.8 percent in moderate-income census tracts, which was below the aggregate at 24.5 percent and the demographic at 23.7 percent. Finally, the bank originated 3.8 percent of home purchase loans in unknown-income census tracts, which is above the 2.5 percent by the aggregate and the 1.9 percent of the demographic.

#### *Refinance Loans*

In 2022, refinance loans comprised 23.4 percent of the bank's total HMDA-reportable loan portfolio. Bank of Pontiac did not originate any refinance loans in low-income census tracts, compared to 0.4 percent by the aggregate and 0.8 percent by the demographic. The bank did originate 11.1 percent of refinance loans in moderate-income census tracts; however, this was significantly lower than the 22.2 percent by the aggregate and the 23.7 percent of the demographic.

The following table presents the bank's geographic distribution of HMDA-reportable loans in 2022 and in 2023.

Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography											
Assessment Area: Bloomington, IL MSA 14010											
Geographic Income Level	Bank And Aggregate Loans By Year										Owner Occupied Units %
	2022						2023*				
	Bank		Agg		Bank		Bank		Agg		
	#	%	#	\$ (000)	%	%	#	%	\$ (000)	%	
Home Purchase Loans											
Low	1	1.9	1.7	60	0.8	0.8	1	2.4	132	2.5	0.8
Moderate	11	20.8	24.5	1,189	15.6	17.0	10	24.4	948	17.6	23.7
Middle	34	64.2	50.0	4,829	63.4	49.4	22	53.7	3,270	60.7	51.0
Upper	5	9.4	21.4	1,279	16.8	30.9	6	14.6	708	13.2	22.6
Unknown	2	3.8	2.5	256	3.4	1.9	2	4.9	326	6.1	1.9
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	53	100.0	100.0	7,613	100.0	100.0	41	100.0	5,384	100.0	100.0
Refinance Loans											
Low	0	0.0	0.4	0	0.0	0.1	0	0.0	0	0.0	0.8
Moderate	2	11.1	22.2	711	17.0	17.9	3	30.0	410	24.2	23.7
Middle	11	61.1	52.9	2,187	52.3	50.7	6	60.0	1,184	69.9	51.0
Upper	5	27.8	23.2	1,287	30.8	30.4	1	10.0	100	5.9	22.6
Unknown	0	0.0	1.2	0	0.0	0.9	0	0.0	0	0.0	1.9
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	18	100.0	100.0	4,185	100.0	100.0	10	100.0	1,694	100.0	100.0
Home Improvement Loans											
Low	0	0.0	1.4	0	0.0	0.9	0	0.0	0	0.0	0.8
Moderate	2	40.0	17.5	72	57.1	12.4	1	50.0	48	54.5	23.7
Middle	3	60.0	56.9	54	42.9	53.6	1	50.0	40	45.5	51.0
Upper	0	0.0	24.2	0	0.0	33.1	0	0.0	0	0.0	22.6
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	1.9
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	5	100.0	100.0	126	100.0	100.0	2	100.0	88	100.0	100.0
Multifamily Loans											
Low	0	0.0	2.8	0	0.0	0.4	0	0.0	0	0.0	0.5
Moderate	1	100.0	45.1	160	100.0	31.5	3	75.0	1,250	88.2	31.7
Middle	0	0.0	42.3	0	0.0	64.2	0	0.0	0	0.0	46.6
Upper	0	0.0	1.4	0	0.0	0.3	0	0.0	0	0.0	5.6
Unknown	0	0.0	8.5	0	0.0	3.5	1	25.0	167	11.8	15.6
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	1	100.0	100.0	160	100.0	100.0	4	100.0	1,417	100.0	100.0
Total Home Mortgage Loans											
Low	1	1.3	1.4	60	0.5	0.7	1	1.8	132	1.5	0.8
Moderate	16	20.8	23.6	2,132	17.6	18.6	17	29.8	2,656	30.9	23.7
Middle	48	62.3	51.1	7,070	58.5	51.4	29	50.9	4,494	52.4	51.0
Upper	10	13.0	21.9	2,566	21.2	27.6	7	12.3	808	9.4	22.6
Unknown	2	2.6	2.0	256	2.1	1.9	3	5.3	493	5.7	1.9
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	77	100.0	100.0	12,084	100.0	100.0	57	100.0	8,583	100.0	100.0

Source: 2023 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding. \*Aggregate data is not currently available.

### Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. A sample of small business loans originated in 2023 was reviewed, of which none were originated in the low-income census tract. This is below the 1.0 percent of total businesses that are located within the census tract. Twenty-five percent of the bank’s small business loans were originated in moderate-income census tracts, which is slightly above the percentage of total businesses located in moderate-income census tracts at 24.3 percent.

The following table presents Bank of Pontiac’s geographic distribution of small business loans in 2023.

Distribution of 2023 Small Business Lending By Income Level of Geography					
Assessment Area: Bloomington, IL MSA 14010					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	1.0
Moderate	5	25.0	902	28.6	24.3
Middle	11	55.0	1,514	48.0	51.5
Upper	4	20.0	735	23.3	15.4
Unknown	0	0.0	0	0.0	7.9
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>3,151</b>	<b>100.0</b>	<b>100.0</b>

Source: 2023 FFIEC Census Data  
2023 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

### Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. A sample of small farm loans originated in 2023 were reviewed. There were no farms located within the low-income census tract. Bank of Pontiac originated 13.3 percent of its total small farm loans in moderate-income census tracts, greater than the 12.3 percent of total small farms located in moderate-income tracts.

The following table presents Bank of Pontiac’s geographic distribution of small farm loans in 2023.

Distribution of 2023 Small Farm Lending By Income Level of Geography					
Assessment Area: Bloomington, IL MSA 14010					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	2	13.3	323	12.4	12.3
Middle	12	80.0	2,216	85.1	74.1
Upper	1	6.7	65	2.5	12.6
Unknown	0	0.0	0	0.0	1.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>15</b>	<b>100.0</b>	<b>2,604</b>	<b>100.0</b>	<b>100.0</b>

Source: 2023 FFIEC Census Data  
2023 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

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

### HMDA-Reportable Loans

The borrower distribution of total HMDA-reportable loans reflects reasonable penetration among individuals of different income levels. In 2022, Bank of Pontiac originated 15.8 percent of HMDA-reportable loans to low-income borrowers, which was slightly below the aggregate at 16.2 percent and below the percentage of low-income families within the assessment area at 21.0 percent. The bank originated 19.7 percent of HMDA-reportable loans to moderate-income borrowers, which was also below the aggregate’s 22.5 percent, but greater than the demographic of 16.8 percent moderate-income families. Finally, 14.5 percent of the bank’s total HMDA-reportable lending was to borrowers of unknown-income, compared to 20 percent by the aggregate.

Borrower distribution in 2023 of HMDA-reportable loans was comparable to 2022 HMDA-reportable loans, with a slight increase in HMDA-reportable loan volume to low-income borrowers and a decrease to upper-income borrowers.

Due to low volumes, home improvement and multifamily loans were not included in the borrower distribution analyses of HMDA-reportable loans for this assessment area.

### Home Purchase Loans

In 2022, Bank of Pontiac originated 17.0 percent of home purchase loans to low-income borrowers, which was equal to the aggregate at 17.0 percent, but below the demographic of low-income families within the assessment area at 21.0 percent. The bank originated 15.1 percent of home purchase loans to moderate-income borrowers, which was below the aggregate’s 22.9 percent and

the demographic's 16.8 percent. Unknown-income borrowers accounted for 20.8 percent of home purchase loans which was only slightly above the aggregate's 20.2 percent.

*Refinance Loans*

In 2022, Bank of Pontiac originated 5.6 percent of refinance loans to low-income borrowers, significantly below the 16.0 percent at the aggregate level and 21.0 percent at the demographic level. Moderate-income borrowers accounted for 33.3 percent of refinance loans originated by the bank, which was above the aggregate's rate of 25.8 percent and almost double the 16.8 percent of moderate-income families within the assessment area.

The following table lays out the distribution of 2022 and 2023 HMDA-reportable loans by the bank within the assessment area.

Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level											
Assessment Area: Bloomington, IL MSA 14010											
Borrower Income Level	Bank And Aggregate Loans By Year										Families by Family Income %
	2022					2023*					
	Bank		Agg	Bank		Agg	Bank				
	#	%	%	\$(000)	%	%	#	%	\$(000)	%	
<b>Home Purchase Loans</b>											
Low	9	17.0	17.0	1,060	13.9	9.6	9	22.0	879	16.3	21.0
Moderate	8	15.1	22.9	987	13.0	18.8	6	14.6	647	12.0	16.8
Middle	8	15.1	19.5	1,559	20.5	22.2	6	14.6	1,056	19.6	22.4
Upper	17	32.1	20.5	2,701	35.5	28.8	10	24.4	1,485	27.6	39.7
Unknown	11	20.8	20.2	1,306	17.2	20.7	10	24.4	1,317	24.5	0.0
<b>Total</b>	<b>53</b>	<b>100.0</b>	<b>100.0</b>	<b>7,613</b>	<b>100.0</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>5,384</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>											
Low	1	5.6	16.0	67	1.6	9.8	2	20.0	211	12.5	21.0
Moderate	6	33.3	25.8	911	21.8	21.6	1	10.0	121	7.1	16.8
Middle	2	11.1	25.6	715	17.1	26.7	2	20.0	505	29.8	22.4
Upper	9	50.0	20.7	2,492	59.5	30.7	3	30.0	349	20.6	39.7
Unknown	0	0.0	11.9	0	0.0	11.1	2	20.0	508	30.0	0.0
<b>Total</b>	<b>18</b>	<b>100.0</b>	<b>100.0</b>	<b>4,185</b>	<b>100.0</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>1,694</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>											
Low	2	40.0	8.1	42	33.3	4.8	0	0.0	0	0.0	21.0
Moderate	1	20.0	10.4	20	15.9	6.5	1	50.0	40	45.5	16.8
Middle	2	40.0	16.1	64	50.8	17.1	1	50.0	48	54.5	22.4
Upper	0	0.0	23.2	0	0.0	33.4	0	0.0	0	0.0	39.7
Unknown	0	0.0	42.2	0	0.0	38.2	0	0.0	0	0.0	0.0
<b>Total</b>	<b>5</b>	<b>100.0</b>	<b>100.0</b>	<b>126</b>	<b>100.0</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>88</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>											
Low	12	15.8	16.2	1,169	9.8	9.6	11	20.8	1,090	15.2	21.0
Moderate	15	19.7	22.5	1,918	16.1	18.9	8	15.1	808	11.3	16.8
Middle	12	15.8	20.5	2,338	19.6	22.8	9	17.0	1,609	22.5	22.4
Upper	26	34.2	20.8	5,193	43.6	29.2	13	24.5	1,834	25.6	39.7
Unknown	11	14.5	20.0	1,306	11.0	19.4	12	22.6	1,825	25.5	0.0
<b>Total</b>	<b>76</b>	<b>100.0</b>	<b>100.0</b>	<b>11,924</b>	<b>100.0</b>	<b>100.0</b>	<b>53</b>	<b>100.0</b>	<b>7,166</b>	<b>100.0</b>	<b>100.0</b>
Source: 2023 FFIEC Census Data											
2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											
Multifamily loans are not included in the borrower distribution analysis.											

### Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. A sample of small business loans originated in 2023 was reviewed, of which 55.0 percent by number were to businesses with revenues of \$1.0 million or less. Bank of Pontiac’s performance is significantly below the percentage of total businesses with revenue of \$1.0

million or less at 89.9 percent; however, the bank originated 81.8 percent of small business loans in amounts of \$100,000 or less to businesses with \$1.0 million or less in revenue. This level of lending is considered the most beneficial to small businesses and indicative of the bank’s willingness to meet the credit needs of small businesses within the assessment area. Therefore, this performance is considered reasonable given the relatively small sample size of 20 total loans, and the bank’s overall willingness to provide loans that are considered to be most beneficial to small businesses in the area.

The following table presents the borrower distribution of small business loans in 2023.

<b>Distribution of 2023 Small Business Lending By Revenue Size of Businesses</b>					
<b>Assessment Area: Bloomington, IL MSA 14010</b>					
	<b>Bank Loans</b>				<b>Total Businesses %</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>\$%</b>	
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	11	55.0	1,110	35.2	89.9
<b>Over \$1 Million</b>	7	35.0	1,878	59.6	8.7
<b>Revenue Unknown</b>	2	10.0	163	5.2	1.4
<b>Total</b>	20	100.0	3,151	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	14	70.0	676	21.5	
<b>\$100,001 - \$250,000</b>	2	10.0	352	11.2	
<b>\$250,001 - \$1 Million</b>	4	20.0	2,123	67.4	
<b>Total</b>	20	100.0	3,151	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	9	81.8	298	26.8	
<b>\$100,001 - \$250,000</b>	0	0.0	0	0.0	
<b>\$250,001 - \$1 Million</b>	2	18.2	812	73.2	
<b>Total</b>	11	100.0	1,110	100.0	
<i>Source: 2023 FFIEC Census Data 2023 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

### Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. A sample of small farm loans originated in 2023 was reviewed, of which 73.3 percent by number were to farms with \$1.0 million or less in annual revenue. The bank’s performance is below the 99.7 percent of farms within the assessment area with total revenues of \$1.0 million or less. Of those loans, a total of 72.7 percent of small farm loans were in loan amounts of \$100,000 or less, which are considered the most beneficial to small farms, indicating the bank’s



willingness to meet the credit needs of small farms within the assessment area.

The following table presents the borrower distribution of small farm loans in 2023.

Distribution of 2023 Small Farm Lending By Revenue Size of Farms Assessment Area: Bloomington, IL MSA 14010					
	Bank Loans				Total Farms
	#	%	\$(000)	%	%
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	11	73.3	1,490	57.2	99.7
<b>Over \$1 Million</b>	1	6.7	156	6.0	0.3
<b>Revenue Unknown</b>	3	20.0	958	36.8	0.0
<b>Total</b>	15	100.0	2,604	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	8	53.3	444	17.1	
<b>\$100,001 - \$250,000</b>	2	13.3	382	14.7	
<b>\$250,001 - \$500,000</b>	5	33.3	1,779	68.3	
<b>Total</b>	15	100.0	2,604	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	8	72.7	444	29.8	
<b>\$100,001 - \$250,000</b>	0	0.0	0	0.0	
<b>\$250,001 - \$500,000</b>	3	27.3	1,046	70.2	
<b>Total</b>	11	100.0	1,490	100.0	
<i>Source: 2023 FFIEC Census Data 2023 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

## COMMUNITY DEVELOPMENT TEST

### Lending, Investment, Donation and Service Activities

Bank of Pontiac demonstrates adequate responsiveness to the community development needs of its assessment area through loans, donations, and services as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s assessment area. This is the first evaluation of the bank’s community development activity within the Bloomington, IL MSA.

### Lending

During the evaluation period the bank originated seven qualified community development loans for approximately \$2.5 million with the purposes to provide affordable housing, economic development, and community services to the assessment area. The bank originated three qualified



loans for each purpose of affordable housing and community service purposes, totaling approximately \$1.2 million and \$1 million, respectively. The affordable housing loans were made to assist in building multi-family housing that provided below market average rent, which was designated as a need by local community representatives in the area. The bank also made one loan for \$250,000 under economic development efforts.

**Investments**

The bank did not complete any new or prior-period investment activity within this assessment area during the review period of the evaluation.

**Donations**

The bank made 17 qualified community development donations totaling approximately \$140,000 to various organizations. All qualified donations were to organizations that provided various community services to low-and-moderate income individuals within the assessment area.

**Services**

Bank of Pontiac provided a total of 84 qualified community development hours to 21 different organizations throughout the assessment area. The majority of service hours involved bank staff serving as board members and providing financial expertise and technical experience to various organizations within the area.

The following table presents the bank’s community development activities in the Bloomington, IL MSA assessment area during the evaluation period.

<b>Qualified Community Development Activities</b>										
<b>Review Period June 22, 2021 – July 15, 2024</b>										
Type of Activity	Affordable Housing		Economic Development		Revitalize/Stabilize		Community Services		Total	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
<b>Lending</b>	3	1,249,800	1	250,000	0	0	3	1,050,000	7	2,549,800
<b>Investment</b>	0	0	0	0	0	0	0	0	0	0
<b>Donations</b>	0	0	0	0	0	0	17	140,275	17	140,275
<b>Services</b>	0	0	0	0	0	0	21	84	21	84

## CHICAGO-NAPERVILLE-EVANSTON, IL MD #16984 – LIMITED REVIEW

### SCOPE OF THE EXAMINATION

Limited scope examination procedures were used to evaluate the bank’s performance in the Chicago-Naperville-Evanston, IL MD assessment area. The scope is consistent with the scope of examination described within the institution summary. For further information, refer to the “Scope of the Examination” section for details

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN CHICAGO-NAPERVILLE-EVANSTON, IL MD #16984<sup>3</sup>

Bank of Pontiac’s assessment area is comprised of the entirety of Grundy County, and partial Will County. The assessment area is comprised of 19 census tracts, including three moderate-income, 15 middle-income, and one upper-income tracts. There are no low-income or unknown-income census tracts within the assessment area. The bank has one branch, with a full-service ATM, located in a middle-income census tract within the assessment area, located in Coal City, which is in Grundy County. This assessment area has remained unchanged since the previous evaluation.

According to the June 30, 2023, FDIC Deposit Market Share Report, Bank of Pontiac ranked 31<sup>st</sup> among 37 FDIC-insured financial institutions operating within the Chicago, MD. The bank held approximately \$27.9 million of inside of market deposits, representing 0.13 percent of total market deposits. The financial institutions comprising the largest percentage of the deposit market share are Old National Bank at 22.48 percent, JP Morgan Chase Bank at 17.38 percent, and BMO Harris Bank at 16.73 percent.

Additional assessment area demographic information is provided in the following table.

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<sup>3</sup> Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

2023 Chicago-Naperville-Evanston, IL MD 16984 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,289	20.0
Moderate	3	15.8	2,317	10.8	103	4.4	4,133	19.3
Middle	15	78.9	18,119	84.4	1,056	5.8	5,008	23.3
Upper	1	5.3	1,025	4.8	18	1.8	8,031	37.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>19</b>	<b>100.0</b>	<b>21,461</b>	<b>100.0</b>	<b>1,177</b>	<b>5.5</b>	<b>21,461</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	3,921	2,312	10.2	59.0	953	24.3	656	16.7
Middle	27,106	19,198	84.8	70.8	6,509	24.0	1,399	5.2
Upper	1,203	1,129	5.0	93.8	49	4.1	25	2.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>32,230</b>	<b>22,639</b>	<b>100.0</b>	<b>70.2</b>	<b>7,511</b>	<b>23.3</b>	<b>2,080</b>	<b>6.5</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	261	10.0	240	10.1	18	9.4	3	5.8
Middle	2,276	86.8	2,055	86.4	172	90.1	49	94.2
Upper	84	3.2	83	3.5	1	0.5	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>2,621</b>	<b>100.0</b>	<b>2,378</b>	<b>100.0</b>	<b>191</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.7</b>		<b>7.3</b>		<b>2.0</b>
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	8	5.8	8	5.8	0	0.0	0	0.0
Middle	129	92.8	129	92.8	0	0.0	0	0.0
Upper	2	1.4	2	1.4	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>139</b>	<b>100.0</b>	<b>139</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>100.0</b>		<b>0.0</b>		<b>0.0</b>
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS CHICAGO-NAPERVILLE-EVANSTON, IL MD #16984<sup>4</sup>**

**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 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 geographic distribution of HMDA-reportable and a sample of small business and small farm loans in the assessment area. Given the overall limited amount of lending volume within this assessment area, a meaningful analysis could not be completed.

<b>Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography</b>											
<b>Assessment Area: Chicago-Naperville-Evanston, IL MD 16984</b>											
<b>Geographic Income Level</b>	<b>Bank And Aggregate Loans By Year</b>										<b>Owner Occupied Units %</b>
	<b>2022</b>						<b>2023*</b>				
	<b>Bank</b>		<b>Agg</b>	<b>Bank</b>		<b>Agg</b>	<b>Bank</b>				
	<b>#</b>	<b>%</b>	<b>%</b>	<b>\$(000)</b>	<b>\$%</b>	<b>\$%</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>\$%</b>	
<b>Low</b>	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
<b>Moderate</b>	0	0.0	9.9	0	0.0	8.7	1	11.1	168	7.5	10.2
<b>Middle</b>	9	100.0	85.7	2,812	100.0	86.5	8	88.9	2,058	92.5	84.8
<b>Upper</b>	0	0.0	4.4	0	0.0	4.9	0	0.0	0	0.0	5.0
<b>Unknown</b>	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
<b>Tract-Unk</b>	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total</b>	9	100.0	100.0	2,812	100.0	100.0	9	100.0	2,226	100.0	100.0

Source: 2023 FFIEC Census Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding. \*Aggregate data is not currently available.

<sup>4</sup> Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Distribution of 2023 Small Business Lending By Income Level of Geography					
Assessment Area: Chicago-Naperville-Evanston, IL MD 16984					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	10.0
Middle	9	100.0	1,149	100.0	86.8
Upper	0	0.0	0	0.0	3.2
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>9</b>	<b>100.0</b>	<b>1,149</b>	<b>100.0</b>	<b>100.0</b>

Source: 2023 FFIEC Census Data  
2023 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2023 Small Farm Lending By Income Level of Geography					
Assessment Area: Chicago-Naperville-Evanston, IL MD 16984					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	5.8
Middle	7	100.0	1,531	100.0	92.8
Upper	0	0.0	0	0.0	1.4
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>7</b>	<b>100.0</b>	<b>1,531</b>	<b>100.0</b>	<b>100.0</b>

Source: 2023 FFIEC Census Data  
2023 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

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

The following tables represent the borrower distribution of HMDA-reportable and a sample of small business and small farm loans in the assessment area. Given the overall limited amount of lending volume within this assessment area, a meaningful analysis could not be completed.

Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level											
Assessment Area: Chicago-Naperville-Evanston, IL MD 16984											
Borrower Income Level	Bank And Aggregate Loans By Year										Families by Family Income %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	%	%	\$(000)	%	%	#	%	\$(000)	%	
Low	2	25.0	12.9	124	12.3	8.1	0	0.0	0	0.0	20.0
Moderate	3	37.5	26.6	499	49.3	23.9	1	11.1	185	8.3	19.3
Middle	1	12.5	25.8	146	14.4	26.7	3	33.3	484	21.7	23.3
Upper	1	12.5	20.5	82	8.1	25.7	2	22.2	459	20.6	37.4
Unknown	1	12.5	14.2	161	15.9	15.5	3	33.3	1,098	49.3	0.0
<b>Total</b>	<b>8</b>	<b>100.0</b>	<b>100.0</b>	<b>1,012</b>	<b>100.0</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>2,226</b>	<b>100.0</b>	<b>100.0</b>

Source: 2023 FFIEC Census Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding. \*Aggregate data is not currently available.  
Multifamily loans are not included in the borrower distribution analysis.

Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Chicago-Naperville-Evanston, IL MD 16984					
	Bank Loans				Total Businesses %
	#	%	\$(000)	%	
<b>By Revenue</b>					
\$1 Million or Less	8	88.9	1,054	91.7	90.7
Over \$1 Million	1	11.1	95	8.3	7.3
Revenue Unknown	0	0.0	0	0.0	2.0
<b>Total</b>	<b>9</b>	<b>100.0</b>	<b>1,149</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or Less	5	55.6	370	32.2	
\$100,001 - \$250,000	3	33.3	515	44.8	
\$250,001 - \$1 Million	1	11.1	264	23.0	
<b>Total</b>	<b>9</b>	<b>100.0</b>	<b>1,149</b>	<b>100.0</b>	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
\$100,000 or Less	4	50.0	275	26.1	
\$100,001 - \$250,000	3	37.5	515	48.9	
\$250,001 - \$1 Million	1	12.5	264	25.0	
<b>Total</b>	<b>8</b>	<b>100.0</b>	<b>1,054</b>	<b>100.0</b>	

Source: 2023 FFIEC Census Data  
2023 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2023 Small Farm Lending By Revenue Size of Farms Assessment Area: Chicago-Naperville-Evanston, IL MD 16984					
	Bank Loans				Total Farms
	#	%	\$(000)	%	%
<b>By Revenue</b>					
\$1 Million or Less	7	100.0	1,531	100.0	100.0
Over \$1 Million	0	0.0	0	0.0	0.0
Revenue Unknown	0	0.0	0	0.0	0.0
<b>Total</b>	<b>7</b>	<b>100.0</b>	<b>1,531</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or Less	3	42.9	156	10.2	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$500,000	4	57.1	1,375	89.8	
<b>Total</b>	<b>7</b>	<b>100.0</b>	<b>1,531</b>	<b>100.0</b>	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
\$100,000 or Less	3	42.9	156	10.2	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$500,000	4	57.1	1,375	89.8	
<b>Total</b>	<b>7</b>	<b>100.0</b>	<b>1,531</b>	<b>100.0</b>	
<i>Source: 2023 FFIEC Census Data 2023 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 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.

Qualified Community Development Activities Review Period June 22, 2021 – July 15, 2024										
Type of Activity	Affordable Housing		Economic Development		Revitalize/Stabilize		Community Services		Total	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Lending	4	4,269,929	0	0	0	0	0	0	4	4,269,929
Investment	0	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	8	4,000	8	4,000
Services	0	0	0	0	0	0	2	7	2	7

## PEORIA, IL MSA #37900 – LIMITED REVIEW

### SCOPE OF EXAMINATION

Limited scope examination procedures were used to evaluate the bank’s performance in the Peoria, IL MSA #37900 assessment area. The scope is consistent with the scope of examination described within the institution summary. For further information, refer to the “Scope of the Examination” section for details

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN PEORIA, IL MSA<sup>5</sup>

Bank of Pontiac’s assessment area is comprised of Tazewell County in its entirety. Excluded from this assessment area are Fulton, Marshall, Peoria, Stark, and Woodford Counties, which are the other counties in the Peoria, IL MSA #37900. The bank maintains two branches in middle-income census tracts with full-service ATMs in Delavan, IL, and Minier, IL. This is the first evaluation considering this assessment area, as the bank expanded to include all of Tazewell County following their acquisition of First Farmers State Bank in 2021.

According to the June 30, 2022, FDIC Deposit Market Share Report, Bank of Pontiac ranked 5<sup>th</sup> of 18 FDIC-insured financial institutions operating in Tazewell County. The bank held approximately \$143.7 million in inside of market deposits, representing 3.97 percent of the total deposit market share Tazewell County. The financial institutions comprising the largest percentage of the deposit market share are Morton Community Bank at 65.2 percent, Heartland Bank and Trust Company at 7.1 percent, and Busey Bank at 6.2 percent.

Additional assessment area demographic information is provided in the following table.

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<sup>5</sup> Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.



2023 Peoria, IL MSA 37900 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	5,739	16.2
Moderate	4	13.3	3,727	10.5	431	11.6	6,439	18.2
Middle	20	66.7	23,671	66.9	1,282	5.4	8,106	22.9
Upper	6	20.0	7,979	22.6	216	2.7	15,093	42.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>30</b>	<b>100.0</b>	<b>35,377</b>	<b>100.0</b>	<b>1,929</b>	<b>5.5</b>	<b>35,377</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied		Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	7,058	4,704	11.4	66.6	1,691	24.0	663	9.4
Middle	39,904	27,811	67.4	69.7	8,685	21.8	3,408	8.5
Upper	11,979	8,720	21.1	72.8	2,386	19.9	873	7.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>58,941</b>	<b>41,235</b>	<b>100.0</b>	<b>70.0</b>	<b>12,762</b>	<b>21.7</b>	<b>4,944</b>	<b>8.4</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	437	10.9	394	10.9	39	11.0	4	7.4
Middle	2,537	63.1	2,290	63.4	203	57.3	44	81.5
Upper	1,048	26.1	930	25.7	112	31.6	6	11.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>4,022</b>	<b>100.0</b>	<b>3,614</b>	<b>100.0</b>	<b>354</b>	<b>100.0</b>	<b>54</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>89.9</b>		<b>8.8</b>		<b>1.3</b>
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2	1.1	2	1.1	0	0.0	0	0.0
Middle	158	83.2	154	82.8	3	100.0	1	100.0
Upper	30	15.8	30	16.1	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>190</b>	<b>100.0</b>	<b>186</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>				<b>97.9</b>		<b>1.6</b>		<b>0.5</b>
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS PEORIA, IL MSA**

**LENDING TEST**

Bank of Pontiac’s lending performance in the assessment area is consistent with the bank’s overall lending performance. While the bank made minimal HMDA-reportable and small farm loans during the review period, there were no small business loans originated within the assessment area.

**Geographic Distribution of Loans**

The following tables represent the geographic distribution of HMDA-reportable and a sample of small business and farm loans in the assessment area. Due to the limited lending activity, and the overall lack of low and moderate-income census tracts, a meaningful analysis could not be completed.

<b>Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography</b>											
<b>Assessment Area: Peoria, IL MSA 37900</b>											
<b>Geographic Income Level</b>	<b>Bank And Aggregate Loans By Year</b>										<b>Owner Occupied Units %</b>
	<b>2022</b>					<b>2023*</b>					
	<b>Bank</b>		<b>Agg</b>	<b>Bank</b>		<b>Agg</b>	<b>Bank</b>				
	<b>#</b>	<b>%</b>	<b>%</b>	<b>\$(000)</b>	<b>\$%</b>	<b>\$%</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>\$%</b>	
<b>Low</b>	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
<b>Moderate</b>	0	0.0	10.6	0	0.0	6.9	0	0.0	0	0.0	11.4
<b>Middle</b>	14	93.3	70.6	2,249	88.6	67.1	8	88.9	866	95.6	67.4
<b>Upper</b>	1	6.7	18.7	288	11.4	26.1	1	11.1	40	4.4	21.1
<b>Unknown</b>	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
<b>Tract-Unk</b>	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total</b>	15	100.0	100.0	2,537	100.0	100.0	9	100.0	906	100.0	100.0

*Source: 2023 FFIEC Census Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding. \*Aggregate data is not currently available.*

Distribution of 2023 Small Business Lending By Income Level of Geography					
Assessment Area: Peoria, IL MSA 37900					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	10.9
Middle	0	0.0	0	0.0	63.1
Upper	0	0.0	0	0.0	26.1
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>

Source: 2023 FFIEC Census Data  
2023 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2023 Small Farm Lending By Income Level of Geography					
Assessment Area: Peoria, IL MSA 37900					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	1.1
Middle	9	100.0	1,009	100.0	83.2
Upper	0	0.0	0	0.0	15.8
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>9</b>	<b>100.0</b>	<b>1,009</b>	<b>100.0</b>	<b>100.0</b>

Source: 2023 FFIEC Census Data  
2023 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

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

The following tables represent the borrower distribution of HMDA-reportable and a sample of small business and small farm loans in the assessment area. Due to the limited lending activity, and the overall lack of low and moderate-income census tracts, a meaningful analysis could not be completed.

Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level											
Assessment Area: Peoria, IL MSA 37900											
Borrower Income Level	Bank And Aggregate Loans By Year										Families by Family Income %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	%	%	\$(000)	\$%	\$%	#	%	\$(000)	\$%	
Low	1	6.7	15.9	72	2.8	10.3	1	11.1	95	10.5	16.2
Moderate	3	20.0	21.8	279	11.0	18.9	1	11.1	68	7.5	18.2
Middle	4	26.7	18.5	570	22.5	21.0	2	22.2	90	9.9	22.9
Upper	7	46.7	19.6	1,616	63.7	31.6	5	55.6	653	72.1	42.7
Unknown	0	0.0	24.2	0	0.0	18.2	0	0.0	0	0.0	0.0
<b>Total</b>	<b>15</b>	<b>100.0</b>	<b>100.0</b>	<b>2,537</b>	<b>100.0</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>906</b>	<b>100.0</b>	<b>100.0</b>

Source: 2023 FFIEC Census Data  
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding. \*Aggregate data is not currently available.  
Multifamily loans are not included in the borrower distribution analysis.

Distribution of 2023 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Peoria, IL MSA 37900					
	Bank Loans				Total Businesses %
	#	%	\$(000)	\$%	
<b>By Revenue</b>					
\$1 Million or Less	0	0.0	0	0.0	89.9
Over \$1 Million	0	0.0	0	0.0	8.8
Revenue Unknown	0	0.0	0	0.0	1.3
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	

Source: 2023 FFIEC Census Data  
2023 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey

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

Distribution of 2023 Small Farm Lending By Revenue Size of Farms					
Assessment Area: Peoria, IL MSA 37900					
	Bank Loans				Total Farms %
	#	%	\$(000)	%	
<b>By Revenue</b>					
\$1 Million or Less	8	88.9	750	74.3	97.9
Over \$1 Million	1	11.1	259	25.7	1.6
Revenue Unknown	0	0.0	0	0.0	0.5
<b>Total</b>	<b>9</b>	<b>100.0</b>	<b>1,009</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
\$100,000 or Less	6	66.7	275	27.3	
\$100,001 - \$250,000	1	11.1	125	12.4	
\$250,001 - \$500,000	2	22.2	609	60.4	
<b>Total</b>	<b>9</b>	<b>100.0</b>	<b>1,009</b>	<b>100.0</b>	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
\$100,000 or Less	6	75.0	275	36.7	
\$100,001 - \$250,000	1	12.5	125	16.7	
\$250,001 - \$500,000	1	12.5	350	46.7	
<b>Total</b>	<b>8</b>	<b>100.0</b>	<b>750</b>	<b>100.0</b>	
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

**COMMUNITY DEVELOPMENT TEST**

Bank of Pontiac’s community development performance in the assessment area is below the bank’s overall community development performance, as the bank did not originate any loans or investments within the review period, and only provided one qualified service.

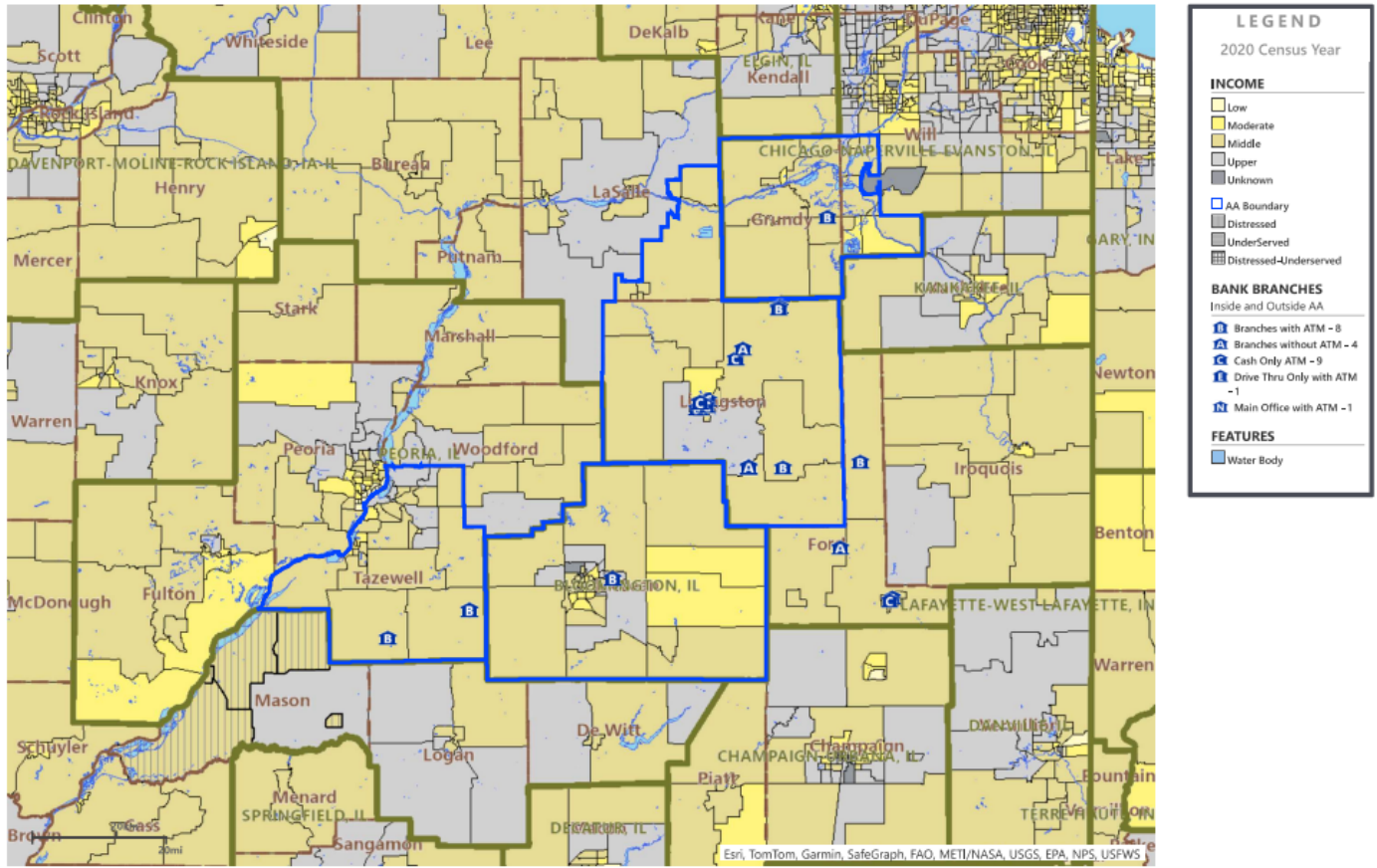
Qualified Community Development Activities										
Review Period June 22, 2021 – July 15, 2024										
Type of Activity	Affordable Housing		Economic Development		Revitalize/Stabilize		Community Services		Total	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
<b>Lending</b>	0	0	0	0	0	0	0	0	0	0
<b>Investment</b>	0	0	0	0	0	0	0	0	0	0
<b>Donations</b>	0	0	0	0	0	0	16	5,700	16	5,700
<b>Services</b>	0	0	0	0	0	0	1	4	1	4

## **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.

### APPENDIX A – Map of Assessment Areas

#### Bank of Pontiac 930442 Combined Assessment Area





APPENDIX B – Additional Tables

2022 Combined Assessment Area AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	0.9	494	0.4	130	26.3	21,791	19.3
Moderate	21	18.6	15,654	13.9	1,830	11.7	19,586	17.4
Middle	72	63.7	76,279	67.7	5,416	7.1	25,659	22.8
Upper	16	14.2	19,319	17.1	519	2.7	45,696	40.5
Unknown	3	2.7	986	0.9	337	34.2	0	0.0
<b>Total AA</b>	<b>113</b>	<b>100.0</b>	<b>112,732</b>	<b>100.0</b>	<b>8,232</b>	<b>7.3</b>	<b>112,732</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,090	359	0.3	32.9	553	50.7	178	16.3
Moderate	31,685	17,855	14.3	56.4	10,417	32.9	3,413	10.8
Middle	127,353	84,640	67.8	66.5	32,374	25.4	10,339	8.1
Upper	27,074	21,181	17.0	78.2	4,563	16.9	1,330	4.9
Unknown	4,718	803	0.6	17.0	3,087	65.4	828	17.5
<b>Total AA</b>	<b>191,920</b>	<b>124,838</b>	<b>100.0</b>	<b>65.0</b>	<b>50,994</b>	<b>26.6</b>	<b>16,088</b>	<b>8.4</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	53	0.4	51	0.4	2	0.2	0	0.0
Moderate	2,220	15.7	2,009	15.9	183	15.0	28	11.9
Middle	9,222	65.3	8,250	65.2	786	64.5	186	79.1
Upper	2,201	15.6	1,984	15.7	202	16.6	15	6.4
Unknown	418	3.0	367	2.9	45	3.7	6	2.6
<b>Total AA</b>	<b>14,114</b>	<b>100.0</b>	<b>12,661</b>	<b>100.0</b>	<b>1,218</b>	<b>100.0</b>	<b>235</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>89.7</b>	<b>8.6</b>	<b>1.7</b>		
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	53	5.7	53	5.7	0	0.0	0	0.0
Middle	752	80.2	746	80.2	5	71.4	1	100.0
Upper	130	13.9	129	13.9	1	14.3	0	0.0
Unknown	3	0.3	2	0.2	1	14.3	0	0.0
<b>Total AA</b>	<b>938</b>	<b>100.0</b>	<b>930</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>				<b>99.1</b>	<b>0.7</b>	<b>0.1</b>		
<i>Source: 2022 FFIEC Census Data 2022 Data &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								



2022 IL Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	3,419	21.1
Moderate	1	5.9	700	4.3	132	18.9	2,331	14.4
Middle	15	88.2	13,872	85.5	1,711	12.3	3,666	22.6
Upper	1	5.9	1,657	10.2	98	5.9	6,813	42.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>17</b>	<b>100.0</b>	<b>16,229</b>	<b>100.0</b>	<b>1,941</b>	<b>12.0</b>	<b>16,229</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,309	667	3.7	51.0	552	42.2	90	6.9
Middle	24,416	15,686	87.3	64.2	6,256	25.6	2,474	10.1
Upper	2,444	1,606	8.9	65.7	693	28.4	145	5.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>28,169</b>	<b>17,959</b>	<b>100.0</b>	<b>63.8</b>	<b>7,501</b>	<b>26.6</b>	<b>2,709</b>	<b>9.6</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	237	11.0	208	11.0	25	12.5	4	8.0
Middle	1,668	77.7	1,474	77.7	151	75.5	43	86.0
Upper	242	11.3	215	11.3	24	12.0	3	6.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>2,147</b>	<b>100.0</b>	<b>1,897</b>	<b>100.0</b>	<b>200</b>	<b>100.0</b>	<b>50</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>88.4</b>	<b>9.3</b>	<b>2.3</b>		
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	7	2.2	7	2.2	0	0.0	0	0.0
Middle	252	79.0	250	78.9	2	100.0	0	0.0
Upper	60	18.8	60	18.9	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>319</b>	<b>100.0</b>	<b>317</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>99.4</b>	<b>0.6</b>	<b>0.0</b>		
<i>Source: 2022 FFIEC Census Data 2022 Data &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>								

2022 Bloomington, IL MSA 14010 AA Demographics									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low	1	2.1	494	1.2	130	26.3	8,344	21.0	
Moderate	13	27.7	8,910	22.5	1,164	13.1	6,683	16.8	
Middle	22	46.8	20,617	52.0	1,367	6.6	8,879	22.4	
Upper	8	17.0	8,658	21.8	187	2.2	15,759	39.7	
Unknown	3	6.4	986	2.5	337	34.2	0	0.0	
<b>Total AA</b>	<b>47</b>	<b>100.0</b>	<b>39,665</b>	<b>100.0</b>	<b>3,185</b>	<b>8.0</b>	<b>39,665</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Type by Tract							
		Owner-occupied				Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit	
Low	1,090	359	0.8	32.9	553	50.7	178	16.3	
Moderate	19,397	10,172	23.7	52.4	7,221	37.2	2,004	10.3	
Middle	35,927	21,945	51.0	61.1	10,924	30.4	3,058	8.5	
Upper	11,448	9,726	22.6	85.0	1,435	12.5	287	2.5	
Unknown	4,718	803	1.9	17.0	3,087	65.4	828	17.5	
<b>Total AA</b>	<b>72,580</b>	<b>43,005</b>	<b>100.0</b>	<b>59.3</b>	<b>23,220</b>	<b>32.0</b>	<b>6,355</b>	<b>8.8</b>	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low	53	1.0	51	1.1	2	0.4	0	0.0	
Moderate	1,275	24.3	1,157	24.6	101	21.7	17	22.7	
Middle	2,677	51.0	2,377	50.5	254	54.6	46	61.3	
Upper	824	15.7	755	16.0	63	13.5	6	8.0	
Unknown	418	8.0	367	7.8	45	9.7	6	8.0	
<b>Total AA</b>	<b>5,247</b>	<b>100.0</b>	<b>4,707</b>	<b>100.0</b>	<b>465</b>	<b>100.0</b>	<b>75</b>	<b>100.0</b>	
<b>Percentage of Total Businesses:</b>				<b>89.7</b>	<b>8.9</b>	<b>1.4</b>			
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate	36	12.2	36	12.3	0	0.0	0	0.0	
Middle	216	73.5	216	73.7	0	0.0	0	0.0	
Upper	39	13.3	39	13.3	0	0.0	0	0.0	
Unknown	3	1.0	2	0.7	1	100.0	0	0.0	
<b>Total AA</b>	<b>294</b>	<b>100.0</b>	<b>293</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	
<b>Percentage of Total Farms:</b>				<b>99.7</b>	<b>0.3</b>	<b>0.0</b>			
Source: 2022 FFIEC Census Data 2022 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.									

2022 Chicago-Naperville-Evanston, IL MD 16984 AA Demographics									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	4,289	20.0	
Moderate	3	15.8	2,317	10.8	103	4.4	4,133	19.3	
Middle	15	78.9	18,119	84.4	1,056	5.8	5,008	23.3	
Upper	1	5.3	1,025	4.8	18	1.8	8,031	37.4	
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total AA</b>	<b>19</b>	<b>100.0</b>	<b>21,461</b>	<b>100.0</b>	<b>1,177</b>	<b>5.5</b>	<b>21,461</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Type by Tract							
		Owner-occupied				Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit	
Low	0	0	0.0	0.0	0	0.0	0	0.0	
Moderate	3,921	2,312	10.2	59.0	953	24.3	656	16.7	
Middle	27,106	19,198	84.8	70.8	6,509	24.0	1,399	5.2	
Upper	1,203	1,129	5.0	93.8	49	4.1	25	2.1	
Unknown	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total AA</b>	<b>32,230</b>	<b>22,639</b>	<b>100.0</b>	<b>70.2</b>	<b>7,511</b>	<b>23.3</b>	<b>2,080</b>	<b>6.5</b>	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%		
Low	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate	267	10.1	246	10.2	18	9.4	3	5.5	
Middle	2,304	86.9	2,079	86.5	173	90.1	52	94.5	
Upper	80	3.0	79	3.3	1	0.5	0	0.0	
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total AA</b>	<b>2,651</b>	<b>100.0</b>	<b>2,404</b>	<b>100.0</b>	<b>192</b>	<b>100.0</b>	<b>55</b>	<b>100.0</b>	
<b>Percentage of Total Businesses:</b>				<b>90.7</b>	<b>7.2</b>	<b>2.1</b>			
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%		
Low	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate	8	5.8	8	5.8	0	0.0	0	0.0	
Middle	127	92.7	127	92.7	0	0.0	0	0.0	
Upper	2	1.5	2	1.5	0	0.0	0	0.0	
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total AA</b>	<b>137</b>	<b>100.0</b>	<b>137</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	
<b>Percentage of Total Farms:</b>				<b>100.0</b>	<b>0.0</b>	<b>0.0</b>			
Source: 2022 FFIEC Census Data 2022 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey									
Note: Percentages may not total 100.0 percent due to rounding.									

2022 Peoria, IL MSA 37900 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	5,739	16.2
Moderate	4	13.3	3,727	10.5	431	11.6	6,439	18.2
Middle	20	66.7	23,671	66.9	1,282	5.4	8,106	22.9
Upper	6	20.0	7,979	22.6	216	2.7	15,093	42.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>30</b>	<b>100.0</b>	<b>35,377</b>	<b>100.0</b>	<b>1,929</b>	<b>5.5</b>	<b>35,377</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	7,058	4,704	11.4	66.6	1,691	24.0	663	9.4
Middle	39,904	27,811	67.4	69.7	8,685	21.8	3,408	8.5
Upper	11,979	8,720	21.1	72.8	2,386	19.9	873	7.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>58,941</b>	<b>41,235</b>	<b>100.0</b>	<b>70.0</b>	<b>12,762</b>	<b>21.7</b>	<b>4,944</b>	<b>8.4</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	441	10.8	398	10.9	39	10.8	4	7.3
Middle	2,573	63.2	2,320	63.5	208	57.6	45	81.8
Upper	1,055	25.9	935	25.6	114	31.6	6	10.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>4,069</b>	<b>100.0</b>	<b>3,653</b>	<b>100.0</b>	<b>361</b>	<b>100.0</b>	<b>55</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>89.8</b>		<b>8.9</b>		<b>1.4</b>
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2	1.1	2	1.1	0	0.0	0	0.0
Middle	157	83.5	153	83.6	3	75.0	1	100.0
Upper	29	15.4	28	15.3	1	25.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>188</b>	<b>100.0</b>	<b>183</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>				<b>97.3</b>		<b>2.1</b>		<b>0.5</b>
Source: 2022 FFIEC Census Data 2022 Data & Broadstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

### APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>	<ul style="list-style-type: none"> <li>• HMDA-reportable Lending January 1, 2022, to December 31, 2023</li> <li>• Small Business Lending January 1, 2023, to December 31, 2023</li> <li>• Small Farm Lending January 1, 2023, to December 31, 2023</li> <li>• Community Development Activities June 22, 2021, to July 15, 2024</li> </ul>		
<b>FINANCIAL INSTITUTION</b> Bank of Pontiac			<b>PRODUCTS REVIEWED</b> <ul style="list-style-type: none"> <li>• HMDA-reportable</li> <li>• Small Business</li> <li>• Small Farm</li> </ul>
<b>AFFILIATE(S)</b> None	<b>AFFILIATE RELATIONSHIP</b> NA		<b>PRODUCTS REVIEWED</b> NA
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Chicago-Naperville-Evanston, IL MD # 16984	Limited Scope Review	None	NA
Illinois Non-MSA	Full Scope Review	Main Branch	NA
Peoria, IL MSA #37900	Limited Scope Review	None	NA
Bloomington, IL MSA #14010	Full Scope Review	None	NA

## 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>6</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

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<sup>6</sup> Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

**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 householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**Fair market rent:** Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to



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

**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 production 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 \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 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).