

PUBLIC DISCLOSURE

March 31, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Hickory Point Bank and Trust
Certificate Number: 22874

225 North Water Street
Decatur, Illinois 62523

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

300 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.

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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.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- The bank made a majority of its home mortgage loans and small business loans in the assessment areas.
- The geographic distribution of loans reflects reasonable penetration throughout the assessment areas.
- The distribution of loans reflects, given the product lines offered by the institution, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The institution has not received any CRA-related complaints since the previous evaluation.

The Community Development Test is rated Satisfactory.

- The institution demonstrated adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas.

Discriminatory of Other Illegal Credit Practices

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.

DESCRIPTION OF INSTITUTION

Background

Hickory Point Bank and Trust (HPB&T) is a \$738 million full-service community bank. HPB&T is wholly owned by First Illinois Corporation, a one-bank holding company. The institution received a Satisfactory rating at its previous FDIC examination dated December 11, 2017, based on Interagency Intermediate Small Bank Examination Procedures.

Operations

As of the examination date, HPB&T operates ten offices throughout seven counties in Illinois. The main office is located in Decatur, IL (Macon County). The bank has operations in the Decatur, IL Metropolitan Statistical Area (MSA) (6 offices), the Champaign-Urbana, IL MSA (1 office), the Peoria, IL MSA (2 offices), and the Springfield, IL MSA (1 office).

The bank's primary business focus remains commercial and home mortgage lending. This focus 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 12 bank-owned automated teller machines (ATMs).

Ability and Capacity

According to the December 31, 2020 Consolidated Reports of Condition and Income, HPB&T reported total assets of \$738 million, total loans of \$442 million, and total deposits of \$603 million. The net loan-to-deposit ratio was 73.3 percent, and the net loan-to-asset ratio was 59.9 percent. Additionally, the bank's investment portfolio totaled \$117 million, which represents 15.9 percent of total assets.

HPB&T experienced growth in assets, and loans had minimal changes since the previous CRA evaluation. Total assets grew 14.4 percent and while total loans grew 0.6 percent. The bank's loan portfolio as of December 31, 2020 is detailed in the following table.

Loan Portfolio Distribution as of 12/31/2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	34,909	7.9
Secured by Farmland	10,969	2.5
Secured by 1-4 Family Residential Properties	48,562	11.0
Secured by Multifamily (5 or more) Residential Properties	99,919	22.6
Secured by Nonfarm Nonresidential Properties	164,294	37.1
Total Real Estate Loans	358,653	81.1
Commercial and Industrial Loans	75,735	17.1
Agricultural Production and Other Loans to Farmers	161	<0.1
Consumer Loans	1,991	0.5
Obligations of State and Political Subdivisions in the U.S.	5,832	1.3
Other Loans	7	<0.1
Lease Financing Receivable (net of unearned income)	0	0
Less: Unearned Income	0	0
Total Loans	442,379	100.0
<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 sold 958 loans totaling over \$173.4 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. Individual assessment areas must be contiguous, consist of whole geographies, include all of the geographies where the bank's offices and deposit-taking ATMs are located, and not arbitrarily exclude low- and moderate-income geographies. HPB&T defined four separate assessment areas throughout the State of Illinois, in which all its operations are based. All of the defined assessment areas conform to the requirements of the regulation and do not arbitrarily exclude low- and moderate-income census tracts.

- **Decatur, IL MSA:** All 34 census tracts in Macon County, Illinois. The bank has the main branch and five other branches in this assessment area.
- **Champaign-Urbana, IL MSA:** All 47 census tracts in Champaign and Piatt Counties in Illinois. HPB&T has one branch in this AA.
- **Peoria, IL MSA:** Fifty-three census tracts in Peoria and Marshall Counties in Illinois. HPB&T has two branches in this assessment area.
- **Springfield, IL MSA:** All 56 census tracts in Menard and Sangamon Counties in Illinois. The bank maintains one branch in this AA.

In September 2018, the Champaign-Urbana, IL MSA changed when Ford County was removed from the MSA, no other changes to the assessment areas have been made. A more detailed discussion of each assessment area, including branch changes, economic and demographic data, competition, and community contacts, are discussed in greater detail in subsequent sections of this evaluation.

SCOPE OF EVALUATION

This evaluation covers the period from the previous evaluation dated December 11, 2017 to the current evaluation dated March 31, 2021. Examiners used the Interagency Intermediate Small Institution Procedures to evaluate HPB&T's performance. These procedures include two tests: The CRA Small Bank Lending Test and Community Development Test.

The Lending Test considered the institution's performance according to the following criteria:

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The Community Development Test considered the following factors:

- Number and dollar amount of community development loans
- Qualified investments
- Community development services
- Performance context factors, as described in the Description of Institution and Description of Assessment Area

Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

During the scope of the evaluation, it was identified that some of the bank's assessment areas were not reviewed using the full scope examination procedures in the last two examinations. In an effort to ensure that an institution's CRA performance in these infrequently reviewed AAs are regularly evaluated, the Peoria MSA assessment area was selected and reviewed under the full scope examination procedures. Additionally, given the volume of lending and the deposit market shares within the Decatur, IL MSA, Champaign-Urbana, IL MSA, and Peoria, IL MSA assessment areas (discussed later in this evaluation under each corresponding assessment area), full scope reviews were conducted in these three AAs. A limited scope review was performed in the Springfield, IL MSA, 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, is located in the individual MSA sections of this evaluation.

Hickory Point Bank & Trust Assessment Areas			
AA	Counties in AA	# of CTs	# of Branches
Decatur, IL MSA #19500	Macon	34	6
Champaign-Urbana, IL MSA #165	Champaign and Piatt	47	1
Peoria, IL MSA #37900	Peoria and Marshall	53	2
Springfield, IL MSA #44100	Sangamon and Menard	56	1
<i>Source: Bank Records</i>			

The bank’s performance in the Decatur, IL MSA and Champaign-Urbana, IL assessment areas carries the greatest weight in the overall rating, as these are the areas with the greatest volume of lending and derives a substantial majority of its deposits. Additionally, HPB&T holds a significant deposit market share in Decatur, IL MSA, and the vast majority of the branches and ATMs are in this assessment area.

Activities Reviewed

Examiners determined that the bank’s major product lines are home mortgage and small business loans. This conclusion considers the bank’s business strategy, as well as the number and dollar volume of loans originated during the evaluation period. Bank records and interviews with management indicated that the lending focus and product mix remained relatively consistent throughout the evaluation period. Small business lending carries the most weight in this evaluation, followed closely by home mortgage lending. Examiners did not analyze any other loan types, such as small farm and consumer loans, because they do not represent major product lines and would not provide material support for conclusions or ratings.

Examiners analyzed HPB&T’s CRA performance in relation to applicable performance context. Performance context includes factors such as bank size and structure, financial condition, loan mix, resources and limitations, demographics of the AAs, economic factors, competition, credit needs, and available opportunities. This evaluation considered and analyzed all home mortgage loans reported on the bank’s 2018, 2019, and 2020 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. Partial year 2017 was reviewed at the prior evaluation and was not re-evaluated at the current evaluation. Only 2019 and 2020 HMDA loans are presented for all lending tests. The 2015 ACS data is presented as a demographic comparative factor. Aggregate lending data for 2019 is also presented as it is the most recent year of data available. Further, aggregate data is a better indicator of the opportunities to lend in these markets.

HPB&T is not required to collect and report data on small business loan activity. As such, examiners utilized internal bank records to identify small business loans from both 2019 and 2020. Small business lending is compared to D&B data as aggregate data is not applicable to non-reporters. D&B data includes all businesses in a given area that voluntarily respond to a survey request, including a large number of very small operations that have limited or no credit needs. As such, the D&B data is primarily an indicator of business demographics in a given area and is not considered an absolute distribution of credit needs or lending opportunities. The universe of loans was used for all lending tests. Small business activity in 2020 also significantly outpaced previous years due to the COVID-19 pandemic. The bank made a significant number of small business loans as part of relief provided by the CARES Act’s Payroll Protection Program (PPP) administered by the Small Business Administration (SBA). Because of the structure of underwriting criteria for PPP loans, the distribution of borrowers can be skewed and may not be fully reflective of lending over

the review period. As such, both 2019 and 2020 small business loans are presented for all lending tests.

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 and individuals 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.

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 to determine whether local financial institutions are responsive to those needs. Examiners considered five community contacts conducted in the 12 months prior to the current evaluation. While examiners typically only refer 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 three additional contacts performed within 18 months of the review period. In total, the eight contacts covered the entirety of the bank's assessment areas; two covered home mortgage and affordable housing needs; four covered small business needs; and two covered general lending needs (including all three areas). None of the contacts identified any significant unmet credit and community development 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 "Satisfactory" rating is assigned under the Lending Test. HPB&T's lending evidences adequate performance in responding to the credit needs in the assessment areas. The criterion, in particular, measures the bank's effectiveness at meeting the credit needs in and for low-and moderate-income neighborhoods, individuals, and small businesses, which is the primary purpose of CRA.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The LTD ratio, calculated from Call Report data, averaged 75.7 percent over the past 13 calendar quarters from December 31, 2017, to December 31, 2020. The ratio dropped to a low of 70.7 percent as of December 31, 2018 and high of 81.6 percent as of June 30, 2020. Overall, the ratio remains relatively steady over the entire review period. During the evaluation period, HPB&T also originated and sold over 958 mortgages totaling nearly \$173 million; this lending activity is not captured in the LTD ratio.

Examiners evaluated HPB&T's LTD ratio by comparing it to similarly-situated banks. Examiners selected these comparative banks based on asset size, geographic location, and lending focus. As shown in the table, HPB&T maintained a slightly lower ratio to those of comparable institutions, which is somewhat attributed to the significant number and dollar amount of loans sold on the secondary market. The following table provides additional details.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 12/31/2020 (\$000s)	Average Net LTD Ratio (%)
Hickory Point Bank & Trust	737,678	75.7
Similarly-Situated Institution #1	743,433	96.8
Similarly-Situated Institution #2	763,186	82.9
Similarly-Situated Institution #3	699,706	89.6
Similarly-Situated Institution #4	896,624	89.2
Similarly-Situated Institution #5	404,484	91.2
<i>Source: Reports of Condition and Income 12/31/2017 – 12/31/2020</i>		

Assessment Area Concentration

The bank made a majority of home mortgage and small business loans, by number and dollar volume, within its assessment areas. Specifically, 90.8 percent of the number and 87.3 percent of the dollar volume of home mortgage loans were made within the bank's assessment areas. The same for small business loans, 73.1 percent of the number and 68.1 percent of the dollar volume were originated inside the assessment areas. The following table provides further details about the number and dollar volumes of loans originated inside and outside the overall 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										
2019	300	89.0	37	11.0	337	70,690	80.9	16,673	19.1	87,363
2020	506	91.8	45	8.2	551	104,706	92.3	8,776	7.7	113,482
Subtotal	806	90.8	82	9.2	888	175,396	87.3	25,449	12.7	200,845
Small Business										
2019	89	78.8	24	21.2	113	21,761	73.7	7,785	26.3	29,546
2020	322	71.7	127	28.3	449	45,025	65.7	23,471	34.3	68,496
Subtotal	411	73.1	151	26.9	562	66,786	68.1	31,256	31.9	98,042
Total	1,217	83.9	233	16.1	1,450	242,182	81.0	56,705	19.0	298,887
<i>Source: Evaluation Period: 1/1/2019 - 12/31/2020 Bank Data Due to rounding, totals may not equal 100.0</i>										

Geographic Distribution

The distribution of loans reflects reasonable penetration throughout the overall assessment area. Only loans originated within the assessment area were considered for this criterion. This conclusion is primarily derived by the bank's distribution of loans in the Decatur MSA and Champaign MSA. Additional discussions of the bank's performance for this criterion are in the separate assessment area sections of this evaluation.

Borrower Profile

The distribution of loans to borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Only loans originated within the assessment area are considered under this criterion. This conclusion is primarily derived from the borrower distribution of home mortgage loans and small business loans in the Decatur MSA and Champaign MSA. Refer to the separate assessment area sections of this evaluation for further discussion of the bank's performance under this criterion.

Response to Complaints

The institution has not received any CRA-related complaints since the last evaluation. Therefore, this criterion is not considered in the overall CRA rating.

COMMUNITY DEVELOPMENT TEST

HPB&T demonstrated adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availabilities of such opportunities. The bank's performance in the Decatur, Champaign-Urbana, and Peoria MSA assessment areas support this conclusion.

Community Development Loans

HPB&T made an adequate level of community development loans within its assessment areas. For the current evaluation period, the bank originated 52 community development loans totaling \$28.4 million, which represents 6.4 percent of total loans as of December 31, 2020. This activity represents a noticeable increase since the last evaluation, wherein the bank only made 19 community development loans totaling \$16.8 million.

HPB&T's level of community development lending was compared to five other financial institutions that operate in the bank's assessment areas and evaluated under the Community Reinvestment Act during the current review period. These institutions had total assets ranging from \$404 million to \$896 million, and had a community development loans to total loans ratios ranging from 0.6 percent to 12.0 percent. As such, the bank's level of community development lending fell in the middle of the comparative banks.

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

Community Development Lending Overall										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
12/11/2017-12/31/2017	0	0	0	0	0	0	0	0	0	0
2018	19	1,481	0	0	0	0	0	0	19	1,481
2019	14	13,535	0	0	0	0	0	0	14	13,535
2020	14	11,218	2	466	0	0	0	0	16	11,684
YTD 2021	3	1,716	0	0	0	0	0	0	3	1,716
Total	50	27,950	2	466	0	0	0	0	52	28,416
<i>Source: Bank Data</i>										

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Decatur, IL MSA	3	2,550	0	0	0	0	0	0	3	2,550
Champaign-Urbana, IL MSA	33	24,199	1	216	0	0	0	0	34	24,415
Peoria, IL MSA	9	194	0	0	0	0	0	0	9	194
Springfield, IL MSA	0	0	1	250	0	0	0	0	1	250
Statewide Activities	5	1,007	0	0	0	0	0	0	5	1,007
Total	50	27,950	2	466	0	0	0	0	52	28,416
<i>Source: Bank Data</i>										

Qualified Investments

HPB&T made 216 qualified investments totaling approximately \$4.1 million, which includes qualified grants and donations. This dollar amount equates to 0.6 percent of total assets and 3.5 percent of total securities, which is an increase from the last examination when the ratio of qualified investments to total assets was 0.3 percent and qualified investments to total securities was 0.16 percent.

The current ratio compares favorably to two of five other similarly-situated banks operating in HPB&T's assessment areas. The average ratio of qualified investments to total securities for five institutions (including HPB&T) was 5.3 percent, while the median was 3.9 percent. HPB&T ranked 3rd out of five institutions when comparing the ratio of qualified investments to total securities. The 30 investments totaling \$3.8 million in the Affordable Housing category relate to three mortgage-backed securities pools that are secured by home mortgage loans to low- and moderate-income individuals.

The next table shows the number and dollar amount of all qualified community development investments originated during the evaluation period in each assessment area. More detailed information regarding specific investments and HPB&T's responsiveness to community needs are detailed in the specific individual assessment area of this evaluation. However, of note for all assessment areas is the bank's participation in two down payment assistance programs: the Down

Payment Plus (DPP) program through the Federal Home Loan Bank and down payment assistance through the Illinois Housing Development Authority (IHDA). The programs provide down payment and closing cost assistance programs for low- and moderate-income homebuyers in order to help customers afford the upfront costs that come with buying a home. The bank originated ten loans in the Decatur and Champaign assessment areas that qualified for at least one of these programs since the last performance evaluation.

Qualified Investments and Grants Overall										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
12/112017-12/31/2017	0	0	0	0	0	0	0	0	0	0
2018	0	0	0	0	0	0	0	0	0	0
2019	14	1,419	0	0	0	0	0	0	14	1,419
2020	16	2,411	0	0	0	0	0	0	16	2,411
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	30	3,830	0	0	0	0	0	0	30	3,830
Qualified Grants & Donations	1	1	166	229	0	0	19	37	186	267
Total	31	3,831	166	229	0	0	19	37	216	4,097

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)
Decatur, IL MSA	3	165	83	122	0	0	7	12	93	299
Champaign-Urbana, IL MSA	10	1,303	38	48	0	0	5	10	53	1,361
Peoria, IL MSA	8	816	11	7	0	0	0	0	19	823
Springfield, IL MSA	5	812	34	52	0	0	7	15	46	879
Statewide Activities	5	735	0	0	0	0	0	0	5	735
Total	31	3,831	166	229	0	0	19	37	216	4,097

Source: Bank Data

Community Development Services

HPB&T provides an adequate level of community development services within the overall assessment area. During the evaluation period, bank employees provided 124 instances of financial expertise or technical assistance to 76 different community-development-related organizations in the assessment areas. This level of activity significantly exceeds that of five other similarly situated banks where the average number of services was 55 instances to 15 qualifying organizations. Of the 91 community services, HPB&T has significant levels of participation on the Board and selection committees for Habitat for Humanity in each of the four assessment areas. The following two tables summarize the bank’s community development service activity since the last evaluation. The first table contains the bank’s community development service activity by year and purpose,

while the second table illustrates the bank’s activity by assessment area. More detailed information regarding specific services and HPB&T’s responsiveness to community needs can be found in the assessment area specific portions of this evaluation.

Community Development Services Overall					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
12/11/2017-12/31/2017	1	1	0	0	2
2018	4	29	1	3	37
2019	6	36	7	0	49
2020	7	21	1	0	29
YTD 2021	3	4	0	0	7
Total	21	91	9	3	124

Source: Bank Data

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Decatur, IL MSA	10	63	7	3	83
Champaign-Urbana, IL MSA	6	12	0	0	18
Peoria, IL MSA	0	4	1	0	5
Springfield, IL MSA	5	12	1	0	18
Total	21	91	9	3	124

Source: Bank Data

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution’s overall CRA rating.

DECATUR, IL METROPOLITAN STATISTICAL AREA #19500 – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN DECATUR, IL MSA

A full-scope review of the bank’s performance in its Decatur, IL MSA #19500 (Decatur MSA) Assessment Area was performed. As of June 30, 2020, approximately 79.1 percent of the bank’s total deposits were derived from this AA, which results in the highest concentration of deposits among all of them. Further, the bank originated approximately 30.5 percent of its home mortgage and small business loans, by number, and 24.3 percent by dollar, in this assessment area. Because the bank derives a significant volume of its loans and deposits, the Decatur MSA performance will carry the greatest degree of weight in the overall CRA rating assigned.

HPB&T designated all of the Decatur MSA as one of its assessment areas, which, consists of Macon County. HPB&T operates six full-service banking offices in this area, the most locations than any of its AAs. This assessment area also has 11 of the bank’s ATMs. The main office in Decatur is located in a low-income census tract and another office in Decatur, is in a moderate-income census tract. The remaining offices are in middle- and upper-income census tracts.

Branch changes in the Decatur MSA consist of the following:

- March 5, 2018, the South Shores Branch was relocated from 398 W. 1st Drive Decatur, Illinois 62521 location to 10 Southland Drive Decatur, Illinois 62521, which was 0.2 miles from the original location;
- July 15, 2019, the North Point Branch at 3101 North Water Street Decatur, Illinois 62526 was opened; and
- October 28, 2019, the Forsyth Branch was relocated from 1401 W. Hickory Point Dr. Forsyth, IL. 62535 to 165 W. Weaver Road Forsyth, IL. 62535. which was 0.6 miles from the original location.

None of these changes impacted the MSA or the income designation of the census tracts where the branches were located, or the accessibility for low- and moderate-income borrowers and geographies.

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 Decatur MSA consists of 34 census tracts, and has a total population of 109,193 according to the 2015 ACS Census data.

Of the 34 census tracts in the assessment area, there are 8 low-income tracts, 5 moderate-income tracts, 11 middle-income tracts, and 10 upper-income tracts. The following table reflects lower levels of owner-occupied housing units in low- and moderate-income geographies (18.9 percent) in the assessment area and higher concentrations of rental units (55.5 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 2020 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Hickory Decatur						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	34	23.5	14.7	32.4	29.4	0.0
Population by Geography	109,193	18.5	11.6	34.5	35.4	0.0
Housing Units by Geography	50,391	20.4	12.5	33.3	33.8	0.0
Owner-Occupied Units by Geography	30,995	9.4	9.5	37.9	43.2	0.0
Occupied Rental Units by Geography	13,920	39.5	16.0	26.3	18.1	0.0
Vacant Units by Geography	5,476	33.9	20.7	25.3	20.0	0.0
Businesses by Geography	5,568	28.0	11.2	27.2	33.6	0.0
Farms by Geography	305	7.9	3.3	43.6	45.2	0.0
Family Distribution by Income Level	27,658	22.9	16.9	20.1	40.1	0.0
Household Distribution by Income Level	44,915	25.4	15.2	17.1	42.2	0.0
Median Family Income MSA - 19500 Decatur, IL MSA		\$60,745	Median Housing Value			\$89,013
			Median Gross Rent			\$646
			Families Below Poverty Level			13.6%
<i>Sources: 2015 ACS Census and 2020 D&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 2020 are as follows:

- 76.5 percent reported \$1.0 million or less;
- 6.2 percent reported greater than \$1.0 million; and
- 17.3 percent did not report revenues to D&B.

The 2019 and 2020 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.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Decatur, IL MSA Median Family Income (19500)				
2019 (\$66,900)	<\$33,450	\$33,450 to <\$53,520	\$53,520 to <\$80,280	≥\$80,280
2020 (\$71,300)	<\$35,650	\$35,650 to <\$57,040	\$57,040 to <\$85,560	≥\$85,560
<i>Source: FFIEC</i>				

According to Moody’s Analytics, the MSA per capita income in 2019 lags Illinois’ average by 17.4 percent and the US average by 14.1 percent. Manufacturing represent the largest portion of businesses in the assessment area at 21.9 percent, followed by Education and Health services (16.8 percent), government (11.5 percent), retail (9.7 percent), and leisure and hospitality services (9.6 percent). Further, 81.8 percent of businesses have fewer than 10 employees, and 81.1 percent operate from only one location.

Archer Daniels Midland Company, Decatur Memorial Hospital and Caterpillar Inc. are the area’s largest employers. 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. Archer Daniels Midland Co. is an American multinational food processing and commodities trading corporation and this portion of industry has not felt the effects of the pandemic to the same degree as other manufacturing industries. 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. The unemployment rate is still significantly higher in the MSA than in the state or nationally due to the COVID-19 pandemic and the struggling to recover. However, the unemployment rate consistently ran above national and state averages pre-pandemic, evidencing weaker than average opportunities.

Unemployment Rates in the Decatur, IL MSA				
Area	Average 2018	Average 2019	Average 2020	January 2021
	%	%	%	%
Decatur, IL MSA	5.5	5.3	9.7	9.9
State	4.3	4.0	9.5	8.5
National Average	3.9	3.7	8.1	6.3
<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 38 offices of 13 financial institutions operating within the assessment area. HPB&T maintains a 22.3 percent deposit market share in the assessment area, ranking it second among all institutions.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2019, the most recent year for which aggregate data is available, 3,234 residential mortgage loans were originated or purchased. HPB&T ranked 11th out of all HMDA reporters with a market share of 2.91 percent; the bank with the highest market share held 9.18 percent. The five most prominent home mortgage lenders accounted for 36 percent of the total market share, indicating a competitive market.

Community Contacts

To assist the FDIC in preparing the CRA evaluation, examiners referred to two community contacts with knowledge of the business and housing credit needs and opportunities in this AA. The contacts noted major employers leave and the type of employment opportunities may also be transitioning. While, similar to the national trend, the number of retail jobs is decreasing, the number of jobs in manufacturing, transportation, and health care is increasing. Community representatives noted a need for increased small business lending and micro-loans to encourage entrepreneurship, as well as first time homebuyer programs and affordable housing. The contacts also stated that financial institutions in the area are meeting credit needs.

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 39.8 percent and over 75 percentage of businesses with GARs of \$1 million or less support this conclusion.

CONCLUSIONS ON PERFORMANCE CRITERIA IN DECATUR, IL MSA

LENDING TEST

HPB&T exhibited reasonable performance under the Lending Test throughout the Decatur MSA. Performance consistent with the overall conclusions was observed for both product lines under both Geographic Distribution of Loans and Borrower's Profile, as detailed in the supporting comments.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. Examiners focused on the percentage by number of loans in the low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Examiners focused on the comparison of aggregate data for the bank's 2019 performance. For 2020, examiners compared the bank's lending to assessment area demographics. The bank did not originate any loans in the low-income census tracts in 2019 and only three loans in 2020, which is significantly less than the demographic comparative factor. The bank's performance in the moderate-income census tracts trails aggregate data and area demographics. The bank originated 3.9 percent and 5.0 percent of its loans in the moderate-income census tracts in 2019 and 2020, respectively. The 2020 lending showed improvement from the number of loans in 2019.

As indicated by the assessment area demographics, there are few owner-occupied housing units in these low-income census tracts. Rental property accounted for 39.5 in low-income census tracts and 16.0 percent in moderate-income census tracts. The majority of these tracts are located in downtown Decatur and therefore, there are little opportunities for home mortgage lending. The aggregate data support this as well with only 3.3 percent and 5.3 percent of loans made in low- and moderate-income tracts to the over 9 percent of owner-occupied housing units. Due to this performance context, overall, the level of lending is reasonable.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Hickory Decatur						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	9.4	3.3	0	0.0	0	0.0
2020	9.4	--	3	2.5	164	1.0
Moderate						
2019	9.5	5.3	3	3.9	150	1.2
2020	9.5	--	6	5.0	167	1.0
Middle						
2019	37.9	37.8	30	39.0	3,376	27.3
2020	37.9	--	27	22.3	3,964	23.6
Upper						
2019	43.2	53.5	44	57.1	8,836	71.5
2020	43.2	--	85	70.2	12,516	74.5
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	77	100.0	12,362	100.0
2020	100.0	--	121	100.0	16,810	100.0
<i>Sources: 2015 ACS Census; 1/1/2019 - 12/31/2020 Bank Data, 2019 HMDA 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 reasonable dispersion. The bank's lending performance in the low-income census tracts greatly exceeds the area demographics in 2019 but to a lesser percentage in 2020. The bank's level of lending in the moderate-income census tracts is slightly below area demographics for both years but is still reasonable. The following table provides additional information.

Geographic Distribution of Small Business Loans					
Assessment Area: Hickory Decatur					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	28.9	15	48.4	4,778	46.0
2020	28.0	47	33.1	9,005	47.0
Moderate					
2019	11.4	3	9.7	802	7.7
2020	11.2	14	9.9	1,547	8.1
Middle					
2019	27.0	8	25.8	3,482	33.6
2020	27.2	30	21.1	3,837	20.0
Upper					
2019	32.7	5	16.1	1,315	12.7
2020	33.6	51	35.9	4,787	24.9
Not Available					
2019	0.0	--	--	--	--
2020	0.0	--	--	--	--
Totals					
2019	100.0	31	100.0	10,377	100.0
2020	100.0	142	100.0	19,176	100.0
<i>Sources: 2019 & 2020 D&B Data; 1/1/2019 - 12/31/2020 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Borrower Profile

The distribution of borrowers in the Decatur MSA assessment area is reasonable. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers and on the percentage by number of small business loans to businesses with gross annual revenues (GARs) of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. Examiners focused on the comparison to aggregate data in 2019 and area demographics in 2020.

As shown in the following table, the bank's performance of lending to low-income borrowers in 2019 is slightly less than aggregate, but trailed area demographics in 2020. The table shows the percentage of low-income borrowers in this AA (demographic) was 22.9 percent. It is noted, 13.6 percent of the AA's families had incomes below the poverty level. These families typically do not possess the financial means to qualify for or afford a home mortgage loan due to financial constraints. When considering the poverty level, the bank's performance is only slightly below the demographic comparative factor, and is reasonable.

Additionally, performance to moderate-income borrowers significantly trailed aggregate performance in 2019 but was only slightly less than area demographics. In 2020, the percentage to moderate-income borrowers was slightly greater than the demographic. The lending in 2020 shows a significant increase in number of loans made to moderate-income borrowers. As previously mentioned, the bank also offers a variety of loans that includes low down payment home mortgage loan products and participation in down payment assistance grant programs. These types of loans particularly benefit low- and moderate-income borrowers. Four loans were originated that are not included in the tables below nor recorded on the bank's HMDA LAR. When considering the bank's actual performance and the special loans program activity, the bank's level of lending to low- and moderate-income individuals is reasonable. The table below provides additional information.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Hickory Decatur						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	22.9	8.7	5	6.5	267	2.2
2020	22.9	--	7	5.8	548	3.3
Moderate						
2019	16.9	22.7	10	13.0	656	5.3
2020	16.9	--	21	17.4	1,518	9.0
Middle						
2019	20.1	20.5	19	24.7	1,959	15.8
2020	20.1	--	21	17.4	2,453	14.6
Upper						
2019	40.1	31.5	41	53.2	7,408	59.9
2020	40.1	--	65	53.7	10,645	63.3
Not Available						
2019	0.0	16.6	2	2.6	2,073	16.8
2020	0.0	--	7	5.8	1,647	9.8
Totals						
2019	100.0	100.0	77	100.0	12,362	100.0
2020	100.0	--	121	100.0	16,810	100.0
<i>Sources: 2015 ACS Census; 1/1/2019 - 12/31/2020 Bank Data, 2019 HMDA 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 reasonable penetration of loans to businesses with GARs of \$1 million or less. The bank's lending reflects a significant increase by number and dollar

volume of small business loans from 2019 to 2020. The increase is largely attributed to the PPP requests in 2020. Specifically, of the 142 loan originations, 89 loans totaling \$8,886,000 were PPP. As shown in the following table, HPB&T made 32.3 percent in 2019 and 44.4 percent of their loans in 2020 to small businesses with GARs at \$1.0 million or less, which trails the demographics. The bank's performance significantly lags the percentage of businesses in the assessment area that reported GARs of \$1 million or less and is poor. However, it is also useful to look at the number of businesses served, as some businesses may obtain multiple smaller loans. Collectively, in 2020, the bank's 123 loans with reported revenues were originated to 100 different entities. Of those, 61 borrowers (61 percent) had gross annual revenues of \$1 million or less, approximating the D&B data, which reflects that overall, the bank is meeting the credit needs of small businesses in the AA.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Hickory Decatur					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	75.1	10	32.3	2,809	27.1
2020	76.5	63	44.4	3,321	17.3
>1,000,000					
2019	6.8	21	67.7	7,568	72.9
2020	6.2	60	42.3	14,919	77.8
Revenue Not Available					
2019	18.1	-	-	-	-
2020	17.3	19	13.3	936	4.9
Totals					
2019	100.0	31	100.0	10,377	100.0
2020	100.0	142	100.0	19,176	100.0
<i>Sources: 2019 & 2020 D&B Data; 1/1/2019 - 12/31/2020 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

COMMUNITY DEVELOPMENT TEST

HPB&T demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. The loans originated in this assessment area represent 9.0 percent of all community development loans.

Community Development Loans

HPB&T made an adequate level of community development loans in the Decatur MSA. The bank originated three community development loans totaling approximately \$2.6 million and represents 0.6 percent of total loans in the assessment area during the evaluation period, all promoting affordable housing. This level of lending is similar to that of other similarly situated banks within

the Decatur market and surrounding areas that were evaluated for CRA during the current evaluation period. These similarly situated institutions made between zero and 11 community development loans by number and \$0 to \$17.3 million by dollar with total assets ranging from \$719 million to \$1.3 billion. These institutions had community development loan-to-total loan ratios ranging from 1.9 to 7.2 percent. The bank’s community development loan activity has increased since the last evaluation; when it had no activity in this area.

Below are notable examples of the bank’s community development loans in the AA:

- The bank originated a loan for \$495,500 to a local business for the purchase of multi-family apartment complexes. The rents charged to tenants are well below the fair market rent for the area and thus promote affordable housing.
- The bank originated another loan for \$2.0 million to a local business for the purchase of multi-family apartment complexes with rents below the fair market value and promotes affordable housing.

Additionally, there is competition for community development loans in this assessment area as there are 13 institutions with 38 offices in operation.

Qualified Investments

HPB&T has an adequate level of qualified investments and grants within this AA. The bank made 93 qualified investments totaling approximately \$299,000 inside the Decatur MSA assessment area. This represents 7.3 percent of all qualified investments. The bank made 91 qualified donations totaling \$134,000 in this assessment area, with most of the donations benefiting community services and two investments of \$165,000. It is also in-line with similarly situated banks used for comparative purposes.

Community Development Services

During the evaluation period, bank employees provided 83 instances of financial expertise or technical assistance to 52 different community development-related organizations in this assessment area. Notable examples of HPB&T’s service activity are included in the following table.

Community Development Services				
Brief Service Description	Community Development Purpose	Bank Sponsored Event, Program or Seminar	Technical Assistance or Direct Involvement by Bank Employee	Bank Product or Service
<i>A Bank Employee serves as a Board member of an organization that provides housing for those in need. This employee is also a member of the Family Selection Committee.</i>	Affordable Housing		2017 – 2021	

<i>A Bank Employee serves as a Board member of a non-profit organization that creates opportunities with the support of the community toward improving the lives of the economically disadvantaged through daily nourishment, life skills education, and job training. This employee also serves on the Finance Committee of this organization.</i>	Community Service		2018 – 2020	
<i>A Bank Employee serves as the Treasurer of a non-profit organization that advocates for all children to have the right of a safe, nurturing environment that strives to ensure all the basic needs of children are met.</i>	Community Service		2018 – 2020	
<i>A Bank Employee serves on the Board of a non-profit organization that enables young people, who need it the most, to reach their full potential as productive, caring, responsible citizens. The employee also serves on the Finance Committee of the organization.</i>	Community Service		2018– 2020	
<i>Source: Bank Records</i>				

In addition, HPB&T operates two offices, one in a low-income census tract, and one in a moderate-income census tract. These branches are active in originating government mortgage loan programs through the FHLB and the Illinois Housing Development Authority. These mortgage loan programs provide affordable loan rates with low-down payment requirements for primarily low- and moderate-income families. The bank provided funding support for five loans totaling **\$103,328**. In addition, in 2019 bank employees presented Money Smart Education sessions in this assessment area.

CHAMPAIGN-URBANA, IL METROPOLITAN STATISTICAL AREA #16580 – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN CHAMPAIGN- URBANA, IL MSA

A full-scope review of the bank’s performance in its Champaign-Urbana, IL MSA #16580 (Champaign MSA) AA. As of June 30, 2020, approximately 9.3 percent of the bank’s total deposits were derived from this assessment area. While this area derives a less significant volume of deposits, it is where the majority of lending activity occurs; therefore, the performance carried the second greatest weight in the overall assigned CRA rating. The bank originated approximately 57.3 percent of its home mortgage and small business loans, by number, in this assessment area and 63.3 percent by dollar.

HPB&T designated all of Champaign MSA as one of its assessment areas, which consists of Piatt and Champaign Counties as of September 2018. Prior to the change, the AA also included Ford County. The bank operates one full-service banking office that is located in a middle-income census tract in downtown Champaign, IL and one ATM.

In September 2018, based on the 2015 ACS U.S. Census data, Ford County was removed from the Champaign-Urbana, IL MSA and added to the State of Illinois Non-MSA area. The Lending activity presented in this assessment area only includes Champaign and Piatt Counties. The Community Development activity includes Ford County for 2018 but is excluded the rest of the review period.

The 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 office and deposit taking ATM are located.

Economic and Demographic Data

The Champaign MSA consists of 47 census tracts, and has a total population of 222,261 according to the 2015 ACS Census data. Of the 47 census tracts in the assessment area, there are 8 low-income tracts, 7 moderate-income tracts, 20 middle-income tracts, 10 upper-income tracts, and 2 tracts that are not classified, which is where the University of Illinois Champaign-Urbana Campus is located.

The following table provides more specific demographic information on the Champaign MSA.

Demographic Information of the Assessment Area						
Assessment Area: Hickory Champaign						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	47	17.0	14.9	42.6	21.3	4.3
Population by Geography	222,261	13.2	15.5	45.0	21.3	5.0
Housing Units by Geography	96,302	13.9	16.2	47.9	20.1	1.8
Owner-Occupied Units by Geography	49,446	4.9	10.8	58.1	26.1	0.1
Occupied Rental Units by Geography	37,111	24.7	22.4	35.5	13.5	3.9
Vacant Units by Geography	9,745	19.3	20.5	43.2	14.9	2.1
Businesses by Geography	12,776	9.9	17.1	42.4	28.2	2.4
Farms by Geography	753	2.9	5.7	69.9	21.4	0.1
Family Distribution by Income Level	47,285	21.8	16.5	20.7	41.0	0.0
Household Distribution by Income Level	86,557	27.6	14.5	15.2	42.7	0.0
Median Family Income MSA - 16580 Champaign-Urbana, IL MSA		\$70,634	Median Housing Value			\$137,205
			Median Gross Rent			\$835
			Families Below Poverty Level			9.9%
<i>Sources: 2015 ACS Census and 2020 D&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 2020 are as follows:

- 79.8 percent reported \$1.0 million or less; 4.8 percent reported greater than \$1.0 million; and
- 15.4 percent did not report revenues to D&B.

The 2019 and 2020 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.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Champaign-Urbana, IL MSA Median Family Income (16580)				
2019 (\$77,800)	<\$38,900	\$38,900 to <\$62,240	\$62,240 to <\$93,360	≥\$93,360
2020 (\$80,200)	<\$40,100	\$40,100 to <\$64,160	\$64,160 to <\$96,240	≥\$96,240
<i>Source: FFIEC</i>				

According to Moody’s Analytics, the MSA per capita income in 2019 lags the Illinois’ average by 17.9 percent and the US average by 14.6 percent. Government entities represent the largest portion of businesses at 34.5 percent, followed by education and health services (14.0 percent), leisure and hospitality (10.6 percent), retail (8.8 percent), and professional and business services (7.4 percent). Further, 85.8 percent of businesses have fewer than 10 employees, and 84.3 percent operate from only one location. University of Illinois is largest employer with almost 14,000 employees. Champaign-Urbana is further along in its recovery from the COVID-19 pandemic than most of the country. One of the strengths for the Champaign-Urbana area is the presence of the University of Illinois and stability it provides to the area. Per the community contact the Champaign-Urbana employment rate will return in early 2022, sooner than Illinois and the U.S. private industry services will lead the jobs recovery.

The following table shows unemployment information throughout the review period. The unemployment rate has appeared to recover faster in the MSA and nationally after the impact of COVID-19 pandemic, however, the State average remains below both rates.

Unemployment Rates in the Champaign MSA				
Area	Average 2018	Average 2019	Average 2020	January 2021
	%	%	%	%
Champaign MSA	4.3	3.9	6.3	6.3
State	4.3	4.0	9.5	8.5
National Average	3.9	3.7	8.1	6.3
<i>Source: Bureau of Labor Statistics; Illinois Department of Employment Security</i>				

Competition

The assessment area has a significant level of competition for loans and deposits. Data from the FDIC Deposit Market Share report as of June 30, 2020, shows 86 offices of 31 financial institutions operating within the assessment area. HPB&T maintains a 0.8 percent deposit market share, ranking 20th among all institutions.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2019, the most recent year for which aggregate data is available, 7,153 residential mortgage loans were originated or purchased. HPB&T ranked 8th out of all HMDA reporters in the area with a market share of 2.94 percent; while the bank with the highest market share held 15.0 percent. The five most prominent home mortgage lenders accounted for 32.9 percent of the total market share, indicating a competitive market.

Community Contacts

To assist the FDIC in preparing the CRA evaluation, examiners referred to three community contacts that was conducted in the area with knowledge of the business and housing credit needs and opportunities. Examiners contacted a representative of an economic development organization in the AA. The contact stated that the University of Illinois at Urbana-Champaign continues to be the largest employer and supports consistent growth in residents and jobs in the AA. The contact noted that until recently Champaign was home to two of the largest radio controlled hobby product companies in the United States. In 2018, Hobbico, Inc. closed as a result of financial issues, which

caused a loss of about 300 jobs in Champaign. Additionally, Rockwell Automation, Inc. announced its closing of its two Champaign facilities in 2019 and moved the locations and jobs to a new facility in Indianapolis, Indiana. These closures caused a significant loss of jobs in Champaign.

Lending opportunities were identified for affordable housing, community services, and redevelopment activities in low- and moderate-income areas. Additionally, the contact noted a significant need for start-up and small business funding throughout Champaign County, specifically smaller dollar loans for younger entrepreneurs with limited credit experience. It was further noted that there is a shortage of available commercial space in Champaign, which has driven up the prices and as a result has made it even more difficult to obtain enough credit to buy or rent space. There is a particular need for covering the funding gaps that these start-up and other small businesses are experiencing because of the amount of funds local financial institutions are capable and willing to lend. Overall, the contact stated that financial institutions have been responsive to the credit and community development needs.

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, affordable housing loans, and community services represent primary credit needs in the area. In particular, the percentage of low- and moderate-income families in the assessment area at 38.3 percent and almost 80 percentage of businesses with GARs of \$1 million or less support this conclusion.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CHAMPAIGN- URBANA, IL MSA

LENDING TEST

HPB&T exhibited reasonable performance under the Lending Test throughout the Champaign MSA. Performance is consistent with overall conclusions was observed for both product lines under both Geographic Distribution of Loans and Borrower's Profile, as detailed in the supporting comments.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Examiners focused on the percentage by number of loans in the low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA when considering factors such as demographic factors and competition in the area.

Many of the low- and moderate-income census tracts in the AA are adjacent to the U of I campus and include high levels of multi-family units, which is common for college students. As detailed in the following table, there are nominal levels of owner-occupied housing in the low-income tracts. The bank's performance slightly exceeded aggregate lending data and assessment area

demographics in low-income geographies in 2019. The bank’s lending in 2020 in low-income tracts fell. However, 19.1 percent of families residing within the low-income census tracts have incomes below the poverty rate and would not likely qualify for a home mortgage. Further, as a point of comparison, the average poverty rate for the State of Illinois is 13.6 percent; thus, poverty rates in the low-income areas of the MSA are higher than State averages.

Although there were more owner-occupied housing units in moderate-income geographies, they were still limited. The moderate-income tracts near the bank’s branch contain a lot of rental housing (61 percent of the housing in those tracts are rentals). Three of the moderate-income tracts, with higher proportions of owner occupancy, are located several miles from the bank’s branch in the City of Rantoul. The bank’s performance trailed aggregate lending data and area demographics both years, but due to the performance context just mentioned, are still considered reasonable.

Given the demographic factors, single branch location, and the numerous other financial institutions, mortgage brokers, credit unions, and finance companies within the assessment area highlight the challenges HPB&T faces in originating mortgage loans in these geographies. Competition is heavy in this market as discussed above. Overall, the bank’s lending in this tract segment is reasonable. The following table provides additional information.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Hickory Champaign						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	4.9	5.0	12	5.9	4,386	8.3
2020	4.9	--	6	1.8	1,478	2.0
Moderate						
2019	10.8	9.2	9	4.4	1,904	3.6
2020	10.8	--	7	2.1	695	0.9
Middle						
2019	58.1	57.3	116	56.6	29,852	56.3
2020	58.1	--	176	54.0	40,246	54.0
Upper						
2019	26.1	28.4	68	33.2	16,846	31.8
2020	26.1	--	136	41.7	31,350	42.1
Not Available						
2019	0.1	0.1	0	0.0	0	0.0
2020	0.1	--	1	0.3	700	0.9
Totals						
2019	100.0	100.0	205	100.0	52,988	100.0
2020	100.0	--	326	100.0	74,469	100.0

Sources: 2015 ACS Census; 1/1/2019 - 12/31/2020 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion. Additionally, the significant increase in number and dollar of loans from 2019 to 2020 is largely attributed to the PPP requests in 2020 (49 loans totaling \$4,564,000).

In 2019, the bank’s performance was less than area demographics but in 2020, the small business lending exceeded the percentage of businesses in low-income census tracts. In addition, the demographics reflect a nominal level of businesses operating in low-income tracts. The bank’s performance in moderate-income tracts in 2019 was greater than the area demographics and similar in 2020. The following table provides additional information.

Geographic Distribution of Small Business Loans					
Assessment Area: Hickory Champaign					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	10.1	3	6.4	514	5.4
2020	9.9	17	14.3	1,657	10.2
Moderate					
2019	17.3	9	19.1	1,463	15.2
2020	17.1	20	16.8	4,801	29.4
Middle					
2019	41.9	21	44.7	4,594	47.8
2020	42.4	56	47.1	6,788	41.6
Upper					
2019	28.1	14	29.8	3,036	31.6
2020	28.2	26	21.8	3,068	18.8
Not Available					
2019	2.6	--	--	--	--
2020	2.4	--	--	--	--
Totals					
2019	100.0	47	100.0	9,607	100.0
2020	100.0	119	100.0	16,314	100.0

*Sources: 2019 & 2020 D&B Data; 1/1/2019 - 12/31/2020 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes in the assessment area. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. They also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. In addition, the bank’s volume of home mortgage loans significantly increased in 2020 largely due to the impact of the COVID-19 pandemic; resulting in lower interest rates and more refinance loan activity. Examiners focused on the comparison to aggregate data in 2019, and area demographics in 2020.

As shown in the following table, the bank’s performance of lending to low-income borrowers significantly trails the demographics in both years. The bank’s lending to low-income borrowers only slightly trails aggregate performance in 2019. While aggregate data as a comparison factor is not yet available for 2020, the numbers of loan originations remained steady for both years and reflects that the bank’s efforts to meet the credit needs of low- income borrowers. The bank’s levels of lending to moderate-income borrowers significantly increased in 2019 and 2020 and while slightly below both comparative factors continues to reflect reasonable performance.

The notable difference between the percentage of families and aggregate lending levels are indicative of limited lending opportunities faced by all lenders in the area. In line with the poverty level at 9.9 percent, a low-income family in the Champaign MSA, with an income of \$38,900 or less, would not likely qualify for or have the capacity to support a mortgage under conventional underwriting standards, especially considering the median housing value of \$137,205. The bank continued to offer flexible lending products and down payment assistance throughout the entire review period with six loans originated under these programs. When considering the bank’s overall lending performance, including and the special loan program activity, the bank’s level of lending to low- and moderate-income individuals is reasonable. The following table below provides additional information.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Hickory Champaign						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	21.8	9.7	11	5.4	974	1.8
2020	21.8	--	11	3.4	920	1.2
Moderate						
2019	16.5	18.6	26	12.7	2,979	5.6
2020	16.5	--	44	13.5	5,774	7.8
Middle						
2019	20.7	20.4	38	18.5	6,394	12.1
2020	20.7	--	53	16.3	8,757	11.8
Upper						
2019	41.0	35.9	117	57.1	27,176	51.3
2020	41.0	--	199	61.0	53,876	72.3

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Hickory Champaign						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Not Available						
2019	0.0	15.4	13	6.3	15,464	29.2
2020	0.0	--	19	5.8	5,142	6.9
Totals						
2019	100.0	100.0	205	100.0	52,988	100.0
2020	100.0	--	326	100.0	74,469	100.0
<i>Sources: 2015 ACS Census; 1/1/2019 - 12/31/2020 Bank Data, 2019 HMDA 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 reasonable penetration of loans to businesses with GARs of \$1 million or less. The following table shows that 70.2 percent of the bank's loans in 2019 were originated to businesses with GARs of \$1 million or less which is similar to the demographics of the area. For 2020, the bank's performance of lending trails the percent of businesses in this revenue category. However, it is also useful to look at the number of businesses served, as some businesses may obtain multiple smaller loans. Collectively, in 2020, the bank's 108 loans with reported revenues were originated to 87 different entities. Of those, 61 borrowers (70.1 percent) had gross annual revenues of \$1 million or less, approximating the D&B data. As such, the bank's performance reflects reasonable performance in serving the credit needs of small businesses.

The following table provides additional information.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Hickory Champaign					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	78.5	33	70.2	6,026	62.7
2020	79.8	67	56.3	7,183	44.0
>1,000,000					
2019	5.3	14	29.8	3,581	37.3
2020	4.8	41	34.5	8,691	53.3
Revenue Not Available					
2019	16.3	-	-	-	-
2020	15.4	11	9.2	440	2.7
Totals					
2019	100.0	47	100.0	9,607	100.0
2020	100.0	119	100.0	16,314	100.0

*Sources: 2019 & 2020 D&B Data; 1/1/2019 - 12/31/2020 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

COMMUNITY DEVELOPMENT TEST

HPB&T demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans and community development services. The loans originated in this assessment area represent 85.9 percent of all community development loans.

Community Development Loans

HPB&T made an adequate level of community development loans in the Champaign MSA. The bank originated 34 community development loans totaling \$24.4 million in the assessment area during the evaluation period, with 33 loans promoting affordable housing. The community development lending activity represents 5.5 percent of total loans. This responsiveness compares favorably to the similarly situated institutions operating in Champaign, and is three times the dollar amount of qualified loans at the previous examination.

Below are notable examples of the bank’s community development loans in the assessment area:

- The bank renewed and originated a significant number of loans for the purchase of multi-family apartment complexes. The rents charged to tenants are well below the fair market rent for the area and thus promote affordable housing.
- The bank originated a loan for the purchase of a building that will be used for a Youthbuild program. Youth will learn construction skills while constructing or rehabilitating affordable housing for low-income or homeless families in their own neighborhoods.

Qualified Investments

HPB&T has an adequate level of qualified investments and grants within this AA. The bank made 49 qualified investments totaling approximately \$1.36 million inside the Champaign MSA Assessment Area. This represents 33.2 percent of all qualified investments. The bank made 39 qualified donations totaling \$57,840 in this assessment area, with most of the donations benefiting community services and 10 investments of \$1.3 million. Additionally, as the bank only has one office in this location with a limited number of employees, it is often difficult for the bank to obtain these types of investments. It is also in-line with similarly situated banks used for comparative purposes.

Community Development Services

During the evaluation period, bank employees provided 18 instances of financial expertise or technical assistance to seven different community development-related organizations in this assessment area. Notable examples of HPB&T’s service activity in this area are included in the following table.

Community Development Services				
Brief Service Description	Community Development Purpose	Bank Sponsored Event, Program or Seminar	Technical Assistance or Direct Involvement by Bank Employee	Bank Product or Service
<i>A Bank Employee serves on the Board on an organization that provides housing for those in need.</i>	Affordable Housing		2019	
<i>A Bank Employee serves on the Board of a non-profit organization that provides various services, including curing hunger and overcoming poverty. The employee also serves on the Finance Committee of this organization.</i>	Community Service		2018 – 2021	
<i>A Bank Employee serves on the Family Selection Committee of an organization that provides housing for those in need.</i>	Affordable Housing		2018 – 2021	
<i>Source: Bank Records</i>				

As previously mentioned, the bank is active in originating government mortgage loan programs through the FHLB and the Illinois Housing Development Authority. These mortgage loan programs provide affordable loan rates with low-down payment requirements for primarily low- and moderate-income families.

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

DESCRIPTION OF INSTITUTION’S OPERATIONS IN PEORIA, IL MSA

A full-scope review of the bank’s performance in its Peoria, IL MSA #37900 (Peoria MSA) Assessment Area was performed. The performance in this area is discussed below. As of June 30, 2020, approximately 2.8 percent of the bank’s total deposits were derived from this assessment area. The bank originated approximately 2.3 percent of its home mortgage and small business loans, by number and 1.6 percent by dollar. As such, the bank derives a less significant volume of its loans and deposits in the AA, the performance carries a lesser degree of weight in the overall assigned CRA rating.

HPB&T designated a portion of the Peoria MSA as one of its assessment areas, which consists of all of Peoria and Marshall Counties. HPB&T operates two full-service banking offices within this assessment area. One in Peoria Heights, IL and one in Varna, IL; neither of these offices have drive-up facilities and the branches are almost 34 miles apart. Both offices are located in middle-income census tracts.

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 Peoria MSA consists of 53 census tracts, and has a total population of 199,285 according to the 2015 ACS Census data.

Of the 53 census tracts in the assessment area, there are 12 low-income tracts, 6 moderate-income tracts, 25 middle-income tracts, and 10 upper-income tracts. The following table provides more specific demographic information on the Peoria MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Hickory Peoria						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	53	22.6	11.3	47.2	18.9	0.0
Population by Geography	199,285	14.6	11.1	48.4	25.8	0.0
Housing Units by Geography	89,388	15.2	11.7	49.8	23.3	0.0
Owner-Occupied Units by Geography	53,444	7.2	10.7	55.5	26.6	0.0
Occupied Rental Units by Geography	27,682	25.8	13.4	41.4	19.3	0.0
Vacant Units by Geography	8,262	30.7	13.0	40.9	15.3	0.0
Businesses by Geography	11,687	18.8	6.5	46.8	27.9	0.0
Farms by Geography	537	3.9	2.6	61.6	31.8	0.0
Family Distribution by Income Level	49,800	24.3	17.0	20.3	38.3	0.0

Demographic Information of the Assessment Area						
Assessment Area: Hickory Peoria						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Household Distribution by Income Level	81,126	26.8	16.3	17.7	39.2	0.0
Median Family Income MSA - 37900 Peoria, IL MSA		\$67,308	Median Housing Value			\$129,583
			Median Gross Rent			\$706
			Families Below Poverty Level			12.0%
Sources: 2015 ACS Census and 2020 D&B Data Due to rounding, totals may not equal 100.0 (* The NA category consists of geographies that have not been assigned an income classification.						

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 2020 are as follows:

- 77.4 percent reported \$1.0 million or less;
- 7.1 percent reported greater than \$1.0 million; and
- 15.5 percent did not report revenues to D&B.

The 2019 and 2020 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.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Peoria, IL MSA Median Family Income (37900)				
2019 (\$73,300)	<\$36,650	\$36,650 to <\$58,640	\$58,640 to <\$87,960	≥\$87,960
2020 (\$75,400)	<\$37,700	\$37,700 to <\$60,320	\$60,320 to <\$90,480	≥\$90,480
Source: FFIEC				

According to Moody's Analytics, the MSA per capita income in 2019 lags the 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 experienced 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 c opportunities.

Unemployment Rates in the Peoria, IL MSA				
Area	Average 2018	Average 2019	Average 2020	January 2021
	%	%	%	%
Peoria, IL MSA	5.5	5.3	9.7	9.9
State	4.3	4.0	9.5	8.5
National Average	3.9	3.7	8.1	6.3

Source: Bureau of Labor Statistics; Illinois Department of Employment Security

Competition

The assessment area has a significant level of competition for loans and deposits. Data from the FDIC Deposit Market Share report as of June 30, 2020, shows 71 offices of 25 financial institutions operating within the assessment area. HPB&T maintains a 0.35 percent deposit market share in the assessment area, ranking it 23rd among all institutions.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2019, the most recent year for which aggregate data is available, 6,713 residential mortgage loans were originated or purchased. HPB&T 91st out of all HMDA reporters in the area with a market share of 0.07 percent with five loans; the financial institution (Credit Union) with the highest market share held 19.98 percent. The five most prominent home mortgage lenders accounted for 41.4 percent of the total market share, indicating a competitive market.

Community Contacts

To assist examiners with determining the credit needs and opportunities in the AA, examiners reviewed two recent community contacts conducted in the area with knowledge of the business and housing credit needs and opportunities. One contact stated that Peoria and the surrounding areas have continued to grow over the last few years, but Caterpillar leaving the area has been a detriment 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, affordable housing, and innovation and economic development represent primary credit needs in the area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN PEORIA, IL MSA

LENDING TEST

HPB&T exhibited reasonable performance under the Lending Test throughout the Peoria MSA for small business lending. No meaningful analysis for home mortgage lending was performed due to the low level of lending, as detailed in the supporting comments.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area for small business lending with no assessment drawn for nominal level of home mortgage loans. Examiners focused on the percentage by number of loans in the low- and moderate-income census tracts.

Home Mortgage Loans

Home mortgage lending in this AA has increased since the prior examination, but it still accounts for less than two percent of the bank's overall home mortgage lending and only 1.0 percent by dollar volume, so it is received nominal weight under this criterion. In 2019 and 2020, HPB&T did not make any loans in low-income census tracts or in moderate-income census tracts in 2019. In 2020, the bank only originated two loans in the moderate-income census tracts, which by percentage is twice the demographic, but with so few loans the percentages increase or decrease significantly and skews the performance.

Small Business Loans

Given the fairly nominal volume of lending in this AA, the geographic distribution of small business loans reflects reasonable dispersion given the lending performance in 2020. In 2019, the bank only originated two loans, both in upper-income census tracts. The bank's performance in 2020 was significantly greater than the area demographics in low-income census tracts with 43.7 percent to the 18.8 percentage of businesses operating in the same tract segments. For lending in moderate-income census tracts, the bank's performance at 6.3 percent is similar to the percentage of business at 6.5 percent.

Borrower Profile

The bank's penetration of lending to businesses of different sizes in the AA is reasonable. As previously mentioned the home mortgage loan volume is nominal and was not assessed.

Home Mortgage Loans

No meaningful analysis could be performed as HPB&T did not make any loans in 2019 and 2020 to low-income and only made two loans to moderate-income borrowers in 2020.

Small Business Loans

As previously mentioned, this assessment area derives a limited volume of loans in this area. With this factor in mind, the distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. The bank did not originate any small business loans in the AA in 2019. However, in 2020, the bank's performance improved with 9 (56.3 percent) loan originations made to businesses with GARs of \$1 million or less which is significantly less than the

demographics of the area. Although the bank's performance lags the percentage of businesses in the assessment area that reported GARs of \$1 million or less, as previously mentioned this is not high loan generation area or focus for the bank. In addition, 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. Lastly, of the bank's 16 loans (18.7 percent) originations, three did not report revenues to D&B, as it is voluntary. The "revenue not available" is the percentage of business owners that did not respond.

COMMUNITY DEVELOPMENT TEST

HPB&T demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans and community development services. The loans originated in this assessment area represent 0.7 percent of all community development loans.

Community Development Loans

HPB&T has made an adequate level of community development loans in the Peoria MSA. The bank originated nine community development loans totaling \$193,677 in the assessment area during the evaluation period, with all promoting affordable housing. This responsiveness compares favorably to the similarly situated institutions operating in Peoria MSA.

Below are notable example of the bank's community development loans in the assessment area:

- Throughout the review period, the bank originated nine loans totaling \$193,677 to fund affordable housing projects for rental housing with rents below fair market rent. As previously stated, affordable housing is a prevalent need in this AA.

Qualified Investments

HPB&T has an adequate level of qualified community investments and grants in this assessment area. Specifically, it has eight qualified investments totaling \$823,000. This volume of activity, by dollar amount, represents 20.1 percent of the community development investment activity originated by the bank during the evaluation period. The bank also made 11 qualified donations totaling \$7,000 in this assessment area, with most of the donations benefiting community services. Additionally, there were five other qualified investments that were made in the Peoria MSA but outside of the two counties that are part of HPB&T assessment area totaling \$735,000.

Community Development Services

During the evaluation period, bank employees provided five instances of financial expertise or technical assistance to five different community development-related organizations in this assessment area. Notable examples of HPB&T's service activity in this area are included in the following table.

Community Development Services				
Brief Service Description	Community Development Purpose	Bank Sponsored Event, Program or Seminar	Technical Assistance or Direct Involvement by Bank Employee	Bank Product or Service
<i>A Bank Employee serves as a Board Member. This organization is designed to assist in the educational, emotional, physical and social development of below poverty level youth.</i>	Community Service		2018	
<i>A Bank Employee serves as a Board. This organization promotes economic development throughout the assessment area.</i>	Economic Development		2019	
<i>Source: Bank Records</i>				

In addition, HPB&T operates one office in a moderate-income census tract.

SPRINGFIELD, IL MSA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SPRINGFIELD, IL MSA

A limited-scope review of the bank’s performance in its Springfield, IL MSA #44100 (Springfield MSA) Assessment Area was performed. The performance briefly discussed below. Because this is an area where the bank derives a less significant volume of its loans and deposits, the performance in this area carries the smallest degree of weight in the overall CRA rating assigned. Specifically, the bank originated approximately 9.9 percent of its home mortgage and small business loans, by number, in this assessment area and 10.8 percent by dollar.

HPB&T operates one full-service banking office in the southwest corner of Springfield, IL, and one ATM within this assessment area that are located in an upper-income census tract. The bank has designated all of Sangamon and Menard Counties as its assessment area. This assessment area contains 56 tracts and consists of 11 low-income, 10 moderate-income, 24 middle-income, and 11 upper-income. The low- and moderate-income tracts are primarily located in downtown Springfield.

Demographic Information of the Assessment Area						
Assessment Area: Hickory Springfield						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	56	19.6	17.9	42.9	19.6	0.0
Population by Geography	211,627	14.9	13.7	44.4	27.0	0.0
Housing Units by Geography	96,084	15.3	15.9	43.5	25.2	0.0
Owner-Occupied Units by Geography	61,653	9.2	12.4	45.9	32.4	0.0
Occupied Rental Units by Geography	26,376	27.3	20.8	39.6	12.3	0.0
Vacant Units by Geography	8,055	22.7	26.9	38.0	12.4	0.0
Businesses by Geography	13,936	14.3	16.5	40.1	29.1	0.0
Farms by Geography	681	5.7	6.9	55.2	32.2	0.0
Family Distribution by Income Level	54,423	22.5	16.2	20.7	40.6	0.0
Household Distribution by Income Level	88,029	25.2	15.6	17.2	41.9	0.0
Median Family Income MSA - 44100 Springfield, IL MSA		\$73,402	Median Housing Value			\$126,604
			Median Gross Rent			\$732
			Families Below Poverty Level			10.6%
<i>Sources: 2015 ACS Census and 2020 D&B Data Due to rounding, totals may not equal 100.0 (*) 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 2020 are as follows:

- 78.3 percent reported \$1.0 million or less;
- 5.9 percent reported greater than \$1.0 million; and
- 15.8 percent did not report revenues to D&B.

The 2019 and 2020 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.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Springfield, IL MSA Median Family Income (44100)				
2019 (\$76,400)	<\$38,200	\$38,200 to <\$61,120	\$61,120 to <\$91,680	≥\$91,680
2020 (\$85,200)	<\$42,600	\$42,600 to <\$68,160	\$68,160 to <\$102,240	≥\$102,240
<i>Source: FFIEC</i>				

According to Moody’s Analytics, the MSA per capita income in 2019 lags Illinois’ average by 13.6 percent and the US average by 10.1 percent. Government represent the largest portion of businesses in the assessment area at 24.6 percent, followed by education and health services (19.6 percent), professional and business services (11.4 percent), and retail (10.4 percent). Further, 84.8 percent of businesses have fewer than 10 employees, and 83.4 percent operate from only one location. As the state capital, the Springfield economy remains highly dependent upon public employment, particularly state and local government. One of Springfield’s primary employers is the State of Illinois with over 15,000 employees. Other major employers are in the medical and education fields, including Memorial Health System, St. John’s Hospital and Springfield Clinic, University of Illinois at Springfield, and Southern Illinois University School of Medicine. Other significant employers include Blue Cross/Blue Shield, Horace-Mann Insurance Company, Springfield Public Schools, and City of Springfield.

The following table shows unemployment information throughout the review period. The unemployment rate has appeared to recover faster in the MSA than in the state after the COVID-19 pandemic began and was consistent with the national and state averages pre-pandemic.

Unemployment Rates in the Springfield MSA				
Area	Average 2018	Average 2019	Average 2020	January 2021
	%	%	%	%
Springfield MSA	4.3	4.0	7.7	7.6
State	4.3	4.0	9.5	8.5
National Average	3.9	3.7	8.1	6.3
<i>Source: Bureau of Labor Statistics; Illinois Department of Employment Security</i>				

Competition

The assessment area has a significant level of competition for loans and deposits. Data from the FDIC Deposit Market Share report as of June 30, 2020, shows 86 offices of 31 financial institutions operating within the assessment area. HPB&T maintains a 0.8 percent deposit market share in the assessment area, ranking it 20th among all institutions.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2019, the most recent year for which aggregate data is available, 7,153 residential mortgage loans were originated or purchased. HPB&T ranked 8th out of all HMDA reporters in the area with a market share of 2.94 percent; the bank with the highest market share held 15.0 percent. The five most prominent home mortgage lenders accounted for 32.9 percent of the total market share, indicating a competitive market.

Community Contacts

Examiners used three recent community contacts from the AA. The contacts identified changes to the local economy from declining State employment and the lack of industry in the area. One of the contacts mentioned the loss of businesses in the area. All of the contacts described changes in housing stock in the areas where many of the low- and moderate-income tracts are located. Specifically, there has been a decrease in owner-occupied housing and notable increases in rentals. Contacts identified the need for new affordable housing and improvement of the current housing stock, and one contact addressed the lack of financial literacy for individuals seeking home-ownership. The contacts also stated that financial institutions in the area are meeting credit needs.

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 SPRINGFIELD MSA

LENDING TEST

HPB&T exhibited reasonable performance under the Lending Test throughout the Springfield MSA. Performance consistent with overall conclusions was observed for both product lines under the Geographic Distribution of Loans and Borrower's Profile, as detailed in the supporting comments.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout this assessment area, especially when considering the bank's location. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts. It is important to note that HPB&T operates one office in this MSA in an upper-income census tract on the west side of Springfield, which is a considerable distance from a majority of the low- and moderate-income tracts.

Home Mortgage Loans

The bank did not originate any loans in the low-income census tracts in 2020, but originated one, or 5.6 percent of its loans, in 2019, which is comparable to aggregate data of 5.3 percent. The bank originated only 6.1 percent of its home mortgage loans in the moderate-income census tracts in 2020 which is about half of the demographic percentage and made no loans in 2019. The following table provides additional information.

Geographic Distribution of Home Mortgage Loans							
Assessment Area: Hickory Springfield							
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2019	9.2	5.3	1	5.6	2,760	51.7
	2020	9.2	--	0	0.0	0	0.0
Moderate							
	2019	12.4	10.7	0	0.0	0	0.0
	2020	12.4	--	3	6.1	309	2.6
Middle							
	2019	45.9	47.1	5	27.8	526	9.9
	2020	45.9	--	11	22.4	1,212	10.4
Upper							
	2019	32.4	36.9	12	66.7	2,054	38.5
	2020	32.4	--	35	71.4	10,152	87.0
Not Available							
	2019	0.0	0.0	0	0.0	0	0.0
	2020	0.0	--	0	0.0	0	0.0
Totals							
	2019	100.0	100.0	18	100.0	5,340	100.0
	2020	100.0	--	49	100.0	11,673	100.0

*Source: 2015 ACS Census; 1/1/2019 - 12/31/2020 Bank Data, 2019 HMDA 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 reasonable dispersion. In 2019 and 2020, the bank's performance was slightly less than the demographics in low-income census tracts. The bank's performance in moderate-income tracts in 2019 was greater than the area demographics and similar in 2020. As noted in the table, the percentages of businesses operating in the AA is fairly nominal which is reflective of the bank's lending activity. In addition, the bank's branch (upper-income tract) in relation to the low- and moderate-income tracts, the small business dispersion for this assessment area is reasonable. The following table provides additional information.

Geographic Distribution of Small Business Loans					
Assessment Area: Hickory Springfield					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	14.3	1	11.1	224	13.4
2020	14.3	5	11.1	433	5.8
Moderate					
2019	16.6	2	22.2	290	17.3
2020	16.5	6	13.3	995	13.4
Middle					
2019	40.3	2	22.2	298	17.7
2020	40.1	15	33.3	2,742	36.8
Upper					
2019	28.9	4	44.4	866	51.6
2020	29.1	19	42.2	3,279	44.0
Not Available					
2019	0.0	--	--	--	--
2020	0.0	--	--	--	--
Totals					
2019	100.0	9	100.0	1,678	100.0
2020	100.0	45	100.0	7,449	100.0
<i>Sources: 2019 & 2020 D&B Data; 1/1/2019 - 12/31/2020 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Borrower Profile

The distribution of borrowers in the Springfield MSA assessment area is reasonable. Examiners focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less. They also focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. Examiners focused on the comparison to aggregate data in 2019 and area demographics in 2020.

As shown in the following table, the bank did not have any lending to low-income borrowers in 2019 and three loans in 2020, which significantly trailed area demographics in 2020. The table shows the percentage of low-income borrowers in this AA (demographic) was 22.5 percent. Additionally, 10.6 percent of the AA's families had incomes below the poverty level. These families typically do not possess the financial means to qualify for or afford a home mortgage loan due to financial constraints. However, a low-income family in the assessment area, with an income of \$38,200, would not likely qualify for a mortgage under conventional underwriting standards,

especially considering the median housing value of \$126,604. Therefore, this level of lending is reasonable.

The bank’s performance to moderate-income borrowers is significantly greater than the aggregate data and demographics in 2019, and the bank’s 2020 performance to moderate-income borrowers is similar to the demographics. The following table provides additional information.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Hickory Springfield						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	22.5	9.1	0	0.0	0	0.0
2020	22.5	--	3	6.1	266	2.3
Moderate						
2019	16.2	18.6	6	33.3	823	15.4
2020	16.2	--	9	18.4	849	7.3
Middle						
2019	20.7	20.4	6	33.3	885	16.6
2020	20.7	--	8	16.3	945	8.1
Upper						
2019	40.6	35.3	5	27.8	872	16.3
2020	40.6	--	27	55.1	5,413	46.4
Not Available						
2019	0.0	16.6	1	5.6	2,760	51.7
2020	0.0	--	2	4.1	4,200	36.0
Totals						
2019	100.0	100.0	18	100.0	5,340	100.0
2020	100.0	--	49	100.0	11,673	100.0
<i>Sources: 2015 ACS Census; 1/1/2019 - 12/31/2020 Bank Data, 2019 HMDA 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, given performance context, reasonable performance. The bank’s performance of lending to small businesses with GARs of \$1 million or less in both 2019 and 2020 is much lower than the demographics. In 2016, the bank originated 52.6 percent of their loans to small businesses with GARs of \$1 million or less. 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 previously mentioned, D&B reporting is voluntary. The “revenue not available” is the percentage of business owners that did not respond. The following table provides additional information.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Hickory Springfield					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	77.4	4	44.4	536	31.9
2020	78.3	25	55.6	3,541	47.5
>1,000,000					
2019	6.3	5	55.6	1,142	68.1
2020	5.9	12	26.6	3,614	48.5
Revenue Not Available					
2019	16.3	--	--	--	--
2020	15.8	8	17.8	294	4.0
Totals					
2019	100.0	9	100.0	1,678	100.0
2020	100.0	45	100.0	7,449	100.0
<i>Source: 2019 & 2020 D&B Data; 1/1/2019 - 12/31/2020 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

COMMUNITY DEVELOPMENT TEST

Performance under the community development test is adequate in this assessment area. The bank originated one loan for \$250,000 during the review period. The loan provided operating funds for an organization that provides housing for those in need.

There is significant competition for community development loans and investments in this assessment area. There are 31 institutions in this area that operate 86 offices. Additionally, the bank only has one office in this assessment area with a small number of employees. The bank made five qualified investments totaling \$811,850 and 41 donations totaling \$66,788 during the review period. A majority of the investments support community service, while the other donations support affordable housing, revitalization, and stabilization. Further, throughout the evaluation period, bank employees provided 18 instances of financial expertise or technical assistance to 11 different community development-related organizations in this assessment area.

APPENDICES

INTERMEDIATE SMALL 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) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes;
- 4) The geographic distribution of the bank's loans; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

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.

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.

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.