



PUBLIC DISCLOSURE

September 10, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Farmers National Bank
Charter Number 6375
114 West Third Street
Prophetstown, Illinois 61277

Office of the Comptroller of the Currency
Peoria Field Office
211 Fulton Street, Suite 604
Peoria, Illinois 61602

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support these ratings include:

- The distribution of loans to borrowers of different income levels is reasonable.
- A majority of the loans originated by the bank are to borrowers inside its assessment area (AA).
- The quarterly average loan-to-deposit ratio is reasonable.
- The bank's overall community development performance demonstrates adequate responsiveness.

Definitions and Common Abbreviations

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

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

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

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

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

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

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

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

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

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

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

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

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

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

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

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

Farmers National Bank (FNB) is a \$655 million institution headquartered in Prophetstown, Illinois, located in northwestern Illinois. FNB is an intrastate financial institution with three offices serving portions of Henry and Whiteside Counties. All of the offices are full-service locations, and are all equipped with drive-up facilities. FNB also operates cash dispensing automated teller machines (ATMs) throughout the AA at all bank locations. FNB did not open or close any facilities since the previous CRA evaluation. Internet, mobile, and telephone banking are also available to the bank's customers. Refer to the bank's public file for a listing of services.

There was no change in FNB's corporate structure since the previous CRA evaluation. FNB is wholly owned by Prophetstown Banking Co., a one-bank holding company. The bank has no affiliates or subsidiaries. There are no legal, financial, or other factors impeding FNB's ability to help meet the credit needs in the bank's AAs.

FNB's strategy is to build customer relationships by providing competitive banking products and services. The bank offers a full range of deposit and loan products and services. The bank's previous Intermediate Small Bank CRA rating was "Satisfactory" as detailed in the September 8, 2015, Performance Evaluation.

The bank's market area has high levels of competition for loans and deposits. FNB competes with national banks, state banks, credit unions, federal thrifts, and mortgage companies. See Appendix A for a description of the bank's AA and Appendix B for more information on deposit market share. The majority of the bank's deposits and loans are derived from the Whiteside County Non MSA AA (Whiteside AA), which accounts for 56 percent of the bank's deposits and 78 percent of the bank's loans. The Henry County MSA AA (Henry AA) only accounts for 22 percent of the bank's loans and 44 percent of the bank's total deposits.

FNB held 49 percent of net loans and leases to total assets and had a Tier One Leverage Capital ratio of 13 percent at June 30, 2018. Agricultural lending represented the largest loan portfolio at \$270 million, followed by commercial lending at \$34 million, residential lending at \$30 million, and consumer lending at \$4 million at June 30, 2018.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period is from the previous CRA evaluation, September 8, 2015, through December 31, 2017. We assessed the bank under the Intermediate Small Bank evaluation procedures, which include a lending test and a community development (CD) test. The CD test evaluates the bank's community development lending, qualified investments, and CD service activities in its AA during the evaluation period.

The lending test evaluates the bank's record of meeting the credit needs of its AA through its primary loan product. We evaluated loans originated from July 1, 2015, through December 31, 2017, under the lending test. FNB's primary lending product is agricultural loans. This lending category accounts for 78 percent of loans, by dollar, originated or purchased from July 1, 2015, to December 31, 2017. We used this lending product for the analysis of this evaluation.

Data Integrity

The bank is not required to maintain income data on agricultural loans outside of the individual loan files. Consequently, we sampled agricultural loans originated during the lending test evaluation period to acquire data. We obtained the gross revenues of the farms, as well as geocoded the data for each loan sampled. Performance conclusions for lending between July 1, 2015, and December 31, 2016, are based on 2010 US Census data. Performance conclusions for lending between January 1, 2017, and December 31, 2017, are based on 2015 American Community Survey data.

Selection of Areas for Full-Scope Review

The Henry AA and Whiteside AA both received a full-scope review. Refer to Appendix A for more information.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. However, we weighed the Whiteside AA lending test and CD test results more heavily than the Henry AA outcomes since the majority of the bank's loans and deposits are generated in the Whiteside AA. Lending performance in 2015-16 and 2017 were weighed equally.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR. 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

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

Conclusions with Respect to Performance Tests

LENDING TEST

FNB meets the standard for satisfactory performance.

Loan-to-Deposit Ratio

FNB's quarterly average loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and AA credit needs. FNB's quarterly average LTD ratio for the period July 1, 2015, to June 30, 2018, is 68 percent. FNB had a quarterly low of 66 percent and a quarterly high of 69 percent. FNB's 68 percent is up from the prior CRA evaluation's average LTD ratio of 59 percent.

FNB ranks 3rd among five similarly situated banks serving its AA. The quarterly average LTD ratio for the other four banks over the same period ranged from 53 percent to 82 percent. The similarly situated institutions, which range in asset size from \$400 million to \$900 million, are FDIC insured community financial institutions that compete with FNB for deposits in the AA.

Lending in Assessment Area

A majority of the loans originated by FNB are to borrowers inside its AA. FNB's lending to customers within the AA for its primary loan type is reasonable. The following table details the bank's lending within the AA by number of loan originations and dollar volume from our sample during the evaluation period.

Table 1 - Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total \$(000)
	#	%	#	%		\$(000)	%	\$(000)	%	
Agriculture Lns	102	86%	17	14%	119	\$13,247	86%	\$2,104	14%	\$15,351

Source: Sample of agriculture loans originated from 7/1/15 to 12/31/17

Lending to Farms of Different Sizes

FNB's distribution of loans displays reasonable penetration among farms of different sizes given the demographics of its AAs for both time periods.

Whiteside AA

The distribution of loans displays reasonable penetration among farms of different sizes given the demographics of the AA. Loans to small farms are those with gross annual revenues of \$1 million or less. FNB's lending to small farms exceeds the level conveyed by CRA-reporting financial institutions in the AA but falls below the

demographic comparators for both time periods. High yields and further consolidation in farming have resulted in an increase in the number of farms generating over one million dollars in annual revenues.

Table 2 – Distribution of Loans to Farms by Gross Annual Revenues Whiteside AA 2015-16							
Assessment Area:	Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Whiteside AA	100.0	85.7	25.0	0.0	9.5	0.0	4.8
<i>Source: 2016 D&B Data; 07/01/2015 - 12/31/2016 Loan Sample; 2016 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>							

Table 3 – Distribution of Loans to Farms by Gross Annual Revenues Whiteside AA 2017							
Assessment Area:	Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Whiteside AA	99.4	84.6	25.0	0.0	7.7	0.6	7.7
<i>Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Loan Sample; 2016 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>							

Henry AA

The distribution of loans displays reasonable penetration among farms of different sizes given the demographics of the AA. FNB's lending to small farms exceeds the level conveyed by CRA-reporting financial institutions in the AA but falls below the demographic comparators for both time periods. As noted above, high yields and further consolidation in farming have resulted in an increase in the number of farms generating over one million dollars in annual revenues.

Table 4 – Distribution of Loans to Farms by Gross Annual Revenues Henry AA 2015-16							
Assessment Area:	Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Henry AA	95.8	82.8	25.7	1.2	17.2	3.0	0.0
<i>Source: 2016 D&B Data; 07/01/2015 - 12/31/2016 Loan Sample; 2016 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>							

Table 5 – Distribution of Loans to Farms by Gross Annual Revenues Henry AA 2017							
Assessment Area:	Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Henry AA	95.4	80.8	25.7	1.7	19.2	2.9	0.0
<i>Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Loan Sample; 2016 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>							

Geographic Distribution of Loans

We did not perform a geographic distribution of loans at this evaluation. Since all of the geographies are middle-income, the analysis would not be meaningful.

Responses to Complaints

FNB did not receive any complaints regarding its performance in helping to meet the credit needs within its AA during this evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test is rated satisfactory. FNB's CD performance demonstrates an adequate responsiveness to the community development needs of its AA through CD loans, qualified investments, and CD services.

Number and Amount of Community Development Loans

FNB demonstrates an adequate responsiveness to CD needs through its CD loans in the Whiteside AA. FNB originated seven qualifying loans in the Whiteside AA totaling \$3.3 million during the evaluation period. These loans were to a healthcare facility in the Whiteside AA.

There were no qualifying CD loans originated in the Henry AA during the evaluation period. FNB demonstrates a poor responsiveness to CD needs through its CD loans in the Henry AA.

Number and Amount of Qualified Investments

FNB made a total of \$25 thousand in cash contributions and donations to several organizations assisting low- and moderate-income individuals and families in the bank's AA. Some notable beneficiaries include local food pantries and programs benefiting underprivileged children. The breakdown of contributions in the different AAs is below:

- Henry AA - \$20 thousand in donations
- Whiteside AA - \$5 thousand in cash contributions

FNB demonstrates an adequate responsiveness to CD needs through its qualified investments for both AAs.

Extent to Which the Bank Provides Community Development Services

Delivery systems are reasonably accessible to individuals of different income levels. FNB operates three full-service locations and three deposit-accepting ATMs throughout the AA. All offices are located in middle-income census tracts. Extended hours are available at all drive-up locations. FNB's loan and deposit products are available at all branch locations. The officers and employees of the bank are involved in several community service organizations in the AA.

FNB offers the USDA Rural Development loans, which is a federal government program designed to encourage people to purchase homes in rural areas. The USDA sets maximum income guidelines for people to qualify for the program. FNB also offers the Federal Home Loan Bank's Downpayment Plus Program. This program offers grants for low- and moderate-income families to assist with down payment and closing costs. The Federal Home Loan Bank sets maximum income guidelines for people to qualify for the program. These products are available to both AAs.

FNB demonstrates an adequate responsiveness to CD needs through its CD Services for both AAs.

Responsiveness to Community Development Needs

The bank's overall CD performance displays adequate responsiveness, considering the bank's capacity, and the need and availability of such opportunities for CD in the bank's AA. The bank displayed adequate responsiveness in the Whiteside AA and poor responsiveness in the Henry AA. We weighted CD performance in the Whiteside AA more heavily than the Henry AA.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD loans): (07/01/15 to 12/31/17) Investment and Service Tests and CD Loans: (09/08/15 to 12/31/17)	
Financial Institution	Products Reviewed	
Farmers National Bank Prophetstown, Illinois	Agricultural Loans	
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Illinois: Henry County MSA AA (Henry AA)	Full-Scope	Henry County CTs 303.00, 304.00, 305.00 (part of Davenport-Moline-Rock Island, IA-IL MSA)
Whiteside County Non-MSA AA (Whiteside AA)	Full-Scope	Whiteside County CTs 2.00, 3.00, 6.00, 7.00, 8.00

Appendix B: Community Profiles for Full-Scope Areas

Whiteside AA

The Whiteside AA is not located in a MSA and consists of 5 geographies in Whiteside County. All five geographies are designated middle-income for both time periods. The Whiteside AA generates a sizable portion of the bank's deposits (56%) and loans (78%). FNB has two locations (67%) and two ATMs (67%) in the Whiteside AA. According to the June 30, 2018, FDIC Market Share Report, FNB held an eighteen percent deposit market share in Whiteside County, ranking second of 16 FDIC insured institutions competing for the area's \$1.5 billion in deposits. The top three financial institutions held a 53 percent deposit market share in Whiteside County. The Whiteside AA received a full-scope review for our lending and CD test analysis.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Whiteside 2015-16						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	100.0	0.0	0.0
Population by Geography	15,730	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	6,644	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Housing by Geography	4,931	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,149	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	564	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	754	0.0	0.0	100.0	0.0	0.0
Farms by Geography	164	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	4,162	15.8	19.1	22.0	42.2	0.0
Household Distribution by Income Level	6,080	18.4	15.9	19.0	46.7	0.0
Median Family Income Non-MSAs - IL		\$54,499	Median Housing Value			\$102,767
			Median Gross Rent			\$562
			Families Below Poverty Level			6.7%
<i>Source: 2010 U.S. Census and 2016 D&B Data. Due to rounding, totals may not equal 100.0</i> (*) The NA category consists of geographies that have not been assigned an income classification.						

Table B – Demographic Information of the Assessment Area						
Assessment Area: Whiteside AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	100.0	0.0	0.0
Population by Geography	15,400	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	6,649	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	4,847	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,260	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	542	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	746	0.0	0.0	100.0	0.0	0.0
Farms by Geography	169	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	4,299	13.4	20.9	22.6	43.0	0.0
Household Distribution by Income Level	6,107	16.4	16.4	19.5	47.7	0.0
Median Family Income Non-MSAs - IL		\$59,121	Median Housing Value			\$110,177
			Median Gross Rent			\$659
			Families Below Poverty Level			6.7%
<i>Source: 2010 U.S. Census & 2015 ACS Census and 2017 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The local economic condition is stable. According to the U.S. Department of Labor, the June 2018 unemployment rate for Whiteside County was 4.6 percent, which is comparable to the State of Illinois' 4.5 percent. Whiteside County's unemployment rate is above the national unemployment rate, which was 4.0 percent. The economy of Whiteside County is concentrated in agriculture, healthcare, manufacturing, retail, and education sectors. Major employers include: local hospital and health care facilities, WalMart, Wahl Clipper Corporation, city and county government, and local school districts.

We utilized a recent community contact from the Whiteside AA. The contact stated there are no unmet credit needs or banking services not met or provided for by the local financial institutions. Overall, the contact felt the local financial institutions met the credit needs of the area.

Henry AA

The Henry AA is located in the Davenport-Moline-Rock Island, IA-IL MSA and consists of 3 geographies in Henry County. All three geographies are designated middle-income for both time periods. The Henry AA generates a smaller portion of the bank's deposits (44%) and loans (22%). FNB has one location (33%) and one ATM (33%) in the Henry AA. According to the June 30, 2018, FDIC Market Share Report, FNB held a sixteen percent deposit market share in Henry County, ranking third of 11 FDIC insured institutions competing for the area's \$1.4 billion in deposits. The top three financial

institutions held a 52 percent deposit market share in Henry County. The Henry AA also received a full-scope review for our lending and CD test analysis.

Table C – Demographic Information of the Assessment Area						
Assessment Area: Henry AA 2015-16						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	0.0	100.0	0.0	0.0
Population by Geography	12,143	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	5,348	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	3,862	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,021	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	465	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	835	0.0	0.0	100.0	0.0	0.0
Farms by Geography	165	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	3,463	15.4	17.6	23.5	43.6	0.0
Household Distribution by Income Level	4,883	17.8	16.7	16.8	48.7	0.0
Median Family Income MSA - 19340 Davenport-Moline-Rock Island, IA-IL MSA	\$61,723	Median Housing Value				\$129,345
		Median Gross Rent				\$729
		Families Below Poverty Level				7.3%

Source: 2010 U.S. Census and 2016 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.

Table D – Demographic Information of the Assessment Area						
Assessment Area: Henry AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	0.0	100.0	0.0	0.0
Population by Geography	11,973	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	5,180	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	3,762	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,062	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	356	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	835	0.0	0.0	100.0	0.0	0.0
Farms by Geography	175	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	3,306	14.5	17.0	26.4	42.1	0.0
Household Distribution by Income Level	4,824	20.2	16.3	18.7	44.8	0.0
Median Family Income MSA - 19340 Davenport-Moline-Rock Island, IA-IL MSA		\$66,600	Median Housing Value			\$124,483
			Median Gross Rent			\$656
			Families Below Poverty Level			4.6%
<i>Source: 2010 U.S. Census & 2015 ACS Census and 2017 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The local economic condition is stable. According to the U.S. Department of Labor, the June 2018 unemployment rate for Henry County was 4.5 percent, which is comparable to the State of Illinois' 4.5 percent. Henry County's unemployment rate is above the national unemployment rate, which was 4.0 percent. The economy of Henry County is concentrated in agriculture, healthcare, manufacturing, retail, and education sectors. Major employers include: local school districts, local hospital and health care facilities, and city and county government.

We made one community contact from the Henry AA during the evaluation. The contact indicated the primary credit need of the AA is small business followed by housing loans. The contact also stated there are no credit needs or banking services not met or provided for by the local financial institutions. Overall, the contact felt FNB and the other local financial institutions met the credit needs of the area.