

# **PUBLIC DISCLOSURE**

May 17, 2010

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Villa Grove State Bank  
RSSD# 474245

10 North Main Street  
P.O. Box 50  
Villa Grove, Illinois 61956

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, IL 60604-1413

**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, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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**INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING:** This institution is rated **satisfactory**.

Based upon an analysis of Villa Grove State Bank's consumer real estate, commercial, and agricultural activities, from May 1, 2009 through April 30, 2010, and from information provided by a community representative, the bank is meeting the credit needs of its community. The bank continues to provide products and services that are consistent with its size, financial capacity, location, economic conditions, and the competitive factors within its assessment area. The bank's loan-to-deposit ratio is more than reasonable for a bank of its asset size, and exceeds the standards for satisfactory performance. In addition, the bank's level of lending within its assessment area meets the standards for satisfactory performance. Although the assessment area lacks low- and moderate- income geographies, the bank demonstrated a reasonable level of lending to low- and moderate income borrowers and businesses of different sizes. The geographic distribution of small farm, small business, and residential real estate loans reflects a reasonable penetration throughout the bank's assessment area. Lastly, neither the bank nor this Reserve Bank received any CRA-related complaints since the previous examination.

The institution was rated **Satisfactory** under the CRA at its previous evaluation conducted on February 21, 2006.

### **SCOPE OF EXAMINATION**

The scope of this examination included a review of lending activities using the Federal Financial Institutions Examination Council's Small Bank Examination Procedures to evaluate the bank's lending performance under the CRA. A small bank is defined as a bank that, as of December 31<sup>st</sup> of either of the prior two calendar years, had assets of less than \$1 billion. The bank's lending performance was based on a review of commercial, agricultural, and residential real estate loans originated from May 1, 2009 through April 30, 2010. The evaluation included small business loans with gross revenues of equal to or less than \$1 million and small farm loans with gross revenues of equal to or less than \$1 million.

Performance standards for the lending test consist of the following: (1) the bank's loan-to-deposit (LTD) ratio; (2) the percentage of loans located in the bank's assessment area; (3) the record of lending to borrowers of different income levels and to businesses and farms of different sizes; (4) the geographic distribution of loans, and (5) the record of taking action in response to written complaints. To determine performance under the CRA, these standards are analyzed and evaluated within the assessment area context, which includes, but is not limited to: comparative analyses of the assessment area and the state and non-metropolitan portions of the state demographic data on median family income; and the nature of housing stock, housing costs, and other relevant data pertaining to the bank's assessment area. All demographic data reported is based on 2000 U.S. Census Data unless otherwise specified. In addition, information from the performance context, such as economic conditions present within the assessment area, loan

demand, bank size, financial conditions, and business strategies were considered when evaluating the bank's performance.

## DESCRIPTION OF INSTITUTION

Villa Grove State Bank, with total assets of approximately \$64 million as of December 31, 2009, is a standalone bank located in the town of Villa Grove, IL approximately 30 miles south of Champaign, IL. The bank operates one main full-service office, as well as a nearby drive-up facility with an on-site Automated Teller Machine (ATM). No full service branches have been opened or closed since the previous examination; the bank maintains only its main office.

The bank offers its customers a wide spectrum of deposit and loan products, as well as online banking. Loan products include: Personal, Auto and Truck, Home Improvement, Real Estate, Commercial, Farm, and Farm Real Estate loans. Deposit products include: Business Checking, Regular Checking, Freedom 55, NOW, and Special Checking; Savings accounts include: Passbook Savings, Certificates of Deposit, Christmas Club, Money Market, and IRAs and SEPs.

As of December 31, 2009, 76.4% of the bank's loan portfolio, based on the dollar amount of outstanding loans, is secured by real estate. As shown in Exhibit 1, commercial non-real estate loans represent 6.9% of the loan portfolio; 5.3% of the outstanding loans have a consumer or individual purpose, and agricultural non-real estate loans represent 11.2% of the loan portfolio.

<b>Exhibit 1</b>		
<b>Composition of Loan Portfolio at December 31, 2009</b>		
<b>Loan Category and Type</b>	<b>\$(000)</b>	<b>%</b>
Real Estate Secured		
Residential Real Estate	22,022	42.3%
Farmland	5,994	11.5%
Commercial	10,609	20.4%
Other (i.e. 2 <sup>nd</sup> Lien)	1,148	2.2%
<b>Total – Real Estate Secured</b>	<b>39,773</b>	<b>76.4%</b>
Agricultural	5,826	11.2%
Commercial	3,611	6.9%
Individual	2,757	5.3%
Other (All Other)	86	0.2%
<b>Total</b>	<b>52,053</b>	<b>100.0%</b>

The current peer group for Villa Grove State Bank includes insured commercial banks having assets between \$50 million and \$100 million, with 2 or fewer full service banking offices and not located in a metropolitan statistical area. The bank's local competitor is Villa Grove First, a division of Longview State Bank based in Sidney, IL.

There are 36 Federal Deposit Insurance Corporation (FDIC)-insured financial institutions operating in the two county assessment area, with a branch network totaling 98 offices and deposits of \$4.3 billion according to the FDIC’s Insured Institutions Market Share Report dated June 30, 2009. Villa Grove State Bank ranks 18<sup>th</sup> among these institutions, with deposits of \$57.5 million and a market share of 1.33%. Exhibit 2 illustrates competitors of similar size to the bank that operate in many of the same markets, and offer comparable products.

<b>Exhibit 2 Villa Grove State Bank’s Competitors</b>			
<b>Competitor Name</b>	<b>Number of Offices Inside Market</b>	<b>Deposits \$(000) Inside Market</b>	<b>Market Share %</b>
First National Bank of Ogden	3	76,927	1.79%
Tuscola National Bank	2	63,663	1.48%
Fisher National Bank	2	60,880	1.41%
Longview State Bank	4	56,057	1.30%

There are no apparent factors relating to the bank’s financial condition, asset size, products offered, prior performance, legal impediments, or local economic conditions that would prevent the bank from meeting the community’s credit needs.

**DESCRIPTION OF ASSESSMENT AREA**

The bank’s assessment area is located in central Illinois, southeast of the Champaign-Urbana Metropolitan Statistical Area (MSA). The assessment area (Appendix A) has been delineated as census tract 9520 and 9521 in Douglas County and the adjoining census tract 108 in Champaign County. The assessment area is comprised of the Villages of South Homer, Sidney, Crittenden, Raymond, Villa Grove, Camargo, Ayers, Newman, Murdock, Bowdre, Sargent, and part of the Champaign-Urbana Metropolitan Statistical Area (MSA). All three geographies are middle-income census tracts. The bank does not have any branches and no changes to the bank’s assessment area have occurred since the previous evaluation conducted February 21, 2006.

Villa Grove State Bank, situated in a primarily rural area, operates its sole office in the heart of downtown Villa Grove. According to a community representative, Villa Grove has been negatively impacted by the recent economic downturn experienced throughout the rest of the country. Many downtown businesses have closed, including a local grocery store; however, some local and nationally franchised restaurants, as well as the local movie theater, continue to operate.

As illustrated on the Assessment Area Map in Appendix A of this report, Douglas and Champaign Counties consist of only middle-income tracts. These middle-income geographies include 4.6% of families with incomes below the poverty level in the assessment area. Of the housing units in the middle-income geographies, 76.3% are owner-occupied and 17.8% are rental properties. Businesses with annual revenues of \$1 million or less represent approximately 90.3% of all businesses in the assessment area.

<b>Exhibit 2 Assessment Areas Demographics<sup>(1)</sup></b>									
Income Categories	Tract Distribution		Number of Families in Tract		Families Below Poverty Level as % of Families by Tract		Number of Families Based on Family Income		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	451	14.2	
Moderate-income	0	0.0	0	0.0	0	0.0	646	20.4	
Middle-income	3	100.0	3,174	100.0	147	4.6	801	25.2	
Upper-income	0	0.0	0	0.0	0	0.0	1,276	40.2	
<b>Totals</b>	<b>3</b>	<b>100.0</b>	<b>3,174</b>	<b>100.0</b>	<b>147</b>	<b>4.6</b>	<b>3,174</b>	<b>100.0</b>	
	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	
Moderate-income	0	0	0.0	0	0.0	0	0	0.0	
Middle-income	4,585	3,499	76.3	818	17.8	268	5.8		
Upper-income	0	0	0	0	0.0	0	0	0.0	
<b>Totals</b>	<b>4,585</b>	<b>3,499</b>	<b>76.3</b>	<b>818</b>	<b>17.8</b>	<b>268</b>	<b>5.8</b>		
	Total Businesses by Tract		Businesses by Tract & Revenue Size						
			Under \$1 million		Over \$1 million		Revenue Not Reported		
			#	%	#	%	#	%	#
Low-income	0	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	0.0
Middle-income	362	100.0	327	100.0	15	100.0	20	100.0	
Upper-income	0	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	0.0
<b>Totals</b>	<b>362</b>	<b>100.0</b>	<b>327</b>	<b>100.0</b>	<b>15</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	
	<b>Percentage of Total Businesses</b>		<b>90.3</b>		<b>4.1</b>		<b>5.5</b>		

*(1) Information regarding businesses by tract and revenue size is based on 2009 D&B information according to 2000 Census Boundaries. All other information based on 2000 Census Data.*

### Population Changes

Since 2000, the town of Villa Grove has experienced a 4.1% decline in its population to 2,449 as of July 2008 (Source: City-Data.com).

### Income Characteristics

Exhibit 3 compares the income levels for the assessment area to MSA-Champaign, IL, the state of Illinois, and Douglas County based on 2000 U.S. Bureau of Census data. In contrast to the 2000 data, the 2009 HUD adjusted median family income (MFI) for the bank's assessment area is \$65,200 (MSA-Champaign, IL) and \$54,400 (Non-MSA Illinois).

<b>Exhibit 3 Distribution of Families by Income Level</b>						
<b>Location</b>	<b>Median Family Income(\$)</b>	<b>Percent of Families</b>				
		<b>Low (%)</b>	<b>Moderate (%)</b>	<b>Middle (%)</b>	<b>Upper (%)</b>	<b>Below Poverty Level (%)</b>
Assessment Area	47,871	14.21	20.35	25.24	40.20	4.63
Champaign County, IL	52,591	17.95	18.12	24.49	39.44	6.92
Douglas County, IL	46,117	12.00	20.35	25.07	42.57	4.21
Illinois	55,545	19.90	18.13	22.85	39.12	7.82

Low-income is defined as less than 50% of median family income; moderate-income as 50% to less than 80% of median family income; middle-income as 80% to less than 120% of median family income; and upper-income as 120% or more of median family income.

Overall, the median family income for the assessment area is lower than for the state of Illinois and Champaign County, but slightly higher than that of Douglas County. Compared to Champaign County, and to the state of Illinois, the assessment area has a smaller percentage of families considered low-income, and a smaller percentage of families with incomes below the poverty level. Champaign County has a lower percentage of families considered moderate-income and a higher percentage of families below the poverty level than the assessment area.

**Housing Characteristics and Affordability**

Based upon the 2000 census data, the assessment area contains 4,585 total housing units, of which 76.3% are owner-occupied. The percentage of owner-occupied units is 67.9% in all non-metropolitan areas of Illinois, 63.2% in the state of Illinois, 52.3% in Champaign County, and 72.8% in Douglas County. The median housing value is \$70,625 in the assessment area, \$67,278 in all non-metropolitan areas of Illinois, \$91,200 in Champaign County, \$70,800 in Douglas County and \$127,800 in the state of Illinois. Lastly, the median age of housing stock is 47 years in the assessment area, 42 years in the all non-metropolitan areas of Illinois, 29 years in Champaign County, and 42 years in the state of Illinois.

The Affordability Ratio is a common method to measure housing affordability. The ratio divides the MFI by median home value for the same time period. The resulting ratio may then be compared among various geographic areas. A higher ratio indicates more affordable housing. Based on 2000 Census data, the ratio was .58 for the assessment area, .36 for the state of Illinois, .52 for the non-metropolitan areas of Illinois; .41 for Champaign County; and .55 for Douglas County. The housing characteristics for Champaign County indicate a lower percentage of owner-occupied dwellings, a higher median housing value, and a lower affordable housing ratio compared to the assessment area, Douglas County, and the non-metropolitan areas of Illinois. The primary reason for these differences is the impact of the University of Illinois at Urbana – Champaign, located in Champaign County, and the large transient student population. A community representative indicated a new single-family housing development covering 80 acres has been completed just

north of Villa Grove. The representative also added that the rate of foreclosures within the Villa Grove area has been surprisingly low.

### Labor and Employment

As indicated in Exhibit 4, Champaign County and Douglas County’s unemployment rates from 2007 to 2009 have increased dramatically, due to the economic recession. A community representative indicated the unemployment rate has remained relatively stable in Villa Grove due primarily to the job security associated with the University of Illinois located in Champaign County. Major employers in the assessment area are listed in Exhibit 5.

<b>Exhibit 4 Seasonally Unadjusted Unemployment Rates<sup>(1)</sup></b>				
	2006	2007	2008	2009
Champaign County	3.9%	4.4%	5.7%	8.2%
Douglas County	4.4%	4.5%	6.1%	8.8%
State of Illinois	4.6%	5.1%	6.4%	10.1%
<i>(1)Source: Bureau of Labor Statistics (Haver Analytics)</i>				

<b>Exhibit 5 Major Employers in the Assessment Area</b>			
Company	Location	Employees	Description
University of Illinois	Champaign	24,513	Colleges & Universities
Flex-N-Gate Corp	Champaign	11,335	Motor Vehicle Parts & Accessories
Carle Foundation Hospital	Champaign	2,784	General Medical & Surgical Hospital
Carle Clinic Association PC	Champaign	2,500	Medical Doctor’s Office
Vesuvius USA Corp	Champaign	1,500	MFG Nonclay Refractories
Champaign Community Unit School	Champaign	1,300	Elementary & Secondary Schools
First Busey Corp	Champaign	1,139	Bank Holding Companies
County of Champaign	Champaign	1,000	Executive
CHI Holdings	Douglas	425	MFG Lumber & Meat Packing Plants
Okaw Trus Inc.	Douglas	425	MFG Structural Wood Members/Metal

Source: Hoovers.com

### Agricultural Impact

The town of Villa Grove is surrounded entirely by farmland, which accounts for approximately 33.8% of the industry within the bank’s assessment area. A majority of the farms in the assessment area have gross revenues of \$250,000 or less. Despite one-third of the local economy being based on agriculture, the farming related loan products comprise only 22.7% of the bank’s loan portfolio, indicating that agriculture is not the bank’s primary focus. Residential real estate secured loans represented 42.3% of the bank’s loan portfolio, followed by 27.3% in commercial loans.



A community representative contacted during the examination to determine the credit needs of the assessment area, indicated that local financial institutions are actively involved in the community and are adequately meeting the credit needs of the community.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Performance standards for small banks consist of the following, as applicable: the bank's loan-to-deposit (LTD) ratio, the percentage of loans and other lending-related activities located in the bank's assessment area, the record of lending to borrowers of different income levels and farms and businesses of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the above standards were analyzed and evaluated within the assessment area context, which includes, but is not limited to, comparative analyses of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank's assessment area.

### Loan-to-Deposit Ratio

*The bank's average loan-to-deposit ratio, calculated from data contained in the Consolidated Reports of Condition, was evaluated giving consideration to the bank's capacity to lend, competitor and peers' loan-to-deposit ratios, as well as demographic factors, economic conditions, and lending opportunities present in the assessment area.*

Based on the bank's LTD ratios relative to its peer group and a sample of competitors, the bank exceeds the standards for satisfactory performance under this criterion. Exhibit 6 on the following page shows the comparison for the 16 quarter average ending December 31, 2009.

Exhibit 6	
Loan to Deposit Ratio (%)	
Bank Name, City, 12/2009 Assets \$ (Millions)	16 Quarter Average (2006 – 2009)
Villa Grove State Bank, Villa Grove, IL (\$64M)	83.53
Peer Group	70.56
First Mid-Illinois B & T, Mattoon, IL (\$1B)	89.70
Longview State Bank, Sidney, IL (\$60M)	78.25
Tuscola Nat'l Bank, Tuscola, IL (\$78M)	45.83

### Lending in the Assessment Area

*To assess the extent of lending within the assessment area, the following were reviewed: Commercial loans, Residential Real Estate Secured loans, and Agricultural loans. The sample period for each loan product was May 1, 2009 through April 30, 2010. Information from the performance context, such as economic conditions present within the assessment area, loan demand, bank size, financial condition, branching network, and business strategies, were considered when evaluating the bank's performance.*

Overall, commercial, agricultural, and residential real estate secured lending within the bank’s assessment area meets the standards for satisfactory performance under this criterion.

The majority of Villa Grove State Bank loans were originated within the assessment area. The distribution of a sample of the bank’s primary loan products, originated during the review period, is illustrated in Exhibit 7. The percentage of loans made within the assessment area was also comparable to lending percentages obtained from the bank’s peer group.

Exhibit 7 Distribution of Loans in/out of Assessment Area (AA)			
Loan Type	Number of Loans		
	# in Sample	# in AA	% in AA
Residential Real Estate	50	27	54.0%
Agricultural	53	49	92.5%
Commercial	49	39	79.6%
<b>Totals</b>	<b>152</b>	<b>115</b>	<b>75.7%</b>

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

*The distribution of loans among borrowers of different income levels was determined by reviewing Commercial loans, Residential Real Estate Secured loans, and Agricultural loans. The sample period for each loan product was May 1, 2009 through April 30, 2010. Information from the performance context, such as economic conditions present within the assessment area, demographics, loan demand, bank size, financial condition, branching network, and business strategies, were considered when evaluating the bank’s performance.*

Given the demographics of the bank’s assessment area, the loan distribution across borrowers of different income levels, and farms and businesses of different sizes, meets the standards for satisfactory performance under this criterion.

The distribution of Villa Grove State Bank’s loans reflects reasonable penetration among borrowers of different income levels and farms and business of different sizes, as supported by a review of residential real estate, agricultural, and commercial loan data.

**Residential Real Estate Loans**

Exhibit 8 shows the distribution of the sample of 1-4 family residential real estate loans, originated during the 12-month period ended April 30, 2010, by income level. As indicated, the percentage of loans to low- and moderate-income borrowers within the bank’s assessment area is 29.6%. This lending percentage appears to closely align with the low (14.2%) and moderate (20.4%) demographic income groups that define the bank’s assessment area.

<b>Exhibit 8 Loan Distribution of Residential Real Estate Loans by Income Level</b>		
<b>Income Level</b>	<b>Total Number of Loans</b>	<b>Percent of Total Loans*</b>
Low	3	11.1%
Moderate	5	18.5%
Middle	7	25.9%
Upper	12	44.4%
<b>Totals</b>	<b>27</b>	<b>100.0%</b>

\* HUD's estimated 2009 median family income was used to determine the income level of the applicants.

### Agricultural and Commercial Loans

The distribution of commercial and agricultural loans reflects a reasonable penetration among small businesses and small farms. The distribution, based on loan reporting data obtained as of April 30, 2010, is shown in Exhibits 9 and 10.

<b>Exhibit 9 Distribution of Agricultural Loans based on Loan Amount</b>				
<b>Original Loan Amount</b>	<b>Number of Agricultural Loans</b>	<b>Percentage of Agricultural Loans</b>	<b>Outstanding Dollar Amount (000's)</b>	<b>Percentage of Outstanding Dollar Amount (000's)</b>
Less than or equal to \$100,000	34	69.4%	\$1,180	25.8%
Greater than \$100,000 through \$250,000	14	28.6%	\$2,261	49.4%
Greater than \$250,000 through \$1 million	1	2.0%	\$1,138	24.9%
<b>Total</b>	<b>49</b>	<b>100.0%</b>	<b>\$4,579</b>	<b>100.0%</b>
<b>Distribution of Agricultural Loans Based on Gross Revenue</b>				
<b>Gross Revenue (\$ thousands)</b>	<b>Number of Agricultural Loans</b>		<b>Percentage of Agricultural Loans</b>	
Less than or equal to \$500,000	47		95.9%	
Greater than \$500,000	2		4.1%	
<b>Total</b>	<b>49</b>		<b>100.0%</b>	

As Exhibit 9 indicates, loan originations in the amount of \$100,000 or less category represent 69.4% of the number and 25.8% of the dollar amount of small farm loans. Additionally, 95.9% of the agricultural loans were originated to borrowers with farm revenues less than or equal to \$500,000. Also noted in the above chart was one farm loan greater than \$1 million that was originated in the sample period.

Farm loans with an origination amount of \$100,000 or less are considered to be small farms loans. Small farms (i.e., those with annual revenues of \$500,000 or less) typically seek loans in smaller amounts than large farms. Accordingly, a higher volume of loans in smaller loan sizes is considered indicative of stronger performance in meeting the credit needs of small farms.

<b>Exhibit 10 Distribution of Small Business Loans based on Loan Amount</b>				
<b>Original Loan Amount</b>	<b>Number of Small Business Loans</b>	<b>Percentage of Small Business Loans</b>	<b>Outstanding Dollar Amount (000's)</b>	<b>Percentage of Outstanding Dollar Amount (000's)</b>
Less than or equal to \$100,000	35	100%	\$656	100%
Greater than \$100,000 through \$250,000	-	-	-	-
Greater than \$250,000 through \$1 million	-	-	-	-
<b>Total</b>	<b>35</b>	<b>100%</b>	<b>\$656</b>	<b>100%</b>
<b>Distribution of Small Business Loans Based on Gross Revenues</b>				
<b>Gross Revenue (\$ thousands)</b>	<b>Number of Small Business Loans</b>		<b>Percentage of Small Business Loans</b>	
Less than or equal to \$1 million	35		100.0%	
Greater than \$1 million	0		0.0%	
<b>Total</b>	<b>35</b>		<b>100.0%</b>	

As Exhibit 10 indicates, small business loan originations in the \$100,000 or less category represent 100% of both the number and dollar amount of small business loans. Business loans with an origination amount of \$1 million or less are considered to be small business loans. Small business (i.e., those with annual revenues of \$1 million or less) typically seek loans in smaller amounts than large businesses. Accordingly, a higher volume of loans in smaller loan sizes is considered indicative of stronger performance in meeting the credit needs of small businesses.

In addition, 100% of the small business loans were made to borrowers with less than \$1 million in gross revenues. As previously illustrated in Exhibit 2, approximately 90.3% of the businesses in the assessment area generate less than \$1 million in revenues; therefore, the bank's high percentage of loans originated to businesses with revenues less than \$1 million would be expected and is in line with its business focus.

According to a community representative, area financial institutions are meeting the credit needs of farmers and business owners in the area.

**Geographic Distribution of Loans**

The assessment area is comprised of three middle-income census tracts. Since the bank's assessment area does not include any low- or moderate- income geographies, an in-depth analysis was not conducted. However, a review of the bank's lending patterns within the three middle-income census tracts indicated reasonable dispersion throughout the bank's assessment area.

**Complaints**

Neither the bank nor this Reserve Bank has received any CRA-related complaints since the previous examination.

### **Fair Lending**

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts. A sample of the banks' lending activity was reviewed to determine whether loan policies and lending standards were in compliance with the fair lending laws and regulations, and that these are being consistently applied to all applicants. No evidence of prohibited discriminatory credit practices was detected.

# APPENDIX A

## ASSESSMENT AREA

