



PUBLIC DISCLOSURE

August 6, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Home State Bank, N.A.
Charter Number 18763

40 Grant Street, P.O. Box 1738
Crystal Lake, IL 60014

Office of the Comptroller of the Currency

Chicago Field Office
2001 Butterfield Road, Suite 400
Downers Grove, IL 60515

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: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support Home State Bank, N.A.'s (HSB or bank) rating include:

- The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and the credit needs of the assessment area (AA).
- HSB originated a majority of its loans inside the AA.
- Lending to borrowers of different income levels reflects reasonable penetration.
- The geographic distribution of loans in the AA among low- and moderate-income geographies reflects poor dispersion.
- The bank's community development (CD) activity reflects adequate responsiveness to the CD needs in the AA.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation (PE), 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 metropolitan area/AA.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. CT boundaries do not cross county lines. However, they may cross the boundaries of metropolitan areas. CTs 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. CTs are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

Community Reinvestment Act (CRA): The statute that requires the Office of the Comptroller of the Currency (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 CT 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 metropolitan area/AA.

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 (MD): 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 MD 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 MSA 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 MA. 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 MA, the institution will receive a rating for the multi-state MA.

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

HSB is headquartered in Crystal Lake, Illinois (IL). The bank has seven branch locations and 10 automated teller machines (ATMs). Six of the ATMs take deposits and four only dispense cash. All ATMs are located within the bank's AA. HSB is a wholly owned subsidiary of Home State Bancorp, Inc., a one-bank holding company headquartered in Crystal Lake, IL. There are no other affiliates of HSB. Home State Leasing Corporation (HSLC) was a subsidiary, but consolidated into the bank in 2018. There were no mergers or acquisitions since the previous PE.

HSB's last PE was performed using Large Bank CRA procedures, is dated May 27, 2015, and received an overall "Satisfactory" rating.

HSB is an intrastate financial institution. All branch locations and deposit taking ATMs are located in McHenry County, IL. Five of the bank's offices are full-service facilities and offer a full range of traditional banking products. The sixth location is a limited service facility, accepting walk-up deposits and payments. The seventh location is a commercial loan office that previously housed the trust department and investment team until those operations were moved to the main branch in May 2018. HSB offers telephone banking, bank by mail, internet banking, mobile banking, and 24-hour automated banking by computer service. Mobile check deposit and online mortgage applications are also available.

Major competitors include national, regional, and community banks, as well as some non-bank financial companies. HSB holds 1.75 percent of the deposit market share in its AA, and ranks 18th out of 48 Federal Deposit Insurance Corporation (FDIC)-insured financial institutions for deposit market share in the AA, per the most recent FDIC Deposit Market Share Reports dated June 30, 2017.

The bank has one AA (McHenry/Lake Counties AA, which contains all of McHenry County and Lake County in IL. McHenry County is part of the Chicago-Naperville-Arlington Heights, IL MD and contained 52 CTs through the review period. Lake County is part of the Lake County-Kenosha County, IL-WI MD and contained 153 CTs in 2015 and 2016 and 154 CTs in 2017. Both MDs are part of the Chicago-Naperville-Elgin, IL-IN-WI MSA. The McHenry/Lake Counties AA is in compliance with regulatory requirements of CRA. The McHenry/Lake Counties AA contains whole geographies, does not arbitrarily exclude any low- or moderate-income areas, and does not reflect illegal discrimination.

In 2017, the McHenry/Lake Counties AA contained 206 total CTs. Of these, 12 were low-income CTs, 33 were moderate-income CTs, 71 were middle-income CTs, 87 were upper-income CTs, and three CTs were listed as income not applicable. In 2015 and 2016, the McHenry/Lake Counties AA contained 205 CTs. Of these, nine were low-income CTs, 31 were moderate-income CTs, 75 were middle-income CTs, 88 were upper-income, and two CTs were listed as income not applicable.

As of June 30, 2018, HSB had total assets of \$592 million, net loans of \$385 million, total deposits of \$518 million, and tier one capital of \$74 million. Net loans represented 65.0 percent of total assets. The loan portfolio consisted of commercial and commercial real estate (56.0

percent), residential real estate (35.0 percent), construction and land development (8.0 percent), and loans to individuals (2.0 percent).

HSB is primarily a commercial bank. There were no significant changes in business strategy since the last PE. HSB intends to keep its current product mix, but increased efforts to attract small businesses and consumers. HSB also has two loan production offices (LPO) offering mortgage loans. One LPO is located in Lake County, IL within the McHenry/Lake Counties AA and one LPO is located in Wisconsin (WI) outside the McHenry/Lake Counties AA. HSB participates in several home buyer programs in IL and WI. There are no legal, financial, or other factors impeding the bank's ability to help meet the community's credit needs.

Home mortgage lending opportunities in the low-income CTs in the McHenry/Lake Counties AA during the review period were minimal. The percentage of vacant and occupied rental units significantly exceeds the percentage of owner occupied housing units (OOHUs) in low-income tracts, reflecting limited affordable housing opportunities within the AA. In the 2015/2016 review period, occupied rental units totaled 8.5 percent and vacant units totaled 6.5 percent in low-income CTs, exceeding the percentage of OOHUs in these tracts by 5.3 times and 4.1 times, respectively. In the 2017 review period, occupied rental units totaled 10.2 percent and vacant units totaled 8.5 percent in low-income CTs, exceeding the percentage of OOHUs in these tracts by 5.1 times and 4.3 times, respectively.

Small business lending opportunities within low-income CTs in the McHenry/Lake Counties AA during the review period were also minimal. All of the low-income CTs in the McHenry/Lake Counties AA are located in the far eastern portion of Lake County, IL near Lake Michigan. HSB has attempted to attract business from Lake County, IL for some time. However, several barriers to obtaining small business clients exist, including the following:

- No branch locations exist in Lake County, IL. Per discussion with management, they confirmed the bank made efforts to acquire another financial institution with a branch location in Lake County, IL. However, the bank has not yet been successful.
- The nature of the bank's small business lending is highly relational, requiring several meetings with clients. HSB has experienced strong resistance from customers in Lake County, IL related to travelling west to McHenry County, IL branch locations for a banking relationship. This is partially based on the strong financial institution competition in the area, with more convenient banking choices that are conducive to developing a small business banking relationship versus conducting a single transaction.

In continued efforts to gain better small business penetration in Lake County, IL, in 2018 HSB moved a small business lender to the LPO office in Vernon Hills, IL several days a week.

When analyzing CRA business loan rankings for 2015 and 2016, HSB ranks as one of the top 10 originators of CRA loans in McHenry County, IL and in the middle of all originators in Lake County, IL.

Out of 73 CRA reporting lenders in McHenry County, IL in 2015, HSB ranked as the top originator of all CRA loans by dollar amount and placed seventh by the total number of CRA loans. HSB made the second most loans by dollar amount to businesses with less than \$1

million in revenue in McHenry County, IL, and placed eighth by total number of loans to businesses with less than \$1 million in revenue in McHenry County, IL.

Out of 76 CRA reporting lenders in McHenry County, IL in 2016, HSB ranked as the top originator of all CRA loans by dollar amount and placed seventh by the total number of CRA loans. HSB made the second most loans by dollar amount to businesses with less than \$1 million in revenue in McHenry County, IL, and placed eighth by total number of loans to businesses with less than \$1 million in revenue in McHenry County, IL.

Out of 105 CRA reporting lenders in Lake County, IL in 2015, HSB placed 34th for all CRA loans by dollar amount and placed 54th by the total number of CRA loans. HSB made the 32nd most loans by dollar amount to businesses with less than \$1 million in revenue in Lake County, IL, and placed 48th by total number of loans to businesses with less than \$1 million in revenue in Lake County, IL.

Out of 115 CRA reporting lenders in Lake County, IL in 2016, HSB placed 67th for all CRA loans by dollar amount and placed 65th by the total number of CRA loans. HSB made the 62nd most loans by dollar amount to businesses with less than \$1 million in revenue in Lake County, IL, and placed 68th by total number of loans to businesses with less than \$1 million in revenue in Lake County, IL.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated HSB's CRA performance using Intermediate Small Bank CRA examination procedures, which includes a lending test and CD test to assess compliance with the CRA. The lending test evaluates the bank's record of meeting the credit needs of its AA through lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AA through CD lending, investments, and services.

The primary loan products reviewed as part of the lending test included residential (home mortgage) and small business (commercial) loans. We used the HMDA Loan Application Register (LAR) to analyze home mortgage loans originated during the evaluation period. We used the CRA LAR to analyze commercial lending data for small business loans originated during the evaluation period.

The evaluation period for the CD Test is May 27, 2015, through December 31, 2017. The primary products that were reviewed as part of the CD test are loans, investments, and services.

The evaluation period for the lending test, with the exception of CD loans, is January 1, 2015, through December 31, 2017. We evaluated data using two separate analysis periods due to changes in census data pursuant to the American Community Survey (ACS), which occurred in 2015. We analyzed residential (home mortgage) and small business (commercial) loans originated in 2015 and 2016 based on 2010 census data. We analyzed residential (home mortgage) and small business (commercial) loans originated in 2017 based on the 2015 ACS data. We analyzed small business loan data for 2017 by comparing bank performance to 2016

small business peer lending aggregate data, as that was the most recent available for our analysis.

To evaluate the bank's loan volume, we calculated an average quarterly LTD ratio since the last evaluation (from January 1, 2015 to June 30, 2018).

We used FDIC annual deposit information to determine the bank's deposit market share and deposit market ranking within its AA. The most recent deposit market share information is dated June 30, 2017.

Data Integrity

We tested data used in this CRA examination for validity during our data integrity review. We performed data integrity testing in April 2018 of an initial sample of 70 HMDA loans and 60 CRA (small business) loans for 2016 and 2017. We did not identify any errors and determined the publicly reported data to be accurate. In addition, prior to the start of our evaluation, we deemed all CD activities included in this PE to qualify under the CRA. We also reviewed the bank's Public File as part of the data integrity review in April 2018. The Public File meets regulatory requirements.

Selection of Areas for Full-Scope Review

We performed a full scope review of the McHenry/Lake Counties AA. The McHenry/Lake Counties AA contained 206 CTs in 2017 and 205 CTs in 2015 and 2016.

Refer to the table in Appendix A below for more information.

Ratings

The bank's overall CRA rating is based on the bank's performance in its AA, the McHenry/Lake Counties AA, which received a full-scope review.

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 AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified 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 PE in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this PE.

Conclusions with Respect to Performance Tests

LENDING TEST

HSB's performance under the lending test is rated Satisfactory.

Loan-to-Deposit Ratio

HSB's quarterly average LTD ratio is reasonable given the bank's size, financial condition, and AA credit needs. The LTD ratio is calculated on a bank-wide basis.

Since the last CRA evaluation, the quarterly average LTD ratio calculated from Uniform Bank Performance Report (UBPR) data including quarters from March 31, 2015, to June 30, 2018, was 78.7 percent. Per the June 30, 2018 UBPR, the most recent LTD ratio for the bank was 74.6 percent.

HSB's quarterly average LTD ratio of 78.7 percent is near the average for the peer group. The bank's peer group consisted of 19 similarly sized institutions with total assets ranging from \$112 million to \$3.7 billion. The average LTD ratio of HSB's peers ranged from 30.1 percent to 126.3 percent. Compared to the institutions in its peer group, HSB has the 11th highest LTD ratio of the 19 institutions in its peer group.

Lending in Assessment Area

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	1,437	63.7	820	36.3	2,257	247,891	60.8	159,840	39.2	407,731
Small Business	821	88.4	108	11.6	929	139,761	81.6	31,422	18.4	171,183
Small Farm	0	0.0	1	100	1	0	0.0	45	100.0	45
Total	2,258	70.9	929	29.1	3,187	387,652	67.0	191,307	33.0	578,959

Source: 01/01/2015-12/31/2017 Bank Data

HSB originated a majority of loans inside the McHenry/Lake Counties AA. The proportion of lending inside versus outside the bank's AA is calculated on a bank-wide basis. Out of 3,187 loans originated in 2015, 2016, and 2017, 2,258 (or 70.9 percent) of loans were originated within the McHenry/Lake Counties AA. In terms of total dollar value of loans originated, the bank originated \$388 million (or 67.0 percent) within the McHenry/Lake Counties AA. The types of loans originated by the bank included home mortgage, small business, and small farm loans. Refer to Table D (above) for additional details on HSB's specific lending within the McHenry/Lake Counties AA.

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

HSB's lending to borrowers of different incomes reflects reasonable penetration. The distribution of both residential (home mortgage) and small business (commercial) loans is reasonable.

Our analysis considered the bank's strong ranking in the McHenry/Lake Counties AA as a small business lender, supporting its efforts to lend where small business lending is an identified community need.

When analyzing CRA business loan rankings for 2015 and 2016, HSB ranks as one of the top 10 originators of CRA loans in McHenry County, IL and in the middle of all originators in Lake County, IL.

Out of 73 CRA reporting lenders in McHenry County, IL in 2015, HSB ranked as the top originator of all CRA loans by dollar amount and placed seventh by the total number of CRA loans. HSB made the second most loans by dollar amount to businesses with less than \$1 million in revenue in McHenry County, IL, and placed eighth by total number of loans to businesses with less than \$1 million in revenue in McHenry County, IL.

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Out of 105 CRA reporting lenders in Lake County, IL in 2015, HSB placed 34th for all CRA loans by dollar amount and placed 54th by the total number of CRA loans. HSB made the 32nd most loans by dollar amount to businesses with less than \$1 million in revenue in Lake County, IL, and placed 48th by total number of loans to businesses with less than \$1 million in revenue in Lake County, IL.

Out of 115 CRA reporting lenders in Lake County, IL in 2016, HSB placed 67th for all CRA loans by dollar amount and placed 65th by the total number of CRA loans. HSB made the 62nd most loans by dollar amount to businesses with less than \$1 million in revenue in Lake County, IL, and placed 68th by total number of loans to businesses with less than \$1 million in revenue in Lake County, IL.

Refer to Tables P1, P2, R1, and R2 in Appendix C below for the facts and data used to evaluate the borrower distribution of the bank's loan originations and purchases.

Residential Lending

HSB's lending to borrowers of different income levels reflects reasonable penetration in the McHenry/Lake Counties AA.

For home mortgage loans originated in 2015 and 2016, the bank's borrower distribution to low-income borrowers is reasonable as the percentage of bank loans made to low-income

borrowers at 13.4 percent is near the percentage of low-income families in the McHenry/Lake Counties AA at 16.9 percent. Additionally, the bank's borrower distribution to low-income borrowers significantly exceeds that of peer institutions at 6.3 percent. The distribution of home mortgage loans to moderate-income borrowers is excellent as the percentage of bank loans made to moderate-income borrowers at 25.7 percent exceeds the percentage of moderate-income families in the McHenry/Lake Counties AA at 16.0 percent. Additionally, HSB's borrower distribution to moderate-income borrowers is reasonably above that of peer institutions at 13.6 percent.

For home mortgage loans originated in 2017, the bank's borrower distribution to low-income borrowers is reasonable, as the percentage of bank loans made to low-income borrowers at 11.6 percent is near the percentage of low-income families in the McHenry/Lake Counties AA at 18.5 percent. Additionally, the bank's borrower distribution to low-income borrowers is reasonably above that of peer institutions at 8.2 percent. HSB's borrower distribution to moderate-income borrowers is excellent as the percentage of bank loans made to moderate-income borrowers at 25.2 percent exceeds the percentage of moderate-income families in the AA at 16.0 percent. Additionally, the distribution of home mortgage loans to moderate-income borrowers is reasonably above that of peer institutions at 17.8 percent.

Small Business Lending

HSB's distribution of small business loans reflects reasonable penetration among businesses of different sizes within the McHenry/Lake Counties AA. Our analysis considered the bank's strong ranking in the McHenry/Lake Counties AA as a small business lender, supporting its efforts to lend, where small business lending is an identified community need.

The bank's distribution of loans to businesses with gross annual revenues of \$1 million or less is poor for loans originated in 2015 and 2016, as the percentage of loans made to businesses with gross annual revenues of \$1 million or less at 36.4 percent is significantly lower than the percentage of such businesses in the AA at 81.1 percent. However, the bank's percentage of loans made to businesses with gross annual revenues of \$1 million or less is reasonably less than that of peer institutions at 41.2 percent, indicating that performance is within a reasonable range of industry comparators.

The bank's distribution of loans to businesses with gross annual revenues of \$1 million or less is poor for loans originated in 2017, as the percentage of loans made to businesses with gross annual revenues of \$1 million or less at 35.0 percent is significantly lower than the percentage of such businesses in the AA at 82.6 percent. However, the bank's percentage of loans made to businesses with gross annual revenues of \$1 million or less is reasonably less than that of peer institutions at 41.2 percent, indicating that performance is within a reasonable range of industry comparators.

Geographic Distribution of Loans

HSB's geographic distribution of loans within the McHenry/Lake Counties AA reflects poor dispersion. Our analysis reflects lending in a majority of the CTs for home mortgage lending, with no conspicuous lending gaps. However, we identified the bank did not originate any loans to small businesses in low-income CTs during the review period.

Small business lending opportunities within low-income CTs in the McHenry/Lake Counties AA during the review period were also minimal. All of the low-income CTs in the McHenry/Lake Counties AA are located in the far eastern portion of Lake County, IL near Lake Michigan. HSB has attempted to attract business from Lake County, IL for some time. However, several barriers to obtaining small business clients exist, including the following:

- No branch locations exist in Lake County, IL. Per discussion with management, they confirmed the bank made efforts to acquire another financial institution with a branch location in Lake County, IL. However, the bank has not yet been successful.
- The nature of the bank's small business lending is highly relational, requiring several meetings with clients. HSB has experienced strong resistance from customers in Lake County, IL related to travelling west to McHenry County, IL branch locations for a banking relationship. This is partially based on the strong financial institution competition in the area, with more convenient banking choices that are conducive to developing a small business banking relationship versus conducting a single transaction.

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Refer to Table O1, O2, Q1, and Q2 in Appendix C below for the facts and data used to evaluate the geographic distribution of the bank's loan originations and purchases.

Residential Lending

HSB's home mortgage lending across geographies of different income levels reflects poor dispersion across the AA. Our conclusion considers the affordable housing limitations in low-income CTs in the McHenry/Lake Counties AA, in addition to the bank's performance compared to peer lending.

Home mortgage lending opportunities in the low-income CTs in the McHenry/Lake Counties AA during the review period were minimal. The percentage of vacant and occupied rental units significantly exceeds the percentage of OOHUs in low-income tracts, reflecting limited affordable housing opportunities within the AA. In the 2015/2016 review period, occupied rental units totaled 8.5 percent and vacant units totaled 6.5 percent in low-income CTs, exceeding the percentage of OOHUs in these tracts by 5.3 times and 4.1 times, respectively. In the 2017 review period, occupied rental units totaled 10.2 percent and vacant units totaled 8.5 percent in low-income CTs, exceeding the percentage of OOHUs in these tracts by 5.1 times and 4.3 times, respectively.

For home mortgage loans originated in 2015 and 2016, the bank's geographic distribution is reasonable. The geographic distribution of home mortgage loans in low-income geographies is very poor as the percentage of bank home mortgage loans located in low-income geographies at 0.3 percent is significantly lower than the percentage of OOHUs in low-income geographies in the McHenry/Lake Counties AA at 1.6 percent. However, HSB's geographic distribution of home mortgage loans in low-income geographies is reasonably less than that of peer institutions at 0.6 percent. Aggregate peer lending also reflects home mortgage lending to be significantly lower than the percentage of OOHUs in low-income geographies, which is in line with HSB's lending in these CTs, further supporting affordable housing limitations in the low-income CTs.

The bank's geographic distribution of home mortgage loans in moderate-income geographies is poor as the percentage of bank loans located in moderate-income geographies at 6.3 percent is significantly lower than the percentage of OOHUs in moderate-income geographies in the McHenry/Lake Counties AA at 11.2 percent. However, the bank's geographic distribution of home mortgage loans in moderate-income geographies is reasonably less than that of peer institutions at 7.4 percent.

For home mortgage loans originated in 2017, the bank's geographic distribution is poor. The geographic distribution of home mortgage loans in low-income geographies is very poor as the percentage of bank home mortgage loans located in low-income geographies at 0.4 percent is significantly lower than the percentage of OOHUs in low-income geographies in the McHenry/Lake Counties AA at 2.0 percent. The bank's geographic distribution of home mortgage loans to low-income geographies is significantly lower than that of peer institutions at 1.4 percent.

The bank's geographic distribution of home mortgage loans in moderate-income geographies is reasonable as the percentage of bank home mortgage loans located in moderate-income geographies at 7.5 percent is near the percentage of OOHUs in moderate-income geographies

in the McHenry/Lake Counties AA at 10.6 percent. The bank's geographic distribution of home mortgage loans in moderate-income geographies is also reasonably less than that of peer institutions at 9.0 percent

Small Business Lending

The bank's small business lending across geographies of different income levels reflects poor dispersion in the McHenry/Lake Counties AA. Our analysis considered the aforementioned impact of limited small business lending opportunities within low-income CTs during the evaluation period, as well as HSB's strong ranking in McHenry/Lake Counties AA as a small business lender, supporting its efforts to lend.

For small business loans originated in 2015 and 2016, the bank's geographic distribution of small business loans across low-income geographies is very poor, as the bank did not make any loans to small businesses located in low-income geographies in the McHenry/Lake Counties AA. However, aggregate peer data also reflects poor dispersion, as aggregate peer lending to small businesses in low-income CTs at 0.7 percent is below the percentage of small businesses located in low-income CTs.

The bank's geographic distribution of small business loans across moderate-income geographies is very poor as the percentage of small business loans across moderate-income geographies at 1.1 percent is significantly lower than the percentage of small businesses located in moderate-income geographies in the McHenry/Lake Counties AA at 9.5 percent. HSB's geographic distribution of loans across moderate-income geographies is significantly lower than that of peer institutions at 0.7 percent.

For small business loans originated in 2017, the bank's geographic distribution of small business loans across low-income geographies is very poor, as the bank did not make any loans to small businesses located in low-income geographies in the McHenry/Lake Counties AA. HSB's geographic distribution of loans across low-income geographies is significantly lower than that of peer institutions at 1.3 percent.

The bank's geographic distribution of small business loans across moderate-income geographies is very poor as the percentage of small business loans across moderate-income geographies at 0.8 percent is significantly lower than the percentage of small businesses located in moderate-income geographies in the McHenry/Lake Counties AA at 9.3 percent. The bank's geographic distribution of small business loans across moderate-income geographies is significantly lower than that of peer institutions at 7.2 percent.

Responses to Complaints

HSB did not receive any written complaints regarding its performance in helping to meet the credit needs within the McHenry/Lake Counties AA during the evaluation period. The OCC has not received any consumer complaints or comments regarding the bank's CRA performance during this evaluation period.

COMMUNITY DEVELOPMENT TEST

HSB's performance under the CD test is satisfactory. The bank's combined CD loans, investments, and services reflect an adequate level of responsiveness to the CD needs in the McHenry/Lake Counties AA.

Number and Amount of Community Development Loans

HSB's level of CD loans reflects adequate responsiveness to the credit needs in the bank's AA. During the evaluation period, the bank originated five loans totaling \$703,000 to organizations located in the McHenry/Lake Counties AA. All loans were to non-profit organizations that focus on creating affordable housing, providing services to battered women, offering income-based early childhood education (e.g. Head Start), and delivering healthcare services to low- and moderate-income individuals.

Number and Amount of Qualified Investments

The volume of HSB's CD investments represents excellent responsiveness to the CD needs of the AA. The bank originated a majority of its qualified investments to small business programs, which, small business lending through capital to create start-ups is an identified community need. Additionally, investment activities directly benefitting the McHenry/Lake Counties AA, consisting of bonds and certificates of deposit, totaled 13.9 percent of the bank's tier 1 capital as of June 30, 2018.

During the evaluation period, the bank purchased \$10.3 million (12 total) in qualified bonds and certificates of deposit. Approximately \$9 million (five total) in investments were for Small Business Investment Company (SBIC) and Small Business Administration (SBA) Programs that promote small business growth. Two additional bonds totaling \$470,000 were school district bonds to districts in which approximately 75.0 percent of the students are eligible for the free lunch program and deemed low- and moderate-income individuals.

In addition to the above referenced investments, HSB made 28 contributions totaling \$48,000 to organizations either within the McHenry/Lake Counties AA or within the broader regional area. These organizations provide various services, such as childcare for low- and moderate-income individuals, safe and permanent housing for abused or neglected children, shelter and food for the homeless, promote small business growth, and support food pantries and housing programs for low- and moderate-income individuals.

Extent to Which the Bank Provides Community Development Services

HSB's level of CD services reflects adequate responsiveness given the size of the financial institution and the credit needs of the McHenry/Lake Counties AA. Bank personnel are involved in leadership roles (i.e. chairman, board members, directors, etc.) across numerous organizations that focus on promoting economic development, small business growth, and affordable housing to low- and moderate-income individuals and families. Fifteen bank officers or employees provided qualified CD services to 18 different organizations during the evaluation period.

All seven branch locations have reasonable hours and ATMs that accept deposits. Five of the bank's offices are full-service facilities offering traditional banking products. HSB offers 24-hour automated banking, including telephone banking, bank by mail, remote check deposit, online mortgage applications, internet banking, and mobile banking. Although none of the branches are located in low- or moderate-income CTs, branch locations provide reasonable accessibility to the McHenry/Lake Counties AA.

Responsiveness to Community Development Needs

HSB provides an adequate response to the CD needs of the McHenry/Lake Counties AA. The bank's CD lending, grants, donations, and investments during the evaluation period accomplished a positive impact on the economic development, affordable housing, and overall support to low- and moderate-income individuals and families in the McHenry/Lake Counties AA. Additionally, the SBIC and SBA securities the bank invested in facilitate small business growth within the McHenry/Lake Counties AA, where small business funding is an identified community need. The branch locations provide reasonable accessibility to the McHenry/Lake Counties AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation and loan products considered. The table also reflects the MA and non-MA 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): 01/01/15 to 12/31/17 Investment and Service Tests and CD Loans: 05/27/15 to 12/31/17	
Financial Institution	Products Reviewed	
Home State Bank N.A. (HSB) Crystal Lake, IL	HMDA loans Small Business Loans CD Investments, Services, and Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Illinois Chicago-Naperville-Elgin, IL-IN-WIMSA McHenry County, within the Chicago- Naperville-Arlington Heights, IL MD #16974 Lake County, within the Lake County- Kenosha County, IL-WI MD #29404	Full-Scope	

Appendix B: Community Profiles for Full-Scope Areas

Table A1 - Demographic Information of the Assessment Area
Assessment Area: Home State Bank 2010 Census

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	205	4.4	15.1	36.6	42.9	1.0
Population by Geography	1,012,222	3.1	14.8	38.3	43.3	0.4
Housing Units by Geography	372,762	3.2	14.7	40.8	41.2	0.0
Owner-Occupied Units by Geography	278,382	1.6	11.2	40.3	46.9	0.0
Occupied Rental Units by Geography	68,970	8.5	26.7	43.1	21.7	0.0
Vacant Units by Geography	25,410	6.5	20.6	41.2	31.8	0.0
Businesses by Geography	58,169	1.1	9.6	37.0	52.3	0.0
Farms by Geography	1,812	1.2	10.3	47.8	40.7	0.0
Family Distribution by Income Level	259,759	16.9	16.0	21.4	45.7	0.0
Household Distribution by Income Level	347,352	18.9	15.2	18.2	47.7	0.0
Median Family Income MSA - 16974 Chicago-Naperville-Arlington Heights, IL MD		\$72,196	Median Housing Value			\$304,312
Median Family Income MSA - 29404 Lake County-Kenosha County, IL-WI MD		\$86,241	Median Gross Rent			\$1,016
			Families Below Poverty Level			4.8%

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 A2 - Demographic Information of the Assessment Area

Assessment Area: Home State Bank 2015 ACS Census Data

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	206	5.8	16.0	34.5	42.2	1.5
Population by Geography	1,010,255	4.4	15.5	38.7	41.4	0.1
Housing Units by Geography	378,001	4.3	14.4	40.7	40.7	0.0
Owner-Occupied Units by Geography	268,042	2.0	10.6	40.1	47.3	0.0
Occupied Rental Units by Geography	83,875	10.2	24.3	42.6	23.0	0.0
Vacant Units by Geography	26,084	8.5	21.2	40.8	29.5	0.0
Businesses by Geography	59,469	1.9	9.3	35.8	53.0	0.0
Farms by Geography	1,897	2.1	12.9	49.1	36.0	0.0
Family Distribution by Income Level	261,686	18.5	16.0	19.2	46.3	0.0
Household Distribution by Income Level	351,917	20.1	14.5	17.3	48.1	0.0
Median Family Income MSA - 16974 Chicago-Naperville-Arlington Heights, IL MD		\$75,350	Median Housing Value			\$256,731
Median Family Income MSA - 29404 Lake County-Kenosha County, IL-WI MD		\$87,137	Median Gross Rent			\$1,121
			Families Below Poverty Level			6.8%

Source: 2015 ACS Census and 2017 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.*

HSB is headquartered in Crystal Lake, IL, which is within the Chicago-Naperville-Joliet MD 16974. The bank has one AA that includes all of McHenry County and Lake County, IL. In 2017, there were 206 CTs in the McHenry/Lake Counties AA, with 12 low-income CTs, 33 moderate-income CTs, 71 middle-income CTs, 87 upper-income CTs, and three CTs listed as not applicable. HSB's McHenry/Lake Counties AA meets the requirements of the CRA regulation by consisting of whole geographies and does not arbitrarily exclude low- or moderate-income areas or reflect any illegal discrimination.

Financial institution competition in the MSA AA is strong due to the presence of many large regional and national banks, as well as the many local community banks and savings and loan institutions. Based on the FDIC Deposit Market Share Report dated June 30, 2017, HSB holds 1.8 percent of deposit market share, ranking the bank 18th out of 48 depository institutions in the McHenry/Lake Counties AA. JPMorgan Chase Bank, Lake Forest Bank and Trust Company, and BMO Harris Bank are the largest deposit market shareholders in the McHenry/Lake Counties AA. These three banks have a combined 72 offices in the market and hold 35.2 percent of the deposit market share.

As of 2017, the median family income for the Chicago-Naperville-Arlington Heights MD was \$75,350, and the median family income for the Lake County-Kenosha County MD was \$87,137. The median housing value in the McHenry/Lake Counties AA was \$256,731 and the median gross rent was \$1,121 as of 2017, with 6.8 percent of families living below the poverty level.

The local economy is improving. Unemployment in both Lake and McHenry Counties, IL improved over the review period. Unemployment declined from 5.7 percent and 5.5 percent, respectively as of December 2015 to 4.2 percent and 4.5 percent, respectively as of December 2017.

We reviewed a community contact conducted during the review period for an organization in the McHenry/Lake Counties AA. The community contact manages a grant-funded program that provides resources to small businesses in the McHenry/Lake Counties AA. The program provides advice to entrepreneurs, seminars and training to small business employees, and educates managers about small business financing. The contact stated the local economy has significantly improved since the 2008 recession and entrepreneurs are looking for capital to create start-ups. The contact noted there was a recent increase in women- and minority-owned businesses that may need funding in the future, and financial institutions serving the community should be prepared to meet those developing needs.

Small business lending opportunities within low-income CTs in the McHenry/Lake Counties AA during the review period were also minimal. All of the low-income CTs in the McHenry/Lake Counties AA are located in the far eastern portion of Lake County, IL near Lake Michigan. HSB has attempted to attract business from Lake County, IL for some time. However, several barriers to obtaining small business clients exist, including the following:

- No branch locations exist in Lake County, IL. Per discussion with management, they confirmed the bank made efforts to acquire another financial institution with a branch location in Lake County, IL. However, the bank has not yet been successful.
- The nature of the bank's small business lending is highly relational, requiring several meetings with clients. HSB has experienced strong resistance from customers in Lake County, IL related to travelling west to McHenry County, IL branch locations for a banking relationship. This is partially based on the strong financial institution competition in the area, with more convenient banking choices that are conducive to developing a small business banking relationship versus conducting a single transaction.

In continued efforts to gain better small business penetration in Lake County, IL, in 2018 HSB moved a small business lender to the LPO office in Vernon Hills, IL several days a week.

When analyzing CRA business loan rankings for 2015 and 2016, HSB ranks as one of the top 10 originators of CRA loans in McHenry County, IL and in the middle of all originators in Lake County, IL.

Out of 73 CRA reporting lenders in McHenry County, IL in 2015, HSB ranked as the top originator of all CRA loans by dollar amount and placed seventh by the total number of CRA loans. HSB made the second most loans by dollar amount to businesses with less than \$1 million in revenue in McHenry County, IL, and placed eighth by total number of loans to businesses with less than \$1 million in revenue in McHenry County, IL.

Out of 76 CRA reporting lenders in McHenry County, IL in 2016, HSB ranked as the top originator of all CRA loans by dollar amount and placed seventh by the total number of CRA loans. HSB made the second most loans by dollar amount to businesses with less than \$1

million in revenue in McHenry County, IL, and placed eighth by total number of loans to businesses with less than \$1 million in revenue in McHenry County, IL.

Out of 105 CRA reporting lenders in Lake County, IL in 2015, HSB placed 34th for all CRA loans by dollar amount and placed 54th by the total number of CRA loans. HSB made the 32nd most loans by dollar amount to businesses with less than \$1 million in revenue in Lake County, IL, and placed 48th by total number of loans to businesses with less than \$1 million in revenue in Lake County, IL.

Out of 115 CRA reporting lenders in Lake County, IL in 2016, HSB placed 67th for all CRA loans by dollar amount and placed 65th by the total number of CRA loans. HSB made the 62nd most loans by dollar amount to businesses with less than \$1 million in revenue in Lake County, IL, and placed 68th by total number of loans to businesses with less than \$1 million in revenue in Lake County, IL.

Home mortgage lending opportunities in the low-income CTs in the McHenry/Lake Counties AA during the review period were minimal. The percentage of vacant and occupied rental units significantly exceeds the percentage of OOHUs in low-income tracts, reflecting limited affordable housing opportunities within the AA. In the 2015/2016 review period, occupied rental units totaled 8.5 percent and vacant units totaled 6.5 percent in low-income CTs, exceeding the percentage of OOHUs in these tracts by 5.3 times and 4.1 times, respectively. In the 2017 review period, occupied rental units totaled 10.2 percent and vacant units totaled 8.5 percent in low-income CTs, exceeding the percentage of OOHUs in these tracts by 5.1 times and 4.3 times, respectively.

Appendix C: Tables of Performance Data

Content of Standardized Tables

For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

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

Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of OOHUs throughout those geographies. The table also presents aggregate peer data for the years the data is available.

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/AA. The table also presents aggregate peer data for the years the data is available.

Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. Because small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s AA.

Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available.

Table O1: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2015-2016	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Home State Bank	972	166,334	100.0	40,459	1.6	0.3	0.6	11.2	6.3	7.4	40.3	47.1	38.8	46.9	46.3	53.1	0.0	0.0	0.0	
Total	972	166,334	100.0	40,459	1.6	0.3	0.6	11.2	6.3	7.4	40.3	47.1	38.8	46.9	46.3	53.1	0.0	0.0	0.0	

Source: 2010 Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table O2: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Home State Bank	465	81,557	100.0	33,820	2.0	0.4	1.4	10.6	7.5	9.0	40.1	53.3	40.9	47.3	38.7	48.7	0.0	0.0	0.0	
Total	465	81,557	100.0	33,820	2.0	0.4	1.4	10.6	7.5	9.0	40.1	53.3	40.9	47.3	38.7	48.7	0.0	0.0	0.0	

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

Table P1: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower **2015-2016**

	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Home State Bank	972	166,334	100.0	40,459	16.9	13.4	6.3	16.0	25.7	13.6	21.4	25.6	19.2	45.7	29.5	45.8	0.0	5.8	15.0
Total	972	166,334	100.0	40,459	16.9	13.4	6.3	16.0	25.7	13.6	21.4	25.6	19.2	45.7	29.5	45.8	0.0	5.8	15.0

Source: 2010 Census ; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table P2: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower **2017**

	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Home State Bank	465	81,557	100.0	33,820	18.5	11.6	8.2	16.0	25.2	17.8	19.2	24.3	20.7	46.3	34.6	38.5	0.0	4.3	14.8
Total	465	81,557	100.0	33,820	18.5	11.6	8.2	16.0	25.2	17.8	19.2	24.3	20.7	46.3	34.6	38.5	0.0	4.3	14.8

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

Table Q1: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2015-2016**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Home State Bank	558	89,713	100.0	28,423	1.1	0.0	0.7	9.5	1.1	7.2	37.0	21.7	35.7	52.4	77.2	56.4	0.0	0.0	0.0
Total	558	89,713	100.0	28,423	1.1	0.0	0.7	9.5	1.1	7.2	37.0	21.7	35.7	52.4	77.2	56.4	0.0	0.0	0.0

Source: 2016 Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table Q2: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2017**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Home State Bank	263	50,048	100.0	28,423	1.9	0.0	1.3	9.3	0.8	7.2	35.8	51.7	33.5	53.0	47.5	58.0	0.0	0.0	0.0
Total	263	50,048	100.0	28,423	1.9	0.0	1.3	9.3	0.8	7.2	35.8	51.7	33.5	53.0	47.5	58.0	0.0	0.0	0.0

Source: 2017 Census; 01/01/2017 - 12/31/2017 Bank Data, 2016 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table R1: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2015-2016**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Home State Bank	558	89,713	100.0	28,423	81.1	36.4	41.2	6.6	63.6	12.3	0.0
Total	558	89,713	100.0	28,423	81.1	36.4	41.2	6.6	63.6	12.3	0.0

*Source: 2016 D&B Data; 01/01/2015 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table R2: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2017**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Home State Bank	263	50,048	100.0	28,423	82.6	35.0	41.2	7.6	65.0	9.8	0.0
Total	263	50,048	100.0	28,423	82.6	35.0	41.2	7.6	65.0	9.8	0.0

*Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2016 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*