



PUBLIC DISCLOSURE

April 15, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Peoples National Bank of Kewanee
Charter Number 14418

207 North Tremont Street
Kewanee, Illinois 61443

Office of the Comptroller of the Currency

211 Fulton Street
Suite 604
Peoria, Illinois 61602

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 is: Outstanding

The Lending Test is rated: Outstanding.

- The borrower distribution of loans reflects excellent penetration in the assessment areas (AAs).
- The geographic distribution of loans reflects excellent dispersion in the AAs.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout 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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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 MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: 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; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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, home equity 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 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), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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 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 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.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. 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 it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

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.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

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

Description of Institution

Peoples National Bank of Kewanee (PNB or bank) is an intrastate financial institution headquartered in Kewanee, Illinois, near Illinois Route 78, with assets of \$352.2 million, at December 31, 2018. The bank acquired First National Bank of Dwight (FNB Dwight) and its two branches on April 2, 2018.

PNB is wholly owned by Peoples Financial Corporation of Illinois, Inc. (PFCI), a holding company headquartered in Kewanee, Illinois. PFCI does not own any other entities. PFCI does not negatively affect PNB's ability to meet the credit needs of the community.

PNB's strategy is to meet the financial service needs of the customers in the communities they serve. The bank offers a full range of deposit and loan products and services.

PNB serves its customers in three AAs in northwest and north central Illinois. The Henry AA includes CTs in Henry County, which is part of the Davenport-Moline-Rock Island, Iowa-Illinois MSA; the Stark AA includes CTs in Stark County, which is part of the Peoria, Illinois MSA; and the nonMSA AA includes CTs in Bureau, LaSalle, Livingston, and Whiteside Counties. The CTs in LaSalle and Livingston Counties were added to the combined nonMSA AA on April 2, 2018.

PNB serves the Henry AA with three branches and six ATMs, the Stark AA with one branch and one ATM, and the combined nonMSA AA with five branches and nine ATMs. All nine branches offer banking services on Saturdays. Bank customers can also access accounts via mobile, text, and internet banking platforms. In 2016, two ATMs were located in moderate-income CTs. In 2017 and 2018, one branch and four ATMs were located in moderate-income CTs.

Business lending represented the largest segment of the loan portfolio, at \$97.8 million, followed by agriculture at \$31.2 million, residential real estate at \$28.7 million, and consumer at \$6.1 million, as of December 31, 2018.

PNB held a net loans and leases to total assets ratio of 46.0 percent and a tier one leverage capital ratio of 12.3 percent, as of December 31, 2018.

Competition for loans is high due to competition within the AAs and due to the proximity to the larger banking markets of the Quad Cities, Peoria, and Peru/LaSalle. PNB competes with national banks, state banks, credit unions, farm credit unions, and non-bank lenders.

The bank sourced a majority of its deposits from the Henry AA, with 67.7 percent of total deposits, as of June 30, 2017, and 40.0 percent as of June 30, 2018. The decline is due to the acquisition of the First National Bank of Dwight (FNB Dwight) in Dwight, Illinois, which contributed to an increase in deposits sourced from the combined nonMSA areas.

In the Henry and Stark Counties, the top FDIC insured financial institutions held significant deposit market shares. In Henry County, PNB held a deposit market share of 9.8 percent, ranking fifth among 11 FDIC insured financial institutions. The top three institutions in Henry County held a deposit market share of 52.1 percent. In Stark County, PNB held a deposit market share of 9.3 percent among four FDIC insured financial institutions. The top two institutions in Stark County held a deposit market share of 81.7 percent. In the nonMSA counties, PNB held a deposit market share of 3.1 percent, among 51 FDIC insured financial institutions.

There are no legal or financial circumstances that impede the bank's ability to meet the credit needs of its AAs.

The previous CRA rating, which the OCC determined using the Small Bank criterion, was Satisfactory, as detailed in the PE dated July 5, 2016.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period is from the date of the previous CRA PE of July 5, 2016, through December 31, 2018. We assessed the bank under the Small Bank criterion, which includes a Lending Test. The Lending Test evaluated the lending activity from June 1, 2016, through December 31, 2016, and compared to 2010 U.S. Census data. The calendar years of 2017 and 2018 were compared to the 2015 American Community Survey (ACS) Census data.

The primary loan products were determined to be business loans and consumer loans, based on the number and dollar amount of loans originated and purchased between June 6, 2016, and December 31, 2018, per bank data. Together, these products accounted for 61.7 percent, by dollar, and 74.1 percent, by number, of originations and purchases.

Data Integrity

PNB is not required to maintain CRA loan application register data on business lending outside of individual credit files. Therefore, we utilized random sampling to obtain data for business loans, as well as consumer loans. We obtained the gross revenues of business borrowers and gross income of consumer borrowers. We also geocoded each loan sampled.

Selection of Areas for Full-Scope Review

The Henry AA received a full-scope review.

Ratings

The overall rating is based primarily on those areas that received full-scope reviews. The combined lending performance for the January 1, 2017, through December 31, 2018, analysis period received a greater weighting.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, 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 assessment area 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 Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] 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.

Conclusions with Respect to Performance Tests

LENDING TEST

PNB exceeds the standard for satisfactory performance.

Loan-to-Deposit Ratio

PNB's quarterly average loan-to-deposit (LTD) ratio is reasonable given the performance context. PNB's quarterly average LTD ratio was 55.9 percent for the 11 quarter period between June 30, 2016, and December 31, 2018, with a low of 45.5 percent at June 30, 2016, and a high of 68.0 percent at March 31, 2018. PNB's quarterly average LTD ratio had been trending upward from the prior CRA PE until the acquisition of FNB Dwight, which contributed to a drop in the LTD ratio to 48.0 at June 30, 2018, but has since increased to 54.1 percent at December 31, 2018.

PNB ranked 14th of 16 similarly situated FDIC insured financial institutions that compete with the bank for deposits in the AAs. The comparable institutions ranged in size from \$200.5 million to \$547.2 million and reported quarterly average LTD ratios from 47.4 percent to 103.2 percent. Note that the LTD ratio is calculated on a bank-wide basis.

Lending in Assessment Area

A majority of the loans are to customers inside the AAs. Note that the proportion of lending inside versus outside the bank's AA is calculated on a bank-wide basis.

See Table 1 in Appendix C for Lending Inside and Outside of the AA.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The borrower distribution of loans reflects excellent penetration in the Henry, Stark, and nonMSA AAs.

Small Business Lending:

The distribution of business loans reflects excellent penetration among businesses of different sizes in the AAs, given the performance context.

See Tables 2, 3, 4, and 5 in Appendix C for Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues.

Full Scope:

Henry AA:

The distribution of business loans reflects reasonable penetration in the Henry AA.

For 2016, the distribution of business loans reflected reasonable penetration to businesses of different sizes. The proportion of lending to small businesses was near to the percentage of small businesses in the AA but significantly stronger than the aggregate distribution.

For 2017 and 2018, the distribution of business loans reflected reasonable penetration to businesses of different sizes. The proportion of lending to small businesses was near to the percentage of small businesses in the AA but significantly stronger than the aggregate distribution.

Limited scopes:

Stark AA:

The distribution of business loans reflects excellent penetration in the Stark AA.

For 2016, performance in the Stark AA was not consistent with the full scope review. Performance in the Stark AA reflected excellent penetration to businesses of different sizes and was significantly stronger than the aggregate distribution.

For 2017 and 2018, performance in the Stark AA was not consistent with the full scope review. Performance in the Stark AA reflected excellent penetration to businesses of different sizes and was significantly stronger than the aggregate distribution.

NonMSA AA:

The distribution of business loans reflects excellent penetration in the nonMSA AA.

For 2016, performance in the nonMSA AA was not consistent with the full scope review. Performance in the nonMSA AA reflected excellent penetration to businesses of different sizes and was significantly stronger than the aggregate distribution. Due to the short analysis period, only 12 business loans were geocoded to the AA in the analysis period.

For 2017 and 2018, performance in the nonMSA AA was not consistent with the full scope review. Performance in the nonMSA AA reflected excellent penetration to businesses of different sizes and was significantly stronger than the aggregate distribution.

Consumer Lending:

The distribution of consumer loans reflects excellent penetration among households of different incomes in the AAs, given the performance context.

See Tables 6, 7, 8, and 9 in Appendix C for Assessment Area Distribution of Consumer Loans by Income Category of the Borrower.

Full Scopes:

Henry AA:

The distribution of consumer loans reflects excellent penetration in the Henry AA.

For 2016, the distribution of consumer loans reflected excellent penetration to households of different incomes. The proportion of lending to both low- and moderate-income households significantly exceeded the percentage of low- and moderate-income households in the AA.

For 2017 and 2018, the distribution of consumer loans reflected excellent penetration to households of different incomes. The proportion of lending to both low- and moderate-income households significantly exceeding the percentage of low- and moderate-income households in the AA.

Limited Scopes:

Stark AA:

The distribution of consumer loans reflects excellent penetration in the Stark AA.

For 2016, performance in the Stark AA was consistent with the full scope review.

For 2017 and 2018, performance in the Stark AA was consistent with the full scope review.

NonMSA AA:

The distribution of consumer loans reflects excellent penetration in the nonMSA AA.

For 2016, performance in the nonMSA AA was consistent with the full scope review.

For 2017 and 2018, performance in the nonMSA AA was consistent with the full scope review.

Geographic Distribution of Loans

The geographic distribution reflects excellent dispersion in CTs of different incomes.

Small Business Lending:

The geographic distribution of business loans reflects excellent dispersion, given the performance context.

See Tables 10, 11, 12, and 13 in Appendix C for Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography.

Full Scope:

Henry AA:

The geographic distribution of business loans reflects excellent dispersion in the Henry AA. There were no low-income CTs in the Henry AA for the years 2016, 2017, and 2018.

For 2016, the distribution of business loans reflected excellent dispersion. The proportion of lending in moderate-income CTs significantly exceeded the percentage of businesses in moderate-income CTs in the AA and was significantly stronger than the aggregate distribution.

For 2017 and 2018, the distribution of business loans reflected excellent dispersion. The proportion of lending in moderate-income CTs significantly exceeded the percentage of businesses in moderate-income CTs in the AA and was significantly stronger than the aggregate distribution.

Limited scopes:

There were no low- or moderate-income CTs in the Stark or nonMSA AAs for 2016, 2017, and 2018.

Consumer Lending:

The geographic distribution of consumer loans reflects excellent dispersion, given the performance context.

See Tables 14, 15, 16, and 17 in Appendix C for Assessment Area Distribution of Consumer Loans by Income Category of the Geography.

Full Scope:

Henry AA:

The geographic distribution of consumer loans reflects excellent dispersion in the Henry AA. There were no low-income CTs in the Henry AA for the years 2016, 2017, and 2018

For 2016, the distribution of consumer loans reflected excellent dispersion. The proportion of lending in moderate-income CTs significantly exceeded the percentage of households in moderate-income CTs.

For 2017 and 2018, the distribution of consumer loans reflected excellent dispersion. The proportion of lending in moderate-income CTs significantly exceeded the percentage of households in moderate-income CTs.

Limited Scopes:

There were no low- or moderate-income CTs in the Stark or nonMSA AAs for 2016, 2017, and 2018.

Responses to Complaints

PNB did not receive any complaints about its performance in helping to meet the credit needs of its AAs 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 metropolitan and nonmetropolitan areas 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”).

Time Period Reviewed	Lending Test: June 1, 2016 to December 31, 2018	
Financial Institution	Products Reviewed	
Peoples National Bank of Kewanee Kewanee, IL	Business Loans Consumer Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
NA	NA	NA
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Illinois (Davenport-Moline-Rock Island, Iowa-Illinois MSA – 19340) Henry AA	Full Scope	Henry County – CTs 302.02, 304,305,306,308,309,310,311, and 312.
(Peoria, Illinois MSA – 37900) Stark AA	Limited Scope	Stark County – CTs 9514 and 9515.
(Combined nonMSA Illinois) NonMSA AA	Limited Scope	(6/1/2016 – 12/31/2018) Bureau County – CTs 9648, 9655, 9656; Whiteside County – CT 8. (4/2/2018 – 12/31/2018) LaSalle County – CTs 9624 and 9637; Livingston County – CTs 9601, 9602, 9603, and 9609.

Appendix B: Community Profiles for Full-Scope Areas

Henry AA

Demographic Information of the Assessment Area						
2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	22.2	77.8	0.0	0.0
Population by Geography	28,604	0.0	23.0	77.0	0.0	0.0
Housing Units by Geography	13,278	0.0	22.2	77.8	0.0	0.0
Owner-Occupied Units by Geography	8,674	0.0	18.4	81.6	0.0	0.0
Occupied Rental Units by Geography	3,312	0.0	30.2	69.8	0.0	0.0
Vacant Units by Geography	1,292	0.0	27.0	73.0	0.0	0.0
Businesses by Geography	1,464	0.0	15.9	84.1	0.0	0.0
Farms by Geography	299	0.0	6.0	94.0	0.0	0.0
Family Distribution by Income Level	7,706	23.4	20.1	24.4	32.0	0.0
Household Distribution by Income Level	11,986	26.7	20.1	19.0	34.2	0.0
Median Family Income MSA - 19340 Davenport-Moline-Rock Island, IA-IL MSA		\$61,723	Median Housing Value			\$82,867
			Median Gross Rent		\$573	
			Households Below Poverty Level		13.7%	
			Families Below Poverty Level		9.4%	
<p><i>Source: 2010 U.S. Census and 2016 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></p>						

Demographic Information of the Assessment Area						
2017 and 2018						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	44.4	55.6	0.0	0.0
Population by Geography	27,968	0.0	45.5	54.5	0.0	0.0
Housing Units by Geography	13,124	0.0	45.9	54.1	0.0	0.0
Owner-Occupied Units by Geography	8,633	0.0	40.9	59.1	0.0	0.0
Occupied Rental Units by Geography	3,144	0.0	54.8	45.2	0.0	0.0
Vacant Units by Geography	1,347	0.0	56.9	43.1	0.0	0.0
Businesses by Geography	1,377	0.0	40.1	59.9	0.0	0.0
Farms by Geography	286	0.0	9.8	90.2	0.0	0.0
Family Distribution by Income Level	7,488	26.0	20.5	21.7	31.8	0.0
Household Distribution by Income Level	11,777	27.7	18.9	18.7	34.7	0.0
Median Family Income MSA - 19340 Davenport-Moline-Rock Island, IA-IL MSA		\$66,600	Median Housing Value			\$81,911
			Median Gross Rent		\$565	
			Households Below Poverty Level		14.2%	
			Families Below Poverty Level		10.2%	
<i>Source: 2015 ACS Census and 2018 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 Henry AA consists of CTs in Henry County, Illinois. The number of moderate-income CTs increased from two in the 2010 US Census to four in the 2015 ACS Census. The moderate-income CTs encompass the cities of Kewanee and Galva, Illinois, which are located near the southwest corner of Henry County.

Major employment sectors in Henry County include manufacturing, health care, retail, and agriculture.

High rates of poverty may limit opportunities for lending, particularly to low-income households.

We contacted two representatives in the local community, who described the economic condition to be stagnate to improving. The contacts noted the community has difficulty in attracting and maintaining manufacturing jobs, but experienced job growth in renewable energy and ethanol production.

Annualized unemployment rates improved from 6.0 percent in 2016, 5.2 percent in 2017, to 5.0 percent in 2018. The annualized unemployment rates for the AA compares

unfavorably to the State of Illinois annualized rate of 4.3 percent in 2018. High unemployment rates in 2016 may have limited opportunities for lending.

The contacts had no negative perceptions of PNB and did not identify any unmet credit or banking needs in the community.

Appendix C: Tables

Lending in Assessment Area

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$ (000s)				Total \$ (000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Commercial	17	85.0	3	15.0	20	342	6.3	5,062	93.7	5,404
Consumer	18	90.0	2	10.0	20	131	83.7	25	16.3	156
Total	35	87.5	5	12.5	40	473	8.5	5,087	91.5	5,560

*Source: Evaluation Period: 6/1/2016 - 12/31/2018 Bank Data
Due to rounding, totals may not equal 100.0*

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes:

Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$ (000s)	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Henry AA	29	2,195	212	75.1	72.4	34.9	5.5	24.1	19.3	3.5
Stark AA	24	358	58	69.5	95.8	36.2	6.4	4.2	24.1	0.0
NonMSA AA	12	301	125	76.8	83.3	60.8	5.2	0.0	18.0	16.7

*Source: 2016 D&B Data; 06/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table 3: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										January 1, 2017 to December 31, 2018	
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$ (000s)	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Henry AA	27	2,053	193	74.1	66.7	40.9	6.1	25.9	19.8	7.4	
Stark AA	24	278	58	67.9	100.0	43.1	7.6	0.0	24.5	0.0	

Source: 2017 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table 4: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										January 1, 2017 to April 1, 2018	
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$ (000s)	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
NonMSA AA	21	278	117	75.7	100.0	48.7	5.8	0.0	18.4	0.0	

Source: 2017 D&B Data; 01/01/2017 - 4/1/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table 5: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										April 2, 2018 to December 31, 2018	
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$ (000s)	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
NonMSA AA	21	541	117	75.7	100.0	48.7	6.1	0.0	18.2	0.0	

Source: 2018 D&B Data; 04/02/2018 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table 6 - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower												June 1, 2016 to December 31, 2016	
Assessment Area:	Total Consumer Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$ (000s)	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Henry AA	27	195	26.7	40.7	20.1	29.6	19.0	25.9	34.2	3.8	0.0	0.0	
Stark AA	22	98	24.8	63.6	17.6	22.7	20.3	9.1	37.3	4.6	0.0	0.0	
NonMSA AA	28	110	18.5	39.3	15.1	32.1	22.5	25.0	43.9	3.6	0.0	0.0	
<i>Source: 2010 U.S Census; 06/01/2016 - 12/31/2016 Bank Data.</i>													
<i>Due to rounding, totals may not equal 100.0</i>													

Table 7 - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower												January 1, 2017 to December 31, 2018	
Assessment Area:	Total Consumer Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$ (000s)	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Henry AA	29	181	27.7	51.7	18.9	24.1	18.7	3.4	34.7	20.8	0.0	0.0	
Stark AA	28	216	25.9	32.1	19.8	35.7	16.6	21.4	37.7	10.8	0.0	0.0	
<i>Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data.</i>													
<i>Due to rounding, totals may not equal 100.0</i>													

Table 8 - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower											January 1, 2017 to April 1, 2018	
Assessment Area:	Total Consumer Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$ (000s)	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
NonMSA AA	26	115	16.9	42.3	18.5	38.5	17.0	7.7	47.6	11.5	0.0	0.0
<i>Source: 2015 ACS Census; 01/01/2017 – 4/1/2018 Bank Data. Due to rounding, totals may not equal 100.0</i>												

Table 9 - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower											April 2, 2018 to December 31, 2018	
Assessment Area:	Total Consumer Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$ (000s)	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
NonMSA AA	28	227	18.4	17.9	14.6	28.6	16.3	42.9	50.6	10.6	0.0	0.0
<i>Source: 2015 ACS Census; 04/02/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0</i>												

Geographic Distribution of Loans

Table 10: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																		June 1, 2016 to December 31, 2016		
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$ (000s)	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate		
Henry AA	29	2,195	212	0.0	0.0	0.0	15.9	27.6	15.6	84.1	72.4	84.4	0.0	0.0	0.0	0.0	0.0	0.0		
Stark AA	24	358	58	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0		
NonMSA AA	12	301	125	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0		

*Source: 2016 D&B Data; 06/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table 11: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																		January 1, 2017 to December 31, 2018		
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$ (000s)	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate		
Henry AA	27	2,054	193	0.0	0.0	0.0	40.7	59.3	38.3	59.3	40.7	61.7	0.0	0.0	0.0	0.0	0.0	0.0		
Stark AA	24	278	125	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0		

*Source: 2017 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table 12: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																	January 1, 2017 to April 1, 2018		
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$ (000s)	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
NonMSA AA	21	278	117	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	
<i>Source: 2017 D&B Data; 01/01/2017 – 4/1/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>																			

Table 13: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																	April 2, 2018 to December 31, 2018		
Assessment Area:	Total Loans to Small Businesses		Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts								
	#	\$ (000s)	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans							
NonMSA AA	21	541	0.0	0.0	0.0	0.0	92.9	95.2	7.1	4.8	0.0	0.0							
<i>Source: 2018 D&B Data; 04/02/2018 - 12/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>																			

Table 14: Assessment Area Distribution of Consumer Loans by Income Category of the Geography											June 1, 2016 to December 31, 2016	
Assessment Area:	Total Consumer Loans		Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$ (000s)	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Henry AA	27	195	0.0	0.0	21.6	44.4	78.4	55.6	0.0	0.0	0.0	0.0
Stark AA	22	98	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0
NonMSA AA	28	110	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0

Source: 2010 U.S Census; 06/01/2016 - 12/31/2016 Bank Data.
Due to rounding, totals may not equal 100.0

Table 15: Assessment Area Distribution of Consumer Loans by Income Category of the Geography											January 1, 2017 to December 31, 2018	
Assessment Area:	Total Consumer Loans		Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$ (000s)	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Henry AA	29	181	0.0	0.0	44.6	72.4	55.4	27.6	0.0	0.0	0.0	0.0
Stark AA	28	216	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data.
Due to rounding, totals may not equal 100.0

Table 16: Assessment Area Distribution of Consumer Loans by Income Category of the Geography											January 1, 2017 to April 1, 2018	
Assessment Area:	Total Consumer Loans		Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
NonMSA AA	25	115	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0
<i>Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0</i>												

Table 17: Assessment Area Distribution of Consumer Loans by Income Category of the Geography											April 2, 2018 to December 31, 2018	
Assessment Area:	Total Consumer Loans		Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
NonMSA AA	28	227	0.0	0.0	0.0	0.0	91.3	96.4	8.7	3.6	0.0	0.0
<i>Source: 2015 ACS Census; 04/02/2018 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0</i>												