

# **PUBLIC DISCLOSURE**

November 20, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Morton Community Bank  
Certificate Number: 18429

721 West Jackson Street  
Morton, Illinois 61550

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Chicago Regional Office

300 South Riverside Plaza, Suite 1700  
Chicago, Illinois 60606

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

# TABLE OF CONTENTS

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	2
DESCRIPTION OF ASSESSMENT AREAS.....	4
SCOPE OF EVALUATION .....	5
CONCLUSIONS ON PERFORMANCE CRITERIA.....	7
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	16
PEORIA, IL METROPOLITAN STATISTICAL AREA #37900 – Full-Scope Review .....	16
ILLINOIS STATEWIDE NON-METROPOLITAN AREAS – Full-Scope Review.....	28
BLOOMINGTON-PONTIAC, IL COMBINED STATISTICAL AREA #14010 – Limited-Scope Review .....	39
APPENDICES .....	42
APPENDIX A -LARGE BANK PERFORMANCE CRITERIA .....	42
APPENDIX B - SCOPE OF EVALUATION .....	44
APPENDIX C - LIMITED-SCOPE ASSESSMENT AREA PERFORMANCE TABLES.....	46
APPENDIX D - GLOSSARY.....	49

## INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory	X	X	X
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

**The Lending Test is rated Low Satisfactory.**

- Lending levels reflect good responsiveness to assessment area credit needs.
- An adequate percentage of loans are made in the institution’s assessment areas.
- The geographic distribution of loans reflects adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different sizes.
- The institution exhibits an adequate record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals, and very small businesses, consistent with safe and sound business practices.
- The institution has made a low level of community development loans.
- The institution uses flexible lending practices in order to serve assessment area credit needs.

**The Investment Test is rated Low Satisfactory.**

- The institution has an adequate level of qualified community development investments and grants, particularly those that are not routinely provided by private investors, though rarely in a leadership position.

- The institution exhibits adequate responsiveness to credit and community economic development needs.
- The institution rarely uses innovative or complex investments to support community development initiatives.

**The Service Test is rated Low Satisfactory.**

- Delivery systems are reasonably accessible to essentially all portions of the institution's assessment areas.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals.
- Services, including business hours, do not vary in a way that inconveniences portions of the assessment areas, particularly low- and moderate-income geographies and individuals.
- The institution provides an adequate level of community development services.

## **DESCRIPTION OF INSTITUTION**

### **Background**

Morton Community Bank (MCB) is a \$4.5 billion full-service community bank. MCB is wholly owned by Hometown Community Bancorp, Inc., a one-bank holding company. The institution received a Satisfactory rating at its previous FDIC examination dated July 26, 2017, based on Interagency Large Bank Examination Procedures.

In October 2017, MCB acquired State Bank of Arthur, Arthur Illinois. State Bank of Arthur received a Satisfactory CRA rating on February 28, 2016, its last CRA evaluation performed by the Federal Reserve Board. In March 2018, MCB acquired State Bank of Speer, Speer, Illinois. The last CRA evaluation conducted for State Bank of Speer was performed by the FDIC on May 4, 2015 and resulted in a Satisfactory rating. In December 2019, MCB acquired First Trust & Savings Bank (FT&SB) of Albany, Illinois. The FDIC assigned a CRA rating of Satisfactory at this institution's last evaluation dated July 10, 2017.

### **Operations**

Acquisitions have led to several branch changes. The following seven branches were added through the aforementioned acquisitions: a full-service and a limited service branch in Moultrie County, a full service branch in Stark County, two full-service branches in Rock Island County, and two full-service branches in Whiteside County. Further, a loan production office located in Champaign County was converted to a full-service branch in January 2020. A limited service drive-up in Tazewell County and full-service branch in Peoria County were closed due to their proximity to other branches.

As of the examination date, MCB operates 44 offices throughout 15 counties in Illinois. The main office is located in Morton (Tazewell County). The bank has operations in the Peoria, IL Metropolitan Statistical Area (MSA) (30 offices), the Bloomington-Pontiac, IL Combined

Statistical Area (CSA) (2 offices), The Davenport-Moline, IA-IL CSA (2 offices), the Champaign, IL MSA (1 office), and various non-contiguous counties throughout the Illinois Non-MSA (9 offices).

The bank’s primary business focus remains commercial and home mortgage lending. This was confirmed during interviews with members of senior management, as well as a review of the bank’s lending activity during the current evaluation period. Deposit products consist of an array of checking, savings, money market, and certificate of deposit accounts. The bank also offers investment advisory and trust services. Alternative delivery systems include internet and mobile banking, electronic bill-pay, and 50 bank-owned automated teller machines (ATMs).

**Ability and Capacity**

According to the September 30, 2020 Consolidated Reports of Condition and Income, MCB reported total assets of \$4.5 billion, total loans of \$3.0 billion, and total deposits of \$3.8 billion. The net loan-to-deposit ratio was 74.2 percent, and the net loan-to-asset ratio was 64.4 percent. Additionally, the bank’s investment portfolio totaled \$1.1 billion, which represents 24.4 percent of total assets.

MCB experienced growth in both assets and loans since the previous CRA evaluation, due in large part to acquisition activities. Total assets grew 36.4 percent and total loans grew 25.0 percent. The bank’s loan portfolio as of September 30, 2020 is detailed in the following table.

<b>Loan Portfolio Distribution as of 09/30/2020</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	188,572	6.3
Secured by Farmland	218,180	7.3
Secured by 1-4 Family Residential Properties	410,200	13.8
Secured by Multifamily (5 or more) Residential Properties	348,616	11.7
Secured by Nonfarm Nonresidential Properties	840,200	28.3
<b>Total Real Estate Loans</b>	<b>2,005,768</b>	<b>67.5</b>
Commercial and Industrial Loans	622,895	21.0
Agricultural Production and Other Loans to Farmers	116,952	3.9
Consumer Loans	85,226	2.9
Obligations of State and Political Subdivisions in the U.S.	114,646	3.9
Other Loans	24,212	0.8
Lease Financing Receivable (net of unearned income)	3,173	0.1
Less: Unearned Income	0	0
<b>Total Loans</b>	<b>2,972,872</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

This table does not include home mortgage loans that were sold into the secondary market. The bank maintains the servicing on these loans. Since the previous examination, the bank has sold 2,203 loans totaling over \$314 million.

Examiners did not identify any financial or other legal impediments that hinder the bank's ability to provide credit within its assessment areas.

## DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. As of the evaluation date, MCB has designated nine assessment areas: eight areas in the state of Illinois, and one multi-state Combined Statistical Area that spans two states (Iowa and Illinois). MCB has designated the following assessment areas:

- **Peoria, IL MSA:** All 106 census tracts in Fulton, Peoria, Stark, Marshall, Woodford, and Tazewell Counties in Illinois. The bank maintains 30 branches in this assessment area.
- **Bloomington, IL MSA:** All 41 census tracts in McLean County, Illinois. The bank maintains one branch in this assessment area.
- Five assessment areas located in the Statewide Non-MSA portions of Illinois:
  - **Livingston County:** All ten census tracts. MCB maintains one branch in this assessment area.
  - **Warren, Knox, and McDonough Counties:** All 31 census tracts. The bank maintains four branches in this assessment area.
  - **Mason County:** All six census tracts. The bank has one branch in this assessment area.
  - **Douglas and Moultrie Counties:** Three tracts in Douglas County and two tracts in Moultrie County - all contiguous. MCB has two branches in this assessment area.
  - **Whiteside County:** All 18 census tracts. The bank has two branches in this assessment area.
- **Champaign, IL MSA:** Thirty-six of the tracts in Champaign County. MCB has one branch in this assessment area.
- **Davenport-Moline, IL-IA CSA:**
  - **Davenport-Moline-Rock Island, IL-IA MSA:** All 100 census tracts located in Henry and Rock Island, Illinois and Scott County, Iowa. The bank has two branches in the Illinois portion of this multi-state assessment area.
  - **Clinton County, Iowa;** part of the statewide Non-MSA: All 12 census tracts. MCB does not have any branches in this assessment area and only includes this as part of the Combined Statistical Area with the Davenport-Moline-Rock Island, IL-IA MSA.

Several changes to the bank's assessment areas occurred throughout the review period. DeWitt County was removed from the Bloomington, IL MSA effective September 14, 2018 and is no longer part of the bank's assessment areas. Further, Fulton County, which was previously part of the Illinois Non-MSA areas, was added to the Peoria, IL MSA. With the October 2017 acquisition of State Bank of Arthur, the assessment area expanded to include portions of Douglas and Moultrie Counties. The March 2018 acquisition of State Bank of Spear did not affect the assessment area. In addition, the December 2019 acquisition of FT&SB of Albany and its four branches led to the assessment area expanding to include the Davenport-Moline, IA-IL CSA as well as the addition of Knox and Whiteside Counties. Finally, a loan production office (LPO) in Champaign, Illinois was converted to a full-service branch in January 2020, which expanded the assessment area to include

tracts in Champaign County, part of the Champaign, IL MSA. Because several of the changes discussed above were made within 12 months of this evaluation, not all areas are included for analysis in this evaluation. Please see the scope of evaluation and appendix B for more information.

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from the previous evaluation dated July 26, 2017 to the current evaluation dated November 20, 2020. Examiners used the Interagency Large Bank CRA Examination Procedures to evaluate MCB’s CRA performance. The procedures include the following three tests: the Lending Test, Investment Test, and Service Test. The criteria for these procedures are listed in the Appendix. The bank’s overall rating is determined using a points system as defined in the Community Reinvestment Act regulation. Banks must achieve at least a Low Satisfactory under the Lending Test to obtain an overall Satisfactory rating.

For the purposes of this evaluation, Livingston County is combined with the Bloomington, IL MSA to form the Bloomington-Pontiac CSA. As there were no anomalies in the performance for the non-MSA assessment areas of Illinois, all other non-MSA counties are combined for presentation purposes in this evaluation. Only the Peoria, IL MSA, Bloomington-Pontiac, IL CSA, and certain counties within the Non-MSA, IL areas will be reviewed. Both the FT&SB of Albany acquisition and LPO conversion were too recent to conduct a meaningful analysis of performance in these new areas. In addition, management chose to report data from FT&SB of Albany separately from the MCB reported data. Therefore, no review will be performed for the Davenport-Moline, IA-IL CSA, Champaign, IL MSA, and the analysis of Non-MSA portions of Illinois will not include Knox or Whiteside counties during this evaluation.

<b>Description of Assessment Areas Reviewed in this Evaluation</b>			
<b>Assessment Area</b>	<b>Counties in Assessment Area</b>	<b># of CTs</b>	<b># of Branches</b>
Peoria, IL MSA	Peoria, Tazewell, Woodford, Fulton, Marshall, Stark	106	30
Bloomington-Pontiac, IL CSA	McLean, Livingston	51	2
Non-MSA, IL	Mason, Warren, McDonough, Douglas <sup>^</sup> , Moultrie <sup>^</sup>	26	7
<i>Source: Bank Data; <sup>^</sup>partial counties</i>			
<i>CT = Census Tract; MSA: Metropolitan Statistical Area; CSA: Combined Statistical Area</i>			

Given the volume of lending and the deposit market shares within the Peoria, IL MSA and Non-MSA assessment areas (discussed later in this document under each corresponding assessment area), full scope reviews were conducted in these two assessment areas. A limited scope review was performed in the Bloomington-Pontiac, IL CSA, which represents the smallest segment of the bank’s assessment areas. A more detailed discussion of each assessment area, including economic and demographic data, competition, and community contacts, can be found in the separate MSA and Non-MSA sections of this evaluation.

The bank’s performance in the Peoria MSA assessment area will carry the greatest weight in the overall rating, as this is the area with the greatest volume of lending. Additionally, MCB holds a

significant deposit market share in this area, and the vast majority of MCB branches and ATMs are in this assessment area.

### **Activities Reviewed**

Examiners determined that the bank's major product lines are home mortgage, small business, and small farm loans. This conclusion considers the bank's business strategy, as well as the number and dollar volume of loans originated during the evaluation period. Small business lending carries the most weight in this evaluation, followed closely by home mortgage lending, as these made up the greater number and dollar volume of originations during the review period. Small farm loans will carry less weight when compared to the other two products due to the lower number and dollar volume of originations.

Bank records and interviews with management indicated that the lending focus and product mix remained relatively consistent throughout the evaluation period, even with the acquisitions. Examiners did not analyze any other loan types, such as consumer loans, because they do not represent major product lines and would not provide material support for conclusions or ratings.

This evaluation considered all home mortgage loans reported on the bank's 2018 and 2019 Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). In 2018, the bank reported 946 loans totaling \$205 million and in 2019 reported 1,126 loans totaling \$264 million. Partial year data from 2017 was reviewed at the prior examination and was not re-evaluated at the current examination.

Similarly, small business and small farm loan data collected and reported in 2018 and 2019 pursuant to CRA data collection requirements was used to evaluate the bank's record of lending to businesses and farms during the evaluation period. In 2018, MCB reported 2,102 small business loans totaling \$270 million and 981 small farm loans totaling \$130 billion. In 2019, MCB reported 2,056 small business loans totaling \$283 million and 1,016 small farm loans totaling \$132 million.

The overall conclusions for the assessment areas analyze both years of performance activity. Examiners did not identify any significant trends in the loan data from 2018 to 2019 that materially affected conclusions in the individual assessment areas. The 2015 ACS data will be presented as a demographic comparator for home mortgage lending, and D&B data for the corresponding year will be presented for small business and small farm lending. However, aggregate lending is seen as a better indicator of the opportunity for lending in these markets. As performance was consistent between years, presentation of retail lending data will be limited to the most recent year for which aggregate data is available as of the evaluation date. Finally, while the number and dollar volume of loans are presented, examiners emphasized performance by number of loans, because it is a better indicator of the number of businesses, individuals, and farms served.

Community development loans, qualified investments, and community development services initiated or maintained by the bank since the previous CRA performance evaluation were reviewed for this evaluation. Community development activities conducted in the Davenport-Moline, IA-IL CSA since the acquisition of FT&SB of Albany and in the Champaign, IL MSA since the conversion of the LPO are discussed in the overall conclusions. Activities in these areas are presented in tables under "statewide" activities.



As part of the evaluation process, examiners referred to recent contacts with several third parties active in the assessment area to assist in identifying the credit and community development needs and opportunities, as well as determine whether local financial institutions are responsive to those needs. Examiners considered nine community contacts conducted in the 12 months prior to the current evaluation. While examiners typically refer only to contacts conducted in the last 12 months, the COVID-19 pandemic that became prominent in early 2020 made the majority of the previous 12 months very different than the majority of the review period. Therefore, to analyze needs over the entire review period, examiners also referred to two additional contacts performed within 15 months of the review period. In total, the eleven contacts covered the entirety of the bank's assessment area; two covered home mortgage and affordable housing needs; one covered farming needs; five covered small business needs; and three covered general lending needs (including all three areas). None of them identified any significant unmet needs in the overall assessment area. Comments from the community contacts are included in the appropriate sections of the evaluation.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

An overall "Low Satisfactory" rating is assigned under the Lending Test. MCB's lending evidences adequate performance in responding to the credit needs in the assessment area. These criterion, in particular, measure the banks effectiveness at meeting the credit needs in and for low-and moderate-income neighborhoods, individuals, and small businesses and farms, which is the primary focus of CRA.

#### **Lending Activity**

Lending levels reflect good responsiveness to the credit needs of the assessment areas. This conclusion is primarily drawn from the bank's lending activity in the Peoria, IL MSA and secondarily from lending within the Illinois Non-MSA areas. Some highlights are noted below.

- In the Peoria MSA, MCB held the second highest market share of home mortgage loans among 284 lenders reporting such data in the MSA during 2019. For small business loans and small farm loans, the bank held the highest market share among 76 and 18 lenders, respectively, that reported such loans in the MSA in 2018.
- In the Illinois Non-MSA portions of the assessment area, MCB held the highest market share for all three loan types. In these counties, 162 other lenders reported originating at least one home mortgage loan in 2019, 52 institutions reported small business loans in 2018, and 22 reported originating small farm loans in these counties in 2018.
- In the Bloomington-Pontiac CSA, MCB ranked 26th of 242 home mortgage lenders in 2019, seventh among 71 small business lenders in 2018, and third among 20 small farm lenders in 2018.

A complete discussion of the bank's performance under this criterion is located in the separate assessment area sections of this evaluation.

**Assessment Area Concentration**

MCB originated an adequate percentage of loans within its assessment areas. A majority of all three product lines by both number and dollar volume were originated inside the assessment area. A high percentage, by number, were made within the assessment area, but the dollar volume of home mortgage lending within the assessment area was much lower than that of small business and small farm loans. However, this is still a good percentage of loans in the assessment area. Beyond the dollar volume of home mortgage lending, the percentage of loans made within the overall assessment area was generally consistent for each of the loan product types reviewed. The following table reflects the distribution of the bank’s loans inside and outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	847	89.5	99	10.5	946	126,280	61.6	78,815	38.4	205,095
2019	1,018	90.4	108	9.6	1,126	158,816	60.2	105,074	39.8	263,889
<b>Subtotal</b>	<b>1,865</b>	<b>90.0</b>	<b>207</b>	<b>10.0</b>	<b>2,072</b>	<b>285,096</b>	<b>60.8</b>	<b>183,888</b>	<b>39.2</b>	<b>468,984</b>
Small Business										
2018	1,905	90.6	197	9.4	2,102	241,379	89.3	28,783	10.7	270,162
2019	1,860	90.5	196	9.5	2,056	250,732	88.7	32,055	11.3	282,787
<b>Subtotal</b>	<b>3,765</b>	<b>90.5</b>	<b>393</b>	<b>9.5</b>	<b>4,158</b>	<b>492,111</b>	<b>89.0</b>	<b>60,838</b>	<b>11.0</b>	<b>552,949</b>
Small Farm										
2018	885	90.2	96	9.8	981	118,480	91.3	11,307	8.7	129,787
2019	926	91.1	90	8.9	1,016	118,483	89.5	13,869	10.5	132,352
<b>Subtotal</b>	<b>1,811</b>	<b>90.7</b>	<b>186</b>	<b>9.3</b>	<b>1,997</b>	<b>236,963</b>	<b>90.4</b>	<b>25,176</b>	<b>9.6</b>	<b>262,139</b>
<i>Source: Bank Reported HMDA and CRA Loan Data            Due to rounding, totals may not equal 100.0%</i>										

**Geographic Distribution**

The distribution of loans reflects adequate penetration throughout the overall assessment area. This conclusion is primarily derived by the bank’s adequate distribution of loans in the Peoria MSA and Bloomington-Pontiac CSA; however, the geographic distribution of loans is poor in the Illinois Non-MSA. A complete discussion of the bank’s performance under this criterion is located in the separate assessment area sections of this evaluation.

**Borrower Profile**

The distribution of loans to borrowers reflects, given the product lines offered by the institution, good penetration among home mortgage borrowers of different income levels and business and farm borrowers of different sizes. This conclusion is primarily derived from the good borrower distribution of home mortgage loans and small business loans in the Peoria MSA and Illinois Non-

MSA. Home mortgage performance in the Bloomington-Pontiac CSA is not consistent with the overall assessment area.

### **Innovative or Flexible Lending Practices**

MCB uses innovative and/or flexible lending practices in order to serve assessment area credit needs. Since the prior examination, the bank has made 413 loans totaling \$38.8 million through six flexible lending programs. The bank has increased the number of innovative or flexible loans in its portfolio since the last evaluation, when 169 flexible loans totaling approximately \$20 million were made. This increase is due to the fact that the bank more than doubled the number of Home Possible Loans and Small Business Administration loans, as well as the fact that they began facilitating loans through the Federal Home Loan Bank of Chicago's Down Payment Plus Program.

A description of the bank's flexible lending programs follows:

- **Federal Home Loan Mortgage Corporation (FHLMC) Home Possible Loans (HPL)** - The bank offers a variety of fixed- and variable-rate mortgage loans through this program with maturities of up to 30 years and down payments as low as 5 percent of purchase price for customers with eligible incomes up to 80 percent of the area median.
- **Federal Home Loan Bank of Chicago (FHLBC) Down Payment Plus Program (DPP)** - This program is a matching program that provides down payment and closing cost assistance for income-eligible homebuyers. The assistance is provided in the form of a forgivable grant paid on behalf of the borrower and forgiven on a monthly basis over a five-year retention period.
- **Small Business Administration (SBA) Loans** - The SBA program generally provides lower terms and amortization periods for small businesses than they may be able to obtain with conventional financing. Specifically, the bank participates in the SBA 7(a) and 504 programs. Under these programs, loans with flexible terms are made to start-up and/or existing businesses.

In addition to these programs, the bank partners with another financial institution with expertise on the following government loan programs. Through this partnership, the bank is able to provide their home mortgage customers with a variety of options that provide flexible down payment and other eligibility requirements not typically offered through traditional home mortgage products:

- **Federal Housing Administration (FHA)** - MCB offers various FHA loan products, with flexible underwriting guidelines and low down payments. The FHA guarantees the loans made through this program by participating lenders. This program allows for flexible sources of funds for down payments for eligible borrowers with incomes up to 100 percent of the area median.
- **United States Department of Agriculture Rural Housing (USDA Rural Housing)** - This program assists approved lenders in providing low- and moderate-income households the opportunity to own their primary residence in eligible rural areas. The program provides a 90 percent loan note guarantee to approved lenders in order to reduce the risk of extending 100 percent loan-to-value loans to eligible rural homebuyers.
- **United States Department of Veteran's Affairs (VA)** - This mortgage loan program was established by the VA to help veterans and their families obtain home financing. The VA insures the loans made through this program by participating lenders. MCB offers VA loans, which have no private mortgage insurance and provide up to 100 percent financing.

In addition, the bank facilitated a significant number of loans through the Small Business Administration’s Paycheck Protection Program (PPP) under the CARES Act for relief to small businesses during the COVID-19 pandemic in 2020. This program was designed to provide timely relief to small businesses (as defined by the SBA) struggling because of the pandemic. As of the examination date, the bank originated 2,305 PPP loans totaling \$182,784,302. The vast majority of these loans (2,290) were originated to businesses with revenue under \$1 million. The following table provides a summary of the bank’s flexible lending activity inside the assessment areas and in the broader statewide/regional areas since prior evaluation. Because the PPP is a limited time program due to an extraordinary situation, this information is not in the following tables. However, the willingness of the bank to quickly allocate staffing resources for this program facilitated timely relief for many small businesses in their assessment areas and is considered favorably under this criterion.

<b>Innovative or Flexible Lending Programs from July 26, 2017-November 19, 2020</b>										
<b>Type of Program</b>	<b>7/26/2017-12/31/2017</b>		<b>2018</b>		<b>2019</b>		<b>2020</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
FHLMC HPL	20	1,858	50	3,998	70	5,752	79	6,943	<b>219</b>	<b>18,551</b>
FHLBC DPP	0	0	28	1,818	35	2,240	29	2,547	<b>92</b>	<b>6,605</b>
SBA*	4	959	9	1,904	7	794	5	1,090	<b>25</b>	<b>4,747</b>
FHA	6	524	5	578	10	1,222	6	742	<b>27</b>	<b>3,066</b>
USDA Rural Housing	4	411	13	1,211	6	667	11	879	<b>34</b>	<b>3,168</b>
VA	2	387	6	1,203	7	913	1	188	<b>16</b>	<b>2,691</b>
<b>Totals</b>	<b>36</b>	<b>4,139</b>	<b>111</b>	<b>10,712</b>	<b>135</b>	<b>11,588</b>	<b>131</b>	<b>12,389</b>	<b>413</b>	<b>38,828</b>

*Source: Bank Data*  
*\*does not include loans facilitated through the Paycheck Protection Program in the CARES Act of 2020*  
*\*\*totals include 1 Home Possible loan made in the Davenport-Rock Island CSA; and 1 RD loan and 2 SBA loans from the Champaign MSA*

**Community Development Loans**

MCB made a low level of community development loans within its assessment areas. For the current evaluation period, the bank originated 75 community development loans totaling \$57.3 million, which represents 1.9 percent of the bank’s total loans as of September 30, 2020. Despite the bank’s growth, this represents a decrease in the bank’s qualified activity by dollar volume from the prior evaluation, as MCB made 57 community development loans totaling \$62.3 million, accounting for 2.6 percent of the bank’s total loans.

The institution’s level of community development lending was compared to four other similarly situated financial institutions that operate in the bank’s assessment areas and were evaluated under the CRA during the review period. These institutions had total assets ranging from \$1.1 billion to \$7.8 billion, and had community development loan-to-total loan ratios ranging from 5.6 to 13.6 percent. MCB’s ratio of 1.9 percent is the lowest of the five institutions by a significant margin.

The following two tables summarize the bank’s community development lending activity since the last evaluation. The first table summarizes the bank’s community development lending activity by year and purpose, while the second table summarizes the bank’s activity by assessment area.

<b>Community Development Lending Overall</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
7/26/2017-12/31/2017	4	1,902	0	0	0	0	0	0	4	1,902
2018	14	6,390	1	1,000	2	6,100	2	4,145	19	17,635
2019	21	16,597	2	4,000	1	3,500	1	1,077	25	25,174
YTD 2020	25	8,852	2	3,700	0	0	0	0	27	12,552
<b>Total</b>	<b>64</b>	<b>33,741</b>	<b>5</b>	<b>8,700</b>	<b>3</b>	<b>9,600</b>	<b>3</b>	<b>5,222</b>	<b>75</b>	<b>57,263</b>
<i>Source: Bank Data</i>										

<b>Community Development Lending by Assessment Area</b>										
<b>Assessment Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Peoria, IL MSA	42	16,122	4	6,000	3	9,600	3	5,222	52	36,944
Illinois Non-MSA	4	811	0	0	0	0	0	0	4	811
Bloomington-Pontiac, IL CSA	10	15,094	0	0	0	0	0	0	10	15,094
Statewide Activities	8	1,714	1	2,700	0	0	0	0	9	4,414
<b>Total</b>	<b>64</b>	<b>33,741</b>	<b>5</b>	<b>8,700</b>	<b>3</b>	<b>9,600</b>	<b>3</b>	<b>5,222</b>	<b>75</b>	<b>57,263</b>
<i>Source: Bank Data</i>										

The FT&SB of Albany acquisition and LPO conversion make up the statewide portion of the tables. Beyond eight affordable housing loans originated in the Davenport-Moline, IL-IA CSA, the bank originated a loan in Champaign County for a non-profit organization that provides child welfare and educational services to children, youth, adults, and families who are homeless or at risk of homelessness.

## **INVESTMENT TEST**

An overall “Low Satisfactory” rating is assigned under the Investment Test. MCB has demonstrated adequate responsiveness to community development needs through investments and grants.

### **Investment and Grant Activity**

The institution has an adequate level of qualified community development investments and grants, particularly those that are not routinely provided by private investors, though rarely in a leadership position. Overall, the bank made or held 65 investments and 72 donations totaling \$48.9 during the current evaluation period. This represents 1.1 percent of total assets and 3.9 percent of total securities as of September 30, 2020. This level of investments, by number, is higher than the previous evaluation; but it is lower by dollar amount.

MCB’s ratios were within the range of similarly situated banks when the institutions’ assets were considered. Specifically, four similarly situated banks who were evaluated under the CRA during

the review period were identified with total assets ranging from \$1.1 billion to \$7.8 billion. These institutions had qualified investments-to-total asset ratios ranging from a low of 1.1 percent to 2.7 percent. MCB's ratio of 1.1 percent was relatively consistent with several comparative banks, but on the lower end of the range. Further, the overall ratio of qualified investments-to-total securities for similarly situated banks ranged from 8.0 percent to 12.8 percent, making MCB's ratio of 3.9 percent the lowest of the five institutions. At the prior examination, MCB's ratios were the highest of similarly situated institutions.

The following two tables summarize the bank's community development investment activity since the last evaluation. The first table summarizes the bank's community development investment activity by year and purpose, while the second table summarizes the bank's activity by assessment area.

Qualified Investments and Grants Overall										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	48	8,493	3	2,000	0	0	4	12,181	55	22,674
7/26/2017-12/31/2017	1	2,000	0	0	0	0	0	0	1	2,000
2018	1	1,010	0	0	0	0	0	0	1	1,010
2019	4	3,699	0	0	0	0	0	0	4	3,699
YTD 2020	3	9,594	0	0	0	0	1	9,820	3	19,414
<b>Subtotal</b>	<b>57</b>	<b>24,796</b>	<b>3</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>20,001</b>	<b>65</b>	<b>48,797</b>
Qualified Grants & Donations	11	9	55	98	3	9	3	21	72	137
<b>Total</b>	<b>68</b>	<b>24,805</b>	<b>58</b>	<b>2,098</b>	<b>3</b>	<b>9</b>	<b>8</b>	<b>20,022</b>	<b>137</b>	<b>48,934</b>

Source: Bank Data

Qualified Investments and Grants by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Peoria, IL MSA	32	13,069	37	1,896	2	7	8	20,022	79	36,994
Illinois Non-MSA	7	813	16	196	1	2	0	0	24	1,011
Bloomington-Pontiac, IL CSA	17	3,469	3	3	0	0	0	0	20	3,472
Statewide Activities	12	7,454	2	3	0	0	0	0	14	7,457
<b>Total</b>	<b>68</b>	<b>24,805</b>	<b>58</b>	<b>2,098</b>	<b>3</b>	<b>9</b>	<b>8</b>	<b>20,022</b>	<b>137</b>	<b>48,934</b>

Source: Bank Data

The significant majority of the funds for statewide activities are activities that took place in either the Davenport-Moline, IL-IA CSA or the Champaign, IL MSA. Two affordable housing investments totaling \$6.4 million were made in these areas for two affordable-housing complexes where more than 75 percent of the inhabitants must be low-income individuals. An additional mortgage-backed security totaling \$0.4 million is also located in the Davenport-Moline, IL-CSA,

and three donations are located in these areas. The remaining eight investments are prior period investments with \$0.6 million still outstanding. These are mortgage-backed securities that promote affordable housing in the broader, statewide area that includes the bank's assessment areas. Because the bank has demonstrated responsiveness to the needs of its individual assessment areas, it receives credit for these activities in the broader, statewide area. Thus, qualified investments that benefit the statewide area are considered in this evaluation and enhance the bank's overall performance under the Investment Test.

A complete discussion of the bank's performance under this criterion can be found in the separate assessment area sections of this evaluation.

### **Responsiveness to Credit and Community Development Needs**

MCB exhibits adequate responsiveness to credit and community economic development needs. Investments were purchased and maintained with community development purposes pertinent to the needs of the assessment areas. Approximately fifty percent of the qualified investments by both number and dollar have promoted affordable housing, which is a primary need identified by community contacts in the bank's assessment area.

### **Community Development Initiatives**

MCB rarely uses innovative or complex investments to support community development initiatives. The investments noted above are useful and help promote community development; however, they are generally not innovative or complex by nature.

## **SERVICE TEST**

An overall "Low Satisfactory" rating is assigned under the Service Test.

### **Accessibility of Delivery Systems**

The bank's delivery systems are reasonably accessible to essentially all portions of the institution's assessment areas. Prior to December 2019, MCB operated 39 branches and 45 ATMs throughout their assessment areas. Of these, three ATMs (but no branches) were available in low-income tracts and three branches and three ATMs were located in moderate-income tracts. At the previous evaluation, two branches were located in low-income tracts. However, these tracts were re-classified as moderate-income tracts as of the current evaluation date. Further, two of the locations identified in moderate-income tracts in 2017 are now in middle-income tracts. This has led to a net zero change in branches located in moderate-income tracts, but now no branches are located in low-income tracts. Further, branches are still in close proximity to low- and moderate-income tracts, which (to a degree) alleviates concerns of the bank's ability to deliver and retain banking services to the low- and moderate-income geographies.

In addition, several alternative delivery channels are offered for retail banking services that provide access to all portions of the assessment areas. These delivery systems utilize technology to provide 24-hour access to customer accounts. The bank offers automated telephone and mobile banking, Visa check cards, and credit cards. For commercial banking services, the bank offers remote deposit, giving businesses the convenience of transmitting digital deposits to the bank directly from their offices. For retail customers, the bank offers mobile deposit, giving customers the

convenience of depositing checks directly from their mobile device. Additionally, for both retail and commercial customers, MCB offers 24-hour online banking and bill paying services through its internet website located at [www.hometownbanks.com](http://www.hometownbanks.com). Further, Popmoney allows customers to make person-to-person payments directly from their mobile device. A full range of fiduciary services is also offered by the bank through its Trust Department.

The following table shows the breakdown of the bank’s branch and ATM locations by income level of census tract within the overall assessment area. As a reminder, the bank did not expand their assessment area to include the Davenport-Moline, IA-IL CSA or the Champaign, IL MSA until December 2019 and January 2020, respectively. As this is less than 12 months prior to the evaluation, the assessment area utilized to compare for population and area demographics in the chart below does not include these areas. However, since December 2019, the bank now operates an additional five branches (all with on-site ATMs): four in the Davenport-Moline, IL-IA CSA (all in middle-income tracts) and one in Champaign, IL (in an upper-income tract).

<b>Branch and ATM Distribution by Geography Income Level</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	17	9.3	42,793	6.0	0	0.0	3	6.7
<b>Moderate</b>	31	16.9	110,586	15.5	3	7.7	3	6.7
<b>Middle</b>	101	55.2	380,900	53.4	28	71.8	27	60.0
<b>Upper</b>	34	18.6	179,683	25.2	8	20.5	12	26.7
<b>NA</b>	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>183</b>	<b>100.0</b>	<b>713,962</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>45</b>	<b>100.0</b>
<i>Source: 2015 ACS Data; Bank Data Due to rounding, totals may not equal 100.0%</i>								

### **Changes in Branch Locations**

The institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income census tracts, and to low- and moderate-income individuals.

Besides the branches obtained through previously discussed acquisitions and the conversion of the LPO to a full-service branch that have been previously discussed multiple times, MCB did not open any additional branches. The bank closed one full-service branch after acquiring State Bank of Speer, because it was located near an established MCB branch. A limited service facility was also closed during the review period. Both of these were located in the Peoria, IL MSA in middle-income tracts and did not adversely affect the bank’s ability to serve customers in low- and moderate-income tracts.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences portions of the assessment areas, particularly low- and moderate-income census tracts and individuals. Operating hours and services for full-service branches do not vary significantly from branch-to-branch and are considered convenient and comparable to other local financial institutions.



### **Community Development Services**

MCB provides an adequate level of community development services within the overall assessment area.

During the current evaluation period, MCB provided 404 qualified community development services. This level of qualified services is higher than the previous evaluation, when 94 services were identified. MCB's level of services compares favorably to four similarly situated banks. These banks had qualified services in their most recent CRA evaluation ranging from a low of 56 to a high of 1,379 services. With 404 services, MCB ranked fourth of the five institutions. However, only one of the five had services that exceeded 555.

The following tables show information on the community development services provided by the institution throughout their assessment areas during the review period. Of the 318 affordable housing services noted below, 311 were for mortgage lenders providing technical assistance for affordable housing programs. The Home Possible Program and grants through the Federal Home Loan Bank of Chicago in amounts up to \$6,000 are restricted to borrowers who are low- or moderate-income. Applications for these programs are completed by mortgage lenders and submitted to the appropriate agency on behalf of the borrower. The technical assistance provided by mortgage lenders in completing the applications qualify as a community development service. The service is also considered to be particularly responsive, as affordable housing is a prominent need identified in all of the bank's assessment areas. Finally, the two services in the statewide area are in the Davenport-Moline CSA and Champaign MSA.

<b>Community Development Services Overall</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
7/26/2017-12/31/2017	26	16	7	2	<b>51</b>
2018	80	16	7	2	<b>105</b>
2019	101	14	3	1	<b>119</b>
YTD 2020	111	13	2	3	<b>129</b>
<b>Total</b>	<b>318</b>	<b>59</b>	<b>19</b>	<b>8</b>	<b>404</b>

*Source: Bank Data*

<b>Community Development Services by Assessment Area</b>					
<b>Assessment Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
Peoria, IL MSA	272	37	19	8	<b>336</b>
Illinois Non-MSA	34	19	0	0	<b>53</b>
Bloomington-Pontiac, IL CSA	11	2	0	0	<b>13</b>
Statewide Activities	1	1	0	0	<b>2</b>
<b>Total</b>	<b>318</b>	<b>59</b>	<b>19</b>	<b>8</b>	<b>404</b>

*Source: Bank Data*

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

### **PEORIA, IL METROPOLITAN STATISTICAL AREA #37900 – Full-Scope Review**

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

MCB has designated all six contiguous counties in the Peoria MSA as an assessment area. This assessment area consists of Peoria, Marshall, Woodford, Tazewell, Stark, and Fulton Counties. The bank operates 30 branches in this assessment area. As of June 30, 2020, this assessment area accounted for 78.4 percent of the bank's deposits, the highest deposit market share among its three assessment areas. The bank originated approximately 66.9 percent of its home mortgage, small business, and small farm loans, by number, in this assessment area and 62.6 percent by dollar. As such, the bank's performance in this assessment area is the most heavily weighted.

This assessment area consists of whole geographies, does not arbitrarily exclude low- and moderate-income areas, and includes all of the geographies where the bank's offices and deposit taking ATMs are located.

#### **Economic and Demographic Data**

The assessment area includes 106 census tracts. These tracts reflect the following income designations according to the 2015 American Community Survey (ACS) data:

- 12 (11.3 percent) low-income tracts,
- 18 (17.0 percent) moderate-income tracts,
- 55 (51.9 percent) middle-income tracts, and
- 21 (19.8 percent) upper-income tracts.

The following table reflects lower levels of owner-occupied housing units in low- and moderate-income geographies (18.0 percent) in the assessment area and higher concentrations of rental units (35.4 percent). This data highlights some obstacles financial institutions might face in originating home mortgage loans in these geographies. The table uses the 2015 ACS data for demographic information, as well as 2018 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Peoria, IL MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	106	11.3	17.0	51.9	19.8	0.0
Population by Geography	416,270	7.0	15.8	50.6	26.5	0.0
Housing Units by Geography	181,500	7.5	16.6	51.2	24.7	0.0
Owner-Occupied Units by Geography	119,399	3.2	14.8	54.0	28.0	0.0
Occupied Rental Units by Geography	47,131	15.2	20.2	46.1	18.5	0.0
Vacant Units by Geography	14,970	16.9	19.6	45.6	17.9	0.0
Businesses by Geography	19,171	10.3	14.5	49.4	25.8	0.0
Farms by Geography	1,393	1.3	6.5	64.6	27.6	0.0
Family Distribution by Income Level	108,477	20.6	18.1	21.5	39.8	0.0
Household Distribution by Income Level	166,530	23.3	16.4	18.4	41.9	0.0
Median Family Income MSA - 37900 Peoria, IL MSA		\$67,308	Median Housing Value			\$129,537
			Median Gross Rent			\$703
			Families Below Poverty Level			9.1%
<i>Source: 2015 ACS and 2018 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenues (GARs). The GARs of businesses operating in the assessment area in 2018 are as follows:

- 75.0 percent reported \$1.0 million or less;
- 7.5 percent reported greater than \$1.0 million; and
- 17.5 percent did not report revenues to D&B.

Further, GARs for small farms in 2018 were as follows:

- 97.2 percent report \$1.0 million or less,
- 1.3 percent report greater than \$1.00 million, and
- 1.5 percent did not report revenues to D&B.

The 2019 FFIEC-updated Median Family Income (MFI) level is used to analyze home mortgage loans under the Borrower Profile criterion. The table below contains information on the median family incomes by category.

<b>Median Family Income Ranges in the Peoria, IL MSA (37900)</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2019 (\$73,300)	<\$36,650	\$36,650 to <\$58,640	\$58,640 to <\$87,960	≥\$87,960
<i>Source: FFIEC</i>				

It should be noted that the MFI for 2019 dropped 3.8 percent from 2018. According to Moody’s Analytics, the MSA per capita income in 2019 lags Illinois’ average by 13 percent and the US average by 9.7 percent. Education and Health services represent the largest portion of businesses in the assessment area at 18.2 percent, followed by manufacturing (13.6 percent), professional and business services (13.2 percent), government (12.2 percent), retail (10.4 percent), and leisure and hospitality services (10.3 percent). Further, 85.5 percent of businesses have fewer than 10 employees, and 84.8 percent operate from only one location.

Caterpillar is the area’s largest single employer. Heavy machinery has been seeing decreasing sales, even before the COVID-19 pandemic. While Moody’s expects demand to rise to some degree, they also identify little need for additional factory labor and expect manufacturing employment to flatten in the near term. The next largest employers are hospitals that have had relatively stable employment but have been struggling since the pandemic due to the postponement of elective and non-emergent issues. The following table shows unemployment information throughout the review period. While the unemployment rate has appeared to recover faster in the MSA than in the state or nationally after the COVID-19 pandemic began, the unemployment rate consistently ran above national and state averages pre-pandemic, evidencing weaker than average pre-pandemic opportunities.

<b>Unemployment Rates in the Peoria, IL MSA</b>				
<b>Area</b>	<b>Average 2017</b>	<b>Average 2018</b>	<b>Average 2019</b>	<b>October 2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Peoria, IL MSA	5.5	5.1	4.7	6.1
State	4.9	4.3	4.0	7.2
National Average	4.4	3.9	3.7	6.6
<i>Source: Bureau of Labor Statistics; Illinois Department of Employment Security</i>				

### **Competition**

The assessment area has a moderate level of competition for loans and deposits. Data from the FDIC Deposit Market Share report as of June 30, 2020, shows 162 offices of 45 financial institutions operating within the assessment area. MCB maintains a 28.9 percent deposit market share in the assessment area, ranking it first among all institutions. Information on lending market share and competition was previously mentioned, but it should be noted that a few large credit unions also operate in the area. Because these areas are not FDIC insured, they are not reflected in deposit market share information. Further, because credit unions are not subject to the Community Reinvestment Act, they are not included in small business and small farm market share data. However, they are included in market share information for HMDA purposes. The largest home mortgage lender in the area, by nearly 2.5 times, is a credit union.

### **Community Contacts**

To assist the FDIC in preparing the CRA evaluation, examiners referred to two community contacts that had been conducted in the area with knowledge of the business and housing credit needs and opportunities in this assessment area. One contact stated that Peoria and the surrounding areas have continued to grow over the last few years, but that Caterpillar leaving the area has been a deterrent in the recent term. They stated that small business lending and affordable housing continue to be the primary needs in the area. Small business loans, particularly those for start-up businesses, are in high demand. The contacts also stated that financial institutions in the area are meeting credit needs and non-profit organizations focus on innovation and economic development in the Peoria area, which is also a primary need.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and affordable housing loans represent primary credit needs in the area. In particular, the percentage of low- and moderate-income families in the assessment area at 38.7 percent and the high percentage of businesses with GARs of \$1 million or less support this conclusion.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE PEORIA, IL MSA**

### **LENDING TEST**

The bank's lending reflects adequate performance in meeting the credit needs in the Peoria MSA.

#### **Lending Activity**

MCB's lending performance evidences good responsiveness to assessment area credit needs. In 2019, MCB originated 866 home mortgage loans totaling \$122.9 million. In 2018, 1,339 small business loans totaling 190.6 million and 591 small farm loans totaling \$83.8 million were originated. This level of lending represents steady increases, year-over-year since the last evaluation and over the entire review period.

As of 2019, MCB ranked second in home mortgage lending with a market share of 7.9 percent by number of loans. This is an increase from the prior evaluation, when MCB held the 12<sup>th</sup> highest market share. For small business and small farm lending, MCB maintained their rank of first in 2018 with 24.5 and 59.0 percent market share, respectively, by number.

#### **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the assessment area. For this criterion, examiners focused on the percentage by number of loans in low- and moderate-income census tracts. While the results in the small farm lending product segment were good, this conclusion was supported by consistent performance in the home mortgage and small business lending categories.

### Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the Peoria MSA. The following table shows that MCB's performance in low-income at 1.2 percent is relatively consistent with the aggregate performance of 1.4 percent. Performance lags peer in moderate-income tracts very slightly, but not significantly. MCB originated 10.9 percent of loans, by number, in moderate-income tracts compared to aggregate of 12.6 percent. Lending in both low- and moderate-income tracts trails the percentage of owner-occupied housing units, but aggregate is generally a better indicator of demand.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Assessment Area: Peoria, IL MSA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2019	3.2	1.4	10	1.2	831	0.7
Moderate						
2019	14.8	12.6	94	10.9	8,720	7.1
Middle						
2019	54.0	53.4	450	52.0	57,544	46.8
Upper						
2019	28.0	32.6	312	36.0	55,783	45.4
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>866</b>	<b>100.0</b>	<b>122,877</b>	<b>100.0</b>
<i>Source: 2015 ACS; 2019 HMDA Bank and Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the Peoria MSA. The following table shows that MCB's performance in low-income and moderate-income census tracts is relatively consistent with the aggregate levels of 9.2 percent and 13.4 percent, respectively. Further, the bank increased its penetration in low-income tracts in 2019, increasing to 132 loans totaling \$22.9 million, representing 9.6 percent of all loans by number and 11.0 percent by dollar.

<b>Geographic Distribution of Small Business Loans</b> <b>Assessment Area: Peoria, IL MSA</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2018	10.3	9.2	107	8.0	15,571	8.2
Moderate						
2018	14.5	13.4	177	13.2	28,174	14.8
Middle						
2018	49.4	47.2	654	48.8	90,282	47.4
Upper						
2018	25.8	30.1	401	29.9	56,596	29.7
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>1,339</b>	<b>100.0</b>	<b>190,623</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; 2018 CRA Bank an Aggregate Lending Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### ***Small Farm Loans***

The geographic distribution of small farm loans reflects good penetration throughout the Peoria MSA. The following table shows that MCB's performance in low-income tracts mirrors aggregate performance at 0.2 percent. Further, MCB's 2018 performance exceeded the aggregate's 3.4 percent in moderate-income tracts.

<b>Geographic Distribution of Small Farm Loans</b> <b>Assessment Area: Peoria, IL MSA</b>						
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2018	1.3	0.2	1	0.2	250	0.3
Moderate						
2018	6.5	3.4	28	4.7	3,320	4.0
Middle						
2018	64.6	77.2	448	75.8	63,603	75.8
Upper						
2018	27.6	19.2	114	19.3	16,708	19.9
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>591</b>	<b>100.0</b>	<b>83,881</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; 2018 CRA Bank and Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### **Borrower Profile**

The distribution of borrowers reflects good penetration among borrowers of different income levels and businesses and farms of different revenue sizes. This conclusion is supported by good penetration in all three product types. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers and to small businesses and small farms with GARs of \$1 million or less.

### ***Home Mortgage Loans***

The distribution of loans to home mortgage borrowers reflects good penetration among individuals of different incomes. As shown in the following table, MCB's level of lending, by number, slightly exceeded aggregate to both low-income and moderate-income borrowers in 2019. Further, MCB increased the overall number of loans to low- and moderate-income borrowers in 2019, indicating that the bank was able to keep pace with changing demand and meet the continued needs of low- and moderate-income borrowers in the assessment area.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Peoria, IL MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2019	20.6	10.7	105	12.1	6,230	5.1
Moderate						
2019	18.1	19.0	167	19.3	15,237	12.4
Middle						
2019	21.5	18.6	177	20.4	20,838	17.0
Upper						
2019	39.8	29.3	328	37.9	60,786	49.5
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>866</b>	<b>100.0</b>	<b>122,877</b>	<b>100.0</b>
<i>Source: 2015 ACS; 2019 HMDA Bank and Aggregate Data, "--" data not available.</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

### ***Small Business Loans***

The distribution of small business loans reflects good penetration among businesses of different sizes. As shown in the following table, MCB made 49 percent of their loans in 2018 to small businesses with GARs at \$1.0 million or less. As small business lending (especially for start-ups) was identified as a prevalent need in the area, the fact that MCB was able to exceed the aggregate results in that segment evidences the bank's commitment to identifying and meeting the needs of small businesses in the assessment area. Although the bank's performance lags the percentage of businesses in the assessment area that reported GARs of \$1 million or less, it is important to point out that the demographic data includes all businesses in the assessment area, and not necessarily those businesses that have a need for financing. As such, aggregate data is considered the best



comparative factor, as it reflects the actual level of lending by all large lenders operating in the assessment area. The following table shows performance from 2018.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: Peoria, IL MSA</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000						
2018	75.0	44.3	656	49.0	59,679	31.3
>1,000,000						
2018	7.5	--	466	34.8	106,133	55.7
Revenue Not Available						
2018	17.5	--	217	16.2	24,811	13.0
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>1,339</b>	<b>100.0</b>	<b>190,623</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; 2018 CRA Bank and Aggregate Data; "--" data not available.</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

### ***Small Farm Loans***

The distribution of small farm loans reflects good penetration of small farms of various sizes. As shown in the following table, MCB's 84.6 percent of loans by number significantly exceeded aggregate performance at 72.0 for 2018. Similar to the disclaimer noted above, aggregate performance is a better comparative factor, as it reflects the actual level of lending by all lenders operating in the assessment area.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: Peoria, IL MSA</b>						
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000						
2018	97.2	72.0	500	84.6	68,551	81.7
>1,000,000						
2018	1.3	--	49	8.3	11,136	13.3
Revenue Not Available						
2018	1.5	--	42	7.1	4,194	5.0
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>591</b>	<b>100.0</b>	<b>83,881</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; 2018 CRA Bank and Aggregate Data; "--" data not available.</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

**Innovative or Flexible Lending Practices**

MCB uses flexible lending programs in order to serve assessment area needs. The following table shows the bank made or facilitated the origination of 349 flexible loans totaling \$32.5 million in the assessment area. Of these, 270, or 77.3 percent, of the total number of flexible loans were made through either the FHLMC’s HPL or the FHLBC’s DPP programs, which help promote affordable homeownership for low- and moderate-income individuals. This is a significant retail need in the assessment area.

<b>Innovative or Flexible Lending Programs</b>										
<b>Assessment Area: Peoria, IL MSA</b>										
<b>Type of Program</b>	<b>7/26/2017-12/31/2017</b>		<b>2018</b>		<b>2019</b>		<b>2020</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
FHLMC HPL	14	1,438	46	3,709	64	5,162	64	5,748	<b>188</b>	<b>16,057</b>
FHLBC DPP	0	0	23	1,462	35	2,143	24	2,225	<b>82</b>	<b>5,830</b>
SBA*	3	282	6	1,115	7	794	3	1,050	<b>19</b>	<b>3,241</b>
FHA	6	524	3	375	8	962	6	742	<b>23</b>	<b>2,603</b>
USDA Rural Housing	3	352	8	840	5	612	7	627	<b>23</b>	<b>2,431</b>
VA	2	387	5	978	6	803	1	188	<b>14</b>	<b>2,356</b>
<b>Totals</b>	<b>28</b>	<b>2,983</b>	<b>91</b>	<b>8,479</b>	<b>125</b>	<b>10,476</b>	<b>105</b>	<b>10,580</b>	<b>349</b>	<b>32,518</b>

*Source: Bank Data*  
*\*does not include loans facilitated through the Payment Protection Program in the CARES Act of 2020*

**Community Development Loans**

MCB has made a low level of community development loans in this assessment area. The following table shows that the bank made 52 community development loans totaling \$36.9 million in the assessment area during the evaluation period, which represents 64.5 percent of the bank’s total qualified lending and was consistent with the overall activity. The level of lending is lower than the prior evaluation, when \$47.1 million was expended in this assessment area (including \$20.7 million for affordable rental housing).

<b>Community Development Lending</b>										
<b>Assessment Area: Peoria, IL MSA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
7/26/2017-12/31/2017	3	1,317	0	0	0	0	0	0	<b>3</b>	<b>1,317</b>
2018	9	3,385	1	1,000	2	6,100	2	4,145	<b>14</b>	<b>14,630</b>
2019	14	4,844	2	4,000	1	3,500	1	1,077	<b>18</b>	<b>13,421</b>
YTD 2020	16	6,576	1	1,000	0	0	0	0	<b>17</b>	<b>7,576</b>
<b>Total</b>	<b>42</b>	<b>16,122</b>	<b>4</b>	<b>6,000</b>	<b>3</b>	<b>9,600</b>	<b>3</b>	<b>5,222</b>	<b>52</b>	<b>36,944</b>

*Source: Bank Data*

In addition to the majority of loans made to finance affordable multi-family rental properties, the bank also made a few other notable loans:

- Two loans totaling \$4.1 million were made to help revitalize abandoned warehouses in a low-income tract in the downtown Peoria area. This area has been targeted for revitalization by the City of Peoria as both an Opportunity Zone and tax increment finance district. The two entities are revitalizing the warehouses into businesses and commercial units that will bring additional jobs and traffic into this low-income area.
- One loan, totaling \$3.0 million was made to a 501(c)3 non-profit that has a specific mission to hire and train persons with a variety of disabilities. Employing people at their warehouse located in an approved Enterprise Zone, more than 80 percent of the people assisted by this non-profit are low-or moderate-income individuals.

## INVESTMENT TEST

The bank’s investment performance reflects adequate responsiveness to credit and community development needs in the Peoria MSA.

### Investment and Grant Activity

MCB has an adequate level of qualified community investments and grants in this assessment area. Specifically, it has 79 qualified and investments and grants totaling nearly \$37.0 million. This volume of activity, by dollar amount, represents 76.6 percent of the community development investment activity originated by the bank during the evaluation period. The table below provides additional details.

Qualified Investments Assessment Area: Peoria, IL MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	19	4,985	2	1,808	0	0	4	12,181	25	18,974
7/26/2017-12/31/2017	1	2,000	0	0	0	0	0	0	1	2,000
2018	0	0	0	0	0	0	0	0	0	0
2019	2	2,930	0	0	0	0	0	0	2	2,930
YTD 2020	1	3,148	0	0	0	0	1	9,820	2	12,968
<b>Subtotal</b>	<b>23</b>	<b>13,063</b>	<b>2</b>	<b>1,808</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>20,001</b>	<b>30</b>	<b>36,872</b>
Qualified Grants & Donations	9	6	35	88	2	7	3	21	49	122
<b>Total</b>	<b>32</b>	<b>13,069</b>	<b>37</b>	<b>1,896</b>	<b>2</b>	<b>7</b>	<b>8</b>	<b>20,022</b>	<b>79</b>	<b>36,994</b>

Source: Bank Data

In this assessment area, by dollar amount, 35.3 percent of the qualified investments support affordable housing. Most of these are mortgage-backed securities collateralized by loans made to low- and moderate-income borrowers. Other notable activities by the bank during the review period include five general obligation bonds totaling just over \$20 million to provide funds to attract and maintain businesses in low- and moderate-income tracts set apart for revitalization efforts in a designated tax increment financing district. The bonds have provided for the revitalization of the

area that attracted multiple retail establishments now employing hundreds of low- and moderate-income individuals.

**Responsiveness to Credit and Community Development Needs**

MCB exhibits adequate responsiveness to credit and community economic development needs. The vast majority of the bank’s qualified activity are directed at revitalization and stabilization efforts, as well as affordable housing, which are both salient needs in the community.

**Community Development Initiatives**

MCB rarely uses innovative or complex investments to support community development initiatives. The investments and grants noted above are useful and help promote community development; however, they are generally not innovative or complex by nature.

**SERVICE TEST**

The service performance reflects adequate responsiveness to the credit and community development needs in the Peoria MSA.

**Accessibility of Delivery Systems**

Delivery systems are reasonably accessible to essential all portions of the institution’s assessment area. As reflected in the following table, 30 offices and 34 ATMs are operated in the Peoria MSA. In this assessment area, the bank does not operate any branches in the low-income geographies. However, the distribution of the three branches in the moderate-income geographies is relatively consistent with the population in that income segment. Further, two of the branches that are located in moderate-income tracts are closely located to the low-income geographies. The following table provides more detailed information on the distribution of delivery systems.

<b>Branch and ATM Distribution by Geography Income Level</b>								
<b>Assessment Area: Peoria, IL MSA</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	12	11.3	27,184	7.0	0	0.0	2	5.9
Moderate	18	17.0	65,968	15.8	3	10.0	3	8.8
Middle	55	51.9	210,804	50.6	21	70.0	20	58.8
Upper	21	19.8	110,314	26.5	6	20.0	9	26.5
NA	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>106</b>	<b>100.0</b>	<b>416,270</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>34</b>	<b>100.0</b>

*Source: 2015 ACS Data; Bank Data  
Due to rounding, totals may not equal 100.0%*

**Changes in Branch Locations**

The institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. As previously discussed, the bank had opened a branch in a middle-income tract, as well as closed a full service and limited service facility in middle-income tracts.

**Reasonableness of Business Hours and Services**

Services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. Most branch locations are equipped with ATMs, and a majority of branches have drive-up facilities with extended banking hours. While there are slight differences in the business hours among locations, they do not vary in a way that inconveniences any portions of the assessment area.

**Community Development Services**

MCB provides an adequate level of community development services. For the current evaluation period, 336 community development services were provided, representing 83.1 percent of the institution’s total qualified activities. This is an increase from the prior evaluation, mainly due to the increased technical expertise provided to customers applying for the FHLMC HPL or FHLBC DPP programs, which account for 80.4 percent of the services noted below. As affordable housing for low- and moderate-income individuals is an identified need in this area, this evidences appropriate responsiveness to assessment area needs.

<b>Community Development Services</b>					
<b>Assessment Area: Peoria, IL MSA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
7/26/2017-12/31/2017	18	12	7	2	<b>39</b>
2018	72	11	7	2	<b>92</b>
2019	91	8	3	1	<b>103</b>
YTD 2020	91	6	2	3	<b>102</b>
<b>Total</b>	<b>272</b>	<b>37</b>	<b>19</b>	<b>8</b>	<b>336</b>
<i>Source: Bank Data</i>					

Below are other notable examples of community development services provided by the bank during the current review period.

- A bank officer serves on the board of directors for an economic development organization that serves the MSA. This organization provides strategies to facilitate new business attraction and creation, as well as encourages job training and preparedness programs.
- One bank officer serves on the Strategic Planning and Finance Committees for an economic development organization that serves the MSA. This organization invests in housing and provides financial and strategic planning for projects in a low-income area of Peoria.
- Four employees with expertise in marketing, accounting, and auditing also serve with the previous organization; helping with strategic planning for the website, social media, accounting, and auditing functions.

## **ILLINOIS STATEWIDE NON-METROPOLITAN AREAS – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ILLINOIS STATEWIDE NON-METROPOLITAN AREAS**

The bank’s operations and designations of assessment areas within the Illinois Statewide Non-MSA was previously discussed at the beginning of the evaluation. MCB has designated five assessment areas located throughout the Statewide Non-MSA portions of Illinois. However, the Livingston County assessment area is part of the larger Bloomington-Pontiac CSA and will be presented in that section of the evaluation. Further, the Whiteside County assessment area was added less than 12-months prior to this evaluation, and an analysis of this area will not provide meaningful conclusions.

At the prior examination, the bank had one assessment area in the Illinois Non-MSA comprised of Fulton, Mason, McDonough, and Warren Counties. However, since Fulton was added to the Peoria, IL MSA in 2018, Mason is no longer contiguous with McDonough and Warren Counties. Finally, acquisition activity added Douglas and Moultrie Counties as a separate assessment area, as well as Knox and Whiteside Counties. Knox is contiguous with McDonough and Warren Counties; but neither it nor Whiteside are included in this analysis, because they were not part of the assessment area until December 2019. The three assessment areas in the Illinois Non-MSA included in this evaluation are as follows:

- **Warren and McDonough Counties:** MCB has four branches in the 15 census tracts that make up these two counties. One tract is low-income, three tracts are moderate-income, eight tracts are middle-income, and three tracts are upper-income.
- **Mason County:** MCB has one branch in this assessment area comprised of all six tracts in Mason County. One tract is moderate-income, while the remaining five are middle-income tracts.
- **Douglas and Moultrie Counties:** This area is made up of three tracts in Douglas County (all middle-income) and two tracts in Moultrie County (one moderate-income and one middle-income), all contiguous. MCB has two branches in this assessment area.

While areas were separately analyzed, performance was generally consistent across all non-MSA areas; therefore, demographic information and presentation of the bank’s performance are combined for these three Illinois Non-MSA assessment areas. As of June 30, 2016, this assessment area accounted for 13.7 percent of the bank’s total deposits, which is the second highest level of deposit activity for the bank, behind the activity in the Peoria, IL MSA.

#### **Economic and Demographic Data**

The full Illinois Non-MSA assessment area analyzed for this evaluation includes 26 tracts the aforementioned counties. These tracts reflect the following income designations according to the 2015 ACS:

- 1 (3.8 percent) low-income tract
- 5 (19.2 percent) moderate-income tracts

- 17 (65.4 percent) middle-income tracts
- 3 (11.5 percent) upper-income tracts

The following table reflects slightly lower levels of owner-occupied housing units in low- and moderate-income geographies (21.4 percent) with the assessment area and slightly higher concentrations of rental units (26.6 percent). There are no owner-occupied housing units in the low-income tract. Further, from 2018 to 2019, the number of owner-occupied housing units dropped in moderate-income tracts by 7.1 percent due to reclassifications of some of these areas. This data highlights some obstacles financial institutions might face in originating home mortgage loans in these geographies.

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Illinois Non-MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	26	3.8	19.2	65.4	11.5	0.0
Population by Geography	86,889	2.9	21.1	60.5	15.5	0.0
Housing Units by Geography	38,410	0.5	22.1	61.2	16.3	0.0
Owner-Occupied Units by Geography	23,912	0.0	21.4	66.0	12.6	0.0
Occupied Rental Units by Geography	9,782	0.7	26.6	50.6	22.1	0.0
Vacant Units by Geography	4,716	2.3	15.9	58.5	23.3	0.0
Businesses by Geography	4,602	0.1	21.1	63.8	15.0	0.0
Farms by Geography	615	0.0	7.2	86.0	6.8	0.0
Family Distribution by Income Level	21,081	20.3	18.9	20.8	40.0	0.0
Household Distribution by Income Level	33,694	25.8	16.3	17.7	40.2	0.0
Median Family Income Non-MSAs - IL		\$59,323	Median Housing Value			\$91,602
			Median Gross Rent			\$616
			Families Below Poverty Level			10.6%
<i>Source: 2015 ACS and 2019 D&amp;B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The analysis of small business loans under the Borrower Profile criterion compares the distribution of small business loans by GARs. The GARs of businesses operating in the assessment area in 2018, according to D&B data, are as follows:

- 72.4 percent report \$1.0 million or less
- 6.5 percent report greater than \$1.0 million, and
- 21.1 percent did not report revenues to D&B.

Further, GARs for small farms in 2018 were as follows:

- 95.7 percent report \$1.0 million or less,
- 1.1 percent report greater than \$1.00 million, and
- 3.1 percent did not report revenues to D&B.

The 2019 FFIEC-updated MFI level is used to analyze home mortgage loans under the Borrower Profile criterion. The table below contains information on the median family incomes by category.

<b>IL Non-MSA (99999) Median Family Income</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2019 (\$64,200)	<\$32,100	\$32,100 to <\$51,360	\$51,360 to <\$77,040	≥\$77,040
<i>Source: FFIEC</i>				

As noted in the following table, the annual average unemployment rates for the various counties in the Illinois non-MSA are varied, with some falling above and some falling below national averages. While the state and national rates have risen in the most recent data due to the pandemic, the non-MSA counties have not seen the same trend. Most all of the counties see the majority of their population commuting to larger nearby MSAs for employment.

<b>Unemployment Rates</b>				
<b>Area</b>	<b>Average 2017</b>	<b>Average 2018</b>	<b>Average 2019</b>	<b>October 2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Mason	6.1	5.8	5.3	4.9
Warren	4.2	4.1	4.1	4.1
McDonough	5.0	4.9	4.7	4.6
Douglas	4.1	4.0	3.6	3.6
Moultrie	3.9	3.8	3.3	3.5
State	4.9	4.3	4.0	7.2
National Average	4.4	3.9	3.7	6.6
<i>Source: Bureau of Labor Statistics; Illinois Department of Employment Security</i>				

### **Competition**

This assessment area has a modest level of competition for loans and deposits. Data from the FDIC Deposit Market Share report as of June 30, 2020 shows 67 offices of 36 financial institutions operating within the assessment area. MCB maintains a 15.4 percent market share in these six counties; the highest market share of all institutions operating in these counties. Further, with seven branches in these counties, MCB also has the highest market share of branches compared to all institutions operating in these counties. As previously mentioned and discussed more in-depth below, MCB holds the highest lending market share for all three loan products reviewed. .

### **Community Contacts**

To assist the FDIC in preparing the CRA evaluation, examiners referred to nine community contacts conducted within the 14 months prior to the evaluation date. These contacts had a broad depth of



knowledge regarding the housing, business, and farm credit needs in all four separate assessment areas in the Illinois Non-MSA. According to one contact, the closure, downsizing, or reorganization of several manufacturing and other skilled labor jobs has negatively impacted the western portions of the bank's assessment areas. Medical and education facilities remain the areas that have been able to provide steady employment, but the COVID-19 pandemic may create instability in those areas as well. Farms are seeing more consolidation, and fewer small operations are surviving. One contact with ample knowledge of the housing market noted that the economy in the non-metropolitan areas are relatively stable, but not expanding. The housing market is somewhat stagnant, but housing stock is low and many aging homes need revitalization. In the eastern portions of the Illinois Non-MSA assessment areas, small business opportunities appear to be netting out - while many are closing, just as many new businesses seem to be opening.

The largest needs identified by community contacts in the overall Non-MSA areas include affordable housing through new development and refurbishing of aging and deteriorating housing stock, financial literacy to inform individuals and small business of the financing opportunities and incentives available to them, and input and operating costs for farmers and small businesses. However, all of the contacts noted that area financial institutions were active in ensuring credit needs were met and did not identify any significant projects or segments that had unmet needs.

### **Credit and Community Development Needs and Opportunities**

When considering information from the community contacts, bank management, and demographic and economic data, examiners determined that affordable housing loans and operating costs for small business and small farms are the primary credit needs in the area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE ILLINOIS NON-MSA ASSESSEMENT AREAS**

### **LENDING TEST**

The bank's lending reflects adequate performance in responding to the credit needs in the Illinois Non-MSA assessment areas.

#### **Lending Activity**

MCB's lending performance evidences good responsiveness to assessment area credit needs. In 2019, MCB originated 87 home mortgage loans totaling \$9.0 million. In 2018, 414 small business loans totaling \$27.9 million and 215 small farm loans totaling \$22.1 million were originated. This level of lending represents an increase since the last examination.

As of 2019, MCB ranked first in home mortgage lending with a market share of 7.5 percent by number of loans and 8.1 percent by dollar. This is a significant increase from the prior evaluation when MCB was not a large player in home mortgage lending in this assessment area. For small business and small farm lending, MCB ranked first among the 53 small business lenders and 22 small farm lenders in 2018 with 33.8 percent and 39.1 percent market share, respectively, by number. This is an increase from their second position at the prior evaluation.

**Geographic Distribution**

The geographic distribution of loans reflects poor penetration throughout the assessment area. For this criterion, examiners focused on the percentage by number of loans in low- and moderate-income census tracts. Examiners also focused more on small business and small farm lending as those products comprised the majority of the bank’s lending activity in these assessment areas.

***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects poor penetration throughout the Illinois Non-MSA areas. Home mortgage lending in the non-MSA portions of Illinois was not analyzed at the previous examination, because it did not make up a significant portion of the lending in the assessment area. Home mortgage lending in these areas has increased since the prior examination, but it still accounts for less than 4 percent of the bank’s overall home mortgage lending and only 15.2 percent of the lending in these assessment areas by dollar volume, so it is not heavily weighted. However, despite having the most branches and highest market share of any institution in these counties, MCB made only two loans (2.3 percent) in the moderate-income tract in 2019. This is down from five loans (4.9 percent) in 2018. In 2019, the bank only had 0.8 percent market share inside moderate-income tracts, which significantly lags the market share it has throughout the entirety of the non-MSA areas (7.5 percent). This was a decline from the 2.4 percent market share it had in moderate-income tracts in 2018.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Assessment Area: Illinois Non MSA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2019	0.0	0.0	0	0.0	0	0.0
Moderate						
2019	21.4	20.8	2	2.3	104	1.2
Middle						
2019	66.0	68.2	68	78.2	7,254	80.4
Upper						
2019	12.6	11.0	17	19.5	1,660	18.4
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>87</b>	<b>100.0</b>	<b>9,018</b>	<b>100.0</b>

*Source: 2015 ACS; 2019 HMDA Bank and Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

***Small Business Loans***

The geographic distribution of small business loans reflects poor penetration throughout the Illinois Non-MSA areas. Of the lending in this assessment area, 57.7 percent by number and 47.0 by dollar are small business loans; therefore, these loans carry the greatest weight in this assessment area. The following table shows that, despite originating the highest number of small business loans of

any institutions reporting loans in these assessment areas, MCB was unable to penetrate moderate-income tracts, by number, as effectively as aggregate did in 2018. They were closer to aggregate when looking at the dollar amount of loans in these tracts. However, performance in 2019 declined, when only 16 loans (representing 4.4 percent of all loans, by number) and \$2.1 million (representing 10.2 percent, by dollar) were originated in the five moderate-income tracts. In 2018, the bank only had an 11.7 percent market share in moderate-income tracts compared to their 33.8 percent market share throughout the entire Non-MSA assessment areas. This declined in 2019 to a 10.3 percent market share in the moderate-income tracts. The following table shows MCB's performance compared to aggregate, as well as the percentage of businesses located in each tract category.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Assessment Area: Illinois Non MSA</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2018	0.1	0.0	0	0.0	0	0.0
Moderate						
2018	21.5	14.2	19	4.6	3,812	13.7
Middle						
2018	63.5	76.1	377	91.1	21,860	78.4
Upper						
2018	14.9	9.7	18	4.3	2,207	7.9
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>414</b>	<b>100.0</b>	<b>27,879</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; 2018 CRA Bank and Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### ***Small Farm Loans***

The geographic distribution of small farm loans reflects good penetration throughout the Illinois Non-MSA assessment areas. Within this assessment area, small farm loans comprised 30.2 percent of loans by number and 37.8 percent of its loans by dollar. While only a modest number of farms are located in moderate-income tracts, MCB was able to exceed aggregate performance in 2018. They maintained this performance in 2019, when 12 loans (5.0 percent) totaling \$2.2 million (9.8 percent) were originated in these tracts. Overall, MCB's market share in the moderate-income tracts in 2018 was 54.2 percent, which exceeds its overall market share in non-MSA areas. Further, the market share inside the moderate-income tracts increased to 60.0 percent in 2019.

<b>Geographic Distribution of Small Farm Loans</b> <b>Assessment Area: Illinois Non MSA</b>						
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2018	0.0	0.0	0	0.0	0	0.0
Moderate						
2018	7.8	5.1	13	6.0	1,851	8.2
Middle						
2018	86.0	88.0	180	83.7	17,264	78.1
Upper						
2018	6.2	6.8	22	10.2	2,991	13.5
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>215</b>	<b>100.0</b>	<b>22,106</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; 2018 CRA Bank and Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### **Borrower Profile**

The distribution of borrowers reflects good penetration among borrowers of different income levels and businesses and farms of different revenue sizes. While small business lending results were more modest, this conclusion is supported by a good penetration in the home mortgage and small farm product lines. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers and to small businesses and small farms with GARs of \$1 million or less. Examiners also focused more on small business and small farm lending as those products comprised the majority of the bank's lending activity in these assessment areas.

### ***Home Mortgage Loans***

The distribution of loans to home mortgage borrowers reflects good penetration among individuals of different incomes. As shown in the following table, MCB's level of lending, by number, exceeded aggregate to both low-income and moderate-income borrowers. Overall, aggregate performance saw moderate declines from 2018 to 2019. In 2018, 11.0 percent of aggregate loans were made to low-income borrowers, and 23.5 percent were made to moderate-income borrowers. MCB made 12.7 percent of loans to low-income borrowers and 31.4 percent to moderate-income borrowers in 2018. While MCB's performance also saw some declines in 2019, they maintained the same level of performance to low-income borrowers at 12.6 percent. At 20.7 percent of loans, by number, they also exceeded both aggregate and area demographics in the moderate-income segment in 2019. In both years, the bank's market share inside both low- and moderate-income tracts exceeded their market share throughout the entire non-MSA areas (8.6 percent in 2018 and 7.5 percent in 2019). In 2018, the bank's market share inside low-income tracts was 9.9 percent. This increased to 10.4 percent in 2019. In 2018, the bank's market share inside moderate-income tracts was 11.4 percent. While this decreased to 8.3 percent in 2019, it still exceeded the bank's overall market share in non-MSA areas slightly.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Illinois Non MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2019	20.3	9.1	11	12.6	833	9.2
Moderate						
2019	18.9	18.7	18	20.7	1,127	12.5
Middle						
2019	20.8	24.3	18	20.7	1,599	17.7
Upper						
2019	40.0	29.9	35	40.2	4,797	53.2
Not Available						
2019	0.0	17.9	5	5.7	661	7.3
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>87</b>	<b>100.0</b>	<b>9,018</b>	<b>100.0</b>
<i>Source: 2015 ACS; 2019 HMDA Bank and Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### ***Small Business Loans***

The distribution of small business loans reflects adequate penetration among businesses of different sizes. As shown in the following table, MCB made 47.3 percent of their loans in 2018 to small businesses with GARs at \$1.0 million or less, which slightly exceeds aggregate performance of 46.5 percent. Although the bank's performance lags the percentage of businesses in the assessment area that reported GARs of \$1 million or less, it is important to point out that the demographic data includes all businesses in the assessment area, and not necessarily those businesses that have a need for financing. As such, aggregate data is considered the best comparative factor, as it reflects the actual level of lending by all lenders operating in the assessment area. The following table shows performance from 2018.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: Illinois Non MSA</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000						
2018	72.4	46.5	196	47.3	9,227	33.1
>1,000,000						
2018	6.5	--	88	21.3	14,510	52.0
Revenue Not Available						
2018	21.1	--	130	31.4	4,142	14.9
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>414</b>	<b>100.0</b>	<b>27,879</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; 2018 CRA Bank and Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### ***Small Farm Loans***

The distribution of small farm loans reflects good penetration of small farms of various sizes. As shown in the following table, MCB's 73.5 percent of loans by number exceeded aggregate performance at 67.3 percent for 2018. As discussed previously, aggregate performance is a better comparative factor. Further, the bank's market share of lending to farms with a GAR of \$1 million or less was 44.6 for 2018, which exceeded their overall market share of 39.1 percent in the entire non-MSA assessment areas. This increased to a 49.6 percent market share to farms with GARs of \$1 million or less in 2019.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: Illinois Non MSA</b>						
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000						
2018	95.7	67.3	158	73.5	16,101	72.8
>1,000,000						
2018	1.1	--	24	11.1	4,856	21.6
Revenue Not Available						
2018	3.1	--	33	15.2	1,149	5.1
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>217</b>	<b>100.0</b>	<b>22,106</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; 2018 CRA Bank and Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### **Innovative or Flexible Lending Practices**

MCB makes limited use of flexible lending programs in order to serve assessment area needs. The following table shows the bank made or facilitated the origination of 42 flexible loans totaling \$3.3 million in the assessment area. Of these, 26 (61.9 percent) were made through either the FHLMC’s HPL or the FHLBC’s DPP programs. Further, another 15 loans were made through the bank’s relationship with another institution with expertise in providing government-backed or -guaranteed loans. All of these programs promote affordable homeownership for low- and moderate-income individuals, which is an identified retail need in the assessment area.

<b>Innovative or Flexible Lending Programs</b>										
<b>Assessment Area: Illinois Non MSA</b>										
<b>Type of Program</b>	<b>7/26/2017-12/31/2017</b>		<b>2018</b>		<b>2019</b>		<b>2020</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
FHLMC HPL	5	298	4	289	3	266	10	713	22	1,566
FHLBC DPP	0	0	2	104	0	0	2	116	4	220
SBA*	0	0	1	250	0	0	0	0	1	250
FHA	0	0	2	203	0	0	0	0	2	203
USDA Rural Housing	1	59	5	371	1	55	4	252	11	737
VA	0	0	1	225	1	110	0	0	2	335
<b>Totals</b>	<b>6</b>	<b>357</b>	<b>15</b>	<b>1,442</b>	<b>5</b>	<b>431</b>	<b>16</b>	<b>1,081</b>	<b>42</b>	<b>3,311</b>

*Source: Bank Data*  
*\*does not include loans facilitated through the Payment Protection Program in the CARES Act of 2020*

### **Community Development Loans**

MCB has made a low level of community development loans in this assessment area. Four community development loans on multifamily affordable housing structures were made; one in 2018 totaling \$103,000, two in 2019 totaling \$232,000, and one in 2020 totaling \$476,000. By dollar volume, this represents only 1.4 percent of the bank’s total qualified lending and a decreased by over 50 percent from the prior evaluation.

### **INVESTMENT TEST**

The bank’s investment performance reflects adequate responsiveness to credit and community development needs in the Illinois Non-MSA assessment areas.

### **Investment and Grant Activity**

MCB has an adequate level of qualified community investments and grants in these assessment areas. Specifically, MCB has six prior period investments totaling \$812,000 in mortgage-backed securities collateralized by affordable loans to low- and moderate-income individuals. They also have one prior period community service investment with a current value of \$192,000. MCB also made 17 donations totaling \$7,000 in this area over the review period. This level of performance is similar to performance at the previous evaluation and represents 2.1 and 17.5 percent of the bank’s total qualified investment activity by dollar and number volume, respectively.

### **Responsiveness to Credit and Community Development Needs**

MCB exhibits adequate responsiveness to credit and community economic development needs. The vast majority of the qualified investments were directed at affordable housing, which was identified as a salient need in the assessment areas.

### **Community Development Initiatives**

MCB rarely uses innovative or complex investments to support community development initiatives. The investments and grants noted above are useful and help promote community development; however, they are generally not innovative or complex by nature.

### **SERVICE TEST**

The service performance reflects adequate responsiveness to the credit and community development needs in the Illinois Non-MSA assessment areas.

### **Accessibility of Delivery Systems**

Delivery systems are accessible to limited portions of the areas. As noted in the institution level tables, MCB operates seven offices and nine ATMs in this assessment area. The bank does not have any branches in low- or moderate-income areas, but does operate one ATM in a low-income tract.

### **Changes in Branch Locations**

The institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. As previously discussed, the bank had added some branches due to acquisitions. None of these branches have been in low- or moderate-income tracts. The bank has not closed any branches in these assessment areas.

### **Reasonableness of Business Hours and Services**

Services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. Most branch locations are equipped with ATMs and a majority of branches have drive-up facilities with extended banking hours. While there are slight differences in the business hours among locations, they do not vary in a way that inconveniences any portions of the assessment area.

### **Community Development Services**

MCB provides an adequate level of community development services. For the current evaluation period, 53 community development services were provided, representing 13.1 percent of the bank's total qualified activities. This is an increase from the prior evaluation, mainly due to the increased technical expertise provided to customers applying for the FHLMC HPL or FHLBC DPP programs, which account for 41.5 percent of the services noted below. As affordable housing for low- and moderate-income individuals is an identified need in this area, this evidences appropriate responsiveness to assessment area needs.



<b>Community Development Services Assessment Area: Illinois Non MSA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
7/26/2017-12/31/2017	7	4	0	0	<b>11</b>
2018	8	5	0	0	<b>13</b>
2019	5	6	0	0	<b>11</b>
YTD 2020	14	4	0	0	<b>18</b>
<b>Total</b>	<b>34</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>53</b>
<i>Source: Bank Data</i>					

## **BLOOMINGTON-PONTIAC, IL COMBINED STATISTICAL AREA #14010 – Limited-Scope Review**

### **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE BLOOMINGTON-PONTIAC, IL CSA**

The Bloomington-Pontiac, IL CSA assessment area consists of McLean County in the Bloomington MSA and Livingston County in the Illinois Statewide Non-MSA. MCB maintains two branches (each with an ATM) in this assessment area. This assessment area accounted for 7.7 percent of total loans, 3.6 percent of total deposits, and 4.5 percent of the bank’s branches.

The assessment’s area’s median housing value is \$147,279. Those living in Bloomington may be able to better afford a home with an MFI of \$83,034. However, those in Livingston County, who often travel to Bloomington or Pontiac for employment, may find it more challenging as the MFI for this non-MSA area is only \$59,323. The unemployment rate in the CSA has remained relatively stable throughout the review period and below state averages. The rate as of October 2020 is 4.5 percent, which indicates a quicker rebound from COVID-19 highs than the state (at 7.2 percent) or national (6.6 percent) recoveries. Services make up the largest portion of employment in the area, including healthcare and educational services. The following table shows demographic information for the assessment area:

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Bloomington-Pontiac, IL CSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	51	7.8	15.7	56.9	19.6	0.0
Population by Geography	210,803	5.3	12.5	55.7	26.5	0.0
Housing Units by Geography	86,744	4.8	14.2	57.5	23.5	0.0
Owner-Occupied Units by Geography	53,483	1.8	12.8	57.2	28.2	0.0
Occupied Rental Units by Geography	26,327	9.3	16.2	57.9	16.6	0.0
Vacant Units by Geography	6,934	10.6	16.6	59.0	13.8	0.0
Businesses by Geography	11,039	7.0	13.6	57.3	22.2	0.0
Farms by Geography	922	0.9	5.0	78.6	15.5	0.0
Family Distribution by Income Level	50,159	18.9	16.7	22.1	42.3	0.0
Household Distribution by Income Level	79,810	24.6	14.6	17.3	43.5	0.0
Median Family Income MSA - 14010 Bloomington, IL MSA		\$83,034	Median Housing Value			\$147,279
Median Family Income Non-MSAs - IL		\$59,323	Median Gross Rent			\$770
			Families Below Poverty Level			7.1%
<i>Source: 2015 ACS and 2019 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## LENDING TEST

MCB's Lending Test performance in the assessment area is consistent with the performance in the full scope assessment area. For 2018 and 2019, MCB originated 100 home mortgage loans totaling approximately \$31.5 million, 273 small business loans totaling approximately \$45.3 million, and 607 small farm loans totaling approximately \$22.1 million. Tables demonstrating the bank's geographic and borrower distribution performance for this lending are in Appendix C. The tables reflect only the most recent year for which aggregate market data is available.

MCB's community development lending performance in the assessment area exceeds its performance in the full scope assessment areas, as it represents a robust 26.4 percent of the bank's total qualified lending. During the review period, the institution originated ten community development loans totaling \$15.1 million, which is a significant increase from the prior evaluation when just seven loans totaling \$4.0 million were originated.

## INVESTMENT TEST

The institution's Investment Test performance in the assessment area is consistent with the bank's performance in the full scope assessment areas. During the review period, the institution made two

new investments totaling approximately \$1.4 million. The bank also maintained 15 prior period investments totaling approximately \$2.1 million. All of these investments supported affordable housing in the assessment area. Further, the bank made three community service donations totaling \$3,000. This level of activity is consistent with past performance in this area and represented 7.1 percent of the bank's total qualified investment activity.

### **SERVICE TEST**

MCB's Service Test performance is consistent with its performance in the full scope assessment area. Products, services, and business hours are similar to those offered within the full scope assessment area. A total of 13 services were conducted during the review period, most of which were in the area of affordable housing.

## APPENDICES

### APPENDIX A -LARGE BANK PERFORMANCE CRITERIA

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
  - i. The proportion of the bank's lending in the bank's assessment area(s);
  - ii. The dispersion of lending in the bank's assessment areas(s); and
  - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
  - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
  - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
  - iii. Small business and small farm loans by loan amount at origination; and
  - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity, innovativeness, and responsiveness to community development needs; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

#### **Investment Test**

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

## **Service Test**

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

## APPENDIX B - SCOPE OF EVALUATION

<b>Morton Community Bank</b>	
<p><b>Scope of Examination:</b>            Full scope reviews were performed on the following assessment areas:                State of Illinois:                    Peoria, IL MSA Assessment Area                    Statewide non-MSA Assessment Areas:                        McDonough and Warren Counties                        Douglas and Moultrie Counties (partial counties)                        DeWitt County                        Mason County</p>	
<b>Time Period Reviewed:</b>	07/26/2017-11/19/2020
<p><b>Products Reviewed:</b>            Home Mortgage Loans: 01/01/2018-12/31/2019            Small Business Loans: 01/01/2018-12/31/2019            Small Farm Loans: 01/01/2018-12/31/2019</p>	

<b>List of Assessment Areas and Type of Evaluation</b>			
<b>Assessment Area (as presented)</b>	<b>Type of Evaluation</b>	<b>Branches Visited</b>	<b>Other Information</b>
<u>Peoria, IL MSA</u>	Full-scope	None	Fulton County was added to the assessment area during the review period. It was formerly part of the statewide non-MSA.
<u>Illinois Statewide non-MSA</u>	Full-Scope	None	When performance is consistent across the non-MSA portions of a single state, performance for all non-MSA assessment areas will be presented together.
<i>Warren, McDonough, &amp; Knox Counties</i>		None	Knox was added due to the FT&SB of Albany acquisition and was not included in the review of performance at this evaluation.
<i>Douglas &amp; Moultrie Counties</i>		None	Partial tracts in these counties were added as an assessment area after the acquisition of State Bank of Arthur in October 2017.
<i>Mason County</i>		None	Because Fulton County was part of the statewide non-MSA at the previous evaluation, Mason was contiguous with other statewide non-MSA counties. It is no longer contiguous with any other statewide non-MSA counties in the bank's assessment areas.
<i>Whiteside County</i>		None	
<u>Bloomington-Pontiac, IL CSA</u>	Limited Scope	None	When performance is consistent across the MSA and non-MSA portions of the CSA, performance will be presented at the CSA level.
<i>Bloomington, IL MSA</i>		None	
<i>Livingston County, IL</i>		None	Part of the Illinois statewide non-MSA
<u>Champaign, IL MSA</u>	Not included in this evaluation	None	Loan production office was converted to a full service branch in January 2020.
<u>Davenport-Moline, IA-IL CSA</u>	Not included in this evaluation	None	Acquisition of FT&SB of Albany was not completed until December 2019.
<i>Davenport-Moline-Rock Island, IL-IA MSA</i>		None	
<i>Clinton County, IA</i>		None	Part of the Iowa statewide non-MSA

## APPENDIX C - LIMITED-SCOPE ASSESSMENT AREA PERFORMANCE TABLES

### BLOOMINGTON-PONTIAC, IL CSA #14010

#### Geographic Distribution

Geographic Distribution of Home Mortgage Loans Assessment Area: Bloomington-Pontiac, IL CSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	1.8	2.3	2	3.1	224	0.8
Moderate						
2019	12.8	10.9	7	10.8	559	2.1
Middle						
2019	57.2	53.0	39	60.0	9,651	35.9
Upper						
2019	28.2	33.7	17	26.2	16,486	61.2
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>65</b>	<b>100.0</b>	<b>26,921</b>	<b>100.0</b>
<i>Source: 2015 ACS; 2019 HMDA Bank and Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Geographic Distribution of Small Business Loans Assessment Area: Bloomington-Pontiac, IL CSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	7.2	5.6	5	3.3	2,558	11.2
Moderate						
2018	11.3	10.9	8	5.3	533	2.3
Middle						
2018	59.6	53.1	85	55.9	11,209	49.0
Upper						
2018	21.9	30.4	54	35.5	8,577	37.5
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>152</b>	<b>100.0</b>	<b>22,877</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; 2018 CRA Bank and Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						



<b>Geographic Distribution of Small Farm Loans</b> Assessment Area: Bloomington-Pontiac, IL CSA						
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2018	0.7	0.2	0	0.0	0	0.0
Moderate						
2018	3.6	1.2	1	1.3	256	2.0
Middle						
2018	78.9	82.0	71	89.9	10,529	84.3
Upper						
2018	16.8	16.6	7	8.9	1,708	13.7
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>79</b>	<b>100.0</b>	<b>12,493</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; 2018 CRA Bank and Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### **Borrower Distribution**

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b> Assessment Area: Bloomington-Pontiac, IL CSA						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2019	18.9	11.5	4	6.2	357	1.3
Moderate						
2019	16.7	20.0	8	12.3	781	2.9
Middle						
2019	22.1	21.4	12	18.5	1,482	5.5
Upper						
2019	42.3	28.7	36	55.4	5,724	21.3
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>65</b>	<b>100.0</b>	<b>26,921</b>	<b>100.0</b>
<i>Source: 2015 ACS; 2019 HMDA Bank and Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Bloomington-Pontiac, IL CSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	75.9	42.4	58	38.2	5,399	23.6
>1,000,000						
2018	6.7	--	88	57.9	16,190	70.8
Revenue Not Available						
2018	17.3	--	6	3.9	1,288	5.6
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>152</b>	<b>100.0</b>	<b>22,877</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; 2018 CRA Bank and Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Distribution of Small Farm Loans by Gross Annual Revenue Category Assessment Area: Bloomington-Pontiac, IL CSA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	97.6	66.2	67	84.8	9,509	76.1
>1,000,000						
2018	1.2	--	6	7.6	1,764	14.1
Revenue Not Available						
2018	1.2	--	6	7.6	1,220	9.8
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>79</b>	<b>100.0</b>	<b>12,493</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; 2018 CRA Bank and Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

## APPENDIX D - GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five-year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

**Consumer Loan(s):** 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: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**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. Other family 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).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**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 metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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

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

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**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:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

**Small Farm Loan:** A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 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.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.