

PUBLIC DISCLOSURE

August 11, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Peoples Bank & Trust
Certificate Number: 17320

200 South Locust Street
Pana, Illinois 62557

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.

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INSTITUTION RATING

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

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

Peoples Bank & Trust (PB&T) Community Reinvestment Act (CRA) performance under the Lending and Community Development Tests supports the overall rating, primarily based on the bank's activities in the Illinois Non-Metropolitan Statistical Area (MSA) assessment area (AA). Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance under the Intermediate Small Institution procedures.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition and AA needs.
- A majority of the institution's loans are within 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 businesses and farms of different sizes.
- The institution has not received any complaints about its performance in meeting AA credit needs.

The Community Development Test is rated Satisfactory.

- The institution's community development performance demonstrates adequate responsiveness to the community development needs of its AAs through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the needs and availability of such opportunities for community development in the institution's AAs.

DESCRIPTION OF INSTITUTION

PB&T is headquartered in Pana, IL and operates throughout 11 counties in Central Illinois. The institution remains wholly owned by Peoples First Bancshares, Inc., a one-bank holding company also in Pana, Illinois. PB&T has a new affiliate since the previous evaluation; Peoples Assistance Company, will assist with application packages for the United States Department of Agriculture Section 504 Home Repair Program. This affiliate relationship was formed in November 2019 but has not received any applications under this program as of the evaluation date. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated June 17, 2019, based on Interagency Intermediate Small Institution Examination Procedures.

In addition to the main office, PB&T operates six full-service and four limited-service branch facilities throughout its AAs. The bank did not open or close any branches, and no merger or acquisition activities occurred within this review period.

PB&T offers loan products including commercial, agricultural, home mortgage, and consumer loans, primarily focusing on commercial and agricultural lending. The bank continues to offer secondary market loans through a third party relationship that allows them to offer more flexible loan products that benefit low- and moderate-income borrowers. The institution provides a variety of deposit services including checking, savings, money market deposit accounts, and certificates of deposit. The bank also offers investment advisory and trust services. Alternative banking services include internet and mobile banking, electronic bill pay, and all branches have automated teller machines.

As of June 30, 2022, PB&T reported total assets of \$580.7 million, total loans of \$346.8 million, and total deposits of \$516.4 million. Additionally, the bank’s investment portfolio totaled \$198.7 million, which represents 34.2 percent of total assets. Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet AA credit needs. The following table illustrates the bank’s loan portfolio.

Loan Portfolio Distribution as of 06/30/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	4,236	1.2
Secured by Farmland	64,461	18.6
Secured by 1-4 Family Residential Properties	31,266	9.0
Secured by Multi-family (5 or more) Residential Properties	6,422	1.9
Secured by Non-farm Non-Residential Properties	52,663	15.2
Total Real Estate Loans	159,048	45.9
Commercial and Industrial Loans	143,227	41.3
Agricultural Production and Other Loans to Farmers	39,787	11.5
Consumer	874	0.3
Obligations of States and Political Subdivisions	3,446	1.0
Loans to Non-depository Financial Institutions	104	<1.0
Other Loans	253	<1.0
Lease Financing Receivables (Net of Unearned Income)	18	<1.0
Total Loans	346,757	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. PB&T designated three AAs throughout central Illinois. The bank's AAs conform to the CRA regulation as they include whole census tracts, do not extend substantially beyond MSA boundaries, and do not arbitrarily exclude any low- or moderate-income tracts. Details regarding the AA composition by county, number of census tracts, and number of branches are illustrated in the table below. Each AA and the bank's operations specific to those areas is discussed in greater detail in subsequent sections of this CRA Performance Evaluation.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of Census Tracts	# of Branches
Illinois Non-MSA	Entire Counties: Christian and Greene Partial Counties: Coles, Effingham, Fayette, Macon, Montgomery, Morgan, Shelby	35	9
St. Louis, MO-IL MSA	Partial County: Macoupin	3	1
Springfield, IL MSA	Partial County: Sangamon	8	1
<i>Source: Bank Records</i>			

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation conducted as of June 17, 2019 to the current evaluation dated August 11, 2022. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate People's CRA performance under two tests: the CRA Small Bank Lending Test and the Community Development Test. Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating.

Due to the geographic location of branches, PB&T designated three AAs, which includes the Non-Metropolitan portions of Illinois (Non-MSA), the Springfield, IL MSA, and the St. Louis, MO-IL MSA. The bank's performance in the Illinois Non-MSA carried the most weight in the overall ratings, as this is where a majority of lending and deposit activities take place. The remaining AAs had similar deposit levels and lending volume during the review period and carried less weight in the overall conclusions. Examiners conducted a full-scope review of the St. Louis, MO-IL MSA AA and a limited-scope review of the Springfield, IL MSA AA. The subsequent sections of this evaluation detail the bank's operations and performance in each AA.

Activities Reviewed

Examiners determined that the bank's major product lines are small business and small farm loans, based on the bank's business strategy and number and dollar volume of loans originated during the evaluation period. Examiners gave more weight to the bank's record of originating small business loans in the overall conclusions, as this loan product is the most prevalent representing 56.5 percent of the bank's overall loan portfolio. Small farm loans represent 30.1 percent of the bank's overall

loan portfolio. The bank is no longer required to report home mortgage loans under the Home Mortgage Disclosure Act as the bank did not meet the loan volume test; therefore, home mortgage loans were not considered in this evaluation. Additionally, this loan type is not a focus of the bank and only accounts for 10.9 percent of the bank's total loan portfolio. No other loan types, such as consumer loans, represent a major product or provide material support for the conclusions or rating.

Examiners analyzed small business and small farms loans originated since the prior evaluation, as discussed further below. The bank's overall business focus has not changed; however, there were changes in the loan portfolio composition and volume of originations.

With regard to small business loans, examiners analyzed all loans originated in 2020 and 2021. The bank is not required to collect or report small business data under CRA. The bank has elected to optionally collect it but not report the data. As such, examiners compared the bank's performance to demographic data. The bank originated 1,052 small business loans totaling \$82.1 million in 2020 and 1,149 small business loans totaling \$57.1 million in 2021. D&B data provided a standard of comparison for the bank's small business lending performance. Examiners analyzed the universe of these loans within the Lending Test.

Examiners analyzed all small farm loans originated in 2020 and 2021. The bank is also not required to collect or report small farm data and has only opted to collect it so; examiners compared the bank's performance to demographic data. The bank originated 712 small farm loans totaling \$86.6 million in 2020 and 291 small farm loans totaling \$38.9 million in 2021. D&B data provided a standard of comparison for the bank's small farm lending performance. Examiners analyzed the universe of these loans within the Lending Test.

There was a substantial increase in small business loan originations in 2020 and 2021, primarily due to the Paycheck Protection Program (PPP) loans, which are Small Business Administration (SBA) backed loans to help businesses keep their workforce employed during the COVID-19 pandemic. PB&T originated 661 PPP small business loans totaling \$51.8 million in 2020 and 1,055 PPP small business loans totaling \$47.9 million in 2021. There was also a substantial increase in small farm lending in 2020 due to the PPP loans. PB&T originated 211 PPP small farm loans totaling \$4 million in 2020. Conversely, there were no small farm PPP loans originated in 2021. Outside of the PPP activity, bank records and interviews with management indicated that the lending focus and product mix remained relatively consistent throughout the evaluation period.

Examiners reviewed the number and dollar volume of small business and small farm loans. While both number and dollar volume of loans are presented, examiners emphasized performance by number of loans, because the number of loans is a better indicator of the number of businesses and farms served. For the Community Development Test, bank management provided data on qualified loans, investments, and services since the prior CRA performance evaluation dated June 17, 2019.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

PB&T demonstrated satisfactory performance under the Lending Test. The reasonable LTD ratio and reasonable performance under the geographic distribution and borrower profile criteria primarily support this conclusion. In addition, a majority of loans were originated inside the AAs. As stated previously, the Illinois Non-MSA received the most weight in forming this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution’s size, financial condition, and AA credit needs. The LTD ratio, calculated from Call Report data, averaged 75.5 percent over the last 13 calendar quarters from June 30, 2019 to June 30, 2022. The ratio ranged from a low of 66.2 percent as of June 30, 2022 and a high of 86.8 percent as of June 30, 2019. The cause for the fluctuation in ratios is primarily due to loan and deposit activities related to the pandemic. Examiners compared the institution’s LTD ratio to similarly situated banks (SSBs). Examiners selected these banks based on asset size, geographic location, and lending focus. As shown in the following table, PB&T LTD ratio was comparable to the four SSBs, which reflects a willingness to lend and meet the credit needs within its AAs.

Loan-to-Deposit Ratio Comparison		
	Total Assets as of 06/30/2022 \$(000s)	Average Net LTD Ratio (%)
PB&T Bank & Trust	580,727	75.5
Similarly-Situated Institution #1	438,540	75.5
Similarly-Situated Institution #2	313,752	80.7
Similarly-Situated Institution #3	530,683	63.2
Similarly-Situated Institution #4	727,677	82.2
<i>Source: Reports of Condition and Income 06/30/2019 through 06/30/2022</i>		

Assessment Area Concentration

The bank originated a majority of small business and small farm loans inside the AA. The following table details lending inside and outside the AAs by loan product and year. As previously noted, there was a substantial increase in lending activity for both products due to PPP loans. The bank originated a significant amount of PPP loans to small businesses in both 2020 and 2021. They also originated a significant amount of PPP loans to small farms in 2020. The following table provides additional information.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2020	667	63.4	385	36.6	1,052	48,756	59.4	33,321	40.6	82,077
2021	747	65.0	402	35.0	1,149	32,525	57.0	24,534	43.0	57,058
Subtotal	1,414	64.2	787	35.8	2,201	81,281	58.4	57,855	51.2	139,135
Small Farm										
2020	553	77.7	159	22.3	712	66,332	76.6	20,291	23.4	86,623
2021	214	73.5	77	26.5	291	28,695	73.8	10,210	26.2	38,905
Subtotal	767	76.5	236	23.5	1,003	95,027	75.7	30,501	24.3	125,528
<i>Source: Bank Data</i>										
<i>Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AAs. Examiners primarily derived this conclusion based on the bank’s distribution of loans in the Illinois Non-MSA AA in moderate-income census tracts (with no designated low-income geographies). There are no low- or moderate-income census tracts in the Springfield or St. Louis AAs so performance in these areas carried little weight within the analysis and conclusions for the Lending Test. Please refer to the separate AA sections of this evaluation for further discussion of the bank’s performance under this criterion.

Borrower Profile

The distribution of loans to borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of different income levels, including businesses and farms of different sizes. This conclusion is primarily derived from the borrower distribution of small business loans in the Illinois Non-MSA AA. Examiners focused on the percentage of small business and small farm loans to operations with gross annual revenues (GARs) of \$1 million or less. Please refer to the separate AA sections of this evaluation for further discussion of the bank’s performance under this criterion.

PB&T continued participation in flexible lending programs enhances its performance under this criterion. These programs can help meet the credit needs of the AA, particularly small business and small farm owners. A brief description of these programs is provided below. The bank’s loan originations are included within the Lending Test within each AA, as applicable.

- USDA Business & Industry and Rural Development loan programs: Provides lending opportunities for start-up or undercapitalized companies with flexible repayment terms. The program improves the economic health of rural communities by increasing access to business capital and provides affordable financing for businesses in eligible rural areas. USDA provides zero-interest loans to local utilities, which they, in turn, pass through to local businesses for projects that will create and retain employment in rural areas.
- USDA Farm Service Agency (FSA) Loan Guarantee programs: Provides financing for operating, equipment, and real estate loans along with Beginning Farmer Loan Programs. These programs help family farmers and ranchers to obtain loans from USDA-approved commercial lenders at reasonable terms to buy farmland or finance agricultural production.
- Illinois Linked Deposit Lending: The Illinois Treasurer's Office partners with financial institutions to fill the need for deposits that satisfy specific financing requirements. This program provides capital to financial institutions to provide low interest loans to qualified borrowers in Illinois.
- Peoples Assistance Company: This bank affiliate prepares loan application packages for the United States Department of Agriculture Section 504 Home Repair Program. This program provides loans to very low-income homeowners to repair, improve, or modernize their homes, or provides grants to the elderly, very low-income homeowners to remove health and safety hazards.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

PB&T demonstrated adequate responsiveness to the community development needs of its AAs through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities. The bank's performance in the Illinois Non-MSA AA primarily supports this conclusion, as this AA holds the most weight in the overall conclusions.

Community Development Loans

For the current evaluation period, the bank originated 68 community development loans totaling \$58.5 million, which represents 16.8 percent of total loans as of June 30, 2022. This activity represents an increase since the previous evaluation, wherein, the bank made 30 community development loans totaling \$27.7 million. PB&T level of community development lending was compared to four SSBs that operate in the AAs and underwent CRA evaluations during the current evaluation period. These institutions had total assets ranging from \$422.5 million to \$891.5 million and had community development loans-to-total loans ratios ranging from 6.9 percent to 15.4

percent. PB&T ranked 3rd by number and dollar amount of CD loans, but ranked first in the percentage of CD loans-to-total loans.

PB&T community development lending also includes loans that the bank originated to entities that serve a broader statewide or regional area that includes the bank’s AAs. While none of these loans directly benefits any of the bank’s AAs, they are still considered under the Community Development Test because the bank demonstrated reasonable responsiveness to community development needs within its AAs. The bank originated 18 community development loans that benefited the regional or statewide area. Three loans financed homes that support affordable housing and totaled \$112,200. The bank also financed five businesses that supported economic development and totaled \$8.7 million. The bank also financed 10 businesses that helped to revitalize or stabilize areas totaling \$8.8 million.

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

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	5	2,083	0	0	2	1,846	1	180	8	4,109
2020	0	0	0	0	1	600	15	7,915	16	8,515
2021	0	0	0	0	17	40,830	27	4,997	44	45,827
Total	5	2,083	0	0	20	43,276	43	13,092	68	58,451
<i>Source: Bank Records</i>										

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Illinois Non-MSA AA	2	1,971	0	0	14	34,404	33	4,255	49	40,630
St. Louis, MO-IL MSA AA	0	0	0	0	1	122	0	0	1	122
Springfield, IL MSA AA	0	0	0	0	0	0	0	0	0	0
Statewide and Regional Activities	3	112	0	0	5	8,750	10	8,837	18	17,699
Total	5	2,083	0	0	20	43,276	43	13,092	68	58,451
<i>Source: Bank Records</i>										

Qualified Investments

PB&T made 126 new qualified investments and retained 31 prior period investments, together totaling \$8.5 million, including qualified grants and donations. This dollar amount equates to 1.4 percent of total assets and 4.3 percent of total securities, which is a slight decrease from the previous evaluation when the ratio of qualified investments-to-total securities was 6.4 percent.

The following tables summarize the bank's CD investment activity, by year and purpose in this AA, since the previous evaluation.

Community Development Investments and Donations Overall										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	918	30	5,747	0	0	0	0	31	6,665
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	3	1,500	0	0	0	0	3	1,500
2021	1	250	0	0	0	0	0	0	1	250
YTD 2022	0	0	0	0	0	0	0	0	0	0
Subtotal	2	1,168	33	7,247	0	0	0	0	35	8,415
Qualified Grants and Donations	4	2	101	91	11	14	6	2	122	109
Total	6	1,170	134	7,338	11	14	6	2	157	8,524

Source: Bank Records

Community Development Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000)
Illinois Non-MSA AA	1	250	33	7,247	0	0	0	0	34	7,497
St. Louis, MO-IL MSA AA	0	0	0	0	0	0	0	0	0	0
Springfield, IL MSA AA	0	0	0	0	0	0	0	0	0	0
Statewide and Regional Activities	1	918	0	0	0	0	0	0	1	918
Subtotal	2	1,168	33	7,247	0	0	0	0	35	8,415
Qualified Grants and Donations	4	2	101	91	11	14	6	2	122	109
Total	6	1,170	134	7,338	11	14	6	2	157	8,524

Source: Bank Records

The bank’s current ratio was compared to the SSBs operating in the AAs. The average ratio of qualified investments-to-total securities for the four banks ranged from 1.2 percent to 3.3 percent. PB&T ranked 2nd by number of CD investments and 1st by percentage of CD investments-to-total securities.

Community Development Services

During the current evaluation period, bank employees provided 87 instances of financial expertise or technical assistance to 26 different community development organizations throughout the bank’s AAs. This is a slight decrease since the last evaluation in which bank employees provided 95 instances of financial expertise or technical assistance.

Despite some of the challenges presented by the pandemic, the bank implemented various methods of providing assistance to impacted customers. These options were designed to align with the CARES Act by assisting customers impacted by the pandemic who were struggling with the loss of income. Customers could request to have ATM, overdraft, and late payment fees waived and home mortgage customers were offered relief options for loans serviced by the bank. Commercial and agricultural customers were provided with various options, including assistance securing funds under the SBA PPP program. The following tables illustrate the bank’s community development services by year, purpose, and AA.

Community Development Services Overall					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	2	8	14	1	25
2020	2	7	12	1	22
2021	2	9	12	3	26
YTD 2022	0	3	8	3	14
Total	6	27	46	8	87

Source: Bank Records

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Illinois Non MSA AA	6	27	46	8	87
St. Louis, MO-IL MSA AA	0	0	0	0	0
Springfield, IL MSA AA	0	0	0	0	0
Total	6	27	46	8	87

Source: Bank Records

Several alternative delivery channels are offered for retail banking services that provide access to all portions of the combined assessment area. These delivery systems utilize technology to provide 24-hour access to customer accounts from anywhere. Additionally, PB&T has two offices that are located in moderate-income census tracts, one in Greene County and one in Coles County. Further discussion of the bank's community development services is included in the separate AA sections of this evaluation.

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.

ILLINOIS NON-MSA ASSESSMENT AREA– Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ILLINOIS NON-MSA ASSESSMENT AREA

PB&T Non-MSA AA is comprised of nine non-contiguous counties. Specifically, the bank designated the AA to include all Christian and Greene counties, as well as portions of Coles (CT 1, 5, 6, 7, 8, 9), Effingham (CT 9502, 9503), Fayette (CT 9505, 9506, 9507), Macon (CT 27), Montgomery (CT 9573, 9574, 9575), Morgan (CT 9522, 9523), and Shelby (CT 9591, 9592, 9596). All of these tracts are in Non-Metropolitan portions of the state with the exception of the tract in Macon County, which is part of the Decatur, IL MSA. The bank does not have a branch in Macon County; however, this tract reflects similar demographic characteristics to the adjoining Non-Metropolitan areas so it is being reviewed with this AA.

The institution operates nine locations in this AA, including its main office. There are five full service locations and three limited-service facilities. As of June 30, 2022, this AA accounted for 96.4 percent of the bank's total deposits, the largest deposit market share among its AAs. This is also the AA where the bank originated a substantial majority of small business and small farm loans. Thus, the bank's performance in this AA is the most heavily weighted in the overall rating.

Economic and Demographic Data

This AA consists of 35 census tracts, and has a total population of 121,949 according to the 2015 ACS. The tract with no income designation is in Coles County and includes Eastern Illinois University. In addition, two of the middle-income tracts in Coles County were designated as distressed in 2020 due to poverty level but this designation was removed for 2021. All of the bank's offices in this AA are in middle-income geographies, with the exception of two full service offices, one in Greene County (tract 9739) and one in Coles County (tract 5) which are located in moderate-income census tracts. The following table illustrates the bank's branch and ATM locations based on the census tract income designations for the area.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Offices		ATMs	
	#	%	#	%	#	%	#	%
Moderate	7	20.0	22,387	18.4	2	22.2	2	22.2
Middle	23	65.7	80,101	65.7	7	77.8	7	77.8
Upper	4	11.4	14,316	11.7	0	0.0	0	0.0
NA	1	2.9	5,145	4.2	0	0.0	0	0.0
Total	35	100.0	121,949	100.0	9	100.0	9	100.0

Sources: 2015 ACS Data & Bank Records

The following table provides a summary of the demographics, housing, and business information within the AA.

Demographic Information of the Assessment Area						
Assessment Area: Pana - Non MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	35	0.0	20.0	65.7	11.4	2.9
Population by Geography	121,949	0.0	18.4	65.7	11.7	4.2
Housing Units by Geography	55,254	0.0	19.4	66.7	11.9	2.0
Owner-Occupied Units by Geography	35,927	0.0	17.6	68.5	13.5	0.4
Occupied Rental Units by Geography	12,479	0.0	23.5	62.4	8.2	5.9
Vacant Units by Geography	6,848	0.0	21.5	65.1	9.9	3.4
Businesses by Geography	6,282	0.0	19.4	66.3	12.9	1.4
Farms by Geography	920	0.0	10.9	75.9	13.3	0.0
Family Distribution by Income Level	31,581	22.1	18.0	21.5	38.4	0.0
Household Distribution by Income Level	48,406	25.2	16.5	17.3	41.1	0.0
Median Family Income MSA - 19500 Decatur, IL MSA		\$60,745	Median Housing Value			\$92,452
Median Family Income Non-MSAs – IL		\$59,323	Median Gross Rent			\$623
			Families Below Poverty Level			10.8%

Sources: 2015 ACS and 2021 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

The analysis of small business loans under the borrower profile criterion in the Lending Test compares the distribution of loans to the distribution of businesses by GAR level. According to 2021 D&B data, there were 6,282 non-farm businesses in the AA. Of these businesses, 80.4 percent reported GARs of \$1 million or less, 4.2 percent were greater than \$1 million, and GARs were not available for 15.4 percent of businesses. Service industries represent the largest portion of businesses in the AA at 31.2 percent followed by agriculture, forestry & fishing at 12.8 percent, and

retail trade at 12.7 percent. In addition, 66.9 percent of area businesses have four or fewer employees, and 86.6 percent operate from a single location.

Throughout the AA, the largest employers in each county are in the education and medical sectors. Many residents are also employed by state and local governments and manufacturing plants that are either in or near the AA. According to the Illinois Department of Employment Security, the unemployment rate for the State of Illinois was 4.5 percent in August 2022 and the national rate was 3.5 percent. Unemployment rates for the individual counties in the AA were comparable to state and national rates and varied from 2.6 percent for Effingham County to a high of 5.7 percent for Macon County.

Competition

This AA fosters a moderately competitive market for deposits and loans, in which PB&T faces competition from very large national banks, mortgage brokers, credit unions, and direct finance companies that operate within the area. As of June 2022, there were 60 institutions operating 172 offices throughout the entire AA. Of these institutions, PB&T ranked 7th with a 4.29 percent deposit market share. The bank's primary market area of Christian County had 13 institutions operating 20 offices. Of these institutions, PB&T led the market with a 26.8 percent market share.

Given that the bank is not required to report its small business and farm data under CRA, the analysis of small business and small farm loans under the Lending Test does not include comparisons against aggregate data; however, this information is provided as it reflects the level of demand for both small business and small farm loans in the AA. Although 2021 aggregate data is not yet available, data for 2020 still provides perspective about the level of demand and competition in the market. Aggregate data from 2020 shows that 85 lenders reported 3,486 small business loans in the assessment area. The top five lenders held a combined market share of 49.3 percent. Similarly, in 2020, aggregate data reflects there were 24 lenders that reported 959 small farm loans in the AA. The top five small farm lenders held a combined market share of 84.6 percent. These figures reflect a competitive market for both product lines.

Community Contact

As part of the examination process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs and opportunities. This information helps determine whether local financial institutions are responsive to those needs.

Examiners interviewed a community contact that operates within the bank's AA with a knowledge of business credit needs. The contact stated that the SBA PPP loans were vital for small businesses to survive the pandemic and noted that banks in the area offered such loans. The contact stated that the area economic conditions have continued to recover from the COVID-19 pandemic and that local unemployment rates have recovered better than previous years. They also stated that small business lending is a prevalent need in the assessment area, especially to local businesses. Overall, the contact felt that local financial institutions are responsive to credit and community development needs in the area.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business, small farm, and home mortgage loans represent the primary credit needs in the area. The percentage of low- and moderate-income families and the high level of businesses with GARs of \$1 million or less support this conclusion.

The AA provides adequate opportunities for financial institutions to become involved in community development activities. Throughout the AA, there are areas targeted for economic development to attract new and retain existing businesses, and there is a need for affordable housing. Additionally, several non-profit agencies in the area provide essential services to low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE ILLINOIS NON-MSA ASSESSMENT AREA

LENDING TEST

PB&T lending performance in the Illinois Non-MSA AA is reasonable when considering the area's demographics, aggregate lending distributions, and performance context. Reasonable borrower profile and geographic distribution performance supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. The bank's reasonable performance of small business and small farm lending supports this conclusion. Examiners only focused on the percentage by number of loans in the moderate-income census tracts, as there are no low-income tracts in this AA. Only loans originated inside the AA are included in the analysis.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion in the moderate-income census tracts in the AA. As shown in the following table, the bank's performance in the moderate-income tracts is similar to the percentage of businesses in these geographies in 2020 and lags slightly in 2021. However, the number of businesses located in these tracts is not representative of the demand for lending or the percentage of small businesses seeking or qualifying for financing. A majority of the operations in the area are very small and may not seek financing or may utilize alternative forms of funding such as credit cards. Given the level of competition, the bank's capacity, and the lending in distressed middle-income tracts, the level of lending is considered reasonable.

Geographic Distribution of Small Business Loans					
Assessment Area: Pana - Non MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2020	19.8	108	17.1	7,123	15.5
2021	19.4	85	12.0	2,989	9.7
Middle					
2020	66.1	473	74.7	36,126	78.8
2021	66.3	535	75.2	21,978	71.1
Upper					
2020	12.7	50	7.9	2,507	5.5
2021	12.9	91	12.8	5,918	19.2
Not Available					
2020	1.3	2	0.3	100	0.2
2021	1.4	0	0.0	0	0.0
Totals					
2020	100.0	633	100.0	45,856	100.0
2021	100.0	711	100.0	30,885	100.0
<i>Sources: 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

Overall, the geographic distribution of small farm loans reflects reasonable dispersion in the moderate-income census tracts in the AA. As shown in the following table, the bank's performance in the moderate-income tracts is significantly less than the percentage of businesses in these geographies; however, several of the moderate-income tracts in this AA are in more urbanized communities with fewer farms, which limits the potential lending opportunities for this product line. According to D&B Data, five of the seven moderate-income tracts in the area reported having ten or less farms. Additionally, there are other opportunities for agriculture financing other than traditional banks, such as farm bureaus. A review of applicable loan data and discussions with management support the conclusion that these are reasonable lending levels and that overall performance is comparable to area demographics.

Geographic Distribution of Small Farm Loans					
Assessment Area: Pana - Non MSA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate					
2020	11.4	25	4.7	3,994	6.3
2021	10.9	4	2.0	107	0.5
Middle					
2020	75.1	465	87.9	55,472	87.7
2021	75.9	185	91.6	21,767	87.8
Upper					
2020	13.5	39	7.4	3,779	6.0
2021	13.3	13	6.4	2,885	11.7
Totals					
2020	100.0	529	100.0	63,245	100.0
2021	100.0	202	100.0	24,788	100.0
<i>Sources: 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes. Reasonable small business lending primarily supports this conclusion.

Small Business Loans

The distribution of small business loans to businesses of different sizes is reasonable. While business demographic data is presented in the following table as a comparable factor, such data consists of all businesses that exist within the AA, including businesses that may not seek traditional financing. As previously mentioned, the bank's volume of lending increased significantly largely due to the origination of PPP loans in response to the pandemic. The bank originated a significant volume of SBA PPP loans, and those amounts of \$1 million or less are included in the following table. Under the PPP program, the SBA did not require lenders to collect GAR information; however, the bank did collect this information and are shown in their respective revenue category in the following table.

As detailed in the following table, the bank's lending to businesses with GARs at or below \$1 million slightly trails the percentage of small businesses reporting such revenue to D&B in 2020 and slightly exceeds demographics in 2021. Overall, the distribution of small business loans to businesses with GARs at or below \$1 million is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Pana - Non MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2020	79.0	477	75.4	19,408	42.3
2021	80.4	597	84.0	19,471	63.0
>\$1,000,000					
2020	4.6	156	24.6	26,448	57.7
2021	4.2	114	16.0	11,414	37.0
Revenue Not Available					
2020	16.4	0	0.0	0	0.0
2021	15.4	0	0.0	0	0.0
Totals					
2020	100.0	633	100.0	45,856	100.0
2021	100.0	711	100.0	30,885	100.0
<i>Sources: 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion in the moderate-income census tracts in the AA. As shown in the following table, the bank's performance in 2020 significantly trails area demographics while the bank's performance slightly trails area demographics in 2021. However, the bank originated a significant number of PPP loans in 2020 but did not originate any such loans in 2021, which accounts for the downwards trend in lending between the years. It is also important to note that the number of farms located in these tracts is not representative of the demand for lending or the percentage of small farms seeking or qualifying for financing. A review of the bank's lending indicated that they are making loans to small farming operations; however, there were some larger borrowers that had multiple loan originations that impacted the performance for the GAR levels.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: Pana - Non MSA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2020	99.0	415	78.4	43,823	69.3
2021	98.9	187	92.6	22,105	89.2
>\$1,000,000					
2020	0.6	114	21.6	19,422	30.7
2021	0.8	15	7.4	2,683	10.8
Revenue Not Available					
2020	0.4	0	0.0	0	0.0
2021	0.3	0	0.0	0	0.0
Totals					
2020	100.0	529	100.0	63,245	100.0
2021	100.0	202	100.0	24,788	100.0
<i>Sources: 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

PB&T demonstrated adequate responsiveness to the community development needs of its AA, primarily through qualified loans, investments, and community development services. The loans originated in this AA represent 72.1 percent of all community development loans by number and 69.5 percent of the total dollar amount of loans. Qualified investments and donations in this AA represent 97.1 percent by number and 89.1 percent of the dollar volume of the total extended. Additionally, bank employees performed 100 percent of the community development services in this AA. Examiners considered the institution's capacity and the need and availability of such opportunities.

Community Development Loans

PB&T originated 49 community development loans totaling approximately \$40.6 million during the evaluation period in the Illinois Non-MSA AA. The bank's level of lending in both number and dollar volume increased since the last CRA examination when the bank originated 15 community development loans totaling \$11.9 million. The following table shows the community development lending activities by year and purpose.

Community Development Lending – Illinois Non-MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	2	1,971	0	0	2	1,846	1	180	5	3,997
2020	0	0	0	0	1	600	11	3,317	12	3,917
2021	0	0	0	0	11	31,958	21	758	32	32,716
YTD 2022	0	0	0	0	0	0	0	0	0	0
Total	2	1,971	0	0	14	34,404	33	4,255	49	40,630

Source: Bank Records

Notable examples of the bank’s community development loans include:

- Originated a \$10 million loan to a local business that created low- and moderate-income jobs for the assessment area. This loan supported economic development as these jobs benefited LMI individuals and created permanent jobs in the area.
- Originated two loans to an organization that provides affordable housing for very low- and moderate-income individuals of any age. These loans totaling nearly \$2 million have income limit qualifications and thus helps to support affordable housing.

Qualified Investments

As shown in the following table, PB&T had 34 community development investments totaling \$7.5 million in the AA, including 30 prior period investments that remain on the bank’s books. The majority of the bank’s community development investments are bonds that were for projects at local schools where a majority of students qualify for free and reduced lunches.

Community Development Investments and Donations – Illinois Non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000)
Prior Period	0	0	30	5,747	0	0	0	0	30	5,747
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	3	1,500	0	0	0	0	3	1,500
2021	1	250	0	0	0	0	0	0	1	250
YTD 2022	0	0	0	0	0	0	0	0	0	0
Subtotal	1	250	33	7,247	0	0	0	0	34	7,497
Qualified Grants and Donations	4	2	94	87	11	14	6	2	115	105
Total	5	252	127	7,334	11	14	62	2	149	7,602

Source: Bank Records

The bank also had 115 qualified grants and donations totaling \$105,175. This level of investments is a small decrease in number from the previous evaluation when the bank made 161 investments and grants totaling \$2.9 million. PB&T qualified investment and grant activity levels are consistent with those of the SSBs.

Notable example of the bank's community development investments include:

- The bank purchased three local school bonds totaling \$1.5 million that were for local projects at local schools where a majority of students qualify for free and reduced lunches. These bonds support community services in the AA.

Community Development Services

During the evaluation period, bank employees provided 87 instances of financial expertise or technical assistance to 26 community development organizations. Bank staff is heavily involved in positions that facilitate the sharing of financial expertise, such as serving in various capacities on Boards of Directors for health care facilities, community service organizations, and those that support economic development. In addition, the bank has two locations located in moderate-income geographies. These offices support the availability of services to low- and moderate-income individuals.

Notable community development services include:

- Economic Development Organizations – Numerous bank employees serve on the Boards of Directors or in various officer positions of local economic development organizations throughout the AA. These organizations work to retain, expand, create, and recruit job opportunities throughout their respective areas.
- Several bank employees serve on the boards of community development organizations that provide academic and social-emotional support to empower children and families underserved by the community.

ST. LOUIS, MO-IL MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ST. LOUIS, MO-IL MSA ASSESSMENT AREA

PB&T St. Louis AA is comprised of three contiguous census tracts in northern Macoupin County. This AA is located between two portions of the Non-MSA AA and directly south of the Sangamon County tracts comprising the Springfield AA.

The institution operates one limited-service location in this AA. This location does not have lending staff so loan officers from other branches work with borrowers from this area. As of June 30, 2022, this AA accounted for a very small portion (0.4 percent) of the bank's total deposits, the smallest among its AAs. Similarly, the bank has very low lending volume in this AA; therefore, lending performance in this area will carry limited weight in the overall rating.

Economic and Demographic Data

This AA consists of three middle-income census tracts, and has a total population of 8,898 according to the 2015 ACS. The following table provides a summary of the demographics, housing, and business information within the AA.

Demographic Information of the Assessment Area						
Assessment Area: Pana - STL MSA AA						
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	8,898	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	4,211	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	2,663	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	915	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	633	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	469	0.0	0.0	100.0	0.0	0.0
Farms by Geography	55	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	2,291	23.4	19.5	25.0	32.1	0.0
Household Distribution by Income Level	3,578	24.0	21.3	18.4	36.3	0.0
Median Family Income MSA - 41180 St. Louis, MO-IL MSA		\$70,718	Median Housing Value			\$92,870
			Median Gross Rent			\$628
			Families Below Poverty Level			7.5%
Sources: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

The analysis of small business loans under the borrower profile criterion in the Lending Test compares the distribution of loans to the distribution of businesses by GAR level. According to 2021 D&B data, there were 469 non-farm businesses in the AA. Of these businesses, 78 percent reported GARs of \$1 million or less, 4.7 percent were greater than \$1 million, and GARs were not available for 17.3 percent of businesses. Service industries represent the largest portion of businesses in the AA at 32.1 percent followed by retail trade at 13.0 percent, and agriculture, forestry & fishing at 10.5 percent. In addition, 66.6 percent of area businesses have four or fewer employees, and 84.5 percent operate from a single location.

The largest employers in this AA are in the education, manufacturing, and medical sectors. Many residents commute to nearby St. Louis, Missouri for employment opportunities. According to the Illinois Department of Employment Security, the unemployment rate for the State of Illinois was 4.5 percent in August 2022 and the national rate was 3.5 percent. The unemployment rate for Macoupin County was 3.4 percent and was comparable to the national rate and below the state rate.

Competition

This AA fosters a moderately competitive market for deposits and loans, in which PB&T faces competition from very large national banks, mortgage brokers, credit unions, and direct finance companies that operate within the area. As of June 2022, there were 13 institutions operating 24 offices throughout the entire AA. Of these institutions, PB&T ranked last with a 0.16 percent deposit market share.

As previously mentioned, given that the bank is not required to report its lending data under CRA, the analysis of small business and small farm loans under the Lending Test does not include comparisons against aggregate data; however, this information is provided as it reflects the level of demand for both small business and small farm loans in the AA. Although 2021 aggregate data is not yet available, data for 2020 still provides perspective about the level of demand and competition in the market. Aggregate data from 2020 shows that 42 lenders reported 625 small business loans in the assessment area. The top five lenders held a combined market share of 61.3 percent. Similarly, in 2020, aggregate data reflects there were 13 lenders that reported 144 small farm loans in the AA. The top five small farm lenders held a combined market share of 89.6 percent. These figures reflect a competitive market for both product lines.

Community Contact

As part of the examination process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs and opportunities. This information helps determine whether local financial institutions are responsive to those needs.

Examiners reviewed a recently conducted interview with a local community development organization focused on assisting with small business development and maintaining the vitality of the economy in the region. The contact indicated that the economic conditions in the area have been similar to the nation as a whole. The contact indicated that employment has been rebounding and that the housing market is beginning to normalize. The contact indicated that the area is attractive for commuters working for the larger employers in the St. Louis area. Some challenges were identified for small business borrowers related to creditworthiness and collateral, and the contact mentioned various resources and activities conducted to help support these operations. The contact explained that local financial institutions tend to be very involved in the community and stated that there did not appear to be any unmet credit needs.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business, small farm, and home mortgage loans represent the primary credit needs in the area. The percentage of low- and moderate-income families and the high level of businesses with GARs of \$1 million or less support this conclusion.

The AA provides limited opportunities for financial institutions to become involved in community development activities, especially when considering it is comprised of only three census tracts that

are primarily rural in nature and sparsely populated. Additionally, PB&T only operates one limited service location in this AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE ST. LOUIS, MO-IL MSA ASSESSMENT AREA

LENDING TEST

The bank's lending performance in the St. Louis, MO-IL MSA AA is reasonable and is generally consistent with the bank's overall performance. The bank operates one limited-service location in the AA, and there is not a lender in this office. Borrowers are referred to one of the bank's other locations for assistance. As such, lending in this area was very limited across both product lines. For the Lending Test, the most weight is placed on the Borrower Profile criterion since there are no low- or moderate-income geographies in this AA. Examiners placed equal weight on small business and small farm loan performance in this AA.

Geographic Distribution

A review of the Geographic Distribution would not result in meaningful conclusions because the St. Louis AA does not include any low- or moderate-income geographies. Therefore, this criterion carries little weight in the overall rating.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes. The bank's reasonable performance of small business and small farm lending supports this conclusion.

Small Business Loans

The distribution of small business loans to businesses of different sizes is reasonable. In 2020, all of the bank's small business loans were originated to businesses with GARs of \$1 million or less. Similarly, in 2021, the bank originated all but one, or 92.9 percent, of its small business loans to businesses with GARs of \$1 million or less. The following table provides additional information.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Pana - STL MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2020	76.8	13	100.0	793	100.0
2021	78.0	13	92.9	515	85.0
>\$1,000,000					
2020	5.3	0	0.0	0	0.0
2021	4.7	1	71.1	91	15.0
Revenue Not Available					
2020	17.9	0	0.0	0	0.0
2021	17.3	0	0.0	0	0.0
Totals					
2020	100.0	13	100.0	793	100.0
2021	100.0	14	100.0	606	100.0
<i>Sources: 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

Due to the low lending volume of small farm loans to farms of different sizes in the AA, meaningful conclusions could not be drawn. The bank originated all of its loans to small farms with GARs of \$1 million or less in both years. In 2020, the bank originated five small farm loans and in 2021, the bank originated three small farm loans in this AA.

COMMUNITY DEVELOPMENT TEST

PB&T performance under the Community Development Test in the St. Louis, MO-IL MSA AA is below the bank’s performance in the Non-MSA AA; however, it does not materially impact the overall rating. As mentioned earlier, there are limited opportunities for community development activities in this AA, especially when considering that it is comprised of three census tracts that are primarily rural in nature and sparsely populated. Additionally, the bank only operates one limited service location in this area with limited staffing.

Community Development Loans

The bank originated one community development loans in this AA during the evaluation period totaling \$121,800. This CD loans supported economic development by retaining low- or moderate-income jobs during the COVID-19 pandemic.

Qualified Investments

No qualified investments were identified within this AA during the current evaluation period. However, the bank made four qualified charitable donations totaling \$2,308 to a community service organization that provides essential services to low- or moderate-income individuals during the review period.

Community Development Services

Bank staff did not participate in any community development services within this AA during the current evaluation period.

SPRINGFIELD, IL MSA ASSESSMENT AREA – Limited-Scope Review

SCOPE OF EVALUATION FOR BANK’S PERFORMANCE IN THE SPRINGFIELD, IL NON-MSA ASSESSMENT AREA

Examiners conducted a limited scope review of the bank’s Springfield, IL MSA AA, consistent with the lending products and community development activities discussed in the overall scope of the evaluation. The bank’s performance in the AA is discussed separately below. However, comments regarding bank performance in this AA are limited, as this AA represents a small portion of the bank’s overall operations.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE SPRINGFIELD, IL MSA ASSESSMENT AREA

Economic and Demographic Data

PB&T designated eight census tracts in southern Sangamon County in the Springfield, IL MSA AA. This AA is located between two portions of the Non-MSA AA and directly north of the Macoupin County tracts comprising the St. Louis AA.

The bank operates one full-service branch in this AA, which is located on the edge of Springfield that borders the community of Chatham. As of June 30, 2022, this AA accounted for 3.2 percent of the bank’s total deposits, the second largest deposit market share among its three AAs. The bank has very low lending volume in this AA, which is partially attributed to the limited staff in the sole location of this AA, and the size of the delineated area. Therefore, lending performance in this area carried limited weight in the overall CRA rating. The following table illustrates select demographic characteristics of this AA.

Demographic Information of the Assessment Area						
Assessment Area: Pana Springfield AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	8	0.0	0.0	62.5	37.5	0.0
Population by Geography	41,699	0.0	0.0	61.2	38.8	0.0
Housing Units by Geography	16,478	0.0	0.0	62.4	37.6	0.0
Owner-Occupied Units by Geography	13,244	0.0	0.0	59.1	40.9	0.0
Occupied Rental Units by Geography	2,471	0.0	0.0	77.0	23.0	0.0
Vacant Units by Geography	763	0.0	0.0	72.7	27.3	0.0
Businesses by Geography	2,326	0.0	0.0	52.7	47.3	0.0
Farms by Geography	230	0.0	0.0	63.5	36.5	0.0
Family Distribution by Income Level	11,942	11.4	16.7	21.6	50.3	0.0
Household Distribution by Income Level	15,715	12.4	12.3	18.9	56.4	0.0
Median Family Income MSA - 44100 Springfield, IL MSA		\$73,402	Median Housing Value			\$165,997
			Median Gross Rent			\$804
			Families Below Poverty Level			3.4%
Sources: 2015 ACS and 2021 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.						

Competition

As of June 30, 2022, 24 financial institutions operated 75 offices in this AA. PB&T is ranked 23rd, by deposits, holding only 0.2 percent market share.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SPRINGFIELD, IL MSA ASSESSMENT AREA

LENDING TEST

The bank's lending performance in the Springfield, IL MSA AA is consistent with the bank's performance in the Illinois Non-MSA AA. For the Lending Test, the most weight was placed on the Borrower Profile criterion. Examiners placed more weight on small business lending since there were very few small farm loans originated in the AA during the review period.

Geographic Distribution

A review of the Geographic Distribution criterion would not result in meaningful conclusions because the Springfield AA does not include any low- or moderate-income geographies. Therefore, this criterion carries little weight in the overall rating.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes. This conclusion is supported by the bank’s reasonable performance of small business and small farm lending.

Small Business Loans

The distribution of small business loans businesses of different sizes is reasonable. Lending levels to small businesses with GARs of \$1 million or less trailed demographics in 2020. However, lending increased in 2021 due to PPP loans, which resulted in lending levels similar to area demographics. The following table provides additional information.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Pana Springfield AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2020	86.9	12	57.1	250	11.9
2021	87.4	18	81.8	715	69.1
>\$1,000,000					
2020	3.3	9	42.9	1,856	88.1
2021	3.2	4	18.2	319	30.9
Revenue Not Available					
2020	9.8	0	0.0	0	0.0
2021	9.4	0	0.0	0	0.0
Totals					
2020	100.0	21	100.0	2,106	100.0
2021	100.0	22	100.0	1,034	100.0
<i>Sources: 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

While the bank’s volume of small farm loans is not significant in this AA, overall, the performance is reasonable. As mentioned previously, the bank participated in the SBA PPP Loan Program, which significantly increased the bank’s lending in 2020, and PPP loans in amounts of \$1 million or less are included in the following table. Under the PPP program, the SBA did not require lenders to collect borrower GAR information; however, the bank optionally collected this information. Some borrowers obtained more than one PPP loan, which skews the numbers in the different revenue categories and explains the increase in small farm lending in 2020. The following table provides additional information.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: Pana Springfield AA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2020	96.3	12	63.2	1,186	61.7
2021	97.0	9	100.0	3,497	100.0
>\$1,000,000					
2020	0.9	7	36.8	735	38.3
2021	0.4	0	0.0	0	0.0
Revenue Not Available					
2020	2.8	0	0.0	0	0.0
2021	2.6	0	0.0	0	0.0
Totals					
2020	100.0	19	100.0	1,921	100.0
2021	100.0	9	100.0	3,497	100.0
<i>Sources: 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

PB&T performance under the Community Development Test in the Springfield, IL MSA AA is below the bank's performance in the Non-MSA AA; however, it does not materially impact the overall rating. As mentioned earlier, there are limited opportunities for community development activities in this AA, especially when considering that it is comprised of only eight census tracts that are located outside of Springfield and closer to the community of Chatham. Additionally, the bank only operates one full-service location in this area.

Community Development Loans

The bank did not originate any community development loans in this AA during the evaluation period. However, the bank originated four community development loans totaling \$713,900 that benefited neighboring portions of Sangamon County and other surrounding areas. These community development loans were included in the Statewide and Regional activity, as they do not directly benefit the bank's designated AA. Three of these loans supported affordable housing and one supported economic development by retaining low- or moderate-income jobs during the COVID-19 pandemic.

Qualified Investments

No qualified investments were identified within this AA during the current evaluation period. However, the bank made three qualified charitable donations totaling \$1,500 to a community

service organization that provides essential services to low- or moderate-income individuals during the review period.

Community Development Services

Bank staff did not participate in any community development services within this AA during the current evaluation period.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

Community Development Test

The Community Development Test considers the following criteria:

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

GLOSSARY

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

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 bank under the requirements of the Community Reinvestment Act.

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

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

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

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

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

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

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

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

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

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

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

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

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

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

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

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

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

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

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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