

PUBLIC DISCLOSURE

September 14, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The State Bank of Blue Mound
RSSD# 306739

202 North Saint Marie Street
Blue Mound, Illinois 62513

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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BANK'S CRA RATING

The State Bank of Blue Mound is rated Satisfactory.

The State Bank of Blue Mound provides credit consistent with its size, location, and the local economic conditions of its assessment area. The average loan-to-deposit ratio is reasonable given the institution's size, financial condition, its local competitors, and assessment of area credit needs. The majority of loans are located inside the assessment area. The geographic distribution of loans is reasonable given the bank's assessment area, and the distribution of loans reflects reasonable distribution among individuals of different income levels, including low- and moderate-income individuals, and businesses and farms of different sizes. There were no Community Reinvestment Act (CRA)-related complaints received by the institution or by this Reserve Bank regarding the institution's CRA performance.

SCOPE OF EXAMINATION

The State Bank of Blue Mound's CRA performance was evaluated using the Federal Financial Institutions Examinations Council's (FFIEC) Small Institution CRA Examination Procedures. Information about the institution and the assessment area, including the bank's financial condition, asset size, economic and demographic characteristics, and competition were used to evaluate the bank's performance. Performance within the designated assessment area was evaluated based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 17-quarter average loan-to-deposit ratio was calculated for the bank and compared to its national peer and a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's consumer automobile, residential real estate, small business, and small farm loans, originated from January 1, 2011 through December 31, 2014, were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** - The bank's consumer automobile, residential real estate, small business, and small farm loans originated in the assessment area, from January 1, 2011 through December 31, 2014, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels.
- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** - The bank's consumer automobile, residential real estate, small business, and small farm loans originated in the assessment area, from January 1, 2011 through December 31, 2014, were reviewed to determine the distribution of loans among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.

- **Response to Substantiated Complaints** – Neither The State Bank of Blue Mound nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

In addition to the above criteria, information gained from discussions with one community representative was considered in the identification of community credit needs.

DESCRIPTION OF INSTITUTION

The State Bank of Blue Mound is a wholly-owned subsidiary of Blue Mound Bancshares, Inc., a one-bank holding company headquartered in Blue Mound, Illinois. The bank's one office and one cash-dispensing automated teller machine (ATM) are located in Blue Mound, Illinois. The bank has not opened or closed any branches or ATMs since the previous evaluation.

The bank offers non-complex deposit and loan products to meet the banking needs of consumers, small businesses, and small farms in the assessment area. Deposit products include checking, savings, negotiable order of withdrawal (NOW) accounts, money market demand accounts (MMDA), and certificates of deposit (CD). Loan products include agricultural, commercial, home equity lines of credit, consumer installment, and residential real estate loans.

According to the Uniform Bank Performance Report, the bank's assets totaled \$30.7 million, as of June 30, 2015. The bank's loan portfolio is primarily comprised of commercial loans (40.2 percent) followed by real estate loans (29.1 percent), agriculture loans (26.1 percent), and consumer loans (4.5 percent). The table below depicts the bank's loan portfolio composition as of June 30, 2015.

Composition of Loan Portfolio as of June 30, 2015 (000's)		
Type	\$	%
Residential Real Estate	3,354	29.1
Commercial	4,635	40.2
Agricultural	3,008	26.1
Consumer	521	4.5
Other (States and Political Subdivisions)	14	0.1
Total	10,927	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities. The bank was rated Satisfactory under the CRA at its previous evaluation conducted on June 6, 2011.

DESCRIPTION OF ASSESSMENT AREA

The State Bank of Blue Mound's assessment area is located in the Decatur, Illinois Metropolitan Statistical Area #19500 (Decatur, IL MSA). The assessment area is comprised of three contiguous census tracts. Census tract 0027.00 (middle-income) is in Macon County, Illinois (Decatur, IL MSA), and two census tracts, 9581.00 and 9586.00 (middle-income), are in Christian County, Illinois, a Non-Metropolitan Statistical Area (Non-MSA).

The evaluation was conducted using one assessment area since there are no branch locations or ATMs in the Non-MSA. The bank's only office and cash-dispensing ATM are located in Macon County. The bank's assessment area has not changed since the previous evaluation.

According to the Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report, as of June 30, 2014, The State Bank of Blue Mound ranked 17th out of 26 banks in the assessment area, with a 1.2 percent of the market share. The bank's local competitors include People's Bank of Macon, First National Bank in Taylorville, and Illini Bank. These competitors maintained a 0.6, 6.5, and 0.6 percent of the market share. Select demographics of the assessment area are presented in the following table.

Assessment Area Demographics

Assessment Area: 2014 Decatur, IL MSA 19500								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	318	14.4
Moderate-income	0	0.0	0	0.0	0	0.0	399	18.0
Middle-income	3	100.0	2,212	100.0	162	7.3	477	21.6
Upper-income	0	0.0	0	0.0	0	0.0	1,018	46.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	3	100.0	2,212	100.0	162	7.3	2,212	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	#	%	#	%	
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	3,356	2,551	100.0	76.0	513	15.3	292	8.7
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	3,356	2,551	100.0	76.0	513	15.3	292	8.7
	Total Businesses Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	245	100.0	222	100.0	13	100.0	10	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	245	100.0	222	100.0	13	100.0	10	100.0
	Percentage of Total Businesses:			90.6		5.3		4.1
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	129	100.0	129	100.0	0	0.0	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	129	100.0	129	100.0	0	0.0	0	0.0
	Percentage of Total Businesses:			100.0		0.0		0.0

2014 FFIEC Census Data & 2014 Dun & Bradstreet information according to 2010 ACS

Note: Percentages may not add to 100.0 percent due to rounding

Population Change

According to the 2010 U.S. Census Bureau data, the population of the assessment area is 7,647, representing a 1.5 percent decline from the 2000 Census population. The decline in population is less than the decline in Macon County (-3.4 percent) and Christian County (-1.6 percent). According to the community representative, the decline in the population is consistent with the higher unemployment rate in the assessment area and the exodus of individuals to other areas with greater employment opportunities.

Population Change 2000 and 2010			
Area	2000 Population	2010 Population	Percentage Change (%)
Assessment Area	7,767	7,647	-1.5
Macon County	114,706	110,768	-3.4
Christian County	35,372	34,800	-1.6
Decatur, IL MSA	114,706	110,768	-3.4
State of Illinois	12,419,293	12,830,632	3.3

Source: 2000—U.S. Census Bureau: Decennial Census
2010—U.S. Census Bureau: Decennial Census

Income Characteristics

According to the 2010 U.S. Census Bureau data, the median family income of the assessment area was \$62,487, an increase of 23.6 percent from 2000 Census data. The median family income of all the geographies in the assessment area, including the State of Illinois, increased between 2000 and 2010. Specifically, those increases include Macon County at 21.2 percent, Christian County at 21.5 percent, the Decatur, IL MSA at 21.3 percent, and the State of Illinois at 22.8 percent.

Median Family Income Change 2000 and 2010			
Area	2000 Median Family Income (\$)	2006-2010 Median Family Income (\$)	Percentage Change (%)
Assessment Area	50,566	62,487	23.6
Macon County	47,493	57,570	21.2
Christian County	43,342	52,680	21.5
Decatur, IL MSA	47,475	57,570	21.3
State of Illinois	55,545	68,236	22.8

Source: 2000—U.S. Census Bureau: Decennial Census
2006-2010—U.S. Census Bureau: Decennial Census

Bankruptcy Rates

Personal bankruptcy filing rates within all geographies decreased each year from 2010 to 2013. The county rates consistently trend downward; the same is true for the State of Illinois. In 2013, both Macon and Christian County’s personal bankruptcy filing rates (4.3 and 3.4 per thousand respectively) were lower than the state’s rate (5.1 per thousand). The following table provides additional bankruptcy filing rate information.

Personal Bankruptcy Filing Rate (per 1,000 population) 2010-2013				
Area	2010	2011	2012	2013
Christian County, IL	5.0	4.1	3.4	3.4
Macon County, IL	6.0	5.1	4.9	4.3
Decatur, IL MSA	6.0	5.1	4.9	4.3
State of Illinois	6.3	5.5	5.2	5.1

Source: Administrative Office of the U.S. Courts

Housing Characteristics

Based on 2006-2010 American Community Survey data, the assessment area contains 3,356 housing units, of which 76.0 percent are owner-occupied, 15.3 percent are rental units, and 8.7 percent are vacant. Overall, all geographies experienced substantial growth in median housing values and median gross rents between the 2000 U.S. Census and the 2006-2010 American Community Survey. Among the four geographies, Macon and Decatur Counties increased the most in median housing values at 32.1 percent, and had the smallest increase in median gross rent at 32.8 percent respectively.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix C-Glossary. A higher ratio supports more affordable housing opportunities. As housing values and gross rents changed over the decade, affordability ratios also changed. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area was 0.55. Comparatively, Christian County, Macon County, the Decatur IL, MSA, and the State of Illinois were at 0.75, 0.71, 0.71, and 0.69 respectively. Based on these ratios, housing is the most affordable in Christian County.

Single family housing permit growth in Christian County has seen a year -over-year increase of 27.8 percent from 2011 through 2013; however, there have been no multi-family housing permits issued during that time period. Macon County has also seen growth in single family housing permits from 2011 – 2013 with a 9.8 percent year-over-year growth. Meanwhile, multi-family

housing permits declined 33.3 percent in year-over-year growth. The lack of multi-family housing permits may be attributed to the increase in vacant properties and the availability of rental housing units in the assessment area.

Foreclosure inventory rates provided by the Federal Reserve Bank of Chicago indicate that as of December 2014, the foreclosure inventory rates in Macon County, Christian County, and the State of Illinois are 2.1, 2.6, and 2.2 percent respectively. Foreclosure inventory has shown a steady decline since 2012. The table below represents the housing characteristics of the region from 2000 through 2010.

Trends in Housing Costs 2000 and 2010				
Location	2000 Median Housing Value (\$)	2006-2010 Median Housing Value (\$)	2000 Median Gross Rent (\$)	2006-2010 Median Gross Rent (\$)
Assessment Area	71,468	93,572	429	624
Macon County	68,500	90,500	448	595
Christian County	61,700	80,500	407	576
Decatur, IL MSA	68,475	90,468	447	594
State Illinois	127,800	202,500	605	834
<i>Source: 2000 – U.S. Census Bureau: Decennial Census 2006-2010 – U.S. Census Bureau: American Community Survey</i>				

Employment Conditions

Unemployment rates increased throughout all of the geographies in the assessment area from 2010 through 2013 and were consistently higher than the U.S unemployment rates during the same time period. The community representative indicated the increase in unemployment rates was attributed to plant closures and layoffs during the most recent years. According to the Bureau of Labor Statistics, in 2013, unemployment rates in Christian County remained the lowest when compared to all other geographies in the assessment area. Specifically, in 2013, Macon County and the Decatur, IL MSA had unemployment rates of 12.2 percent respectively, while Christian County maintained an unemployment rate of 9.8 percent. Unemployment rates in Christian County were similar to those of the State of Illinois at 9.2 percent. The table below provides full unemployment figures.

Unemployment Rates				
Region	2010	2011	2012	Most recent 2013
Macon County	11.9	10.6	10.6	12.2
Christian County	10.1	9.4	9.2	9.8
Decatur, IL MSA	11.9	10.6	10.6	12.2
State of Illinois	10.5	9.8	8.9	9.2
United States	9.3	8.5	7.9	6.7
<i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics</i>				

The following table illustrates the largest employers in the assessment area. According to the AMLIS Database, the largest employers in the assessment area include equipment and general contractors, healthcare, electric, education, manufacturing, and sales.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Caterpillar, Inc.	3,001	Contractors-Equip/Suppliers-Dealers/Services
Decatur Memorial Hospital	2,000	Hospital
St. Mary's Hospital	1,200	Hospital
Ameren Illinois	1,132	Electric Companies
Kelly Group	750	General Contractors
Richland Community College	500	Schools
Cumberland	500	Poultry Equipment & Supplies Manufacturing
Automated Production Systems	500	Feed Handling Equipment Manufacturing
Walmart Supercenter	450	Department Store
<i>Source: AMLIS Database/InfoUSA</i>		

Community Representatives

One community representative was contacted to help determine the credit and banking needs of the assessment area. The community representative indicated that industries operating locally had declined due to the economic downturn and the closing of small businesses. The representative noted that agriculture continues to be strong with corn being the primary grain produced in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

The State Bank of Blue Mound's performance relative to the lending test is rated Satisfactory based on an evaluation of the bank's loan-to deposit ratio, level of lending inside the assessment area, geographic distribution of loans throughout the assessment area, and distribution of loans to borrowers of different income levels and businesses and farms of different revenue levels. Neither the bank nor this Reserve Bank received any complaints related to the Community Reinvestment Act since the previous evaluation.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio (LTD) is reasonable given the bank's size, financial condition, and assessment area credit needs. The following table shows a 17-quarter average ending June 30, 2015. Overall, the bank's average LTD ratio was higher than the national peer group as well as two local competitors that are more closely aligned to the bank in asset size and complexity. For comparative purposes, Illini Bank is larger in asset size, complexity, and is in a highly concentrated area, compared to The State Bank of Blue Mound. The bank's peer group includes all insured commercial banks having assets less than \$50 million, with one full service banking office and located in a metropolitan statistical area.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	17 - Quarter Average
The State Bank of Blue Mound	58.8
National Peer Group 14	56.0
Competitors	
First National Bank Taylorville	47.1
Illini Bank	72.5
Peoples Bank Macon	43.8

Assessment Area Concentration

The majority (67.3 percent) of consumer automobile, HMDA-reportable, small business, and small farm loans were originated in the bank's assessment area. Of the four product lines, 62.9 percent of consumer automobile loans, 52.5 percent of HMDA-reportable loans, 66.7 percent of small business loans, and 88.4 percent of small farm loans were originated in the bank's assessment area. Based on the economic conditions in the assessment area, loan demand, and the bank's size and financial condition, lending activity in the bank's assessment area is reasonable.

Lending Inside and Outside the Assessment Area								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Consumer Automobile	39	62.9	\$391	53.8	23	37.1	\$336	46.2
Residential Loans	21	52.5	\$1,363	53.0	19	47.5	\$1,211	47.0
Total Consumer related	60	58.8	\$1,755	53.2	42	41.2	\$1,546	46.8
Small Business	42	66.7	\$2,544	58.1	21	33.3	\$1,835	41.9
Total Small Bus. related	42	66.7	\$2,544	58.1	21	33.3	\$1,835	41.9
Small Farm	38	88.4	\$4,052	82.3	5	11.6	\$873	17.7
Total Small Farm related	38	88.4	\$4,052	82.3	5	11.6	\$873	17.7
TOTAL LOANS	140	67.3	\$8,351	66.2	68	32.7	\$4,254	33.8

Geographic Distribution of Loans

The bank's assessment area contains only middle - income census tracts; therefore, a limited analysis was performed to determine the dispersion of loans within the assessment area. The geographic distribution of consumer automobile, residential real estate, small business, and small farm loans indicates reasonable dispersion throughout the assessment area. Please see appendix D for more details.

Lending to Borrowers of Different Income Levels and to Businesses of Farms of Different Sizes

The distribution of loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers, and businesses and farms of different sizes.

Consumer Automobile

The distribution of consumer automobile loans reflects reasonable penetration among individuals of different income levels. In 2014, the bank's performance of 62.5 percent of loans originated (by number) to low-income borrowers, exceeded the percentage of households by household income at 16.2 percent. Among moderate - income borrowers, the bank's performance of 12.5 percent was consistent with the percentage of households by household income at 14.7 percent. The bank's volume of consumer automobile loan originations steadily increased from 2011 to 2014. Additional tables for previous years may be found in Appendix B.

Borrower Distribution of Consumer Loans						
Assessment Area: 2014 Decatur, IL MSA 19500						
	Borrower Income Levels	Bank & Demographic Comparison 2014				Households by Household Income %
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	10	62.5	42	40.4	16.2
	Moderate	2	12.5	16	15.4	14.7
	Middle	2	12.5	28	26.9	19.5
	Upper	1	6.3	15	14.4	49.6
	Unknown	1	6.3	3	2.9	
	Total	16	100.0	104	100.0	100.0

2014 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

Residential Real Estate

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels. The table below indicates that 33.3 percent (by number) of loans were originated to moderate-income borrowers. The bank’s performance exceeds the percentage of families by family income at 18.8 percent. Note, the bank originated zero loans to low-income borrowers. The bank’s performance was below the percentage of families by family income at 14.4 percent. The bank’s performance remained consistent between the years of 2011 through 2014. Additional tables for previous years may be found in Appendix B.

Borrower Distribution of Residential Real Estate Loans						
Assessment Area: 2014 Decatur, IL MSA 19500						
	Borrower Income Levels	Bank & Demographic Comparison 2014				Families by Family Income %
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	0	0.0	0	0.0	14.4
	Moderate	1	33.3	62	35.0	18.0
	Middle	1	33.3	110	62.1	21.6
	Upper	1	33.3	5	2.8	46.0
	Unknown	0	0.0	0	0.0	0.0
	Total	3	100.0	177	100.0	100.0

2014 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

Small Business

The distribution of small business loans reflects excellent penetration of loans to businesses of different sizes. Small business loans are defined as businesses with \$1 million or less in gross

annual revenues. In 2014, the bank originated 90.0 percent of loans to businesses with \$1 million or less in gross annual revenues. The bank’s performance was consistent with the percentage of small businesses in the assessment area at 90.6 percent. Of those loans, 100.0 percent were originated in amounts of \$100,000 or less, which are the types of loans that are most beneficial to small businesses. The bank’s performance remained consistent between the years of 2011 through 2014. The following table is a representation of small business lending by the bank. Additional tables for previous years may be found in Appendix B.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2014 Decatur, IL MSA 19500							
Product Type		Bank & Demographic Comparison					
		Count Bank		2014		Total Businesses	
				Dollar Bank			
#	%	\$ 000s	\$ %	%			
Small Business	Revenue	\$1 Million or Less	9	90.0	191	21.2	90.6
		Over \$1 Million or Unknown	1	10.0	710	78.8	9.4
		Total	10	100.0	901	100.0	100.0
	Loan Size	\$100,000 or Less	9	90.0	191	21.2	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$500,000	1	10.0	710	78.8	
		Total	10	100.0	901	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	9	100.0	191	100.0	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$1 Million	0	0.0	0	0.0	
		Total	9	100.0	191	100.0	
	Originations & Purchases						
2014 FFIEC Census Data & 2014 Dun & Bradstreet information according to 2010 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

Small Farm

The distribution of small farm loans reflects excellent penetration of loans to farms of different sizes. The bank originated 100.0 percent of farm loans to farms of \$1 million or less, in gross annual revenues. Of the 15 farm loans originated by the bank in 2014, 11 loans or 73.3 percent were made in loan amounts of \$100,000 or less, which are loans that are most impactful to small farms. The bank’s volume of small farm loan originations steadily increased from 2011 to 2014. The following table is a representation of small farm lending by the bank. Additional tables for previous years may be found in Appendix B.

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2014 Decatur, IL MSA 19500							
Product Type		Bank & Demographic Comparison					
		Count		2014 Dollar		Total Farms	
Revenue	Loan Size	#	%	\$ 000s	%		%
		Small Farm	\$1 Million or Less				
Over \$1 Million or Unknown	0			0.0	0	0.0	0.0
Total	15			100.0	1,512	100.0	100.0
\$100,000 or Less							
	\$100,001 - \$250,000		3	20.0	490	32.4	
	\$250,001 - \$500,000		1	6.7	450	29.8	
	Total		15	100.0	1,512	100.0	
Loan Size & Rev \$1 Mill or Less							
	\$100,000 or Less		11	73.3	572	37.8	
	\$100,001 - \$250,000		3	20.0	490	32.4	
	\$250,001 - \$500,000		1	6.7	450	29.8	
Total	15		100.0	1,512	100.0		
Originations & Purchases							
2014 FFIEC Census Data & 2014 Dun & Bradstreet information according to 2010 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

Response to Complaints

The bank or this Reserve Bank has not received any CRA-related complaints since the previous evaluation.

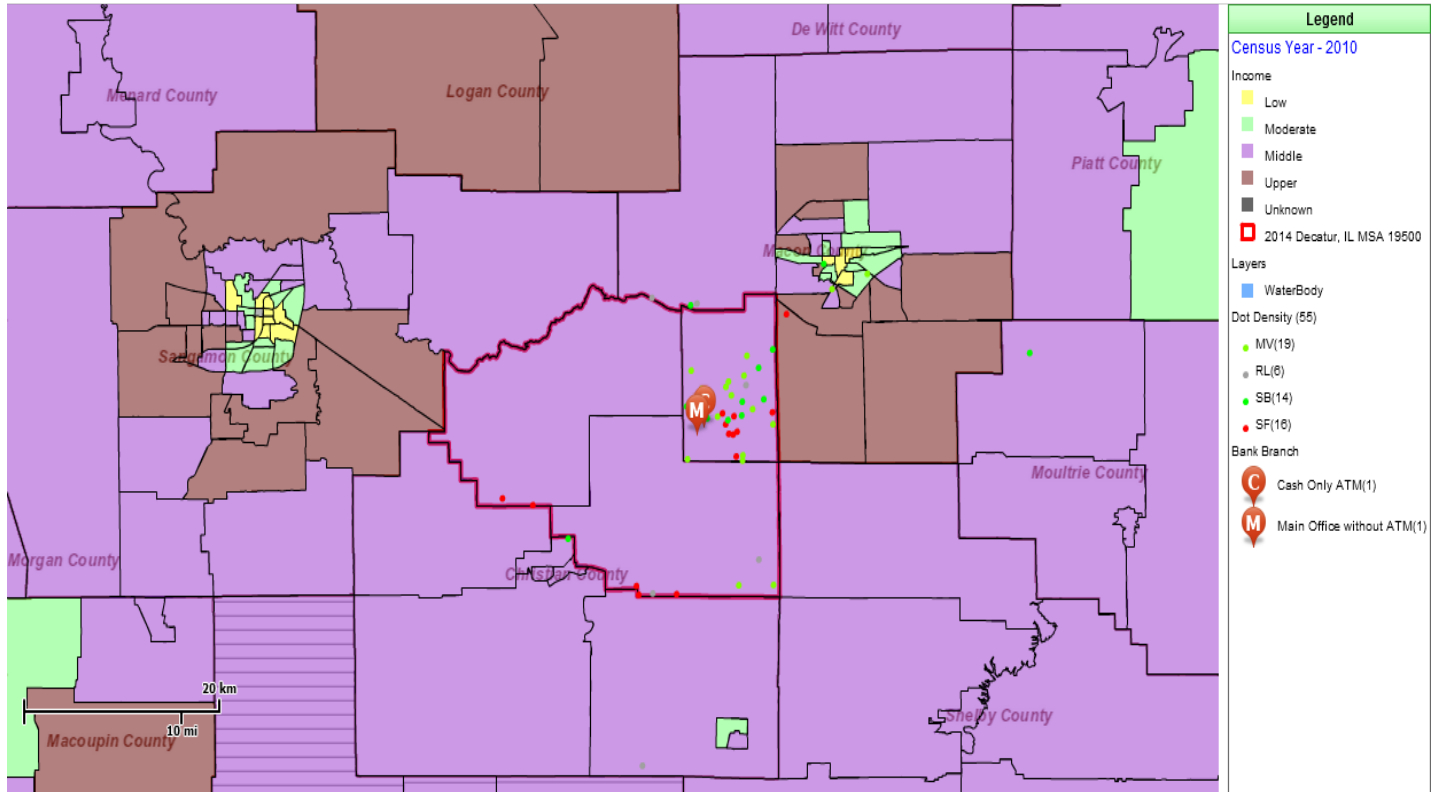
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – Map of Assessment Area

Restricted FR

306739 State Bank of Blue Mound
AA 2014 Income Map with Branches & Loans



APPENDIX B – Tables

Geographic Distribution of Consumer Loans						
Assessment Area: 2014 Decatur, IL MSA 19500						
	Tract Income Levels	Bank & Demographic Comparison				Households
		2014				
		Count Bank		Dollar Bank		
		#	%	\$ (000s)	\$ %	%
Totals	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	0.0
	Middle	16	100.0	102	100.0	100.0
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total		16	100.0	102	100.0
2014 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Geographic Distribution of Residential Real Estate Loans						
Assessment Area: 2014 Decatur, IL MSA 19500						
	Tract Income Levels	Bank & Demographic Comparison				Owner Occupied % of Units
		2014				
		Count Bank		Dollar Bank		
		#	%	\$ (000s)	\$ %	
Totals	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	0.0
	Middle	3	100.0	176	100.0	100.0
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total		3	100.0	176	100.0
2014 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Geographic Distribution of Small Business Loans						
Assessment Area: 2014 Decatur, IL MSA 19500						
	Tract Income Levels	Bank & Demographic Comparison				
		2014				
		Count Bank		Dollar Bank		Small Businesses
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	0.0
	Middle	10	100.0	901	100.0	100.0
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	10	100.0	901	100.0	100.0
2014 FFIEC Census Data & 2014 Dun & Bradstreet information according to 2010 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Geographic Distribution of Small Farm Loans						
Assessment Area: 2014 Decatur, IL MSA 19500						
	Tract Income Levels	Bank & Demographic Comparison				
		2014				
		Count Bank		Dollar Bank		Small Farms
		#	%	\$ 000s	\$ %	%
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	0.0
	Middle	15	100.0	1,512	100.0	100.0
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	15	100.0	1,512	100.0	100.0
2014 FFIEC Census Data & 2014 Dun & Bradstreet information according to 2010 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Borrower Distribution of Consumer Loans						
Assessment Area: 2013 Decatur, IL MSA 19500						
	Borrower Income Levels	Bank & Demographic Comparison 2013				Households by Household Income %
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	6	60.0	66	75.0	16.0
	Moderate	0	0.0	0	0.0	14.7
	Middle	3	30.0	16	18.2	19.5
	Upper	1	10.0	6	6.8	49.9
	Unknown	0	0.0	0	0.0	
	Total	10	100.0	88	100.0	100.0
2013 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Borrower Distribution of Residential Real Estate Loans						
Assessment Area: 2013 Decatur, IL MSA 19500						
	Borrower Income Levels	Bank & Demographic Comparison 2013				Families by Family Income %
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	0	0.0	0	0.0	14.4
	Moderate	4	100.0	157	100.0	18.0
	Middle	0	0.0	0	0.0	21.6
	Upper	0	0.0	0	0.0	46.0
	Unknown	0	0.0	0	0.0	0.0
	Total	4	100.0	157	100.0	100.0
2013 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2013 Decatur, IL MSA 19500							
Product Type		Bank & Demographic Comparison					
		Count Bank		Dollar Bank		Total Businesses	
		#	%	\$ 000s	\$ %	%	
Small Business	Revenue	\$1 Million or Less	11	100.0	571	100.0	91.3
		Over \$1 Million or Unknown	0	0.0	0	0.0	8.7
		Total	11	100.0	571	100.0	100.0
	Loan Size	\$100,000 or Less	10	90.9	271	47.5	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$500,000	1	9.1	300	52.5	
		Total	11	100.0	571	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	10	90.9	271	47.5	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$1 Million	1	9.1	300	52.5	
		Total	11	100.0	571	100.0	

Originations & Purchases

2013 FFIEC Census Data & 2013 Dun & Bradstreet information according to 2010 ACS

Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2013 Decatur, IL MSA 19500							
Product Type		Bank & Demographic Comparison					
		Count Bank		Dollar Bank		Total Farms	
		#	%	\$ 000s	\$ %	%	
Small Farm	Revenue	\$1 Million or Less	14	100.0	908	100.0	100.0
		Over \$1 Million or Unknown	0	0.0	0	0.0	0.0
		Total	14	100.0	908	100.0	100.0
	Loan Size	\$100,000 or Less	12	85.7	578	63.7	
		\$100,001 - \$250,000	2	14.3	330	36.3	
		\$250,001 - \$500,000	0	0.0	0	0.0	
		Total	14	100.0	908	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	12	85.7	578	63.7	
		\$100,001 - \$250,000	2	14.3	330	36.3	
		\$250,001 - \$500,000	0	0.0	0	0.0	
		Total	14	100.0	908	100.0	

Originations & Purchases

2013 FFIEC Census Data & 2013 Dun & Bradstreet information according to 2010 ACS

Note: Percentages may not add to 100.0 percent due to rounding

Borrower Distribution of Consumer Loans						
Assessment Area: 2012 Decatur, IL MSA 19500						
	Borrower Income Levels	Bank & Demographic Comparison 2012				Households by Household Income %
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	1	11.1	6	4.7	16.0
	Moderate	2	22.2	38	29.9	14.7
	Middle	1	11.1	11	8.7	19.5
	Upper	5	55.6	72	56.7	49.9
	Unknown	0	0.0	0	0.0	
	Total	9	100.0	127	100.0	100.0

2012 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

Borrower Distribution of Residential Real Estate Loans						
Assessment Area: 2012 Decatur, IL MSA 19500						
	Borrower Income Levels	Bank & Demographic Comparison 2012				Families by Family Income %
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	4	36.4	269	28.9	14.4
	Moderate	1	9.1	33	3.5	18.0
	Middle	3	27.3	182	19.5	21.6
	Upper	3	27.3	447	48.0	46.0
	Unknown	0	0.0	0	0.0	0.0
	Total	11	100.0	931	100.0	100.0

2012 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2012 Decatur, IL MSA 19500							
Product Type		Bank & Demographic Comparison					
		Count Bank		Dollar Bank		Total Businesses	
		#	%	\$ 000s	\$ %	%	
Small Business	Revenue	\$1 Million or Less	9	100.0	454	100.0	90.8
		Over \$1 Million or Unknown	0	0.0	0	0.0	9.2
		Total	9	100.0	454	100.0	100.0
	Loan Size	\$100,000 or Less	8	88.9	306	67.4	
		\$100,001 - \$250,000	1	11.1	148	32.6	
		\$250,001 - \$500,000	0	0.0	0	0.0	
		Total	9	100.0	454	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	8	88.9	306	67.4	
		\$100,001 - \$250,000	1	11.1	148	32.6	
		\$250,001 - \$1 Million	0	0.0	0	0.0	
		Total	9	100.0	454	100.0	

Originations & Purchases

2012 FFIEC Census Data & 2012 Dun & Bradstreet information according to 2010 ACS

Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2012 Decatur, IL MSA 19500							
Product Type		Bank & Demographic Comparison					
		Count Bank		Dollar Bank		Total Farms	
		#	%	\$ 000s	\$ %	%	
Small Farm	Revenue	\$1 Million or Less	5	100.0	701	100.1	100.0
		Over \$1 Million or Unknown	0	0.0	-1	-0.1	0.0
		Total	5	100.0	700	100.0	100.0
	Loan Size	\$100,000 or Less	2	40.0	60	8.6	
		\$100,001 - \$250,000	2	40.0	352	50.2	
		\$250,001 - \$500,000	1	20.0	289	41.2	
		Total	5	100.0	701	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	2	40.0	60	8.6	
		\$100,001 - \$250,000	2	40.0	352	50.2	
		\$250,001 - \$500,000	1	20.0	289	41.2	
		Total	5	100.0	701	100.0	

Originations & Purchases

2012 FFIEC Census Data & 2012 Dun & Bradstreet information according to 2010 ACS

Note: Percentages may not add to 100.0 percent due to rounding

Borrower Distribution of Consumer Loans						
Assessment Area: 2011 Decatur, IL MSA 19500						
	Borrower Income Levels	Bank & Demographic Comparison 2011				Households by Household Income %
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	2	50.0	16	21.3	13.6
	Moderate	0	0.0	0	0.0	14.5
	Middle	1	25.0	19	25.3	19.3
	Upper	0	0.0	0	0.0	52.7
	Unknown	1	25.0	40	53.3	
	Total	4	100.0	75	100.0	100.0
2011 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Borrower Distribution of Residential Real Estate Loans						
Assessment Area: 2011 Decatur, IL MSA 19500						
	Borrower Income Levels	Bank & Demographic Comparison 2011				Families by Family Income %
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	0	0.0	0	0.0	10.7
	Moderate	1	33.3	50	50.0	14.8
	Middle	1	33.3	28	28.0	29.3
	Upper	1	33.3	22	22.0	45.2
	Unknown	0	0.0	0	0.0	0.0
	Total	3	100.0	100	100.0	100.0
2011 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2011 Decatur, IL MSA 19500							
Product Type		Bank & Demographic Comparison					
		Count Bank		2011 Dollar Bank		Total Businesses	
		#	%	\$ 000s	\$ %	%	
Small Business	Revenue	\$1 Million or Less	12	100.0	619	100.0	91.8
		Over \$1 Million or Unknown	0	0.0	0	0.0	8.2
		Total	12	100.0	619	100.0	100.0
	Loan Size	\$100,000 or Less	12	100.0	619	100.0	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$500,000	0	0.0	0	0.0	
		Total	12	100.0	619	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	12	100.0	619	100.0	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$1 Million	0	0.0	0	0.0	
		Total	12	100.0	619	100.0	

Originations & Purchases

2011 FFIEC Census Data & 2011 Dun & Bradstreet information according to 2000 Cen

Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2011 Decatur, IL MSA 19500							
Product Type		Bank & Demographic Comparison					
		Count Bank		2011 Dollar Bank		Total Farms	
		#	%	\$ 000s	\$ %	%	
Small Farm	Revenue	\$1 Million or Less	3	75.0	362	38.9	98.8
		Over \$1 Million or Unknown	1	25.0	569	61.1	1.2
		Total	4	100.0	931	100.0	100.0
	Loan Size	\$100,000 or Less	2	66.7	62	17.1	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$500,000	1	33.3	300	82.9	
		Total	3	100.0	362	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	2	66.7	62	17.1	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$500,000	1	33.3	300	82.9	
		Total	3	100.0	362	100.0	

Originations & Purchases

2011 FFIEC Census Data & 2011 Dun & Bradstreet information according to 2000 Cen

Note: Percentages may not add to 100.0 percent due to rounding

APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Consumer Automobile : January 1, 2011 – December 31, 2014 Residential Real Estate: January 1, 2011 – December 31, 2014 Small Business: January 1, 2011 – December 31, 2014 Small Farm: January 1, 2011 – December 31, 2014		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
The State Bank of Blue Mound			Consumer Automobile Residential Real Estate Small Business Small Farm
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Decatur, IL MSA #15900	Full scope	N/A	N/A

APPENDIX D - Glossary

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.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Consumer loan: A loan 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 of loans: motor vehicle, credit card, home equity, other secured loan, and other unsecured loan.

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).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the

rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Geography: A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home mortgage loans: Include home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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.

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 lenders in the MSA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) 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: A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area (MMSA). Performance within each MMSA is analyzed separately as a full-scope review and receives its own ratings under the

Lending, Investment and Service Tests provided the financial institution has its main office, branch, or deposit-taking ATM located in each applicable state making up the MMSA.

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.

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.

Small loans to business: 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 loans to farms: 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 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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