

Federated Bank  
CRA Public File

2024 - No written comments from the public

2023 – No written comments from the public

2022 - No written comments from the public

# **PUBLIC DISCLOSURE**

February 22, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Federated Bank  
Certificate Number: 10464

107 North Chestnut  
Onarga, Illinois 60955

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

300 South Riverside Plaza, Suite 1700  
Chicago, Illinois 60606

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

## TABLE OF CONTENTS

|   |    |
|---|----|
| INSTITUTION RATING.....                                       | 1  |
| DESCRIPTION OF INSTITUTION.....                               | 2  |
| DESCRIPTION OF ASSESSMENT AREAS .....                         | 3  |
| SCOPE OF EVALUATION .....                                     | 4  |
| CONCLUSIONS ON PERFORMANCE CRITERIA .....                     | 5  |
| DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW ..... | 7  |
| NON-MSA AA – Full-Scope Review.....                           | 7  |
| KANKAKEE MSA AA – Full-Scope Review .....                     | 14 |
| SMALL BANK PERFORMANCE CRITERIA .....                         | 22 |
| GLOSSARY .....  | 23 |

## INSTITUTION RATING

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

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

Federated Bank's (FB) Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the bank's performance.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and credit needs in the assessment areas (AA).
- A substantial majority of loans are in the institution's AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

## DESCRIPTION OF INSTITUTION

FB is a community bank that operates from its main office located in Onarga, Illinois. The bank continues to be wholly owned by the Admiral Family Banks, Inc., a one-bank holding company. FB received a Satisfactory rating using Interagency Small Institution Examination Procedures at its most recent FDIC CRA performance evaluation dated March 16, 2015.

FB operates the following four full-service offices in east-central Illinois: the main office in Onarga, one branch office in Chebanse, one branch office in Loda, and one branch office in Bradley. No branches have opened or closed since the previous examination.

FB offers a wide range of loan and deposit products for both commercial and retail customers. Commercial products include business deposit accounts, working capital lines of credit, commercial mortgages, loans through the Small Business Administration (SBA), business acquisition loans, equipment financing, agricultural loans, and merchant services. The bank began originating loans under the Paycheck Protection Program (PPP) guaranteed by the SBA in 2020, which was created in response to the Coronavirus Disease 2019 (COVID-19) pandemic in order to support small businesses. Also, given the very recent effects of the COVID-19 pandemic, the Federal Home Loan Bank (FHLB) provided its member institutions with various grant opportunities to provide funds to community organizations. FB enrolled to participate in the FHLB COVID-19 Relief Grant Program and received \$20,000 of grant money that was provided to 23 organizations.

FB's retail products consist of an array of checking, savings, money market, certificates of deposit, overdraft protection, health savings, and individual retirement accounts, as well as mobile banking, online banking, and access to automated teller machines (ATMs). Consumer loan products include residential mortgage loans, home equity loans and lines, automobile loans, and unsecured loans. FB has referral arrangements with secondary market mortgage lenders for Federal Housing Administration, U.S. Department of Agriculture, and Veterans Administration residential loans.

### **Ability and Capacity**

According to the December 31, 2020 Consolidated Reports of Condition and Income (Call Report), FB reported total assets of \$105 million, total loans of \$50 million, and total deposits of \$88 million.

FB experienced growth in both assets and loans since the previous CRA evaluation; total assets increased \$23.2 million, or 28.4 percent, and total loans increased \$22.8 million, or 83.6 percent. There was significant loan growth by dollar volume in commercial and industrial loans, commercial real estate lending, and 1-4 family residential lending. Loan growth was also noted in farmland lending, agricultural lending, and consumer loans. More specifically, from December 31, 2014, to December 31, 2020, commercial and industrial lending increased \$11.3 million (456.0 percent), commercial real estate lending increased \$4.8 million (154.0 percent), 1-4 family residential lending increased \$4.2 million (37.9 percent), farmland lending increased \$773 thousand (15.0 percent), and agricultural lending increased \$303 thousand (13.0 percent). Additionally, from December 31, 2019, to December 31, 2020, commercial and industrial loans increased \$8.2 million (148.7 percent). The significant loan growth in commercial lending is largely attributed to the bank's

participation in SBA's PPP in 2020, which was created in response to the COVID-19 pandemic to support small businesses.

The bank's loan portfolio as of December 31, 2020, is diversified between residential and commercial lending. Specifically, 1-4 family residential lending represents 30.5 percent of the loan portfolio, and commercial lending, including commercial real estate loans, represents 43.4 percent of the loan portfolio. The following table indicates that residential lending is the bank's primary focus.

| <b>Loan Distribution as of December 31, 2020</b>            |                 |                               |
|---|-----------------|-------------------------------|
| <b>Loan Type</b>  | <b>\$(000s)</b> | <b>Percent of Total Loans</b> |
| Construction, Land Development, and Other Land Loans        | 745             | 1.5                           |
| Secured by Farmland   | 5,943           | 11.9                          |
| Secured by 1-4 Family Residential Properties                | 15,258          | 30.5                          |
| Secured by Multi-family (5 or more) Residential Properties  | 0               | 0.0                           |
| Secured by Non-farm Non-Residential Properties              | 7,934           | 15.9                          |
| <b>Total Real Estate Loans</b>                              | <b>29,880</b>   | <b>59.8</b>                   |
| Commercial and Industrial Loans                             | 13,762          | 27.5                          |
| Agricultural Production and Other Loans to Farmers          | 2,630           | 5.3                           |
| Consumer Loans  | 2,477           | 5.0                           |
| Obligations of State and Political Subdivisions in the U.S. | 1,212           | 2.4                           |
| Other Loans   | 0               | 0.0                           |
| <b>Total Loans</b>  | <b>\$49,961</b> | <b>100.0</b>                  |

*Source: 12/31/20 Bank Call Report.*

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the credit needs of its AAs.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. During the review period, FB expanded its AAs to include all 29 census tracts in Kankakee County, which is part of the Kankakee Metropolitan Statistical Area (MSA) and all 14 census tracts in Iroquois and Ford counties, which are part of the nonmetropolitan area of Illinois. The two AAs are summarized in the following table.

| <b>FB's Assessment Areas</b> |                        |                   |                 |
|------------------------------|------------------------|-------------------|-----------------|
| <b>State</b>                 | <b>MSA/MD</b>          | <b>Counties</b>   | <b>AA Name</b>  |
| Illinois                     | Kankakee, Illinois MSA | Kankakee          | Kankakee MSA AA |
| Illinois                     | Nonmetropolitan Area   | Iroquois and Ford | Non-MSA AA      |
| <i>Source: Bank Records</i>  |                        |                   |                 |

The AAs are consistent with the requirements of the CRA as they are comprised of whole geographies, do not arbitrarily exclude any low- or moderate-income geography, and include the census tracts in which the bank operates its main office, branches, and deposit-taking ATMs. A more detailed discussion of each AA can be found in the corresponding sections of this evaluation.

## **SCOPE OF EVALUATION**

### **General Information**

Examiners used Interagency Small Institution Examination Procedures to evaluate the CRA performance. The evaluation covers the period from the previous evaluation dated March 16, 2015, to the current evaluation dated February 22, 2021. These procedures focus on the bank's performance under the Lending Test as outlined in the Small Bank Performance Criteria Appendix.

FB's performance in the Non-MSA AA carried the most weight when drawing conclusions as it contains the majority of the bank's loans, deposits, branches, and ATMs. However, examiners performed full-scope reviews for each AA because the AAs changed since the previous evaluation.

### **Activities Reviewed**

Examiners determined FB's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. The bank's record of originating home mortgage loans contributed greater weight to overall conclusions due to the larger loan volume when compared to small business loans. While an increase in small farm lending was noted in 2020, it was attributed to SBA PPP lending during the COVID-19 pandemic. During the entire review period, small farm lending was not a major product category and the increased lending volume is considered an anomaly. Specifically, the bank originated 64 small farm PPP loans for a total of \$1.0 million in 2020, whereas only 6 and 8 small farm loans were originated in 2018 and 2019, respectively. Therefore, small farm lending was not reviewed for this evaluation as they provided no material support for conclusions or ratings. In addition, no other loan types represent a major product line.

With the exception of the significant loan growth in 2020 attributed to the bank's SBA PPP lending, records indicate the lending focus and product mix remained generally consistent throughout the evaluation period. Therefore, examiners reviewed home mortgage and small business loans in 2019 and 2020 as this combined period more appropriately represented the bank's performance during the entire evaluation period. Examiners reviewed all residential mortgage loans extended from January 1, 2019, through December 31, 2020, as reported on the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Registers. FB originated 56 home mortgage loans totaling \$6.6 million in 2019, and 102 home mortgage loans totaling \$14.5 million in 2020. Aggregate 2019

HMDA data, the most recent year for which aggregate lending data is available, and 2015 American Community Survey (ACS) data provided a standard of comparison for the bank's home mortgage lending performance. Examiners focused more on the comparison to aggregate HMDA data as it represents all loans extended by all lenders subject to the data reporting requirements of HMDA and therefore provides a better indication of demand.

FB originated and renewed 37 small business loans totaling \$6.2 million in 2019, and 299 small business loans totaling \$15.7 million in 2020. D&B data for 2019 and 2020 provided a standard of comparison for the bank's small business performance. For the Lending Test, examiners reviewed the universe of small business loans to evaluate the AA Concentration and Geographic Distribution criterion. Examiners selected a sample of small business loans to evaluate the Borrower Profile criterion, which reviews the distribution of loans by gross annual revenue (GAR) level. The sample included 20 loans totaling \$3.0 million in 2019, and 33 loans totaling \$3.2 million in 2020. The PPP loans were removed from the small business sample because the bank was not required to and chose not to collect revenue information from PPP originations. While PPP loans are not included in the Borrower Profile analysis, the average PPP loan size originated by FB was \$29,413. As smaller businesses tend to obtain smaller dollar loans, this indicates the bank's PPP lending was targeted towards assisting small businesses.

While examiners considered both number and dollar volume of home mortgage and small business loans, discussion of performance is limited to number of loans, as performance by number of loans is a better indicator of the number of individuals and businesses served, and performance by dollar volume led to similar conclusions.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

FB demonstrated reasonable performance under the Lending Test. Performance under the LTD Ratio, AA Concentration, Geographic Distribution, and Borrower Profile supports this conclusion. Below is a discussion of the overall conclusions for each performance criteria evaluated.

#### **Loan-to-Deposit Ratio**

FB's net LTD is reasonable given the institution's size, financial condition, and credit needs of the AAs. FB maintained an average LTD ratio of 42.9 percent over the previous 24 quarters from March 31, 2015, through December 31, 2020. As of March 31, 2015, the bank's net LTD ratio was 36.2 percent and has followed an upward trend during the review period with the bank's net LTD ratio as of December 31, 2020, representing 56.3 percent. While FB's average net LTD ratio is below the average net LTD ratios of five similarly-situated institutions (SSIs), the average net LTD ratio does not take into consideration FB's secondary market mortgage lending. FB sold 117 loans in 2019 and 2020 totaling \$15,100,700. Given the volume of the FB's secondary market lending, FB's net LTD ratio significantly underrepresents the bank's performance. When including the volume of sold loans in the bank's net LTD ratio, the bank's performance is comparable with that of the five SSIs.

| Loan-to-Deposit Ratio Comparison   |   |                          |
|--|---|--------------------------|
| Bank   | Total Assets as of<br>12/31/2020 \$(000s) | Average LTD Ratio<br>(%) |
| <b>Federated Bank</b>  | <b>105,020</b>                            | <b>42.9</b>              |
| Similarly Situated Institution #1  | 146,212                                   | 79.4                     |
| Similarly Situated Institution #2  | 104,480                                   | 84.4                     |
| Similarly-Situated Institution #3  | 96,247                                    | 58.1                     |
| Similarly-Situated Institution #4  | 94,398                                    | 71.4                     |
| Similarly-Situated Institution #5  | 79,373                                    | 74.9                     |
| <i>Source: Reports of Condition and Income 03/31/2015 through 12/31/2020</i> |   |                          |

### Assessment Area Concentration

FB originated a substantial majority of loans in its AAs. The bank's performance of extending home mortgage and small business loans in its AAs, by number and dollar volume, is provided in the following table.

| Lending Inside and Outside of the Assessment Area  |                 |             |           |             |            |                                 |             |               |             |                   |
|--|-----------------|-------------|-----------|-------------|------------|---------------------------------|-------------|---------------|-------------|-------------------|
| Loan Category  | Number of Loans |             |           |             | Total<br># | Dollar Amount of Loans \$(000s) |             |               |             | Total<br>\$(000s) |
|  | Inside          |             | Outside   |             |            | Inside                          |             | Outside       |             |                   |
|  | #               | %           | #         | %           |            | \$                              | %           | \$            | %           |                   |
| Home Mortgage  |                 |             |           |             |            |                                 |             |               |             |                   |
| 2019   | 47              | 83.9        | 9         | 16.1        | 56         | 4,801                           | 73.1        | 1,767         | 26.9        | 6,568             |
| 2020   | 94              | 92.2        | 8         | 7.8         | 102        | 13,271                          | 91.3        | 1,262         | 8.7         | 14,533            |
| <b>Subtotal</b>  | <b>141</b>      | <b>89.2</b> | <b>17</b> | <b>10.8</b> | <b>158</b> | <b>18,072</b>                   | <b>85.6</b> | <b>3,029</b>  | <b>14.4</b> | <b>21,101</b>     |
| Small Business   |                 |             |           |             |            |                                 |             |               |             |                   |
| 2019   | 26              | 70.3        | 11        | 29.7        | 37         | 3,015                           | 48.7        | 3,170         | 51.3        | 6,185             |
| 2020   | 235             | 78.6        | 64        | 21.4        | 299        | 10,921                          | 69.7        | 4,744         | 30.3        | 15,665            |
| <b>Subtotal</b>  | <b>261</b>      | <b>77.7</b> | <b>75</b> | <b>22.3</b> | <b>336</b> | <b>13,936</b>                   | <b>63.8</b> | <b>7,914</b>  | <b>36.2</b> | <b>21,850</b>     |
| <b>Total</b>   | <b>402</b>      | <b>81.4</b> | <b>92</b> | <b>18.6</b> | <b>494</b> | <b>32,008</b>                   | <b>74.5</b> | <b>10,943</b> | <b>25.5</b> | <b>42,951</b>     |
| <i>Source: HMDA Reported Data: Bank Data. Due to rounding, totals may not equal 100.0%</i> |                 |             |           |             |            |                                 |             |               |             |                   |

### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AAs. Examiners focused on the percentage of lending in low- and moderate-income census tracts. This rating is supported by reasonable dispersion in the Non-MSA AA and Kankakee MSA AA. Refer to the separate analyses within each AA for more detail of the bank's performance.

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of different income levels and businesses of different sizes. Examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers and the percentage of small business loans to operations with GARs of \$1 million or less. This rating is supported by reasonable penetration in the Non-MSA AA and Kankakee MSA AA. Refer to the separate analyses within each AA for more detail of the bank's performance.

### **Response to Complaints**

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

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

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

## **NON-MSA AA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA AA**

The AA includes all 14 census tracts in Iroquois and Ford counties. Three of the bank's offices, including the main office, are located in rural Iroquois County. During the review period, the majority of the bank's deposits (83.1 percent), home mortgage loans (64.6 percent), and small business loans (56.8 percent) by number volume were within the Non-MSA AA. The bank's main office in Onarga, Illinois is located in a middle-income census tract. Additionally, the branch offices in Chebanse and Loda, Illinois are located in upper-income census tracts.

### **Economic and Demographic Data**

The AA consists of 1 moderate-income census tract, 10 middle-income census tracts, and 3 upper-income census tracts. The following table discusses select demographic information for the AA.

| Demographic Information of the Assessment Area – Non-MSA AA |        |               |                      |                  |                 |               |
|---|--------|---------------|----------------------|------------------|-----------------|---------------|
| Demographic Characteristics                                 | #      | Low<br>% of # | Moderate<br>% of #   | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)                                 | 14     | 0.0           | 7.1                  | 71.4             | 21.4            | 0.0           |
| Population by Geography                                     | 42,888 | 0.0           | 8.8                  | 67.8             | 23.4            | 0.0           |
| Housing Units by Geography                                  | 19,711 | 0.0           | 10.3                 | 66.8             | 22.9            | 0.0           |
| Owner-Occupied Units by Geography                           | 13,224 | 0.0           | 9.0                  | 67.1             | 23.9            | 0.0           |
| Occupied Rental Units by Geography                          | 4,231  | 0.0           | 13.4                 | 69.4             | 17.2            | 0.0           |
| Vacant Units by Geography                                   | 2,256  | 0.0           | 12.1                 | 60.2             | 27.7            | 0.0           |
| Businesses by Geography                                     | 2,394  | 0.0           | 14.1                 | 66.4             | 19.5            | 0.0           |
| Farms by Geography  | 479    | 0.0           | 2.3                  | 69.7             | 28.0            | 0.0           |
| Family Distribution by Income Level                         | 11,588 | 21.3          | 20.1                 | 21.4             | 37.2            | 0.0           |
| Household Distribution by Income Level                      | 17,455 | 22.8          | 15.2                 | 19.0             | 43.0            | 0.0           |
| Median Family Income Non-MSAs - IL                          |        | \$59,323      | Median Housing Value |                  |                 | \$97,117      |
| Families Below Poverty Level                                |        | 11.1%         | Median Gross Rent    |                  |                 | \$618         |

*Source: 2015 ACS and 2020 D&B Data. Due to rounding, totals may not equal 100.0%.  
 (\*) The NA category consists of geographies that have not been assigned an income classification.*

The AA contains 19,711 housing units, of which 67.1 percent are owner-occupied, 21.5 percent are occupied rental units, and 11.4 percent are vacant. According to 2015 ACS data, 9.0 percent of the owner-occupied housing units are in the moderate-income census tract. The bank's performance under the Geographic Distribution criterion compares home mortgage loans to the percentage of owner-occupied units within geographies by income level. These characteristics provide some insight into the overall housing credit needs and demand in moderate-income geographies, which are considered when evaluating FB's geographic lending patterns.

The median housing value of \$97,117 presents challenges to low- and moderate-income individuals in qualifying for mortgages. Low-income and moderate-income families account for 21.3 and 20.1 percent of the families in the AA, respectively, or 41.4 percent of all families combined, with 11.1 percent of families below the poverty level. The bank's performance under the Borrower Profile criterion compares home mortgage loans to the percentage of families by income level. The owner-occupancy demographic coupled with the contrast between the median family income levels and median housing value highlight difficulties that home mortgage lenders may face in providing traditional financing options to families on the lower end of the income spectrum.

The Federal Financial Institutions Examination Council (FFIEC)-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table contains information on the median family incomes by category.

| <b>Median Family Income Ranges – Non-MSA AA</b> |                        |                                    |                                   |                        |
|---|------------------------|------------------------------------|-----------------------------------|------------------------|
| <b>Median Family Incomes</b>                    | <b>Low<br/>&lt;50%</b> | <b>Moderate<br/>50% to &lt;80%</b> | <b>Middle<br/>80% to &lt;120%</b> | <b>Upper<br/>≥120%</b> |
| 2019 (\$64,200)                                 | <\$32,100              | \$32,100 to <\$51,360              | \$51,360 to <\$77,040             | ≥\$77,040              |
| 2020 (\$65,800)                                 | <\$32,900              | \$32,900 to <\$52,640              | \$52,640 to <\$78,960             | ≥\$78,960              |
| <i>Source: FFIEC</i>                            |                        |                                    |                                   |                        |

Unemployment levels in both counties in the AA generally decreased during the review period, suggesting an improving economy. However, the sharp increase in the 2020 average unemployment figures for the State of Illinois and the U.S. was due to the COVID-19 pandemic and the mandatory stay-at-home-order for all non-essential workers beginning in March 2020. Average county unemployment rates for 2020 are not yet available. The following table illustrates the unemployment rates for the relevant county, state, and national levels during the review period.

| <b>Unemployment Rates</b>                  |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
|  | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> |
| <b>Area</b>                                | <b>%</b>    | <b>%</b>    | <b>%</b>    | <b>%</b>    | <b>%</b>    | <b>%</b>    |
| Iroquois County                            | 5.6         | 5.5         | 4.6         | 4.3         | 4.2         | --          |
| Ford County                                | 5.3         | 5.4         | 4.8         | 4.6         | 4.3         | --          |
| Illinois                                   | 6.0         | 5.8         | 4.9         | 4.3         | 4.0         | 7.6         |
| National Average                           | 5.3         | 4.9         | 4.3         | 3.9         | 3.7         | 6.9         |
| <i>Source: Bureau of Labor Statistics.</i> |             |             |             |             |             |             |

According to 2020 D&B data, the AA contains 2,394 non-farm businesses. In addition, 67.6 percent of area businesses have four or fewer employees and 84.8 percent operate from a single location. D&B data also indicates service industries represent the largest portion of businesses at 30.3 percent; followed by agriculture, forestry & fishing (16.7 percent); retail trade (11.4 percent); finance, insurance, and real estate (7.2 percent); and construction (6.6 percent).

### **Competition**

FB operates in a relatively competitive environment and faces competition from other financial institutions operating within the Non-MSA AA. According to the FDIC Deposit Market Share data as of June 30, 2020, 17 financial institutions operated 35 offices in the Non-MSA AA. FB ranked 9<sup>th</sup>, maintaining a 4.9 percent deposit market share. The top five deposit-taking institutions, primarily composed of large regional and local banks, command 56.0 percent of the deposit market share.

The Non-MSA AA is a competitive market for home mortgage loans. Aggregate HMDA lending data for 2019, the most recent data available, reflects 1,104 home mortgage originations and purchases by 157 lenders. FB ranked 5<sup>th</sup>, with a market share of 4.5 percent by number of loans. The top four HMDA lenders in the area hold a combined market share of 24.0 percent indicating HMDA lending is widespread among many lenders in the market.

A relatively competitive environment exists for business lending in the AA. Aggregate small business lending in 2019, the most recent data available, reflects 40 lenders originated 643 small business loans totaling \$22.3 million. The top five lenders accounted for 58.8 percent of all reported small business loans by number. FB is not required to collect or report CRA small business data and is not included in the previous numbers, but the data is presented to evidence local demand.

These performance context factors indicate the level of competition for deposits, home mortgage loans, and small business loans within the AA.

### **Community Contacts**

Examiners conducted community contact interviews with an economic development organization to identify and understand the credit needs of the AA. The information helps examiners determine AA needs and local financial institutions' responsiveness to these needs. The contacts identified needs for affordable housing, economic development, and loans to fund business operating costs.

### **Credit Needs**

Considering information obtained from the community contacts, bank management, and demographic and economic data, examiners determined that opportunities exist within the AA for affordable housing, economic development loans, and business operating lines of credit.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN NON-MSA AA**

### **LENDING TEST**

FB demonstrated reasonable performance under the Lending Test. The bank's Geographic Distribution and Borrower Profile performance primarily supports this conclusion.

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the AA. The bank's reasonable home mortgage and small business lending performance supports this conclusion. Examiners focused on lending penetration in the moderate-income census tract as the AA does not have any low-income census tracts. Only loans originated in the AA were considered in the analyses.

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

The distribution of home mortgage loans reflects reasonable dispersion throughout the AA. The following table shows the bank's 2019 lending performance in the moderate-income census tract exceeded aggregate data. In 2020, the bank did not make any loans in the moderate-income census tract. However, it is important to note that there is only one moderate-income census tract located in the AA, and it is in the city of Watseka. The city of Watseka is located approximately 14 miles from the nearest FB branch and is a highly competitive market with five other bank branches located within

the city. Given this context and the bank's performance in 2019, the bank's performance is reasonable.

| <b>Geographic Distribution of Home Mortgage Loans - Non MSA AA</b> |  |                                     |           |              |                 |              |
|--|--|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>  | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate   |  |                                     |           |              |                 |              |
| 2019   | 9.0                                      | 2.9                                 | 3         | 7.9          | 237             | 6.2          |
| 2020   | 9.0                                      | --                                  | 0         | 0.0          | 0               | 0.0          |
| Middle   |  |                                     |           |              |                 |              |
| 2019   | 67.1                                     | 67.8                                | 17        | 44.7         | 1,647           | 42.9         |
| 2020   | 67.1                                     | --                                  | 36        | 56.3         | 4,054           | 57.2         |
| Upper  |  |                                     |           |              |                 |              |
| 2019   | 23.9                                     | 29.3                                | 18        | 47.4         | 1,952           | 50.9         |
| 2020   | 23.9                                     | --                                  | 28        | 43.8         | 3,031           | 42.8         |
| <b>Totals</b>  |  |                                     |           |              |                 |              |
| <b>2019</b>  | <b>100.0</b>                             | <b>100.0</b>                        | <b>38</b> | <b>100.0</b> | <b>3,836</b>    | <b>100.0</b> |
| <b>2020</b>  | <b>100.0</b>                             | <b>--</b>                           | <b>64</b> | <b>100.0</b> | <b>7,085</b>    | <b>100.0</b> |

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

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

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. The following table reflects the distribution of small business loans and the distribution of businesses within each census tract. FB's 2019 lending performance in the moderate-income census tract exceeded demographic data.

In 2020, the bank's lending performance in the moderate-income census tract increased by number, but decreased by the percentage of total small business lending. As a result, the bank's lending trailed demographic data. As previously stated, there is only one moderate-income census tract in the bank's Non-MSA AA, and it is located 14 miles from the nearest FB branch. In addition, the moderate-income census tract is highly competitive with five lenders maintaining branches located in the census tract. Of the five lenders, four participated in the PPP lending program targeted to small businesses, increasing the competition for this loan type. Given this context and the bank's performance in 2019, lending performance is reasonable.

| <b>Geographic Distribution of Small Business Loans – Non MSA AA</b>                                  |                        |            |              |                 |              |
|--|------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>  | <b>% of Businesses</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Moderate</b>  |                        |            |              |                 |              |
| 2019   | 14.2                   | 3          | 18.8         | 277             | 24.4         |
| 2020   | 14.1                   | 13         | 8.2          | 355             | 5.9          |
| <b>Middle</b>  |                        |            |              |                 |              |
| 2019   | 66.2                   | 10         | 62.5         | 587             | 51.6         |
| 2020   | 66.4                   | 95         | 60.1         | 3,679           | 61.2         |
| <b>Upper</b>   |                        |            |              |                 |              |
| 2019   | 19.6                   | 3          | 18.8         | 273             | 24.0         |
| 2020   | 19.5                   | 50         | 31.6         | 1,974           | 32.9         |
| <b>Totals</b>  |                        |            |              |                 |              |
| <b>2019</b>  | <b>100.0</b>           | <b>16</b>  | <b>100.0</b> | <b>1,137</b>    | <b>100.0</b> |
| <b>2020</b>  | <b>100.0</b>           | <b>158</b> | <b>100.0</b> | <b>6,008</b>    | <b>100.0</b> |
| <i>Source: 2019 &amp; 2020 D&amp;B Data: Bank Data. Due to rounding, totals may not equal 100.0%</i> |                        |            |              |                 |              |

### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's reasonable home mortgage lending performance is the primary driver for this conclusion; although, the bank's small business lending performance is excellent. Only loans originated in the AA were considered.

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

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low-and moderate-income borrowers. The following table reflects the distribution of home mortgage loans by borrower income level. FB's lending in 2019 and 2020 to low-income borrowers trailed demographic and aggregate data. However, it is important to consider that 11.1 percent of low-income families generate incomes below the poverty level. These families likely face difficulties in qualifying for traditional mortgage loans offered by the bank. As previously discussed, the large gap between low median family income and the median home value in the AA presents further challenges. Also, the fact that aggregate performance trailed demographic data for low-income families supports the assessment that lenders face certain challenges when serving this market.

FB's lending performance to moderate-income borrowers exceeded aggregate and demographic data in both 2019 and 2020. The bank's distribution of home mortgage loans to individuals of different income levels is reasonable, driven largely by its lending to moderate-income borrowers.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level – Non MSA AA</b> |                      |                                     |           |              |                 |              |
|--|----------------------|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Borrower Income Level</b>   | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Low  |                      |                                     |           |              |                 |              |
| 2019   | 21.3                 | 10.6                                | 1         | 2.6          | 22              | 0.6          |
| 2020   | 21.3                 | --                                  | 3         | 4.7          | 148             | 2.1          |
| Moderate   |                      |                                     |           |              |                 |              |
| 2019   | 20.1                 | 18.7                                | 9         | 23.7         | 556             | 14.5         |
| 2020   | 20.1                 | --                                  | 16        | 25.0         | 1,276           | 18.0         |
| Middle   |                      |                                     |           |              |                 |              |
| 2019   | 21.4                 | 24.7                                | 18        | 47.4         | 1,665           | 43.4         |
| 2020   | 21.4                 | --                                  | 19        | 29.7         | 1,896           | 26.8         |
| Upper  |                      |                                     |           |              |                 |              |
| 2019   | 37.2                 | 31.5                                | 10        | 26.3         | 1,593           | 41.5         |
| 2020   | 37.2                 | --                                  | 26        | 40.6         | 3,765           | 53.1         |
| Not Available  |                      |                                     |           |              |                 |              |
| 2019   | 0.0                  | 14.5                                | 0         | 0.0          | 0               | 0.0          |
| 2020   | 0.0                  | --                                  | 0         | 0.0          | 0               | 0.0          |
| <b>Totals</b>  |                      |                                     |           |              |                 |              |
| <b>2019</b>  | <b>100.0</b>         | <b>100.0</b>                        | <b>38</b> | <b>100.0</b> | <b>3,836</b>    | <b>100.0</b> |
| <b>2020</b>  | <b>100.0</b>         | <b>--</b>                           | <b>64</b> | <b>100.0</b> | <b>7,085</b>    | <b>100.0</b> |

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

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

The distribution of sampled small business loans reflects excellent penetration of loans to businesses with GARs of \$1 million or less. As shown in the following table, the bank's lending performance exceeded demographic data in this revenue category.

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category – Non MSA AA</b>            |                        |           |              |                 |              |
|--|------------------------|-----------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>   | <b>% of Businesses</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| ≤\$1,000,000   |                        |           |              |                 |              |
| 2019   | 75.1                   | 8         | 80.0         | 697             | 64.1         |
| 2020   | 75.3                   | 22        | 91.7         | 1,116           | 68.1         |
| >\$1,000,000   |                        |           |              |                 |              |
| 2019   | 6.7                    | 2         | 20.0         | 390             | 35.9         |
| 2020   | 6.5                    | 2         | 8.3          | 523             | 31.9         |
| Revenue Not Available  |                        |           |              |                 |              |
| 2019   | 18.1                   | 0         | 0.0          | 0               | 0.0          |
| 2020   | 18.2                   | 0         | 0.0          | 0               | 0.0          |
| <b>Totals</b>  |                        |           |              |                 |              |
| <b>2019</b>  | <b>100.0</b>           | <b>10</b> | <b>100.0</b> | <b>1,087</b>    | <b>100.0</b> |
| <b>2020</b>  | <b>100.0</b>           | <b>24</b> | <b>100.0</b> | <b>1,639</b>    | <b>100.0</b> |
| <i>Source: 2019 &amp; 2020 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i> |                        |           |              |                 |              |

## **KANKAKEE MSA AA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN KANKAKEE MSA AA**

The Kankakee MSA AA includes all 29 census tracts in Kankakee County. FB operates one branch office in Bradley, Illinois, which is located in a middle-income census tract. This tract also borders a concentration of low- and moderate-income census tracts in the Kankakee MSA. Additionally, a smaller portion of the bank’s deposits (16.9 percent), home mortgage lending (24.7 percent), and small business lending (22.3 percent) by number volume were within the Kankakee MSA AA during the review period.

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

The AA consists of 6 low-income census tracts, 5 moderate-income census tracts, 11 middle-income census tracts, and 7 upper-income census tracts. The following table discusses select demographic information for the AA.

| Demographic Information of the Assessment Area – Kankakee MSA AA   |         |               |                      |                  |                 |               |
|--|---------|---------------|----------------------|------------------|-----------------|---------------|
| Demographic Characteristics  | #       | Low<br>% of # | Moderate<br>% of #   | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)  | 29      | 20.7          | 17.2                 | 37.9             | 24.1            | 0.0           |
| Population by Geography  | 112,221 | 14.4          | 16.2                 | 42.0             | 27.4            | 0.0           |
| Housing Units by Geography   | 45,184  | 15.6          | 14.5                 | 43.7             | 26.2            | 0.0           |
| Owner-Occupied Units by Geography  | 28,306  | 8.2           | 13.1                 | 48.1             | 30.6            | 0.0           |
| Occupied Rental Units by Geography   | 12,574  | 26.4          | 18.1                 | 36.1             | 19.4            | 0.0           |
| Vacant Units by Geography  | 4,304   | 32.3          | 13.7                 | 37.2             | 16.7            | 0.0           |
| Businesses by Geography  | 5,686   | 16.2          | 15.6                 | 42.9             | 25.2            | 0.0           |
| Farms by Geography   | 376     | 6.1           | 10.4                 | 47.6             | 35.9            | 0.0           |
| Family Distribution by Income Level  | 27,599  | 22.2          | 17.4                 | 20.3             | 40.2            | 0.0           |
| Household Distribution by Income Level   | 40,880  | 23.8          | 15.6                 | 18.6             | 41.9            | 0.0           |
| Median Family Income MSA - 28100<br>Kankakee, IL MSA   |         | \$63,716      | Median Housing Value |                  |                 | \$136,442     |
| Families Below Poverty Level   |         | 12.4%         | Median Gross Rent    |                  |                 | \$824         |
| <i>Source: 2015 ACS; 2020 D&amp;B Data. 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 AA contains 45,184 housing units, of which 62.6 percent are owner-occupied, 27.8 percent are occupied rental units, and 9.5 percent are vacant. According to 2015 ACS data, 8.2 percent and 13.1 percent of the owner-occupied housing units are in low- and moderate-income census tracts, respectively. The bank's performance under the Geographic Distribution criterion compares home mortgage loans to the percentage of owner-occupied units within geographies by income level. These characteristics provide some insight into the overall affordable housing credit needs and demand in low- and moderate-income geographies, which are considered when evaluating FB's geographic lending patterns.

Low- and moderate-income families account for 22.2 and 17.4 percent of the families in the AA, respectively, or 39.6 percent of all families combined, with 12.4 percent of families reporting incomes below the poverty level. The bank's performance under the Borrower Profile criterion compares home mortgage loans to the percentage of families by income level. The owner-occupancy demographic coupled with the contrast between the median family incomes and median housing value highlight potential challenges that home mortgage lenders may face in providing traditional financing options to families on the lower end of the income spectrum.

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

| <b>Median Family Income Ranges – Kankakee MSA AA</b> |                        |                                    |                                   |                        |
|--|------------------------|------------------------------------|-----------------------------------|------------------------|
| <b>Median Family Incomes</b>                         | <b>Low<br/>&lt;50%</b> | <b>Moderate<br/>50% to &lt;80%</b> | <b>Middle<br/>80% to &lt;120%</b> | <b>Upper<br/>≥120%</b> |
| 2019 (\$69,200)                                      | <\$34,600              | \$34,600 to <\$55,360              | \$55,360 to <\$83,040             | ≥\$83,040              |
| 2020 (\$76,500)                                      | <\$38,250              | \$38,250 to <\$61,200              | \$61,200 to <\$91,800             | ≥\$91,800              |
| <i>Source: FFIEC</i>                                 |                        |                                    |                                   |                        |

Unemployment levels in the Kankakee MSA AA improved during the review period yet remained higher than the unemployment rates at the state and national levels. The following table illustrates the unemployment rates at the relevant county, state, and national levels for the review period.

| <b>Unemployment Rates</b>                 |             |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
|   | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> |
| <b>Area</b>                               | <b>%</b>    | <b>%</b>    | <b>%</b>    | <b>%</b>    | <b>%</b>    | <b>%</b>    |
| Kankakee County                           | 6.8         | 6.5         | 5.5         | 5.4         | 5.0         | --          |
| Illinois                                  | 6.0         | 5.8         | 4.9         | 4.3         | 4.0         | 7.6         |
| National Average                          | 5.3         | 4.9         | 4.3         | 3.9         | 3.7         | 6.9         |
| <i>Source: Bureau of Labor Statistics</i> |             |             |             |             |             |             |

According to 2020 D&B data, the AA contains 5,686 non-farm businesses. In addition, 60.2 percent of area businesses have four or fewer employees, and 85.6 percent operate from a single location. D&B data also indicates service industries represent the largest portion of the businesses at 37.6 percent; followed by retail trade (14.5 percent); finance, insurance, and real estate (8.0 percent); and construction (6.8 percent).

### **Competition**

FB operates in a relatively competitive environment and faces competition from other financial institutions operating within the Kankakee MSA AA. According to the FDIC Deposit Market Share data as of June 30, 2020, 14 financial institutions operated 36 offices in the Kankakee MSA AA. FB ranked 12<sup>th</sup>, maintaining a 0.64 percent deposit market share. The top five deposit-taking institutions, primarily composed of large regional and local banks, command 73.3 percent of the deposit market share.

The Kankakee MSA AA is a highly competitive market for home mortgage loans. Aggregate HMDA lending data for 2019 reflects 4,161 home mortgage originations and purchases by 252 lenders. FB ranked 53<sup>rd</sup>, with a market share of 0.34 percent by number of loans.

A relatively competitive environment exists for business lending in the AA. Aggregate small business lending in 2019 reflects 56 lenders originated 1,398 small business loans totaling \$45 million. The top five lenders accounted for 59.0 percent of all reported small business loans by number. FB is not required to collect or report CRA small business data and is not included in the previous numbers, but the data is presented to evidence local demand.

These performance context factors indicate the level of competition for deposits, home mortgage loans, and small business loans within the AA.

### **Community Contacts**

Examiners conducted community contact interviews with an economic development organization to identify and understand the credit needs of the AA. The information helps examiners determine AA needs and whether local financial institutions are responsive to these needs. The contact identified needs for developing programs to assist low- and moderate-income individuals receive job training, funding for small businesses, and assistance in providing financial literacy programs.

### **Credit Needs**

Considering information obtained from the community contacts, bank management, and demographic and economic data, examiners determined that opportunities exist within the AA for home mortgage lending and assistance to help fund small businesses.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN KANKAKEE MSA AA**

### **LENDING TEST**

FB demonstrated reasonable performance under the Lending Test. The bank's Geographic Distribution and Borrower Profile performance primarily supports this conclusion.

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the AA. The bank's reasonable home mortgage lending performance is the primary driver for this conclusion; although, the bank's small business lending performance is excellent. Only loans originated in the AA were considered in the analyses.

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

The distribution of home mortgage loans reflects reasonable dispersion throughout the AA. The following table shows that FB's lending performance in low-income census tracts trailed demographic data in 2020. Additionally, FB did not originate any loans in low-income census tracts in 2019. While it is important to consider the demographic data, aggregate lending data is considered a better measure of lending opportunities as it represents the actual performance of all lenders in originating loans to a particular income category. The fact that 2019 aggregate performance in low-income census tracts trailed demographic data supports that lenders face certain challenges when serving this market

FB's lending performance in moderate-income census tracts in 2019 exceeded aggregate and demographic data, and the bank's 2020 lending performance was comparable to demographic data. Therefore, given the bank's overall performance in both low- and moderate-income census tracts, the dispersion of home mortgage lending is reasonable.

| Geographic Distribution of Home Mortgage Loans – Kankakee MSA AA |                                   |                              |           |              |              |              |
|--|-----------------------------------|------------------------------|-----------|--------------|--------------|--------------|
| Tract Income Level   | % of Owner-Occupied Housing Units | Aggregate Performance % of # | #         | %            | \$(000s)     | %            |
| Low  |                                   |                              |           |              |              |              |
| 2019   | 8.2                               | 4.7                          | 0         | 0.0          | 0            | 0.0          |
| 2020   | 8.2                               | --                           | 1         | 3.3          | 139          | 2.2          |
| Moderate   |                                   |                              |           |              |              |              |
| 2019   | 13.1                              | 12.6                         | 3         | 33.3         | 205          | 21.2         |
| 2020   | 13.1                              | --                           | 4         | 13.3         | 758          | 12.3         |
| Middle   |                                   |                              |           |              |              |              |
| 2019   | 48.1                              | 47.3                         | 6         | 66.7         | 760          | 78.8         |
| 2020   | 48.1                              | --                           | 10        | 33.3         | 1,200        | 19.4         |
| Upper  |                                   |                              |           |              |              |              |
| 2019   | 30.6                              | 35.3                         | 0         | 0.0          | 0            | 0.0          |
| 2020   | 30.6                              | --                           | 15        | 50.0         | 4,089        | 66.1         |
| <b>Totals</b>  |                                   |                              |           |              |              |              |
| <b>2019</b>  | <b>100.0</b>                      | <b>100.0</b>                 | <b>9</b>  | <b>100.0</b> | <b>965</b>   | <b>100.0</b> |
| <b>2020</b>  | <b>100.0</b>                      | <b>--</b>                    | <b>30</b> | <b>100.0</b> | <b>6,186</b> | <b>100.0</b> |

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

***Small Business Loans***

The geographic distribution of small business loans reflects excellent dispersion throughout the AA. The following table shows the bank’s lending performance in low- and moderate-income census tracts exceeded or met the percentage of businesses within these tracts throughout the review period.

| <b>Geographic Distribution of Small Business Loans – Kankakee MSA AA</b> |                        |           |              |                 |              |
|--|------------------------|-----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>  | <b>% of Businesses</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Low  |                        |           |              |                 |              |
| 2019   | 16.1                   | 2         | 20.0         | 575             | 30.6         |
| 2020   | 16.2                   | 14        | 18.2         | 2,063           | 42.0         |
| Moderate   |                        |           |              |                 |              |
| 2019   | 16.0                   | 3         | 30.0         | 865             | 46.1         |
| 2020   | 15.6                   | 12        | 15.6         | 420             | 8.5          |
| Middle   |                        |           |              |                 |              |
| 2019   | 43.3                   | 4         | 40.0         | 325             | 17.3         |
| 2020   | 42.9                   | 32        | 41.6         | 1,607           | 32.7         |
| Upper  |                        |           |              |                 |              |
| 2019   | 24.6                   | 1         | 10.0         | 113             | 6.0          |
| 2020   | 25.2                   | 19        | 24.7         | 823             | 16.8         |
| <b>Totals</b>  |                        |           |              |                 |              |
| <b>2019</b>  | <b>100.0</b>           | <b>10</b> | <b>100.0</b> | <b>1,878</b>    | <b>100.0</b> |
| <b>2020</b>  | <b>100.0</b>           | <b>77</b> | <b>100.0</b> | <b>4,913</b>    | <b>100.0</b> |

*Source: 2019 & 2020 D&B Data: Bank Data. Due to rounding, totals may not equal 100.0%*

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels and businesses of different sizes. The bank’s reasonable home mortgage and small business lending performance supports this conclusion. Only loans originated in the AA were considered.

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

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low-and moderate-income borrowers. The following table shows that FB’s lending to low-income borrowers in 2019 slightly exceeded aggregate data, while it trailed demographic data. However, it is important to note that 12.4 percent of low-income families generate incomes below the poverty level, and these families face significant challenges in qualifying for home mortgage loans. In 2020, FB’s lending performance to low-income borrowers by number remained the same. However, the bank’s performance decreased by its percentage of total home mortgage lending and trailed demographic data even when adjusted for families generating incomes below the poverty level.

The bank’s lending performance to moderate-income borrowers in both 2019 and 2020 exceeded aggregate and demographic data. Therefore, given the bank’s overall performance to both low- and moderate-income borrowers, the distribution of home mortgage lending is reasonable.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level – Kankakee MSA AA</b> |                      |                                     |           |              |                 |              |
|---|----------------------|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Borrower Income Level</b>  | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>  |                      |                                     |           |              |                 |              |
| 2019  | 22.2                 | 7.6                                 | 1         | 11.1         | 50              | 5.2          |
| 2020  | 22.2                 | --                                  | 1         | 3.3          | 104             | 1.7          |
| <b>Moderate</b>   |                      |                                     |           |              |                 |              |
| 2019  | 17.4                 | 18.4                                | 3         | 33.3         | 225             | 23.3         |
| 2020  | 17.4                 | --                                  | 8         | 26.7         | 888             | 14.3         |
| <b>Middle</b>   |                      |                                     |           |              |                 |              |
| 2019  | 20.3                 | 24.3                                | 2         | 22.2         | 145             | 15.0         |
| 2020  | 20.3                 | --                                  | 6         | 20.0         | 734             | 11.9         |
| <b>Upper</b>  |                      |                                     |           |              |                 |              |
| 2019  | 40.2                 | 32.7                                | 2         | 22.2         | 237             | 24.6         |
| 2020  | 40.2                 | --                                  | 12        | 40.0         | 2,682           | 43.4         |
| <b>Not Available</b>  |                      |                                     |           |              |                 |              |
| 2019  | 0.0                  | 17.0                                | 1         | 11.1         | 308             | 32.0         |
| 2020  | 0.0                  | --                                  | 3         | 10.0         | 1,778           | 28.7         |
| <b>Totals</b>   |                      |                                     |           |              |                 |              |
| <b>2019</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>9</b>  | <b>100.0</b> | <b>965</b>      | <b>100.0</b> |
| <b>2020</b>   | <b>100.0</b>         | <b>--</b>                           | <b>30</b> | <b>100.0</b> | <b>6,186</b>    | <b>100.0</b> |

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

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

The distribution of sampled small business loans reflects reasonable penetration among businesses of different sizes. The following table shows FB's lending performance to businesses with GARs of \$1 million or less trailed demographic data in both 2019 and 2020. However, it is important to note that demographic data represents all businesses in the AA, not only those seeking traditional bank financing. Additionally, smaller businesses tend to seek alternative forms of credit, including credit cards or home equity lines of credit, to finance their operations. As a measure of demand, aggregate lending was considered but not directly compared to the bank's performance. In 2019, the bank's lending performance greatly exceeded the aggregate lending performance to businesses with GARs of \$1 million or less. Given this context, the bank's performance is reasonable.

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category – Kankakee MSA AA</b> |                        |           |              |                 |              |
|--|------------------------|-----------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>   | <b>% of Businesses</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>≤\$1,000,000</b>  |                        |           |              |                 |              |
| 2019   | 79.2                   | 6         | 60.0         | 538             | 28.6         |
| 2020   | 80.0                   | 7         | 77.8         | 1,125           | 72.6         |
| <b>&gt;\$1,000,000</b>   |                        |           |              |                 |              |
| 2019   | 6.2                    | 4         | 40.0         | 1,340           | 71.4         |
| 2020   | 5.8                    | 2         | 22.2         | 425             | 27.4         |
| <b>Revenue Not Available</b>   |                        |           |              |                 |              |
| 2019   | 14.6                   | 0         | 0.0          | 0               | 0.0          |
| 2020   | 14.2                   | 0         | 0.0          | 0               | 0.0          |
| <b>Totals</b>  |                        |           |              |                 |              |
| <b>2019</b>  | <b>100.0</b>           | <b>10</b> | <b>100.0</b> | <b>1,878</b>    | <b>100.0</b> |
| <b>2020</b>  | <b>100.0</b>           | <b>9</b>  | <b>100.0</b> | <b>1,550</b>    | <b>100.0</b> |

*Source: 2019 & 2020 D&B Data: Bank Data. Due to rounding, totals may not equal 100.0%*

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

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

## GLOSSARY

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

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

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

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

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

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

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

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

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

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

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

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

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

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

**Limited-Scope Review:** A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

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

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

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

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

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

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

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

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



107 North Chestnut Street  
Post Office Box B  
Onarga, Illinois 60955-0169

Phone 815-268-7676  
Fax 815-268-7229  
www.federatedbank.com

February 1, 2023

**Types of Loans:**

Personal Loans  
Auto/Recreational Loans  
Residential Real Estate Loans:  
    In-House Balloon Loans  
    Adjustable-Rate Mortgage Loans  
    Federal Home Loan Bank  
    Federal Housing Administration Loans  
    Veteran Administration Loans  
    Rural Development  
Home Equity Lines of Credit  
Home Improvement Loans  
Ag Loans  
Ag Real Estate Loans  
Commercial Loans  
Commercial Real Estate Loans

**Loan Origination Charges:**

Residential Real Estate Loans: \$638  
    If multiple properties are used this fee may increase at \$638 for each additional property.  
Residential Balloon Renewal (no new money) \$258  
    This assumes the loan is performing and no issues are present that may increase the efforts in the renewal. If additional time is required, the fee should move towards or up to the \$638 amount.  
Residential Balloon Renewal (with new money) \$638  
Home Improvement Loans: \$138 or \$638  
Home Equity Line of Credit: \$138  
Consumer Loans: \$138  
    \$30.00 per additional vehicle used as collateral  
Commercial & Ag Real Estate Loans: Minimum of \$638.00 or ½% of Loan Amount  
Commercial & Ag Loans: \$258  
    Anything less than \$258 is an exception that requires approval. Minimum of \$100.00

Branch Locations:

Bradley Facility  
327 S. Kinzie Ave  
Bradley, IL 60927  
815-932-7000

Chebanse Facility  
110 W. First North St  
Chebanse, IL 60922  
815-697-2394

Loda Facility  
Route 45  
Loda, IL 60948  
217-386-2392



107 North Chestnut Street  
Post Office Box B  
Onarga, Illinois 60955-0169

Phone 815-268-7676  
Fax 815-268-7229  
[www.federatedbank.com](http://www.federatedbank.com)

**Other Loan Charges:**

Government Recordings: \$50-\$200  
Title Company Charges: \$125-\$750  
Appraisals: \$300-\$3000  
Flood Determination Charges: \$24  
Credit Reporting Charges: \$6-\$125  
Pest Inspection Charges: \$60-\$150  
Wire Charges: \$30-\$100  
Overnight Mailing Charges: \$19-\$30  
Secretary of State Lienholder Charge: \$20-\$95

**Branch Locations:**

Bradley Facility  
327 S. Kinzie Ave  
Bradley, IL 60927  
815-932-7000

Chebanse Facility  
110 W. First North St  
Chebanse, IL 60922  
815-697-2394

Loda Facility  
Route 45  
Loda, IL 60948  
217-386-2392

## FEDERATED BANK'S GEOGRAPHIES:

### Iroquois County – All Tracts

|         |         |         |
|---------|---------|---------|
| 9501.00 | 9504.00 | 9507.00 |
| 9502.00 | 9505.00 | 9508.00 |
| 9503.00 | 9506.00 | 9509.00 |

### Ford County – All Tracts

|         |         |         |
|---------|---------|---------|
| 9616.00 | 9618.00 | 9620.00 |
| 9617.00 | 9619.00 |         |

### Kankakee County – All Tracts

|         |         |         |
|---------|---------|---------|
| 0101.00 | 0102.01 | 0102.03 |
| 0102.04 | 0103.00 | 0104.00 |
| 0105.00 | 0106.01 | 0106.02 |
| 0107.01 | 0107.02 | 0108.00 |
| 0109.00 | 0110.00 | 0111.00 |
| 0112.00 | 0113.00 | 0114.00 |
| 0115.00 | 0116.00 | 0117.00 |
| 0117.00 | 0118.00 | 0119.00 |
| 0120.00 | 0121.00 | 0122.00 |
| 0123.00 | 0124.00 | 0125.00 |
| 0126.00 |         |         |

BRANCH OPENINGS: 2024 – None

2023 - None

BRANCH CLOSINGS: 2024 – None

2023 – None

## Federated Bank Branches

### **Main Branch – Onarga**

107 N Chestnut St. PO Box B

Onarga IL 60955

ATM at Branch

Loan & deposit production office

#### **Lobby Hours**

Monday-Wednesday 9:00 AM-3:00 PM

Thursday 9:00 AM-12:00 PM

Friday 9:00 AM-6:00 PM

Saturday 9:00 AM-12:00 PM

#### **Drive Thru Hours**

Monday-Thursday 8:00 AM-5:00 PM

Friday 8:00 AM-6:00 PM

Saturday 8:00 AM-12:00 PM

### **Loda Office**

117 N Oak St, PO Box 305

Loda IL 60948

ATM at branch

Loan & deposit production office

#### **Lobby Hours**

Monday–Closed

Tuesday-Wednesday 9:00 AM-11:00 AM and 1:00-3:00 PM

Thursday 9:00 AM-11:00 AM

Friday 9:00 AM-11:00 AM and 1:00-3:00 PM

Saturday 9:00 AM-12:00 PM

#### **Drive Thru Hours**

Monday–Closed

Tuesday–Thursday 8:00 AM-5:00 PM

Friday 8:00 AM-5:30 PM

Saturday 8:00 AM-12:00 PM

**Chebanse Office**

110 W 1<sup>st</sup> North St. PO Box 398  
Chebanse IL 60922  
ATM at branch  
Loan & deposit production office

**Lobby Hours**

Monday-Closed  
Tuesday-Wednesday 9:00 AM-11:00 AM and 1:00-3:00 PM  
Thursday 9:00 AM-11:00 AM  
Friday 9:00 AM-11:00 AM and 1:00-3:00 PM  
Saturday 9:00 AM-12:00 PM

**Drive Thru Hours**

Monday-Closed  
Tuesday-Thursday 8:00 AM-5:00 PM  
Friday 8:00 AM-5:30 PM  
Saturday 8:00 AM-12:00 PM

**Bradley Office**

327 S Kinzie Ave  
Bradley IL 60915  
ATM at branch  
Loan & deposit production office

**Lobby Hours**

Monday-Wednesday 9:00 AM-5:00 PM  
Thursday 9:00 AM-12:00 PM  
Friday 9:00 AM-6:00 PM  
Saturday 9:00 AM-12:00 PM

**Drive Thru Hours**

Monday-Thursday 8:00 AM-5:00 PM  
Friday 8:00 AM-6:00 PM  
Saturday 8:00 AM-12:00 PM

**GENERAL FEES & SERVICES**  
Effective as of October 1, 2023

|   |   |
|---|---|
| Checking Account Inactivity Account Fee (inactive account for more than 90 days) .....        | \$10.00 per month                                     |
| Non-Sufficient Funds Item (whether presented in-person, electronically, or otherwise)         |   |
| Per item paid .....   | \$30.00, \$150.00 daily maximum                       |
| Per item returned unpaid, and each time represented.....                                      | \$30.00, \$150.00 daily maximum                       |
| Daily Fee for Negative Balance Account (Overdraft Charge).....                                | \$5.00 per day after 3 business days                  |
| Returned Deposit Item Fee .....   | \$5.00 per occurrence                                 |
| Stop Payment / Revocation / Renewal (including ACH, per item) .....                           | \$25.00   |
| Savings Account Inactivity Account Fee (inactive account for more than 365 days) .....        | \$10.00 per month                                     |
| Savings Account Overdraft Transfer .....  | \$15.00 setup ..... \$3.00 per transfer               |
| Savings Monthly Service Charge (if balance falls below \$100.00).....                         | \$5.00  |
| Any account closed within 90 days of opening .....  | \$20.00   |
| Legal Process which affect your account (i.e., Garnishments, Levy, Citations, or other) ..... | \$90.00   |
| After the first hour.....   | \$30.00 per hour                                      |
| IRA/HSA Transfer and/or Closing Fee .....   | \$50.00   |
| Account Research & Reconciliation .....   | \$30.00 per hour, \$30.00 minimum                     |
| Account Balancing Assistance .....  | \$30.00 per hour, \$30.00 minimum                     |
| Amortization Schedule .....   | \$20.00   |
| Loan Coupon Book (replacement) .....  | \$15.00   |
| Ready Reserve Account .....   | Annual Fee (Dec.30) \$15.00 ..... \$3.00 per transfer |
| Notary Service (non-customers) .....  | \$3.00  |
| Prepaid Spending Cards .....  | \$5.00  |
| Cashier's Check .....   | Customers \$5.00 ..... Non-customers \$10.00          |
| Coin Counting (non-customers) .....   | 10%, minimum \$5.00                                   |
| Wire Transfer Fees  |   |
| Incoming (Domestic) .....   | \$12.00   |
| Incoming (International) .....  | \$30.00 plus external bank charges                    |
| Outgoing (Domestic) .....   | \$30.00   |
| Outgoing (International) .....  | \$60.00 plus external bank charges                    |
| Debit Card Replacement Fee .....  | \$15.00   |
| Instant Issue Debit Card Fees   |   |
| For a New Account.....  | \$10.00   |
| For a Lost Card.....  | \$25.00   |
| ATM Fee Charge (not our ATM).....   | No Charge   |
| Online Banking Re-Enrollment Fee after 90 days.....   | \$10.00   |
| POP Money Fees  |   |
| 1 Day Transfer.....   | \$1.50  |
| 3 Day Transfer.....   | \$.75   |
| Request Money.....  | \$.75   |
| ACH Transfers .....   | Setup \$15.00 ..... \$5.00 each transfer              |
| ACH Non-Post Handling Charge .....  | \$10.00 per item                                      |
| Collection Items (including Foreign Items) .....  | \$20.00 plus external bank charges                    |
| Check Copy .....  | \$2.00  |
| Activity Printout of Account .....  | \$2.00  |
| Returned/Forwarded Mail with Address Correction.....  | \$5.00 per item                                       |
| License Renewal Sticker .....   | \$7.50  |
| Telephone Transfer .....  | \$2.00  |
| Temporary Checks .....  | \$5.00 per 10 checks                                  |
| Cost of printing checks varies depending on the style of checks ordered.                      |   |
| Photocopies .....   | \$0.35  |
| Fax Fees .....  | First Page \$3.00, each additional page \$1.00        |
| Safety Deposit Boxes .....  | See Rate Schedule                                     |
| Drilling Fee .....  | \$200.00  |
| Rekeying Fee .....  | \$75.00   |
| Lost Key Fee .....  | \$40.00   |
| Verification of Deposit .....   | \$10.00   |
| Audit Confirmation .....  | \$20.00   |



## TRUTH IN SAVINGS

Deposit Account Information  
Electronic Funds Transfer Disclosure  
Funds Availability Disclosure

**ONARGA**  
107 N. Chestnut St., PO Box B  
Onarga, IL 60955  
815-268-7226 815-268-7229 (fax)

**BRADLEY**  
327 South Kinzie Ave.  
Bradley, IL 60915  
815-932-7000 815-932-7039 (fax)

**CHEBANSE**  
110 W. 1st North St. PO Box 388  
Chebanse, IL 60922  
815-697-2394 815-697-3056 (fax)

**LODA**  
Route 45, PO Box 305  
Loda, IL 60948  
217-386-2392 217-386-2086 (fax)

### HOURS FOR ONARGA OFFICE ONLY:

**LOBBY:**  
Monday, Tuesday and Wednesday 9:00 a.m. to 3:00 p.m.  
Thursday 9:00 a.m. to 12:00 p.m.  
Friday 9:00 a.m. to 6:00 p.m.  
Saturday 9:00 a.m. to 12:00 p.m.

**DRIVE-UP:**  
Monday, Tuesday, Wednesday and Thursday 8:00 a.m. to 5:00 p.m.  
Friday 8:00 a.m. to 6:00 p.m.  
Saturday 8:00 a.m. to 12:00 p.m.

### HOURS FOR BRADLEY OFFICE ONLY:

**LOBBY:**  
Monday, Tuesday and Wednesday 9:00 a.m. to 5:00 p.m.  
Thursday 9:00 a.m. to 12:00 p.m.  
Friday 9:00 a.m. to 6:00 p.m.  
Saturday 9:00 a.m. to 12:00 p.m.

**DRIVE-UP:**  
Monday, Tuesday, Wednesday & Thursday 8:00 a.m. to 5:00 p.m.  
Friday 8:00 a.m. to 6:00 p.m.  
Saturday 8:00 a.m. to 12:00 p.m.

### HOURS FOR CHEBANSE AND LODA OFFICES ONLY:

**LOBBY:** CLOSED  
Monday 9:00am - 11:00am  
Tuesday, Wednesday, and Friday 8:00am - 1:00pm  
Saturday 9:00am - 12:00pm

**DRIVE-UP:** CLOSED  
Monday 8:00am - 5:00pm  
Tuesday, Wednesday and Thursday 8:00am - 5:30pm  
Saturday 8:00am - 12:00pm



www.federatedbank.com

MEMBER  
FDIC

Other Accounts. If we cash a check for you that is drawn on another financial institution, we may withhold the availability of a corresponding amount of funds that are already in your account. These funds will be available at the time funds from the check we cashed would have been available if you had deposited it.

**Special Rules for New Accounts.** If you are a new customer, the following special rules will apply during the first 30 days after your account is open: Funds from electronic direct deposits, wire transfers and cash will be available on the first business day after the day of your deposit. In addition, the first \$5,525 of a day's total deposits of cashier's, certified, letter, traveler's, or us (checks drawn on Federated Bank) and federal state, and local government checks will be available on the first business day after the day of your deposit. If the deposit meets certain conditions (e.g. the checks must be payable to you), the excess amount over \$5,525 will be available on the seventh business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,525 will not be available until the second business day after the day of your deposit. Funds from all other deposits will be available on the seventh business day after the day of your deposit.

### GENERAL FEES & SERVICES

|   |  |
|---|--|
| Non-Sufficient Funds Item (whether presented in-person, electronically, or otherwise)   | \$30.00, \$150.00 daily maximum                        |
| Per item paid   | \$30.00, \$150.00 daily maximum                        |
| Per item returned unpaid, and each time represented                                     | \$30.00, \$150.00 daily maximum                        |
| Daily Fee for Negative Balance Account (Overdraft Charge)                               | \$5.00 per day after 3 business days                   |
| Returned Deposit Item Fee   | \$5.00 per occurrence                                  |
| Stop Payment/Revocation/Renewal (including ACH, per item)                               | \$25.00  |
| Checking Account Inactivity Account Fee (inactive account for more than 90 days)        | \$10.00 per month                                      |
| Savings Account Overdraft Transfer  | \$15.00 setup  |
| Any Account closed within 90 days of opening  | \$3.00 per transfer                                    |
| Legal Process which affect your account (i.e., Garnishments, Levy, Citations, or other) | \$90.00  |
| After the First Hour  | \$30.00  |
| IR/HSIA Transfer and/or Closing Fee   | \$50.00  |
| Account Research & Reconciliation   | \$30.00 per hour, \$30.00 minimum                      |
| Account Balancing Assistance  | \$30.00 per hour, \$30.00 minimum                      |
| Amortization Schedule   | \$20.00  |
| Loan Coupon Book (replacement)  | \$15.00  |
| Ready Reserve Account   | Annual Fee \$15.00, \$3.00 per Transfer                |
| Notary Service (non-customers)  | \$3.00   |
| Prepaid Spending Cards  | \$5.00   |
| Cashier Checks  | Customers \$5.00, Non-customers \$10.00                |
| Coin Counting (non-customers)   | 10% minimum \$5.00                                     |
| Wire Transfer Fee   | Incoming \$12.00                                       |
|   | Outgoing (International) \$30.00 plus external charges |
|   | Outgoing (Domestic) \$30.00                            |
| Debit Card Replacement Fee  | Outgoing (International) \$60.00 plus external charges |
| Instant Issue Debit Card Fees   | \$15.00  |
| For a New Card  | \$10.00  |
| For a Lost Card   | \$25.00  |
| ACH Transfers   | Setup \$15.00, \$5.00 each transfer                    |
| ATM Fee Charge (not our ATM)  | No Charge  |
| Online Banking Re-Enrollment Fee after 90 days  | \$10.00  |
| ACH Non-Post Handling Charge  | \$10.00 per item                                       |
| Collection Items (including Foreign Items)  | \$20.00 plus external bank charges                     |
| Check Copy  | \$2.00   |
| Activity Printout of Account  | \$2.00   |
| Returned/Forwarded Mail with Address Correction   | \$5.00 per item  |
| License Renewal Slicker   | \$7.50   |
| Telephone Transfer  | \$2.00   |
| Temporary Checks  | \$5.00 per 10 checks                                   |
| Cost of printing checks varies depending on the style of checks ordered                 |  |
| Photocopies   | \$0.35   |
| Fax Fees  | First Page \$3.00, each additional page \$1.00         |
| Safety Deposit Boxes  | See Rate Schedule                                      |
| Drilling Fee  | \$200.00   |
| Rekeying Fee  | \$75.00  |
| Lost Key Fee  | \$40.00  |
| Verification of Deposit   | \$10.00  |
| Audit Confirmation  | \$20.00  |

### SAFE DEPOSIT BOXES

|         |            |
|---------|------------|
| 3 x 5   | Yearly Fee |
| 5 x 5   | Yearly Fee |
| 5 x 10  | Yearly Fee |
| 10 x 10 | Yearly Fee |

Not all boxes available in all offices

- If your account is frozen because of a court order or some similar reason.
- If the automated teller machine where you are making the transfer does not have enough cash.
- If the terminal was not working properly and you knew about the breakdown when you started the transfer.
- If circumstances beyond our control (such as fire or flood) prevent the transfer, despite if reasonable precautions that we have taken.
- There may be other exceptions stated in our agreement with you.

### C. CONFIDENTIALITY - ACCOUNT INFORMATION DISCLOSURE

We will disclose information to third parties about your account or the transfers you make:

- Where it is necessary to complete transfers, or
- In order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant, or
- In order to comply with government agency or court orders, or
- If you give us your written permission.

### D. ERROR RESOLUTION PROCEDURES

In case of errors or questions about your electronic transfers, call or write us at the telephone number or address listed in below, as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

- Tell us your name and account number (if any).
- Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
- Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

### A. ERROR RESOLUTION NOTICE

We will determine whether an error occurred within 10 business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account. We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

### B. EXTENSION OF THE TIME PERIOD

- The application time is 20 business days in place of 10 business days if the notice of error involves an electronic fund transfer to or from the account within 30 days after the first deposit to the account was made, if you are a new customer.
- The applicable time is 90 days in place of 45 days of investigation, if a notice of error involves an electronic fund transfer that:
  - Was not initiated within a state.
  - Resulted from a point-of-sale debit card transaction.

You may ask for copies of the documents that we used in our investigation.

FEDERATED BANK  
107 N. CHESTNUT, PO BOX B  
ONARGA, IL 60955  
Business Days: Monday through Friday  
Excluding Federal Holidays  
Phone: (815) 268-1676

**Your Ability to Withdraw Funds - Determining the Availability of a Deposit.** Our policy is to make funds from your cash, check, wire transfer, and electronic direct deposits available to you on the first business day after the day we receive your deposit. Once the funds are available, you can withdraw them in cash and/or we will use them to pay checks that you have written. For determining the availability of your deposits, every day is a business day except Saturdays, Sundays, and federal holidays. We have multiple branch locations that have different days and hours of operations. If you make a deposit at one of our branches during operating hours on a day that branch is open, that day will be considered the day of your deposit. However, if you make a deposit after business hours, the day of your deposit will be considered the next business day the branch is open, and the day of your deposit for deposits made at branches will be considered the next business day the branch is open.

**Longer Delays May Apply.** In some cases, we will not make all the funds that you deposit by check available to you on the first business day after the day of your deposit. Depending on the type of check you deposit, funds may not be available until the second business day after the day of your deposit. The first \$225.00 of your deposits, however, may be available on the first business day after the day of your deposit. If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the business day after we receive your deposit. If you need the funds from a deposit right away, you should ask us when the funds will be available. Funds you deposit by check may be delayed for a longer period under the following circumstances:

- We believe a check you deposit will not be paid. You deposit checks totaling more than \$5,525 on any one day. You re-deposit a check that has been returned unpaid. You have overdrawn your account repeatedly in the last six months. There is an emergency, such as failure of computer or communications equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the seventh business day after the day of your deposit.

**Customize**  
Federal and State banking laws govern much of our relationship with you. In particular, laws concerning negotiable instruments, deposit accounts and how we treat activity of these accounts. Disclosures of our fees and charges are in this brochure. Please refer to your records.

**TRUTH IN SAVINGS ACT:**  
The FDIC Improvement Act of 1991 contained within it the Truth in Savings Act. The purpose of this act is to enable consumers to make informed decisions about deposit accounts in depository institutions.

**ACCOUNT DESCRIPTIONS**

|  |  |
|--|--|
| <b>REGULAR CHECKING</b>                          |  |
| Minimum Opening Balance                          | \$50.00  |
| Minimum balance required to avoid service charge | \$200.00   |
| Monthly Service Charge                           | \$3.00 if at any time during the statement period the balance falls below \$200.00 |
| Statement Period: Monthly                        |  |
| <b>SENIOR CITIZENS REGULAR CHECKING</b>          |  |
| (60 Years and Older)                             |  |
| Minimum Opening Balance                          | \$50.00  |
| Service Charge                                   | None   |
| Statement Period: Monthly                        |  |

**SAVINGS ACCOUNTS**

|   |   |
|---|---|
| <b>STATEMENT SAVINGS</b>  |   |
| Minimum Opening Balance   | \$100.00  |
| (Anyone under 18 years of age or student 22 or younger)   | \$25.00   |
| Minimum balance required to avoid service charge  | \$100.00  |
| (Anyone under 18 years of age or student 22 or younger)   | \$25.00   |
| Minimum balance required to earn interest   | \$100.00  |
| (Anyone under 18 years of age or student 22 or younger)   | \$25.00   |
| Interest Rate   | See Rate Sheet  |
| Annual Percentage Yield (APY)   | See Rate Sheet  |
| Interest Compulation Method   | Daily Balance   |
| Interest will be compounded   | Quarterly   |
| Interest credited   | Quarterly   |
| On non-cash items interest will begin to accrue on the next business day.   |   |
| If you close your account before interest is credited, you will not receive the accrued interest.   |   |
| Your interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on your account at any time.                      |   |
| Fee Per Withdrawals   | \$3.00 after 5 per month  |
| Statement Period: Quarterly (An interim account activity report will be sent if preauthorized withdrawals or electronic fund transfers occur during the month.) |   |
| Monthly Service Charge  | \$5.00 if at any time during the month the balance falls below \$100.00 |
| Only 6 preauthorized debits are allowed per month (i.e. ACH, telephone transfer, etc.)  |   |
| The Daily Balance is determined by the application of a daily periodic rate to the full amount of principal in the account each day.                            |   |

**CHRISTMAS CLUB ACCOUNTS**

Interest Rate: See Rate Sheet  
Interest will be compounded: Quarterly  
There will be no minimum opening balance, no service charges, and no specific amount required to earn interest.

**INDIVIDUAL RETIREMENT ACCOUNTS**

|   |                |
|---|----------------|
| Minimum Opening Deposit   | \$100.00       |
| Interest Rate   | See Rate Sheet |
| Annual Percentage Yield (APY)   | See Rate Sheet |
| Interest Compulation Method   | Daily Balance  |
| Interest will be compounded   | Quarterly      |
| Interest credited   | Quarterly      |
| If you close your account before interest is credited, you will receive the accrued interest.   |                |
| If you have a variable rate account, your interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on your account at any time. |                |
| On non-cash items interest will begin to accrue on the next business day.   |                |
| Penalty for Early Withdrawal: The penalty will be stated on the IRA Certificate (contract) and may be up to 6 months less of interest.  |                |
| Statement Period: Monthly   |                |
| The Daily Balance is determined by the application of a daily periodic rate to the full amount of principal in the account each day.  |                |

**CERTIFICATE OF DEPOSIT**

Interest may be credited to your deposit account or paid to you quarterly, or as agreed upon. The annual percentage yield (APY) assumes that interest remains on deposit until maturity. A withdrawal will reduce earnings. After the account is opened, you may not make any deposits into or withdrawals from the principal in the account until the maturity date. Deposits into variable rate CDs may be allowed. Interest begins to accrue on the business day you deposit non-cash items (for example, checks). For terms and rates (including APY), see our individual rate sheets.

**PENALTY FOR EARLY WITHDRAWAL**

The penalty will be stated on the individual certificate (contract) and may result in a loss of principal under certain circumstances.

**Renewal Policy:** If your Certificate is SINGLE MATURITY and does not automatically renew, Present it PROMPTLY at maturity as no interest is payable after the maturity date. If your certificates will AUTOMATICALLY RENEW, you will have a grace period of 10 days from maturity date to present this certificate

for payment without penalty. If the certificate automatically renews, IT WILL BE RENEWED AT THE RATE IN EFFECT AT THIS INSTITUTION ON THE DATE OF MATURITY.  
\*See Rate Sheet for CD terms and rates.

**NOW ACCOUNT**

|  |                 |
|--|-----------------|
| Minimum Opening Deposit  | \$750.00        |
| Minimum balance required to obtain APY as listed   | \$750.00        |
| Interest Rate  | See Rate Sheet  |
| Annual Percentage Yield (APY)  | See Rate Sheet  |
| Interest Compulation Method  | Daily Balance * |
| Interest will be compounded  | Monthly         |
| Interest credited  | Monthly         |
| On non-cash items interest will begin to accrue on the next business day.  |                 |
| If you close your account before interest is credited, you will not receive the accrued interest.  |                 |
| Your interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on your account at any time. |                 |
| Cost for check printing varies depending on the style of checks ordered.   |                 |
| If minimum balance falls below \$750.00, there will be a \$7.00 per month service charge.  |                 |
| Statement Period: Monthly  |                 |
| *The Daily Balance is determined by the application of a daily periodic rate to the full amount of principal in the account each day.      |                 |

**MONEY MARKET ACCOUNT**

|  |                           |
|--|---------------------------|
| Minimum Opening Deposit  | \$2500.00                 |
| Interest Rate  | See Rate Sheet            |
| Annual Percentage Yield (APY)  | See Rate Sheet            |
| Interest Compulation Method  | Daily Balance *           |
| Interest will be compounded  | Monthly                   |
| Interest credited  | Monthly                   |
| On non-cash items interest will begin to accrue on the next business day.  |                           |
| If you close your account before interest is credited, you will not receive the accrued interest.  |                           |
| Your interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on your account at any time.   |                           |
| Fee Per Withdrawal   | \$10.00 after 4 per month |
| Statement Period: Monthly  |                           |
| (We must restrict all preauthorized (including automatic) transfers of funds from our Money Market Deposit Account to a maximum of six per month. If we provide checks with this account, three of such transfers may be made by check.) |                           |
| If balance falls below \$2,500.00, no interest will be earned, and a \$10.00 Service Charge will be charged.   |                           |
| *The Daily Balance is determined by the application of a daily periodic rate to the full amount of principal in the account each day.  |                           |

**PLEASE RETAIN FOR YOUR RECORDS**

**FEDERAL ELECTRONIC FUND TRANSFER ACT DISCLOSURES**

**IMPORTANT INFORMATION** for our customers who have authorized electronic fund transfers:  
The Federal Electronic Fund Transfer Act and regulations adopted thereunder provide that we disclose pertinent information to you about electronic fund transfers to or from your account. By electronic fund transfers, we mean transactions initiated by you through the use of your debit card (in automated teller machines), preauthorized deposits to - and if applicable, preauthorized transfers from your account with us.

**TYPES OF TRANSFERS AVAILABLE**

1. Point of Sale Transfers
2. Automated Teller Machine
3. Electronic Check Conversion
4. Direct Deposit or withdrawal of funds
5. Transfer Initiated by Telephone
6. All debit card transfers - whether or not initiated through an electronic terminal

**AUTOMATED TELLER MACHINES, DEBIT CARDS & POINT-OF-SALE TRANSFERS**

**A. ACCESSING YOUR ACCOUNT**

1. Withdraw cash from your checking or savings account.
2. Transfer funds between your checking and savings accounts whenever you request.
3. Pay for purchases at places that have agreed to accept the card.
4. Some of these services may not be available at all terminals.

**B. LIMITATIONS**

1. Limitations on frequency of transfers
  - i) There is no limitation on the frequency of transfers.
  - ii) You may withdraw up to \$305.00 from our terminals each day.
  - iii) You may buy up to \$1,500.00 worth of goods or services per three business days.
- ii) In addition to those limitations listed elsewhere, transfers from an Insured Money Market account or from a savings account to another account or to third parties by preauthorized, automatic or telephone transfers are limited to six per statement cycle with no more than three by check, debit card, or similar order to third parties.

**C. CHARGES FOR TRANSFERS OR RIGHT TO MAKE TRANSFERS**

1. There will be no charge from Federated Bank for any transaction initiated at an ATM machine that is not our own.
2. There is no charge for transfers.

**D. ATM FEES BY OTHERS**

When you use an ATM not owned by us, you may be charged a fee by the ATM operator or any financial institution used and you may be charged a fee for a balance inquiry even if you do not complete a fund transfer.

**E. RECEIPT FOR TRANSACTION**  
You will receive a written receipt at the time you make any transfer to or from your account using one of our automated teller machines.

**F. CUSTOMER LIABILITY**

**VISA® Customer Liability Limits:** Additional limit on liability for VISA®-branded cards. Unless you have been grossly negligent or have engaged in fraud, you will not be liable for any unauthorized transactions using your Visa or stolen VISA®-branded card. This additional limit on liability does not apply to ATM transactions using your Personal Identification Number that are not processed by VISA® or to commercial cards. The liability policy for unauthorized use on PIN transactions not processed by VISA® is below. Tell us AT ONCE if you believe your card has been lost or stolen. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account if you tell us within 2 business days; you can lose no more than \$50 if someone used your card without your permission. If you do NOT tell us within 2 business days after you learn of the loss or theft of your card, we can prove we could have stopped someone from using your card without your permission if you had told us, you could lose as much as \$500.

**G. HOW TO CONTACT US**

If you believe that your card has been lost or stolen or that someone has transferred or may transfer money from your account without your permission, or if for any reason you wish to contact us, telephone us at (615) 266-7676.

**ELECTRONIC FUNDS TRANSFERS BY PREAUTHORIZATION**

**A. DOCUMENTATION OF TRANSFERS**  
If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, you can call us at the phone number listed below to find out whether or not the deposit has been made.

**B. LIMITATIONS**

There is no limitation on the number of withdrawals that can be made in person. Only 6 preauthorized debits are allowed per month (e.g. ACH, telephone transfers, etc) on Savings or Money Market accounts.

**C. RIGHT TO STOP PAYMENT**

If you have told us in advance to make regular payments out of your account, you can stop any of these payments. Here's how: call us at the phone number given below, or write us at the address given below. In time for us to receive your request 3 business days or more before the payment is scheduled to be made. If you call, we may also require you to put your request in writing and get it to us within 14 days after your call. If you order us to stop one of these payments 3 business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages. We will charge you \$25.00 for each stop-payment order you give.

**D. NOTICE OF TRANSFERS VARYING IN AMOUNT**

If the preauthorized regular transfers from your account may vary in amount, the person you are going to pay should tell you 10 days before each payment, when it will be made and how much it will be. You may choose instead to get this notice only when the payment would fall more than a certain amount from the previous payment, or when the amount would fall outside certain limits that you set.

**E. CUSTOMER LIABILITY**

If your statement shows unauthorized transfers from your account, tell us at once. If you do not tell us within 60 days after we sent you the FIRST statement upon which the problem appeared, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time. If a good reason (such as a long trip or a hospital stay) kept you from telling us, we will extend the time periods.

**F. HOW TO CONTACT US**

If you believe that a transaction involving your account has been made without your permission or if for any reason you wish to contact us, telephone us at the phone number given below or write us at the address given below.

**ELECTRONIC FUND TRANSFERS (EFT) BY NON-RECURRING PREAUTHORIZED TRANSFERS**

**A. TYPES OF NON-RECURRING PREAUTHORIZED TRANSFERS:**

1. You may purchase goods or pay for services with a check at the point of sale and authorize the merchant or service provider to convert your check into an EFT by capturing the routing account, and serial numbers to initiate the transfer by an electronic check conversion.
  2. You purchase goods or pay for services by mailing a check to the merchant, a box, or other payee that is later converted to an EFT by electronic check conversion.
  3. You make a payment through a bill-payment service available to you via a computer or other electronic means that initiates an ACH debit entry to your account using MICR information you have provided, without producing a paper draft. It is an EFT by electronic check conversion.
  4. You are asked to authorize at the time you offer a check to a merchant or service provider to electronically collect a charge in the event the check is returned for insufficient funds. Paying such a fee electronically is an electronic fund transfer.
- A consumer authorizes a one-time electronic fund transfer (in providing a check or the information from a check to a merchant or other payee for the MICR encoding), where the consumer receives notice that the transaction will be processed as an EFT and completes the transaction. Examples of notice include, but are not limited to, written statements and the posting of a sign.

**DISCLOSURES THAT APPLY TO ALL ELECTRONIC FUND TRANSFERS**

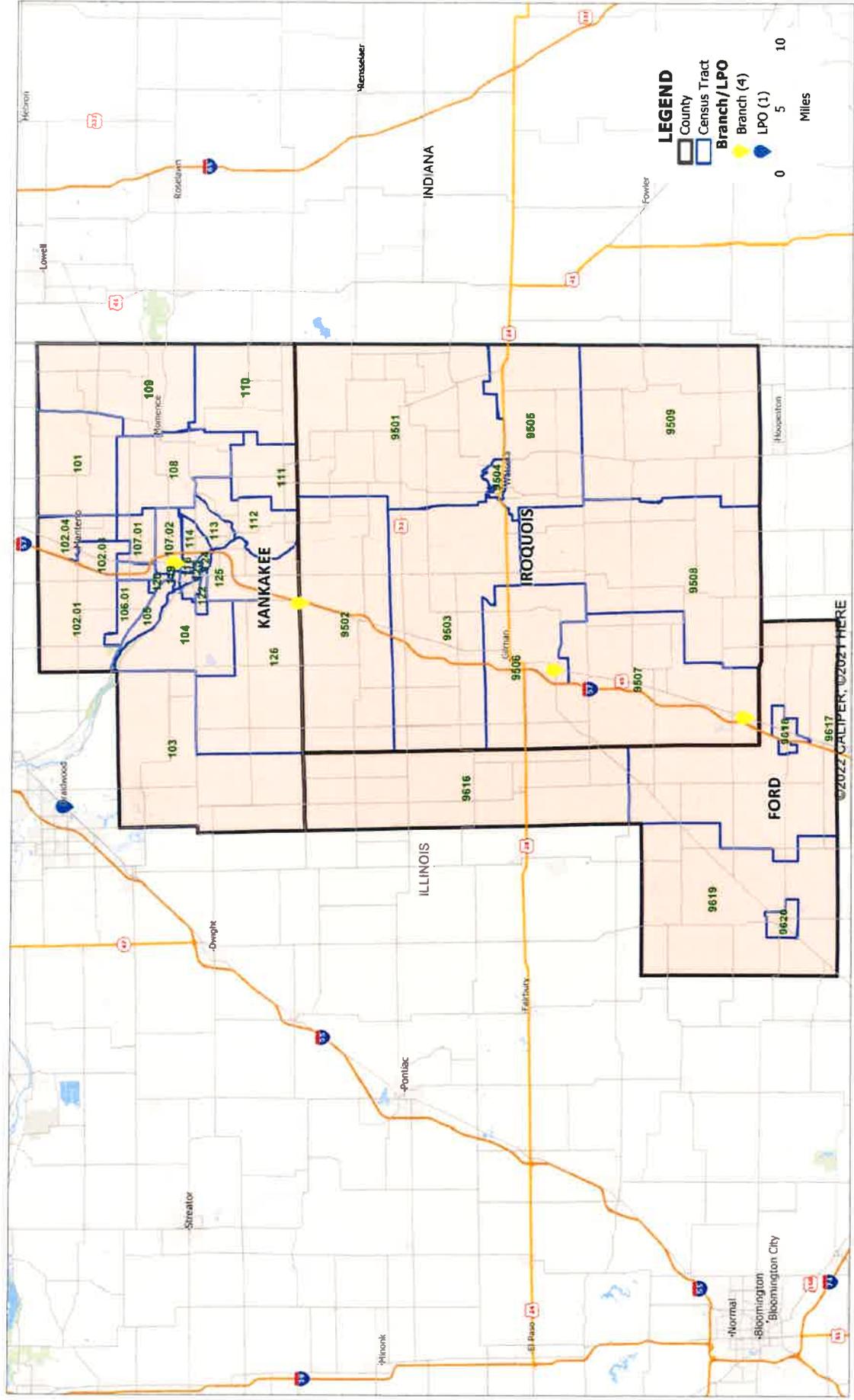
**A. PERIODIC STATEMENTS:**

1. CHECKING: You will get a monthly account statement.
2. SAVINGS: You will get a quarterly account statement. (An interim account activity report will be sent if preauthorized withdrawals occur during the month.)

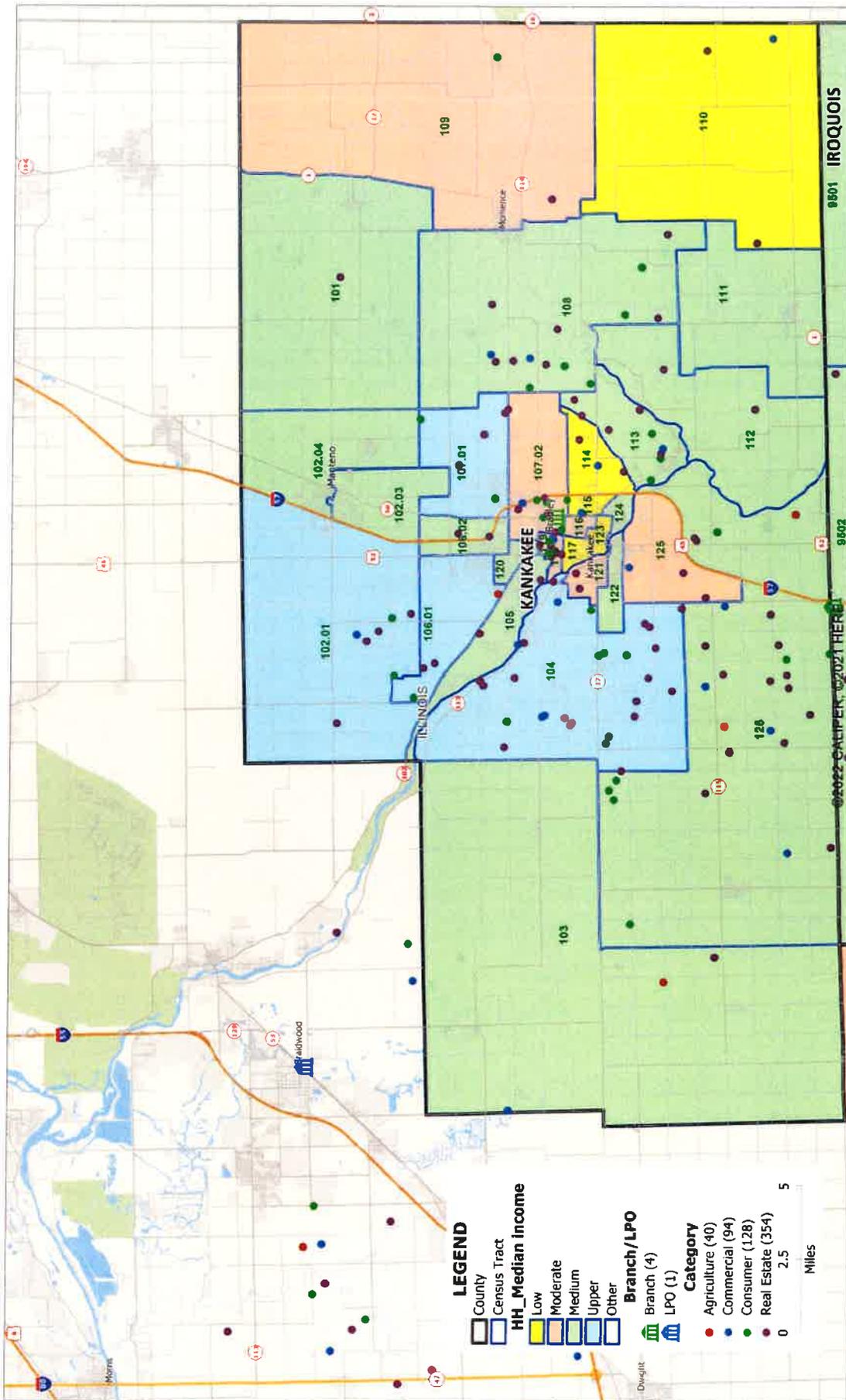
**B. LIABILITY FOR FAILURE TO MAKE TRANSFERS**

1. If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:
  - i) If, through no fault of ours, you do not have enough money in your account to make the transfer.
  - ii) If the transfer would go over the credit limit on our overdraft line, if any.

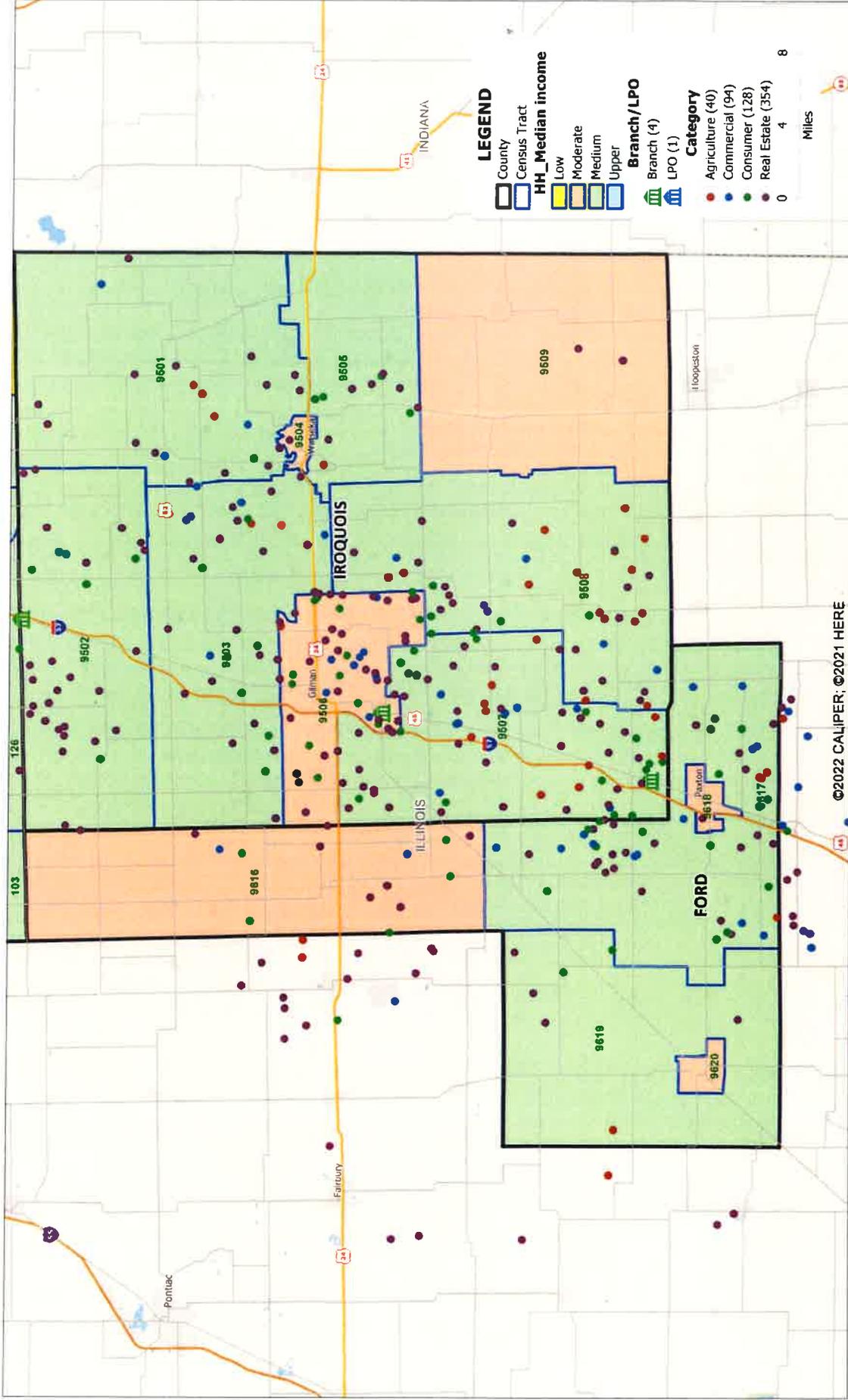
# Federated Bank CRA Assessment Area



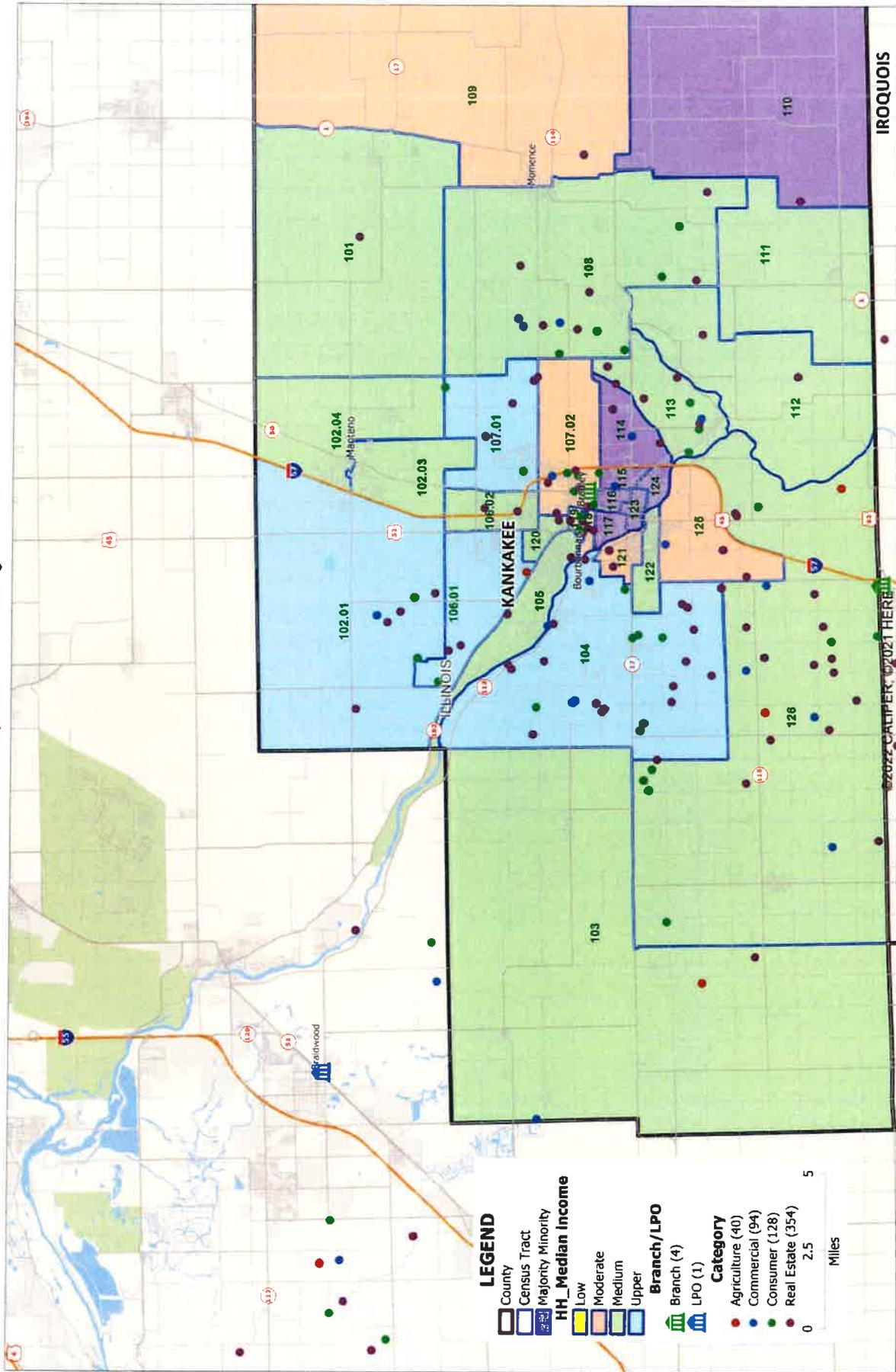
# Federated Bank Loans in Relation to CRA Assessment Area One



# Federated Bank Loans in Relation to CRA Assessment Area Two



# Federated Bank Majority Minority



**Federated Bank**  
**Geographic Distribution of Loans**

| Assessment Area   | County   | Number of Loans | %             | Sum of Original Amount | %             | Sum of Balance         | %             |
|-------------------|----------|-----------------|---------------|------------------------|---------------|------------------------|---------------|
| One               | Kankakee | 141             | 22.89%        | \$10,518,255.42        | 19.84%        | \$9,590,920.32         | 17.76%        |
| Two               | Ford     | 74              | 12.01%        | \$4,599,094.81         | 8.67%         | \$4,154,727.29         | 7.69%         |
|                   | Iroquois | 272             | 44.16%        | \$17,634,095.04        | 33.26%        | \$20,433,249.52        | 37.83%        |
| <b>Inside AA</b>  |          | <b>487</b>      | <b>79.06%</b> | <b>\$32,751,445.27</b> | <b>61.77%</b> | <b>\$34,178,897.13</b> | <b>63.28%</b> |
| <b>Outside AA</b> |          | <b>129</b>      | <b>20.94%</b> | <b>\$20,266,784.84</b> | <b>38.23%</b> | <b>\$19,834,551.57</b> | <b>36.72%</b> |
| Grand Total       |          | 616             | 100.00%       | \$53,018,230.11        | 100.00%       | \$54,013,448.70        | 100.00%       |

Loan to Deposit Ratio For  
2024  
in 000's

| Quarter End | Loans  | Deposits | Ratio   |
|-------------|--------|----------|---------|
| 12/31/2023  | 52,004 | 104,580  | 49.727% |
| 3/31/2024   | 52,154 | 100,391  | 51.951% |
| 6/30/2024   | 52,095 | 98,488   | 52.895% |
| 9/30/2024   | 54,163 | 97,943   | 55.301% |
| 12/31/2024  | 58,263 | 108,155  | 53.870% |

# **HOME MORTGAGE DISCLOSURE ACT NOTICE**

To obtain a copy of Federated Bank's Home Mortgage Disclosure Act (HMDA), loan and application register, as modified by the Consumer Financial Protection Bureau to protect applicant and borrower privacy, please visit [www.consumerfinance.gov/HMDA](http://www.consumerfinance.gov/HMDA).

# FEDERAL DEPOSIT INSURANCE CORPORATION

## COMMUNITY REINVESTMENT ACT (CRA) PUBLIC NOTICE

Under the **Federal Community Reinvestment Act (CRA)**, the **Federal Deposit Insurance Corporation (FDIC)** evaluates our performance in meeting the credit needs of this community, consistent with safe and sound operations. The FDIC also takes into account our record of helping to meet the credit needs of our entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations.

You are entitled to certain information about our operations and our performance under the CRA. This information includes, for example, information about our branches, such as their locations and services provided; the public section of our most recent CRA Performance Evaluation, prepared by the FDIC; and comments received from members of the public relating to our CRA performance.

You may review this information today at:

**Federated Bank**  
**107 N Chestnut**

**Onarga, IL 60955**

Please let us know if you have questions.

You may also submit written comments regarding our CRA performance to:

**Compliance Department**  
**Federated Bank**  
**107 N Chestnut**

**Onarga, IL 60955**

We will make any comments we receive available to the public.

---

# STATE OF ILLINOIS

## ILLINOIS COMMUNITY REINVESTMENT ACT (ILCRA) PUBLIC NOTICE

Under the **Illinois Community Reinvestment Act (ILCRA)**, the **Secretary of the Illinois Department of Financial and Professional Regulation (IDFPR)** evaluates our record of helping to meet the credit needs of the communities we serve, including low- and moderate-income neighborhoods, consistent with safe and sound operations. The Secretary takes this record into account when deciding on certain applications submitted by the bank.

### **Your involvement is encouraged.**

You are entitled to certain information about our operations and our performance under the ILCRA. This information includes, for example: - Information about our branches, including locations and services provided; - The public section of our most recent Illinois CRA Performance Evaluation, prepared by IDFPR; and - Written comments received from members of the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments.

You may review this information at this office during normal business hours.

At least 30 days before the beginning of each calendar quarter, the Secretary publishes a list of banks scheduled for ILCRA examination during that quarter. This list is available from the Illinois Department of Financial and Professional Regulation.

You may submit written comments regarding our performance in helping to meet community credit needs to:

### **Illinois Department of Financial and Professional Regulation**

Division of Banking

320 West Washington Street, 3rd Floor  
Springfield, Illinois 62786

or

555 West Monroe Street, Suite 500  
Chicago, Illinois 60661

You may also submit comments electronically through the Department's website at:

**<https://idfpr.illinois.gov/admin/cra.html>**

Any comments submitted, together with any response by the bank, may be considered by the Secretary in evaluating our ILCRA performance and may be made available to the public.