



**PUBLIC DISCLOSURE**

February 1, 2021

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Iroquois Federal Savings and Loan Association  
Charter Number 703870

201 East Cherry Street  
Watseka, IL 60970

Office of the Comptroller of the Currency

3001 Research Road, Suite E2  
Champaign, IL 61822

**NOTE:** 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, and should not 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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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**

**The Lending Test is rated: Satisfactory**

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

The major factors that support these ratings include:

- The Lending Test rating is based on satisfactory performance in the state of Illinois. Iroquois Federal Savings and Loan Association's (IFSLA or FSA) distribution of loans to individuals of different income levels and businesses of different sizes is reasonable throughout its AAs. IFSLA's distribution of loans across geographies of different income levels is excellent throughout its AAs.
- The Community Development (CD) Test is based on outstanding performance in the state of Illinois. IFSLA demonstrated excellent responsiveness to CD needs by engaging in a combination of CD loans, qualified investments, and CD services.
- IFSLA originated or purchased a majority of loans within its assessment areas (AAs).
- IFSLA has a more than reasonable loan-to-deposit (LTD) ratio.
- The FSA did not receive any complaints regarding its CRA performance during the evaluation period.

### Loan-to-Deposit Ratio<sup>1</sup>

Considering IFSLA's size, financial condition, and credit needs of the AA, the federal savings association's (FSA) LTD ratio is more than reasonable.

IFSLA's quarterly LTD ratio averaged 94.2 percent over the 12-quarter period ending December 31, 2019. Over this period, the FSA's quarterly LTD ratio ranged from a low of 79.7 percent to a high of 100.3 percent.

We analyzed the quarterly LTD ratios of eight similarly situated federal and state banks based on a combination of size, location, and lending opportunities. These banks represent the two largest intrastate competitors headquartered in each AA. The banks ranged in size from \$37 million to \$696 million, with a combined average quarterly LTD ratio of 69.3 percent over the same evaluation period. The lowest individual quarterly average was 42.2 percent, while the highest individual quarterly average was 95.6 percent. IFSLA ranked second amongst the group. The table below lists the similarly situated banks (including IFSLA) with corresponding average quarterly LTD ratios.

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<sup>1</sup>The LTD ratio is calculated and evaluated on a bank-wide basis.

Institution	Location	Average Quarterly LTD Ratio	Total Assets (\$000s) as of 12/31/19
CIBM Bank	Champaign County	95.6%	\$ 696,014
<b>Iroquois Federal Savings Association</b>	<b>Iroquois County</b>	<b>94.2%</b>	<b>\$ 678,216</b>
BankChampaign, National Association	Champaign County	87.5%	\$ 237,205
Municipal Trust and Savings Bank	Kankakee County	75.8%	\$ 312,961
Catlin Bank	Vermilion County	73.7%	\$ 62,781
Iroquois Farmers State Bank	Iroquois County	63.0%	\$ 111,060
First Trust Bank of Illinois	Kankakee County	60.9%	\$ 306,050
First Trust and Savings Bank of Watseka	Iroquois County	55.6%	\$ 254,484
First Savings Bank	Vermilion County	42.2%	\$ 36,890

Source: Quarterly Call Reports from March 31, 2017 to December 31, 2019.

### Lending in Assessment Area

A majority of the FSA's loans are inside its AAs. IFSLA originated 73.8 percent of its total loans inside its AAs during the evaluation period. This analysis is performed at the FSA, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

The table below shows the number and dollar volume of loans originated inside and outside the FSA's AAs. This data is based on the FSA's 2017-2019 reported Home Mortgage Disclosure Act (HMDA) data and random samples of 20 small business and 20 consumer loans. All loans included in this analysis were made between January 1, 2017 and December 31, 2019.

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	741	73.3	270	26.7	1,011	178,011	74.1	62,092	25.9	240,102
Small Business	16	80.0	4	20.0	20	1,122	90.6	116	9.4	1,238
Consumer	19	95.0	1	5.0	20	219	61.0	140	39.0	359
<b>Total</b>	<b>776</b>	<b>73.8</b>	<b>275</b>	<b>26.2</b>	<b>1,051</b>	<b>179,352</b>	<b>74.2</b>	<b>62,348</b>	<b>25.8</b>	<b>241,699</b>

Source: Evaluation Period: 1/1/2017 - 12/31/2019 IFSLA Data

## Description of Institution

IFSLA is a \$678.2 million intrastate federally chartered savings association headquartered in Watseka, Illinois. The FSA is a wholly owned subsidiary of IF Bancorp, Inc. (IFB), a one-bank holding company also located in Watseka. IFB's stock is traded on the NASDAQ Capital Market under the symbol of "IROQ."

As a full-service FSA, IFSLA offers a variety of products and services for business and personal needs. These include agricultural loans, commercial loans, home mortgage loans, consumer loans, checking and savings accounts, certificates of deposit, individual retirement accounts, health savings accounts, telephone banking, online banking, and mobile banking. Additionally, the FSA offers a First Time Homebuyer Program and participates in the Federal Home Loan Bank (FHLB) Down-Payment Plus Affordable Housing Program, as well as the United States Department of Agriculture (USDA) Rural Development loan program. Other flexible loan products such as Federal Housing Administration (FHA) loans and U.S. Department of Veterans Affairs (VA) loans are offered through the wholesale lending market. IFSLA has a division known as Iroquois Financial, which offers annuities, life, disability, and health insurance, and investment products through Raymond James Financial Services, Inc. Further, through its wholly-owned subsidiary L.C.I. Corporation, the FSA offers a full line of property and casualty insurance products.

In 2011, IFB established Iroquois Federal Foundation, Inc. (IFF), an affiliate of the FSA that provides charitable grants to a variety of organizations, including CD organizations. We incorporated this affiliate's activities into the CD Test. There have been no major changes in IFSLA's corporate structure, including merger or acquisition activities during the evaluation period.

IFSLA serves all of four contiguous counties in central northeastern Illinois and offers all banking products and services at each of its seven offices. During the evaluation period, the FSA built a new branch office in Kankakee County (June 2017) and added one new branch office in Champaign County (August 2018). IFSLA did not close any branch offices during the evaluation period. In addition to the two new branches discussed above, IFSLA's main office and one branch office are in Iroquois County, two branch offices are in Vermilion County, and there is one other branch office in Champaign County. Each branch office has one cash dispensing automated teller machine (ATM). IFSLA also operates a loan production office in Osage Beach, Missouri; however, it was not included in the FSA's performance evaluation since it is a non-deposit taking office.

For CRA purposes, IFSLA has identified four AAs in the state of Illinois: Iroquois County located in a nonmetropolitan statistical area (Non-MSA); Champaign County located in the Champaign-Urbana MSA #16580; Vermilion County located in the Danville MSA #19180; and, beginning in June 2017, Kankakee County located in the Kankakee MSA #28100. We will refer to these AAs as the Iroquois Non-MSA, the Champaign MSA, the Danville MSA, and the Kankakee MSA, respectively, throughout the performance evaluation.

As of December 31, 2019, IFSLA had tier 1 capital of \$77.8 million. Total deposits equaled \$551.9 million or 81.4 percent of total assets, with approximately 36 percent and 34 percent assigned to IFSLA's Watseka and Danville offices, respectively. Gross loans and leases of \$496.7 million represented 73.2 percent of total assets. Loan originations and loan portfolio composition reflect IFSLA's efforts to lend to individuals, households, and businesses. Based on the number and dollar

volume of loan originations in 2017, 2018, and 2019, home mortgage loans, consumer loans and business loans are considered the primary loan products for this evaluation.

The following tables provide a summary of IFSLA's deposit data, loan originations, and loan portfolio composition during the evaluation period.

<b>Deposit Data</b>		
<b>Office / County</b>	<b>Deposit Amount (\$000's)</b>	<b>Percent of Total Deposits</b>
Champaign / Champaign	\$ 13,914	2.3%
Savoy / Champaign	\$ 40,311	6.6%
Clifton / Iroquois	\$ 33,724	5.5%
Watseka / Iroquois	\$ 208,242	34.0%
Bourbonnais / Kankakee	\$ 35,036	5.7%
Danville / Vermilion	\$ 221,431	36.2%
Hoopeston / Vermilion	\$ 59,169	9.7%
<b>Total Deposits</b>	<b>\$ 611,827</b>	<b>100.0%</b>

*Source: FDIC Summary Deposits Report for June 30, 2019*

<b>Loan Originations</b>				
<b>Loan Category</b>	<b>Number of Loans</b>	<b>Percent of Total Loans by Number</b>	<b>Amount (000s)</b>	<b>Percent of Total Loans by Amount</b>
Consumer Loans	1,071	35.3%	\$ 17,666	4.0%
Home Mortgage Loans	1,011	33.3%	\$ 240,102	53.5%
Business Loans	814	26.8%	\$ 139,322	31.1%
Agricultural Loans	139	4.6%	\$ 51,282	11.4%
<b>Total Loans</b>	<b>3,035</b>	<b>100.0%</b>	<b>\$ 448,372</b>	<b>100.0%</b>

*Source: IFSLA Records January 1, 2017 – December 31, 2019*

<b>Loan Portfolio Composition</b>			
<b>Loan Category</b>	<b>Amount (\$000's)</b>	<b>Percent of Total Loans</b>	<b>Percent of Total Assets</b>
Residential Loans	\$ 142,216	28.6%	21.0%
Farm Loans	\$ 29,197	5.9%	4.3%
Business Loans	\$ 317,935	64.0%	46.9%
Consumer Loans	\$ 7,355	1.5%	1.1%
<b>Total Loans</b>	<b>\$ 496,703</b>	<b>100.0%</b>	<b>73.3%</b>

*Source: 12/31/2019 FFIEC Call Report.*

There are no legal, financial, or other factors impeding IFSLA's ability to meet the credit needs of its AAs. The FSA's last CRA performance evaluation was on May 8, 2017. Utilizing Intermediate Small Bank CRA examination procedures, the OCC concluded that IFSLA's performance was "Satisfactory."

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This evaluation addresses IFSLA's CRA performance from May 9, 2017, through December 31, 2019. Examiners assessed this performance using Intermediate Small Bank examination procedures which include a Lending Test and a CD Test. The Lending Test reflects an evaluation of IFSLA's record of meeting the credit needs of the AAs through its lending activities. The CD Test reflects an evaluation of IFSLA's responsiveness to CD needs of the AAs through loans, qualified investments, and services with a CD purpose.

For the Lending Test, examiners determined that loan data from January 1, 2017, through December 31, 2019, was representative of the evaluation period. Based on discussions with IFSLA management and a review of loan origination data, examiners determined the FSA's primary lending products are home mortgage loans, consumer loans, and business loans. To evaluate lending performance, examiners analyzed all HMDA data submitted for the years of 2017, 2018, and 2019, and selected representative samples of consumer loans and business loans originated or purchased between January 1, 2017, and December 31, 2019. Comparators of demographic data from the 2015 American Community Survey (ACS) U.S. Census and 2019 CRA peer aggregate data, along with any relative performance context were utilized by examiners in the overall analysis of lending performance. Due to the limited number of LMI census tracts (CT) located within the full scope areas, borrower income distribution lending performance received more weight than geographic distribution lending performance.

For the CD Test, the analysis period for CD activities is May 9, 2017, through December 31, 2019. Any activities prior to May 9, 2017, were included in the previous evaluation and any activities after December 31, 2019, will be considered during the next evaluation. As such, all qualifying activities performed in response to the significant impact of the COVID-19 pandemic are not addressed in this evaluation and will be appropriately considered in the subsequent evaluation.

### **Selection of Areas for Full-Scope Review**

In each state where the FSA has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, FSA delineated AAs located within the same MSA, multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, FSA delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

### **Ratings**

The FSA's overall rating is a blend of the state ratings, and where applicable, multistate ratings.

IFSLA operates in a single state, so its overall rating is the same as the rating for the state of Illinois. If performance varied among loan products, results were weighted according to the number of loans

originated. Home mortgage loans and consumer loans received the most weight followed by business loans.

The state of Illinois rating is based on performance in all FSA AAs. Refer to the “Scope” section under each state and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.17, in determining a national bank’s or federal savings association’s (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank’s lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution’s next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of Illinois

**CRA rating for the State of Illinois<sup>2</sup>:** Satisfactory

**The Lending Test is rated:** Satisfactory

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

The major factors that support this rating include:

- The Lending Test rating is based on satisfactory performance in the state of Illinois. The FSA's distribution of loans to individuals of different income levels and businesses of different sizes is reasonable throughout the AAs. IFSLA's distribution of loans across geographies of different income levels is excellent throughout its AAs.
- The CD Test is based on outstanding performance in the state of Illinois. IFSLA demonstrated excellent responsiveness to CD needs by engaging in a combination of CD loans, qualified investments, and CD services.
- IFSLA originated or purchased a majority of loans within its AAs.
- IFSLA has a more than reasonable LTD ratio.
- The FSA did not receive any complaints regarding its CRA performance during the evaluation period.

### Description of Institution's Operations in Illinois

#### Danville MSA

The Danville MSA is a single-state AA consisting of 24 CTs, encompassing all of Vermilion County. There is one low-income CT, five moderate-income CTs, 10 middle-income CTs, and eight upper-income CTs in the AA. IFSLA has one branch office located in a moderate-income CT and one branch office located in an upper-income CT in the AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income (LMI) CTs.

#### Competition

Competition for deposits in the Danville MSA is strong. According to the June 30, 2019 FDIC Deposit Market Share Report, IFSLA's deposits in the AA totaled \$280.6 million, representing 45.9 percent of the FSA's total deposits. IFSLA ranked first out of 16 deposit-taking institutions in the AA with a market share of 23.2 percent. The next four institutions for deposit market share in the AA were First

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<sup>2</sup> This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

Financial Bank (16.9 percent), First Midwest Bank (13.3 percent), Old National Bank (12.7 percent), and First Farmers Bank and Trust Company (8.6 percent).

Competition for loans is also notable. Based on 2019 aggregate mortgage data, 135 lenders originated or purchased home mortgage loans in the AA. IFSLA ranked second out of 135 lenders with 9.1 percent of market share by number of loans originated or purchased. Rounding out the top five lenders were Catlin Bank (13.8 percent), First Financial Bank (5.1 percent), Quicken Loans (4.7 percent), and First Midwest Bank (4.4 percent).

### Demographics

The following table provides a summary of demographic information for this AA.

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Danville MSA (Vermilion County)</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	24	4.2	20.8	41.7	33.3	0.0
Population by Geography	80,368	4.3	18.6	47.2	29.9	0.0
Housing Units by Geography	36,093	4.1	17.1	47.6	31.2	0.0
Owner-Occupied Units by Geography	21,751	2.8	11.4	49.6	36.2	0.0
Occupied Rental Units by Geography	9,780	7.0	24.7	46.6	21.7	0.0
Vacant Units by Geography	4,562	4.0	28.6	40.0	27.4	0.0
Businesses by Geography	3,557	3.9	22.7	42.8	30.7	0.0
Farms by Geography	320	0.0	3.4	44.4	52.2	0.0
Family Distribution by Income Level	20,188	21.7	16.8	20.7	40.8	0.0
Household Distribution by Income Level	31,531	23.4	16.2	18.3	42.1	0.0
Median Family Income MSA - 19180 Danville, IL MSA		\$53,880	Median Housing Value			\$73,747
Families Below Poverty Level		14.2%	Median Gross Rent			\$630
<i>Source: 2015 ACS Census and 2019 D&amp;B Data</i>						
<i>Due to rounding, totals may not equal 100.0</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

### Geographic Distribution of the Population

According to the 2015 ACS Census data, the area population was 80,368 with 3,455 (4.3 percent) residing in the only low-income CT in the AA, 14,948 (18.6 percent) residing in moderate-income CTs, 37,934 (47.2 percent) residing in middle-income CTs, and 24,030 (29.9 percent) residing in upper-income CTs.

### Family Distribution by Income Level

Based on the data found in the table below, the annual Federal Financial Institutions Examination Council (FFIEC) adjusted median family income (MFI) increased by approximately 8.4 percent (\$4,600) between 2017 and 2019.

<b>Median Family Income Ranges</b> <b>Danville, IL MSA (19180) FFIEC Adjusted Median Family Income</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2017 (\$54,700)	<\$27,350	\$27,350 to <\$43,760	\$43,760 to <\$65,640	≥\$65,640
2018 (\$58,300)	<\$29,150	\$29,150 to <\$46,640	\$46,640 to <\$69,960	≥\$69,960
2019 (\$59,300)	<\$29,650	\$29,650 to <\$47,440	\$47,440 to <\$71,160	≥\$71,160

*Source: FFIEC*

According to the 2015 ACS Census data, there were 20,188 families in the AA. The distribution of families by income level was 4,381 (21.7 percent) low-income, 3,392 (16.8 percent) moderate-income, 4,179 (20.7 percent) middle-income, and 8,237 (40.8 percent) upper-income.

### Employment and Economic Factors

According to the Bureau of Labor Statistics (BLS), the unemployment rate for Vermilion county improved slightly year-over-year; however, lagged both the state of Illinois and the national unemployment rates.

<b>Annual Unemployment Rates</b>			
<b>Area</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Vermilion County	6.5%	6.0%	5.1%
State of Illinois	4.9%	4.3%	4.0%
National	4.4%	3.9%	3.7%

*Source: U.S. Department of Labor; Bureau of Labor Statistics. Rates are not seasonally adjusted.*

The percentage of families in the AA living below the poverty level was 14.2 percent. There were 851 families residing in the only low-income CT, 376 (44.2 percent) of which lived below the poverty level. There were 3,018 families residing across the five moderate-income CTs, 892 (29.5 percent) of which lived below the poverty level.

According to Moody's Analytics, the Danville MSA economy remains in a recovery business cycle status. Economic strengths noted include very low business costs and the stable presence of the VA hospital. Economic weaknesses noted include weakness in the large factory sector, per capita income well below state and national averages, negative net migration resulting in a rapidly declining population, and a lack of jobs in high tech and other knowledge-based industries.

The top five employment sectors in the AA are government, manufacturing, retail trade, education and health services, and leisure and hospitality services. The top five employers in the AA include Department of Veterans Affairs Illiana Health Care System (851 employees), ThyssenKrupp Co. (849 employees), McLane Midwest Co. Inc. (767 employees), Blue Cross/Blue Shield of Illinois (556 employees), and KIK Custom Products (511 employees).

Based on the 2015 ACS Census data and June 2019 Dun & Bradstreet data, there were 3,557 businesses located in the Danville MSA. Of these businesses, 137 (3.8 percent) are in the low-income CT and 806

(22.7 percent) are in moderate-income CTs. Small businesses with gross annual revenues of one million dollars or less make up 75.1 percent (2,671) of businesses in the AA.

### Housing Characteristics and Home Affordability

The 2015 ACS Census reported total housing units of 36,093 in the AA. Of the total number of housing units, 21,751 (60.3 percent) were owner-occupied, 9,780 (27.1 percent) were renter-occupied, and 4,562 (12.6 percent) were vacant. Just under three percent (609) of owner-occupied housing units were in the only low-income CT in the AA and approximately 11 percent (2,480) of owner-occupied units were in moderate-income CTs. The median age of housing stock in the low-income CT was 70 years and the in moderate-income CTs was 80 years. Older homes often cost more to maintain, frequently require significant repairs to meet building code requirements, and are typically less energy efficient. These factors add to the overall cost of homeownership and can have a negative impact on home affordability for LMI individuals.

One method used to determine housing affordability assumes a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. Assuming a 30-year mortgage with a five percent interest rate, and not accounting for down payment, homeowners insurance, real estate taxes, or any additional monthly expenses, a low-income borrower making \$29,650 per year (or less than 50 percent of the 2019 FFIEC adjusted MFI in the AA) could afford a \$138,081 mortgage with a payment of \$741 per month. This illustrates that low-income borrowers could qualify for a mortgage loan based on the median housing value in the AA with an estimated payment of \$415; however, may be challenged when accounting for the additional expenses that come with homeownership, such as down payment, homeowners insurance, real estate taxes, and maintenance repairs. According to Realtor.com data, the median housing value in the AA ranged from \$62,800 in 2017 to \$77,300 in 2019, an increase of 23.1 percent.

### Community Contact

The OCC reached out to two community contacts with organizations (one economic development organization and one local government entity) in the Danville MSA in conjunction with this evaluation. Leaders at both organizations identified credit needs including affordable housing (including support for organizations developing affordable housing) and workforce training and development. One contact also commented on the age and condition of the housing inventory that requires costly repairs before occupation, which can be prohibitive for potential LMI homebuyers, and suggested a need for down payment assistance programs.

### **Iroquois Non-MSA**

The Iroquois Non-MSA is a single-state AA consisting of nine census tracts (CTs), encompassing all of Iroquois County. There are no low-income CTs, one moderate-income CT, five middle-income CTs, and three upper-income CTs in the AA. IFSLA's main office is located in the moderate-income CT and there is one branch office located in an upper-income CT in the AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any LMI CTs.

### Competition

Competition for deposits in the Iroquois Non-MSA is moderate. According to the June 30, 2019 FDIC Deposit Market Share Report, IFSLA's deposits in the AA totaled \$241.9 million, representing 39.5 percent of the FSA's total deposits. IFSLA ranked first out of 12 deposit-taking institutions in the AA with a market share of 26.7 percent. The next four institutions for deposit market share in the AA were The First Trust and Savings Bank of Watseka (22.9 percent), Iroquois Farmers State Bank (10.8 percent), Prospect Bank (9.1 percent), and Federated Bank (6.8 percent).

Competition for loans is strong. Based on 2019 aggregate mortgage data, 102 lenders originated or purchased home mortgage loans in the AA. IFSLA ranked first out of 102 lenders with 8.6 percent of market share by number of loans originated or purchased. Rounding out the top five lenders were Federated Bank (7.8 percent), Quicken Loans (7.6 percent), Petefish Skiles & Co Bank (6.6 percent), and First Financial Bank (4.4 percent).

### Demographics

The following table provides a summary of demographic information for this AA.

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Illinois Non-MSA (Iroquois County)</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	9	0.0	11.1	55.6	33.3	0.0
Population by Geography	29,053	0.0	13.1	52.4	34.5	0.0
Housing Units by Geography	13,409	0.0	15.1	51.2	33.7	0.0
Owner-Occupied Units by Geography	9,014	0.0	13.1	51.7	35.1	0.0
Occupied Rental Units by Geography	2,815	0.0	20.2	54.0	25.8	0.0
Vacant Units by Geography	1,580	0.0	17.3	43.2	39.5	0.0
Businesses by Geography	1,545	0.0	21.7	48.4	29.9	0.0
Farms by Geography	347	0.0	3.5	56.5	40.1	0.0
Family Distribution by Income Level	7,986	21.1	18.9	20.0	40.0	0.0
Household Distribution by Income Level	11,829	22.6	16.0	18.1	43.3	0.0
Median Family Income Non-MSAs - IL		\$59,323	Median Housing Value			\$97,842
Families Below Poverty Level		12.1%	Median Gross Rent			\$620
<i>Source: 2015 ACS Census and 2019 D&amp;B Data</i>						
<i>Due to rounding, totals may not equal 100.0</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

### Geographic Distribution of the Population

According to the 2015 ACS Census data, the area population was 29,053 with 3,805 (13.1 percent) residing in the only moderate-income CT in the AA, 15,224 (52.4 percent) residing in middle-income CTs, and 10,023 (34.6 percent) residing in upper-income CTs.

Family Distribution by Income Level

Based on the data found in the table below, the annual FFIEC adjusted MFI increased by approximately 6.3 percent (\$3,800) from 2017 to 2019.

<b>Median Family Income Ranges</b>				
<b>Iroquois Non-MSA FFIEC Adjusted Median Family Income</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2017 (\$60,400)	<\$30,200	\$30,200 to <\$48,320	\$48,320 to <\$72,480	≥\$72,480
2018 (\$63,900)	<\$31,950	\$31,950 to <\$51,120	\$51,120 to <\$76,680	≥\$76,680
2019 (\$64,200)	<\$32,100	\$32,100 to <\$51,360	\$51,360 to <\$77,040	≥\$77,040

Source: FFIEC

According to the 2015 ACS Census data, there were 7,986 families in the AA. The distribution of families by income level was 1,685 (21.1 percent) low-income, 1,509 (18.9 percent) moderate-income, 1,597 (20 percent) middle-income, and 3,194 (40 percent) upper-income.

Employment and Economic Factors

According to the BLS, the unemployment rate for Iroquois county improved year over year, similar to the state of Illinois; however, lagged the national unemployment rates.

<b>Annual Unemployment Rates</b>			
<b>Area</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Iroquois County	4.6%	4.3%	4.2%
State of Illinois	4.9%	4.3%	4.0%
National	4.4%	3.9%	3.7%

Source: U.S. Department of Labor; Bureau of Labor Statistics. Rates are not seasonally adjusted.

The percentage of families in the AA living below the poverty level was 12.1 percent. There were 1,039 families residing in the only moderate-income CT, 241 (23.2 percent) of which lived below the poverty level. There are 3,018 families residing in moderate-income geographies, 892 (29.5 percent) of which live below the poverty level.

Iroquois County is heavily influenced by agriculture and agriculture related businesses, as the county has the second largest area used for farming in Illinois. Hospitals and other health care providers, local schools and trucking/distribution businesses also serve as major sources of employment. The largest employers in the AA are Iroquois Memorial Hospital (425 employees), Nexus Academy (186 employees), The Arc of Iroquois County (150 employees), and Lyon Metal (126 employees).

Based on the 2015 ACS Census data and June 2019 Dun & Bradstreet data, there were 1,545 businesses located in the Iroquois Non-MSA. Out of these businesses, 335 (21.7 percent) are in the only moderate-income CT in the AA. Small businesses with gross annual revenues of one million dollars or less make up 75.4 percent (1,165) of businesses in the AA.

### Housing Characteristics and Home Affordability

The 2015 ACS Census reported total housing units of 13,409 in the AA. Of the total number of housing units, 9,014 (67.2 percent) were owner-occupied, 2,815 (20.9 percent) were renter-occupied, and 1,580 (11.7 percent) were vacant. Approximately 13 percent (1,181) of owner-occupied housing units were in the only moderate-income CT in the AA. The median age of housing stock in the same moderate-income CT was 53 years. Older homes often cost more to maintain, frequently require significant repairs to meet building code requirements, and are typically less energy efficient. These factors add to the overall cost of homeownership and in turn, can have a negative impact on home affordability for LMI individuals.

One method used to determine housing affordability assumes a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. Assuming a 30-year mortgage with a five percent interest rate, and not accounting for down payment, homeowners insurance, real estate taxes, or any additional monthly expenses, a low-income borrower making \$32,100 per year (or less than 50 percent of the 2019 FFIEC adjusted MFI in the AA) could afford a \$149,491 mortgage with a payment of \$803 per month. This illustrates that low-income borrowers could qualify for a mortgage loan based on the median housing value in the AA with an estimated payment of \$557; however, may be challenged when accounting for the additional expenses that come with homeownership, such as down payment, homeowners insurance, real estate taxes, and maintenance repairs. According to Realtor.com data, the median housing value in the AA ranged from \$89,900 in 2017 to \$103,750 in 2019, an increase of 15.4 percent.

### Community Contact

The OCC reached out to two community contacts with organizations (one community-based development organization and one economic development organization) in the Iroquois Non-MSA in conjunction with this evaluation. Like the Danville MSA, leaders from both organizations identified credit needs including affordable housing (including support for organizations developing affordable housing) as the primary need in the AA. One contact expressed concerns with much of the housing inventory that is in reach of LMI households, which requires prohibitively expensive repairs before occupancy can occur. The household may be able to afford a home purchase mortgage, but they cannot finance the necessary repairs.

### **Scope of Evaluation in Illinois**

IFSLA has four AAs in the state of Illinois, the Champaign MSA, the Danville MSA, the Iroquois Non-MSA, and the Kankakee MSA. Based on deposit and loan volumes, we completed full-scope reviews of the Danville MSA and Iroquois Non-MSA AAs, and limited scope reviews of the Champaign MSA and Kankakee MSA AAs. IFSLA's deposit market share in both the Iroquois Non-MSA and Danville MSA AAs ranks highest at 27 percent and 23 percent, respectively. The FSA's deposit market share in the Kankakee MSA and Champaign MSA AAs is two percent and one percent, respectively. IFSLA's total deposits by branch come 46 percent from the Danville MSA AA, 40 percent from the Iroquois Non-MSA AA, nine percent from the Champaign MSA AA, and six percent from the Kankakee MSA AA. During the evaluation period, nearly 75 percent of home mortgage, business, and consumer loans originated from branches throughout the Danville MSA and Iroquois Non-MSA AAs. Business and consumer loans were not considered in the Kankakee MSA. The FSA had minimal origination activity in both products, resulting in sample sizes below the threshold to conduct a meaningful analysis.

## **LENDING TEST**

IFSLA's performance under the Lending Test in Illinois is rated Satisfactory.

### **Conclusions for Area Receiving a Full-Scope Review**

Based on full- and limited-scope reviews, IFSLA's lending performance in the state of Illinois is satisfactory.

### **Distribution of Loans by Income Level of the Geography**

IFSLA exhibits an excellent geographic distribution of loans in the state.

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

Refer to Table O in the state of Illinois section of appendix D for the facts and data used to evaluate the geographic distribution of the FSA's home mortgage loan originations and purchases.

##### **Danville MSA**

IFSLA exhibits a reasonable geographic distribution of home mortgage loans in the Danville MSA. The FSA's lending in the low-income CT was near to the percentage of owner-occupied housing units and significantly exceeded aggregate lending in the CT. The FSA's lending in moderate-income CTs was significantly lower than the percentage of owner-occupied housing units and exceeded aggregate lending in those CTs.

##### **Iroquois Non-MSA**

IFSLA exhibits an excellent geographic distribution of home mortgage loans in the Iroquois Non-MSA. The FSA's lending in the moderate-income CT exceeded the percentage of owner-occupied housing units and significantly exceeded aggregate lending in the CT. There were no low-income CTs in the AA.

#### ***Small Loans to Businesses***

Refer to Table Q in the state of Illinois section of Appendix D for the facts and data used to evaluate the geographic distribution of the FSA's originations and purchases of small loans to businesses.

##### **Danville MSA**

IFSLA exhibits an excellent geographic distribution of small loans to businesses within the Danville MSA. The FSA's lending in moderate-income CTs exceeded the percentage of businesses and significantly exceeded aggregate lending in those CTs. The FSA's lending in the low-income CT was below the percentage of businesses and aggregate lending in the CT. Based on the number of businesses located in the moderate-income CTs, performance in the moderate-income CTs raised the overall conclusion to excellent for the AA.

*Iroquois Non-MSA*

IFSLA exhibits an excellent geographic distribution of small loans to businesses within the Iroquois Non-MSA. The FSA's lending in the moderate-income CT exceeded the percentage of businesses and significantly exceeded aggregate lending in the CT. There were no low-income CTs in the AA.

***Consumer Loans***

Refer to Table U in the state of Illinois section of appendix D for the facts and data used to evaluate the geographic distribution of the FSA's consumer loan originations and purchases.

*Danville MSA*

IFSLA exhibits a reasonable geographic distribution of consumer loans within the Danville MSA. Based on our sample of 30 loans, the FSA did not make any loans in the only low-income CT in the AA. IFSLA's lending in moderate-income CTs significantly exceeded the percentage of households in those CTs.

*Iroquois Non-MSA*

IFSLA exhibits an excellent geographic distribution of consumer loans within the Iroquois Non-MSA. The FSA's lending in the moderate-income CT significantly exceeded the percentage of households in the CT. There were no low-income CTs in the AA.

***Lending Gap Analysis***

The OCC analyzed IFSLA's geographic lending patterns of home mortgage loans, small loans to businesses and consumer loans by mapping loan originations and purchases throughout the AA. We did not identify any unexplained conspicuous lending gaps.

**Distribution of Loans by Income Level of the Borrower**

IFSLA exhibits a reasonable distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the FSA.

***Home Mortgage Loans***

Refer to Table P in the state of Illinois section of appendix D for the facts and data used to evaluate the borrower distribution of the FSA's home mortgage loan originations and purchases.

*Danville MSA*

When considering performance context discussed in the FSA's operations in the state of Illinois, IFSLA exhibits a reasonable borrower distribution of home mortgage loans in the Danville MSA. The FSA's lending to low-income borrowers was significantly lower than the percentage of low-income families in the AA and near to the aggregate lending in the AA. The FSA's lending to moderate-income borrowers

was near to the percentage of moderate-income families in the AA and below the aggregate lending in the AA.

*Iroquois Non-MSA*

IFSLA exhibits a reasonable borrower distribution of home mortgage loans in the Iroquois Non-MSA. The FSA's lending to low-income borrowers was significantly lower than the percentage of low-income families in the AA and significantly exceeded the aggregate lending in the AA. The FSA's lending to moderate-income borrowers approximated the percentage of moderate-income families in the AA and exceeded the aggregate lending in the AA.

***Small Loans to Businesses***

Refer to Table R in the state of Illinois section of Appendix D for the facts and data used to evaluate the borrower distribution of the FSA's originations and purchases of small loans to businesses.

*Danville MSA*

IFSLA exhibits a reasonable distribution of loans to businesses of different sizes in the Danville MSA. The FSA's lending was within a reasonable range below the percentage of small businesses and significantly exceeded the aggregate lending. Of the loans sampled, 60 percent were to small businesses.

*Iroquois Non-MSA*

IFSLA exhibits a reasonable distribution of loans to businesses of different sizes in the Iroquois Non-MSA. The FSA's lending was near to the percentage of small businesses and significantly exceeded the aggregate lending. Of the loans sampled, 65 percent were to small businesses.

***Consumer Loans***

Refer to Table V in the state of Illinois section of Appendix D for the facts and data used to evaluate the borrower distribution of the FSA's consumer loan originations and purchases.

*Danville MSA*

IFSLA exhibits an excellent distribution of consumer loans to individuals of different income levels in the Danville MSA. The FSA's lending to low-income borrowers was near to the percentage of low-income households in the AA. The FSA's lending to moderate-income borrowers significantly exceeded the percentage of moderate-income households in the AA.

*Iroquois Non-MSA*

IFSLA exhibits a reasonable distribution of consumer loans to individuals of different income levels in the Iroquois Non-MSA. The FSA's lending to low-income borrowers was significantly lower than the percentage of low-income households in the AA. The FSA's lending to moderate-income borrowers significantly exceeded the percentage of moderate-income households in the AA.

## Responses to Complaints

IFSLA did not receive any complaints regarding its CRA performance during the evaluation period.

## Conclusions for Areas Receiving Limited Scope Reviews

Based on limited-scope reviews, the FSA's performance under the Lending Test in the Champaign MSA and Kankakee MSA is consistent with the FSA's overall performance under the Lending Test in the full scope areas.

## COMMUNITY DEVELOPMENT TEST

IFSLA's performance under the CD Test in the state of Illinois is rated Outstanding.

## Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope and limited-scope reviews, IFSLA exhibits excellent responsiveness to CD needs in Illinois through CD loans, qualified investments, and CD services, as appropriate, considering the FSA's capacity and the need and availability of such opportunities for CD in the FSA's AAs. To provide perspective regarding the relative level of qualified CD loans and qualified investments, we allocated a portion of the FSA's tier one capital to each AA based on the percentage of the FSA's deposits located in the respective AA as a means of comparative analysis.

## Number and Amount of Community Development Loans

The CD Loans Table, shown below, sets forth the information and data used to evaluate the FSA's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Champaign MSA	3	13.1	1,986	17.7
Danville MSA	13	56.5	8,159	72.8
Iroquois Non-MSA	6	26.1	880	7.9
Kankakee MSA	-	-	-	-
Outside AA	1	4.3	180	1.6
<b>Total</b>	<b>23</b>	<b>100.0</b>	<b>11,205</b>	<b>100.0</b>

### Danville MSA

IFSLA's level of CD lending provided excellent responsiveness to community credit needs in the Danville MSA. During the evaluation period, IFSLA originated 13 CD loans totaling \$8.2 million, or 22.8 percent of allocated tier 1 capital. CD loans consisted of the following:

- Ten loans totaling \$6.6 million supported five nonprofit health and social services organizations that provide community services to primarily LMI families in the AA. These include services and residential facilities for individuals with mental illness and developmental disabilities; meals, services, and transportation for senior citizens; preschool education; and outreach programs for teens. A majority of children in the participating schools are enrolled in the free or reduced lunch program.
- One loan for \$1.5 million improved essential infrastructure and services in a municipality where the majority of residents served are LMI individuals.
- Two loans totaling \$109,000 support the purchase, refinance, and/or renovation of seven rental homes, providing affordable housing for LMI individuals in LMI geographies. Affordable rental housing and renovation of housing in LMI geographies is an identified credit need.

### Iroquois Non-MSA

IFSLA's level of community development lending provided adequate responsiveness to community credit needs in the Iroquois Non-MSA. During the evaluation period, the FSA originated six CD loans totaling \$880,000, or 2.9 percent of allocated tier 1 capital in the AA. CD loans consisted of the following:

- Four loans totaling \$400,000 supported business expansion in a moderate-income CT in Watseka. The new business, located in an Opportunity Zone, created/retained four LMI jobs providing economic development in the AA.
- Two loans supported a nonprofit health services organization that provides community services to meet the medical health care needs of Iroquois County, in an area where a majority of the population served are LMI individuals.

### Statewide/Regional

IFSLA also originated one CD loan, totaling \$180,000, within the state of Illinois, outside of its AAs. This loan supported affordable housing through the financing of a six-unit apartment building located in a moderate-income CT. Also located within a designated Opportunity Zone, the property will be leased to a nonprofit organization that provides housing to victims of domestic violence.

## Number and Amount of Qualified Investments

The Qualified Investments Table, shown below, sets forth the information and data used to evaluate the FSA's level of qualified CD investments.

Qualified Investments										
Assessment Area	Prior Period <sup>3</sup>		Current Period		Total				Unfunded Commitments	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's) <sup>4</sup>
Champaign MSA	-	-	25	90	25	14.9	91	2.1	-	-
Danville MSA	1	20	65	292	66	39.3	312	7.2	-	-
Iroquois County	1	1,150	46	172	47	28.0	1,322	30.6	-	-
Kankakee County	-	-	19	46	19	11.3	46	1.1	-	-
<b>Subtotal</b>	<b>2</b>	<b>1,170</b>	<b>155</b>	<b>601</b>	<b>157</b>	<b>93.5</b>	<b>1,771</b>	<b>41.0</b>		
Outside AA	-	-	11	2,552	11	6.5	2,552	59.0	-	-
<b>Total</b>	<b>2</b>	<b>1,170</b>	<b>166</b>	<b>3,153</b>	<b>168</b>	<b>100.0</b>	<b>4,323</b>	<b>100.0</b>	-	-

### Danville MSA

IFSLA's level of qualified investments demonstrated adequate responsiveness to community needs and opportunities in the Danville MSA. During the evaluation period, IFSLA and its affiliate made 65 grants/donations totaling \$292,000 and retained one prior period investment of \$20,000, for an overall total of \$312,000, or one percent of allocated tier 1 capital in the AA. Qualified investments consisted of the following:

- \$36,000 to a local foundation that facilitates economic development and job creation in the AA.
- \$20,000 to a local foundation that provides educational programs in a school district where a majority of students are from LMI families.
- \$20,000 prior period investment in a local community development corporation with a mission to provide economic development in support of job creation and affordable housing retention.
- \$16,000 to a local school for computers and tuition assistance targeted primarily for LMI students.
- \$23,335 to the local United Way to support organizations providing homeless shelter, community health services, youth programs, and free income tax assistance to LMI individuals.
- The remaining funds were provided to community service organizations that provide an array of services primarily for LMI individuals and families. Services provided by these organizations included food donations, healthcare, counseling for children and families, and educational and social outreach.

### Iroquois Non-MSA

IFSLA's level of qualified investments demonstrated excellent responsiveness to community needs and opportunities in the Iroquois Non-MSA. During the evaluation period, IFSLA and its affiliate made 46 grants/donations totaling \$171,895 and retained one prior period investment with a book value of \$1.2

<sup>3</sup> Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

<sup>4</sup> Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

million, for an overall total of \$1.3 million, or 4.3 percent of allocated tier 1 capital in the AA. Qualified investments consisted of the following:

- \$1.2 million prior period investment in a Qualified Zone Academy Bond benefiting a local school district. The investment remains 100 percent outstanding in the AA and provided financing for classroom enhancements, teacher education, and the purchase of education equipment in a school district where a majority of students are from LMI families.
- \$35,520 to a social services organization that provides community services and developmental training for primarily LMI disabled persons.
- The remaining funds were provided to community service organizations that provide an array of services primarily for LMI individuals and families. Services provided by these organizations included food donations, healthcare, counseling for children and families, and educational and social outreach.

### Statewide/Regional

IFSLA made an additional 11 investments, totaling \$2.6 million, within the regional area, but outside its AAs. Qualified investments consisted of the following:

- \$2 million Fannie Mae Delegated Underwriting and Servicing (DUS) mortgage backed security purchase supporting an affordable housing project in a low-income CT.
- \$285,000 Freddie Mac Home Possible loan pool purchase. The Home Possible program is an affordable housing program specifically targeted to LMI borrowers, offering credit flexibilities and lower fees.
- \$250,000 investment in a minority-owned Community Development Financial Institution (CDFI).
- The remaining funds were provided to community development organizations that provide an array of services primarily for LMI families.

### **Extent to Which the Bank Provides Community Development Services**

The Qualified Services Table, shown below, sets forth the information and data used to evaluate the FSA's level of qualified CD service hours.

<b>Community Development Services by Assessment Area</b>					
	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
<b>Assessment Area</b>	<b># of Hours</b>	<b># of Hours</b>	<b># of Hours</b>	<b># of Hours</b>	<b># of Hours</b>
Champaign MSA	13	101	12	0	<b>126</b>
Danville MSA	40	884	8	10	<b>942</b>
Iroquois County	0	1,439	24	183	<b>1,646</b>
Kankakee MSA	0	205	8	0	<b>213</b>
<b>Total</b>	<b>53</b>	<b>2,629</b>	<b>52</b>	<b>193</b>	<b>2,927</b>
<i>Source: Bank Data, census year = 2015 ACS Census Due to rounding, totals may not equal</i>					

Danville MSA

IFSLA provided an excellent level of CD services in the Danville MSA. During the evaluation period, 21 employees performed 942 hours of CD services, supporting 21 organizations. Employees served in a variety of roles providing financial/technical expertise. Eight employees served in leadership roles, primarily as board members.

Iroquois Non-MSA

IFSLA provided an excellent level of CD services in the Iroquois Non-MSA. During the evaluation period, 23 employees performed 1,646 hours of CD services, supporting 23 organizations. Employees served in a variety of role providing financial/technical expertise. Eight employees served in leadership roles, primarily as board members.

**Conclusions for Areas Receiving Limited Scope Reviews**

Based on a limited-scope review, IFSLA's performance under the CD Test in the Champaign MSA is consistent with the FSA's overall performance under the CD Test in the full scope areas.

Based on a limited-scope review, IFSLA's performance under the CD Test in the Kankakee MSA is weaker than the FSA's overall performance under the CD Test in the full scope areas. IFSLA had limited qualified investments and CD services, and no CD loans during the evaluation period.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

<b>Time Period Reviewed:</b>	Lending Test: 01/01/2017 to 12/31/2019 Community Development Test: 05/09/2017 to 12/31/2019	
<b>Bank Products Reviewed:</b>	Home Mortgage, Small Business and Consumer Loans Community Development Loans, Qualified Investments, and Community Development Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Iroquois Federal Foundation Inc.	Nonprofit established by holding company	Investments
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>State of Illinois</b>		
Danville, IL MSA - 19180	Full-Scope	Vermilion County: Census Tracts 0001 – 0009, 0012, 0013, 0101 – 0106, 0107.01, 0107.02, 0108 – 0112
Iroquois County (Non-MSA)	Full-Scope	Iroquois County: Census Tracts 9501 – 9509
Champaign-Urbana, IL MSA - 16580	Limited-Scope	Champaign County: Census Tracts 0002, 0003.01, 0003.02, 0004.01, 0004.02, 0005, 0007, 0008, 0009.01, 0009.02, 0010, 0011, 0012.01, 0012.03 – 0012.06, 0013.01, 0013.02, 0014, 0053, 0054.01, 0054.02, 0055, 0056, 0057.01, 0057.02, 0058 – 0060, 0101, 0102.04, 0103 – 0105, 0106.01, 0106.03, 0106.04, 0107 – 0111
Kankakee, IL MSA – 28100	Limited-Scope	Kankakee County: Census Tracts 0101, 0102.01, 0102.02, 0103 – 0105, 0106.01, 0106.02, 0107.01, 0107.02, 0108 – 0126

## Appendix B: Summary of MMSA and State Ratings

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<b>RATINGS: IROQUOIS FEDERAL SAVINGS ASSOCIATION</b>			
<b>Overall Bank:</b>	<b>Lending Test Rating:</b>	<b>Community Development Test Rating:</b>	<b>Overall Bank/State Rating:</b>
Iroquois Federal Savings Association	Satisfactory	Outstanding	Satisfactory
<b>State:</b>			
Illinois	Satisfactory	Outstanding	Satisfactory

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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, other secured consumer loans, and other unsecured consumer loans.

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

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**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 state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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 percent and less than 120 percent, in the case of a geography

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

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

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

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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

**Small Loan(s) to Farm(s):** 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 or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

**Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.

**Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

**Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** **2017-19**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Champaign MSA	267	127,359	36.1	4,904	5.5	13.5	5.6	12.1	19.5	10.3	57.6	47.2	57.4	24.7	18.4	26.5	0.1	1.5	0.2
Danville MSA	320	35,783	43.2	1,182	2.8	2.2	1.1	11.4	5.6	3.8	49.6	46.9	49.3	36.2	45.3	45.8	0.0	0.0	0.0
Iroquois Non-MSA	101	8,148	13.6	409	0.0	0.0	0.0	13.1	14.9	5.1	51.7	41.6	42.3	35.1	43.6	52.6	0.0	0.0	0.0
Kankakee MSA	52	7,102	7.0	2,918	8.2	1.9	4.7	13.1	19.2	12.6	48.1	32.7	47.3	30.6	46.2	35.3	0.0	0.0	0.0
<b>Total</b>	<b>740</b>	<b>178,392</b>	<b>100.0</b>	<b>9,413</b>	<b>5.2</b>	<b>5.9</b>	<b>4.5</b>	<b>12.3</b>	<b>12.8</b>	<b>10.0</b>	<b>52.8</b>	<b>45.3</b>	<b>52.6</b>	<b>29.7</b>	<b>35.4</b>	<b>32.8</b>	<b>0.1</b>	<b>0.5</b>	<b>0.1</b>

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

**Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** **2017-19**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Champaign MSA	267	127,359	36.1	4,904	22.5	1.9	9.4	16.6	5.6	18.3	20.4	4.5	20.6	40.5	15.7	35.8	0.0	72.3	15.8
Danville MSA	320	35,783	43.2	1,182	21.7	5.6	5.9	16.8	14.7	18.2	20.7	24.7	23.9	40.8	38.1	33.7	0.0	16.9	18.3
Iroquois Non-MSA	101	8,148	13.6	409	21.1	10.9	7.3	18.9	18.8	17.6	20.0	24.8	26.9	40.0	34.7	31.1	0.0	10.9	17.1
Kankakee MSA	52	7,102	7.0	2,918	22.2	5.8	7.6	17.4	15.4	18.4	20.3	28.8	24.3	40.2	30.8	32.7	0.0	19.2	17.0
<b>Total</b>	<b>740</b>	<b>178,392</b>	<b>100.0</b>	<b>9,413</b>	<b>22.1</b>	<b>5.0</b>	<b>8.4</b>	<b>17.0</b>	<b>12.0</b>	<b>18.3</b>	<b>20.4</b>	<b>17.7</b>	<b>22.4</b>	<b>40.4</b>	<b>29.1</b>	<b>34.4</b>	<b>0.0</b>	<b>36.2</b>	<b>16.6</b>

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

**Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** **2017-19**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Champaign MSA	30	3,968	35.3	2,796	10.9	6.7	10.9	18.7	10.0	17.8	41.1	43.3	43.6	26.6	40.0	26.5	2.8	0.0	1.1
Danville MSA	35	3,659	41.2	723	3.9	2.9	3.7	22.7	28.6	18.3	42.8	40.0	39.6	30.7	28.6	38.5	0.0	0.0	0.0
Iroquois Non-MSA	20	2,782	23.5	296	0.0	0.0	0.0	21.7	25.0	13.2	48.4	65.0	53.7	29.9	10.0	33.1	0.0	0.0	0.0
<b>Total</b>	<b>85</b>	<b>10,409</b>	<b>100.0</b>	<b>3,815</b>	<b>8.3</b>	<b>3.5</b>	<b>8.7</b>	<b>19.8</b>	<b>21.2</b>	<b>17.6</b>	<b>42.1</b>	<b>47.1</b>	<b>43.6</b>	<b>27.8</b>	<b>28.2</b>	<b>29.3</b>	<b>1.9</b>	<b>0.0</b>	<b>0.8</b>

Source: 2019 Dun & Bradstreet Data; 01/01/2017 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

**Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues** **2017-19**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Champaign MSA	30	3,968	35.3	2,796	78.5	73.3	47.2	5.3	26.7	16.2	0.0
Danville MSA	35	3,659	41.2	723	75.1	60.0	44.1	6.0	40.0	18.9	0.0
Iroquois Non-MSA	20	2,782	23.5	296	75.4	65.0	37.5	6.8	35.0	17.8	0.0
<b>Total</b>	<b>85</b>	<b>10,409</b>	<b>100.0</b>	<b>3,815</b>	<b>77.4</b>	<b>65.9</b>	<b>45.9</b>	<b>5.6</b>	<b>34.1</b>	<b>17.0</b>	<b>0.0</b>

Source: 2019 Dun & Bradstreet Data; 01/01/2017 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography													2017-19	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$ ('000)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Champaign MSA	20	266	25.0	14.5	10.0	17.1	20.0	47.3	50.0	19.3	20.0	1.9	0.0	
Danville MSA	30	297	37.5	4.1	0.0	15.5	20.0	48.7	43.3	31.7	36.7	0.0	0.0	
Iroquois Non-MSA	30	258	37.5	0.0	0.0	14.8	20.0	52.3	53.3	32.9	26.7	0.0	0.0	

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data.  
Due to rounding, totals may not equal 100.0

Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2017-19	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$ ('000)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Champaign MSA	20	297	25.0	28.9	10.0	14.5	20.0	15.2	15.0	41.5	40.0	0.0	15.0	
Danville MSA	30	297	37.5	23.4	20.0	16.2	33.3	18.3	16.7	42.1	30.0	0.0	0.0	
Iroquois Non-MSA	30	258	37.5	22.6	10.0	16.0	30.0	18.1	33.3	43.3	26.7	0.0	0.0	

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data.  
Due to rounding, totals may not equal 100.0