

PUBLIC DISCLOSURE

January 13, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens First State Bank of Walnut
RSSD# 476342

105 North Main Street
Walnut, Illinois 61376

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

Citizens First State Bank of Walnut is rated Satisfactory.

Citizens First State Bank of Walnut is meeting the credit needs of its community based on an analysis of its lending activities. Specifically, the bank's loan-to-deposit (LTD) ratio is reasonable given the bank's asset size, financial condition, and assessment area credit needs. A substantial majority of the loans are made within the assessment area. The geographic distribution of loans is poor, but the distribution of loans reflects reasonable penetration among borrowers of different incomes as well as businesses and farms of different sizes. Neither Citizens First State Bank of Walnut nor this Reserve Bank has received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

Citizens First State Bank of Walnut's performance was evaluated using the Federal Financial Institutions Examinations Council's (FFIEC) Small Institution Examination Procedures. Performance was evaluated in the context of information about the institution and its assessment area including the bank's asset size, financial condition, competition, and economic and demographic characteristics. The bank's assessment area consists of 14 census tracts throughout portions of Bureau, Lee and Whiteside Counties in Illinois.

Performance in the assessment area was evaluated using streamlined assessment method for small banks based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio ending September 30, 2019, was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's residential real estate, small business and small farm loans originated from October 20, 2015, through December 31, 2018 were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's residential real estate, small business, and small farm loans originated in the assessment area, from October 20, 2015, through December 31, 2018, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as moderate- income.
- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – The bank's residential real estate, small business, and small farm loans originated in the assessment area, from October 20, 2015, through December 31, 2018, were reviewed to determine the distribution 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 Citizens First State Bank of Walnut nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

In addition, two community organizations, representing affordable housing and economic development, were contacted in connection with this examination to obtain information regarding local economic and socio-economic conditions in the assessment area.

DESCRIPTION OF INSTITUTION

Citizens First State Bank of Walnut is a wholly owned subsidiary of Citizens Bancshares, Inc., a one-bank holding company headquartered in Walnut, Illinois. The bank operates a main office and three standalone cash-only automated teller machines (ATMs), all located in Bureau County, Illinois. The main office and one cash-only drive-up ATM are located in the town of Walnut, Illinois. The bank maintains two additional cash-only ATMs, one in Ohio, Illinois and the other in Wyanet, Illinois. Further, the bank maintains a website (www.citizensfirststatebank.com) that provides information on loan and deposit products, other bank services, and access to online banking.

According to the Uniform Bank Performance Report (UBPR), the bank reported total assets of approximately \$45.3 million as of June 30, 2019. Citizens First State Bank of Walnut offers residential real estate, commercial, agricultural, and consumer loans. The bank also offers standard deposit products such as checking, savings, negotiable order of withdrawal (NOW) accounts, and certificates of deposits (CD). The loan portfolio consists primarily of residential real estate loans (46.0 percent), agricultural loans (25.7 percent), and commercial loans (19.1 percent).

Details of the bank’s loan portfolio are shown below.

Composition of Loan Portfolio as of June 30, 2019 (\$ are in 000s)		
Category	\$	%
Residential Real Estate	11,356	46.0
Commercial	4,707	19.1
Agriculture	6,346	25.7
Consumer	2,304	9.3
Total Loans	24,713	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 Community Reinvestment Act at its previous public evaluation conducted on October 19, 2015.

DESCRIPTION OF ASSESSMENT AREA¹

Citizens First State Bank of Walnut maintains one assessment area consisting of portions of Bureau, Whiteside, and Lee Counties in the state of Illinois. The assessment area is comprised of 14 census tracts (two moderate-income, 11 middle-income, and one upper-income tracts) in a Non-Metropolitan Statistical Area (Non-MSA) of Illinois. Seven of the census tracts are located in Bureau County, six of the tracts are in Whiteside County, and one tract is located in Lee County. While the assessment area is rural, there are no distressed or underserved tracts within the assessment area, as defined by the FFIEC. The bank’s main office and ATMs are located within Bureau County. Since the previous evaluation, the bank has closed its Wyanet branch due to a consolidation with its main office in Walnut, Illinois. Additionally, in September 2018, the bank closed one of its cash-only standalone ATMs that was located in Manlius, Illinois.

According to the June 30, 2019, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Citizens First State Bank of Walnut ranks 18th out of 26 FDIC-insured institutions within Bureau, Lee and Whiteside Counties. The bank held \$41.0 million in deposits, representing 1.3 percent of the total deposit market share in the three counties. Comparatively, Midland States Bank, Sauk Valley Bank & Trust Company, and Sterling Federal Bank, F.S.B. held the top three positions on the report, at 14.2, 12.2, and 9.3 percent of the market share, respectively.

The bank’s assessment area has remained unchanged since the previous examination; however, census tract income designations within the assessment area have changed from 2016 to 2017. The table below provides a breakdown of the census tract income designation changes from 2016 to 2017.

Census Tract Designation Changes American Community Survey (ACS) Data			
Tract Income Designation	2016 Designations (#)	2017 Designations (#)	Net Change (#)
Low	0	0	0
Moderate	2	2	0
Middle	9	11	+2
Upper	3	1	-2
Unknown	0	0	0
Total	14	14	14
<i>Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2006-2010 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2011-2015</i>			

¹ Census tract designations are based on American Community Survey income data. For years 2017 and after, the designations are based on 2011-2015 ACS data. For years 2016 and before, the designations are based on 2006-2010 ACS data. For examinations that include performance before and after 2017, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

The census tract distribution of the bank's assessment area is comprised of 14.3 percent moderate-income, 78.6 middle-income, and 7.1 percent upper-income census tracts. According to the 2018 FFIEC Census Data and 2018 Dan & Bradstreet, low- and moderate-income families represent 20.3 and 19.3 percent of the 11,095 families in the assessment area, respectively. Additionally, businesses with \$1.0 million or less in total annual revenue represent 86.8 percent of all business within the assessment area for the same time period. Finally, farms with \$1.0 million or less in total annual revenue represent 98.4 percent of all farms within the assessment area for the same time period. This data suggests that credit opportunities are available to borrowers of different income levels and businesses and farms of different revenue levels throughout the assessment area.

Census Tract Designation Change Data

The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2016 and 2017. Accordingly, lending activity that took place in calendar years up to and including 2016 are evaluated based on ACS income level definitions from the five-year survey data set 2006-2010. Lending activity performed in 2017 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015.

Assessment Area: 2018 IL Non MSA								
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	2,255	20.3
Moderate-income	2	14.3	1,640	14.8	314	19.1	2,145	19.3
Middle-income	11	78.6	8,758	78.9	829	9.5	2,434	21.9
Upper-income	1	7.1	697	6.3	28	4.0	4,261	38.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	14	100.0	11,095	100.0	1,171	10.6	11,095	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	3,151	2,049	15.9	65.0	744	23.6	358	11.4
Middle-income	14,740	10,085	78.1	68.4	3,242	22.0	1,413	9.6
Upper-income	864	772	6.0	89.4	70	8.1	22	2.5
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	18,755	12,906	100.0	68.8	4,056	21.6	1,793	9.6
	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	201	14.3	173	14.2	26	19.0	2	4.2
Middle-income	1,149	81.7	999	81.8	106	77.4	44	91.7
Upper-income	56	4.0	49	4.0	5	3.6	2	4.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,406	100.0	1,221	100.0	137	100.0	48	100.0
	Percentage of Total Businesses:			86.8		9.7		3.4
	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	2	0.8	2	0.8	0	0.0	0	0.0
Middle-income	243	94.2	240	94.5	3	75.0	0	0.0
Upper-income	13	5.0	12	4.7	1	25.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	258	100.0	254	100.0	4	100.0	0	0.0
	Percentage of Total Farms:			98.4		1.6		0.0
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

The following presentation of key demographics used to help inform the evaluation of bank activity in its assessment area is based on a comparison of two sets of ACS data, 2006-2010 and 2011-2015.

Population Characteristics

The table below shows the population trends for the assessment area and the state of Illinois from 2010 to 2015. According to the 2015 U.S. Census Bureau demographic data, the assessment area’s population decreased 1.6 percent since 2010. During the same period, Lee County had the greatest population decline, with a 2.8 percent decrease between 2010 and 2015 U.S. Census. While the state of Illinois observed a 0.3 percent population increase over the same period, both Bureau County and Whiteside County saw population decreases of 2.5 percent and 1.7 percent, respectively. Although there was a slight decline in the assessment area population, community representatives indicated the area population has remained relatively stable over recent years; the decreases can be attributed to young adults moving out of the area to other parts of the state for employment opportunities. Further, a contact stated that families are historically smaller than they have been, contributing to the stable population.

Population Change			
Area	2006-2010 Population	2011-2015 Population	Percentage Change
Assessment Area	41,287	40,623	-1.6
Bureau County	34,978	34,115	-2.5
Lee County	36,031	35,027	-2.8
Whiteside County	58,498	57,525	-1.7
State of Illinois	12,830,632	12,873,761	0.3
Source: U.S. Census Bureau: Decennial Census American Community Survey Data: 2006-2010 U.S. Census Bureau: American Community Survey Data: 2011-2015			

Income Characteristics

According to the 2018 FFIEC Census Data, the assessment area is comprised of 11,095 families, of which 20.3 percent are designated as low-income, 19.3 percent are moderate-income, 21.9 percent are middle-income, and 38.4 percent are upper-income. Only 10.6 percent of families residing within the assessment area live below the poverty line, consistent with the state of Illinois poverty rate of 10.5 percent.

The following table presents median family income (MFI) for families living in the assessment area, the counties comprising the assessment area, as well as the state of Illinois. From 2010 to 2015, the assessment area experienced an 8.4 percent increase in MFI, which is greater than the rate exhibited by the state of Illinois, at 4.9 percent. This increase is comparable to the increases observed in Bureau, Lee and Whiteside Counties, at 14.3, 7.3 and 10.7 percent, respectively. According to the American Community Survey, the assessment area had MFI of \$58,526, while the state of Illinois maintained a higher overall MFI by dollar amount at \$71,546.

Median Family Income Change 2006-2010 and 2011-2015			
Area	2006-2010 Median Family Income	2011-2015 Median Family Income	Percentage Change
Assessment Area	54,015	58,526	8.4
Bureau County	55,217	63,101	14.3
Lee County	60,759	65,213	7.3
Whiteside County	54,242	60,057	10.7
State of Illinois	68,236	71,546	4.9
<i>Source: U.S. Census Bureau: American Community Survey Data: 2006-2010</i>			

Housing Characteristics

The following table represents the recent housing cost trends within the assessment area and the state of Illinois. There are 18,755 housing units in the assessment area; 68.8 percent of these units are owner-occupied, 21.6 percent are rental, and 9.6 percent are vacant. Whiteside County exhibited the highest owner-occupancy rate of the counties within the assessment area at 68.9 percent, which is slightly higher than the rate of the state of Illinois. According to the 2011-2015 American Community Survey, the assessment area had a median housing value of \$97,726 and median gross rent of \$632, compared to the state of Illinois, which had a median housing value of \$173,800 and median gross rent of \$907. Bureau, Lee, and Whiteside Counties experienced growth in median housing values and median gross rents between the 2010 U.S. Census and the 2011-2015 American Community Survey. Over the same time period, the median housing value in the assessment area, as well as the state of Illinois, experienced a decline in median housing values from 2010 to 2015, of 1.2 and 14.2 percent, respectively. The larger decrease in median housing values in the state of Illinois is attributed to large declines in median housing values experienced in metropolitan areas. According to community representative, housing values were impacted during the recession; as a result, the number of housing inventory listed for sale is down. In turn, community representatives expressed that housing values have recently been increasing and believe they will continue rising as long as the local economy continues at its current pace.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix E. A higher ratio generally suggests more affordable housing opportunities in the area. Based on the 2011-2015 American Community Survey data, the affordability for the assessment area was 0.48, in comparison to 0.33 for the state of Illinois. As such, the affordability ratios suggest more affordable housing opportunities in the assessment area and counties as a whole.

Trends in Housing Costs							
Area	Median Housing Value (\$)		Percent Change	Median Gross Rent (\$)		Percent Change	Affordability Ratio
	2006-2010	2011-2015		2006-2010	2011-2015		2011-2015
Assessment Area	98,929	97,726	-1.2	575	632	9.9	0.48
Bureau County	102,000	105,600	3.5	582	640	10.0	0.48
Lee County	113,400	113,600	0.2	571	672	17.7	0.46
Whiteside County	98,100	99,200	1.1	600	639	6.5	0.48
State of Illinois	202,500	173,800	-14.2	834	907	8.8	0.33

*Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey*

Employment Conditions

According to the Bureau of Labor Statistics, unemployment rates declined in all counties comprising the assessment area, as well as the state of Illinois, from 2013 through 2016. All counties exhibited a consistent trend closely mirroring the state of Illinois; however, Lee County experienced the most significant decline from 9.2 percent to 5.1 percent. Economic conditions have continued to improve throughout the country, including the assessment area, which helps explain the continued decreases in unemployment. Community representatives stated that the economy has been good in Bureau County and surrounding areas. The following table presents the unemployment trends within the assessment area and the state of Illinois from 2013 to 2016.

Unemployment Rates (%)				
Region	2013	2014	2015	2016
Bureau County	9.6	7.4	6.4	6.1
Lee County	9.2	6.5	5.3	5.1
Whiteside County	9.5	7.1	6.1	5.8
State of Illinois	9.2	7.1	5.9	5.9

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

The table below illustrates the largest employers operating within the bank’s assessment area. The assessment area contains a diverse employment base comprised of many industries. The largest industries in the surrounding area include hospitals, clinics, and distribution centers. In comparison to the previous evaluation, there has been a slight increase in the number of employed in the area of healthcare and distribution centers. Community representatives indicated that healthcare jobs continue to be the most vital industry in the area.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Walmart Distribution Center	1,300	Distribution Centers (Wholesale)
CGH Medical Center	1,197	Hospitals
KSB Hospital-Pathology	1,000	Clinics
Wahl International Corporation	900	Hair Goods & Supplies-Retail
Raynor Garage Doors	800	Doors-Garage
Katherine Shaw Bethea Hospital	799	Hospitals
Dixon Correctional Center	650	Government Offices-State
St. Margaret’s Hospital	518	Hospitals
Monterey Mushrooms Incorporated	500	Mushrooms
<i>Source: Business information provided by Infogroup®, Omaha, NE</i>		

Community Representatives

Two community representatives, with a focus on economic development and affordable housing, were contacted to increase understanding of the credit needs and market conditions within the assessment area. As noted above, economic conditions are stable, aided by a diverse job sector throughout the assessment area. Housing costs have gone up recently due to a limited inventory, and there is an overall need for affordable housing. Overall, the representatives noted that financial institutions in the assessment area are generally supportive; however, there are still opportunities for the financial institutions to become more involved with local community needs, such as affordable housing and economic development needs.

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 businesses and farms of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the preceding 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 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.

LENDING TEST

Citizens First State Bank of Walnut’s performance relative to the lending test is rated Satisfactory. The bank is meeting the credit needs of its assessment area based on an analysis of its lending activities. The institution’s loan-to-deposit ratio is reasonable considering the characteristics of the bank, its competitors, and the credit needs within the assessment area. A substantial majority of the bank’s loans were originated within the assessment area. The bank’s lending patterns reflect a reasonable level of penetration among individuals of different income levels, as well as businesses and farms of different sizes, but a poor geographic distribution throughout the assessment area. Neither Citizens First State Bank of Walnut nor this Reserve Bank received any CRA-related complaints since the previous examination.

Loan-to-Deposit Ratio

Citizens First State Bank of Walnut’s loan-to-deposit (LTD) ratio relative to its local competitors is reasonable given the bank’s size, financial condition, and assessment area credit needs. The bank operates in a competitive market, served by a number of local community banks as evidenced by the 26 FDIC-insured institutions reporting deposits within the bank’s assessment area.

As of September 30, 2019, the bank’s 16-quarter average LTD ratio is 53.7 percent from December 31, 2015, through September 30, 2019. When comparing the bank’s LTD ratio performance against six local bank competitors, Citizens First State Bank of Walnut exhibited a similar performance with three of the competitors.

The following table lists the bank’s average LTD ratio for the 16 quarters following the previous evaluation, as well as similar ratios for its comparable market competitors.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	16- Quarter Average
Citizens First State Bank of Walnut	53.7%
Competitors	
State Bank Cherry	64.4%
H.F. Gehant Banking Co.	81.4%
Spring Valley City Bank	53.8%
First State Bank of Van Orin	32.5%
First National Bank Amboy	56.0%
Sterling F.S.B.	54.8%

Assessment Area Concentration

During the review period, Citizens First State Bank of Walnut originated a substantial majority of its loans within the assessment area. As presented in the following table, overall 92.4 percent of

the number of loan originations and 82.3 percent of loans by dollar volume were within the bank’s assessment area. Home mortgage lending had the highest concentration inside the assessment area at 96.4 percent by volume and 90.4 percent by dollar amount. With regards to small business and small farm lending, a substantial majority of each, 89.0 and 93.6 percent, respectively, were originated within the bank’s assessment area. The following table summarizes the bank’s lending inside and outside the assessment area by product.

Lending Inside and Outside the Assessment Areas (000s)								
Loan Type	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Mortgage Loans	53	96.4	3,165	90.4	2	3.6	337	9.6
Small Business	73	89.0	5,883	75.3	9	11.0	1,927	24.7
Small Farm	44	93.6	4,055	88.1	3	6.4	547	11.9
Total Loans	170	92.4	13,103	82.3	14	7.6	2,811	17.7

Note: Percentages may not total to 100.0 percent due to rounding.

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar years up to and including 2016 were analyzed based on income designations from the 2006-2010 American Community Survey data². Loans made in calendar years 2017 and after were analyzed based on income designations from the 2011-2015 American Community Survey data.

The bank’s home mortgage, small business, and small farm loans originated inside the assessment area from October 20, 2015 through December 31, 2018 were analyzed to determine the extent to which the bank is making loans in geographies of different income levels. Overall, Citizens First State Bank of Walnut’s geographic distribution of loans reflects poor dispersion throughout the assessment area. The analysis takes into consideration the size and complexity of the bank and focuses on loan penetration in moderate-income census tracts as there are no low-income census tracts in the assessment area. In evaluating loans, each category of lending was weighted equally.

A gap analysis was completed as part of the evaluation. Citizens First State Bank of Walnut’s assessment area is comprised of 14 census tracts. The gap analysis indicates that the bank made no loans within the two moderate-income census tracts, in which lending opportunities are available. Overall, in 2018 the bank originated no loans within six of the 14 census tracts (42.9 percent) within the assessment area. Considering the evaluation period, the bank’s size and complexity, and that the assessment area is primarily rural, the lending penetration throughout the assessment area is considered poor.

² The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau’s American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor distribution among geographies of different income designations. The bank's performance was consistent in all years from 2015 to 2018. As shown in the table below, for 2018, all of the bank's home mortgage loans were originated in middle-income census tracts, exceeding the percentage of owner-occupied housing units located in those geographies at 78.1 percent. The bank did not originate any loans within moderate- or upper-income census tracts, in which lending opportunities were present with 15.9 percent and 6.0 percent of owner-occupied housing units in moderate- and upper-income census tracts, respectively.

In 2017, the bank again originated 100.0 percent of home mortgage loans in middle-income census tracts, exceeding the percentage of owner-occupied housing units located in those geographies at 78.1 percent. No loans were originated in either moderate- or upper-income census tracts despite the 15.9 and 6.0 percent of owner-occupied housing units in moderate- and upper-income census tracts, respectively.

In 2016, the bank originated 63.6 percent of loans in middle-income census tracts, which is similar to the percentage of owner-occupied housing units located in those geographies at 66.0 percent. The bank originated 36.4 percent of loans in upper-income census tracts, which exceeds the percentage of owner-occupied housing units located in those geographies at 19.9 percent. The bank made no loans in moderate-income census tracts, in which lending opportunities were present with 14.1 percent of owner-occupied housing units.

In 2015, the bank originated only one loan, which was in a middle-income census tract where 66.0 percent of housing units were owner-occupied. The bank made no loans in moderate- or upper-income census tracts, where there were 14.1 and 19.9 percent of owner-occupied housing units, respectively.

The following table presents the bank's geographic distribution of home mortgage loans in 2018. Please refer to Appendix C for 2017, 2016, and 2015 demographic tables and Appendix D for 2017, 2016, and 2015 lending tables.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: 2018 IL Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				Owner Occupied % of Units
		2018				
		Count Bank		Dollar Bank		
		#	%	\$ (000s)	\$ %	
Totals	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	15.9
	Middle	20	100.0	964	100.0	78.1
	Upper	0	0.0	0	0.0	6.0
	Unknown	0	0.0	0	0.0	0.0
	Total		20	100.0	964	100.0
2018 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion among geographies of different income designations. The bank’s performance was consistent in all years from 2015 to 2018. During the evaluation period, the bank did not originate any small business loans within moderate-income census tracts, in which lending opportunities were present with the percentage of total businesses located in moderate-income census tracts at 14.3 percent. As shown in the table below, in 2018 a large majority (90.5 percent) of the bank’s small business loans were originated in middle-income tracts, exceeding the percentage of total businesses located in those geographies at 81.7 percent. The bank originated 9.5 percent of its small business loans in upper-income census tracts, slightly exceeding the percentage of total businesses located in those geographies at 4.0 percent.

In 2017, the bank did not originate any loans within moderate-income census tracts, although 14.0 percent of total businesses are located in moderate-income census tracts. A large majority (95.0 percent) of the bank’s small business loans were originated in middle-income tracts, exceeding the percentage of total businesses located in those geographies at 81.8 percent. Lastly, the bank originated 5.0 percent of its small business loans in an upper-income census tract, consistent with the percentage of total businesses located in those geographies at 4.2 percent.

In 2016, the bank did not originate any loans within moderate-income census tracts, although 13.8 percent of total businesses are located in moderate-income census tracts. Within the middle-income census tracts, a large majority (84.0 percent) of the bank’s small business loans were originated, exceeding the percentage of total businesses located in those geographies at 63.8 percent. Lastly, the bank originated 16.0 percent of its small business loans in upper-income census tracts, slightly less than the percentage of total businesses located in those geographies at 22.4 percent.

In 2015, the bank did not originate any loans within moderate-income census tracts, although 13.8 percent of total businesses are located in those geographies. Within middle-income census tracts, a large majority (85.7 percent) of the bank’s small business loans were originated, exceeding the percentage of total businesses located in those geographies at 63.9 percent. Lastly, the bank originated 14.3 percent of its small business loans in upper-income census tracts, slightly less than the percentage of total businesses located in those geographies at 22.3 percent.

The following table presents the bank’s geographic distribution of small business loans in 2018. Please refer to Appendix C for 2017, 2016, and 2015 demographic tables and Appendix D for 2017, 2016, and 2015 lending tables.

Geographic Distribution of Small Business Loans						
Assessment Area: 2018 IL Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
				2018		Total Businesses
		Count Bank		Dollar Bank		
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	14.3
	Middle	19	90.5	1,551	94.2	81.7
	Upper	2	9.5	95	5.8	4.0
	Unknown	0	0.0	0	0.0	0.0
	Total	21	100.0	1,646	100.0	100.0
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion among geographies of different income designations. In all years evaluated, the bank did not originate any small farm loans within moderate-income census tracts. In 2018, the bank’s lending volume in moderate-income census tracts is consistent with the low percentage of total farms located in moderate-income census tracts (0.8 percent). In 2018, 100.0 percent of the bank’s small farm loans were originated in middle-income tracts, slightly exceeding the percentage of total farms operating in those geographies at 94.2 percent. Further, the bank did not originate any small farm loans in the upper-income census tract, while 5.0 percent of total farms operate within that census tract.

In 2017, the bank did not originate any loans within moderate-income census tracts; however, the bank’s lending volume in moderate-income census tracts is consistent with the low percentage of total farms located in moderate-income census tracts (1.1 percent). In 2017, 100.0 percent of the bank’s small farm loans were originated in middle-income tracts, slightly exceeding the percentage

of total farms operating in those geographies at 94.5 percent. Further, the bank did not originate any small farm loans in the upper-income census tract, while 4.4 percent of total farms operate within that census tracts.

In 2016, the bank did not originate any loans within moderate-income census tracts; however, the bank’s lending volume in moderate-income census tracts is consistent with the low percentage of total farms located in moderate-income census tracts (0.9 percent). The bank did originate 77.8 percent of its small farm loans in middle-income tracts, similar to the percentage of total farms operating in those geographies at 78.8 percent. The bank also originated 22.2 percent of its small farm loans in upper-income census tracts, similar to the percentage of total farms operating in those geographies at 20.3 percent.

In 2015, the bank did not originate any loans within moderate-income census tracts; however, the bank’s lending volume in moderate-income census tracts is consistent with the low percentage of total farms located in moderate-income census tracts (1.1 percent). In 2015, 100.0 percent of the bank’s small farm loans were originated in middle-income tracts, slightly exceeding the percentage of total farms operating in those geographies at 94.5 percent. Further, the bank did not originate any small farm loans in the upper-income census tract, while 20.1 percent of total farms operate within that census tracts.

The following table presents the bank’s geographic distribution of small farm loans in 2018. Please refer to Appendix C for 2017, 2016, and 2015 demographic tables and Appendix D for 2017, 2016, and 2015 lending tables.

Geographic Distribution of Small Farm Loans						
Assessment Area: 2018 IL Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				Total Farms
		Count Bank		Dollar Bank		
		#	%	\$ 000s	\$ %	
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	0.8
	Middle	12	100.0	1,501	100.0	94.2
	Upper	0	0.0	0	0.0	5.0
	Unknown	0	0.0	0	0.0	0.0
	Total	12	100.0	1,501	100.0	100.0
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

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

For the purposes of this review, loans made in calendar year 2016 or before were analyzed based on 2006-2010 American Community Survey income designations for individuals³. Loans made in calendar year 2017 or after were analyzed based on 2011-2015 American Community Survey income designations for individuals.

An analysis of loans was conducted to determine the level of lending to borrowers of different income levels and businesses and farms of different revenues. Overall, loan distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers, and businesses and farms of different sizes. In evaluating loans, each category of lending was weighted equally.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income. In 2018, the bank originated 20.0 percent of its home mortgage loans to low-income borrowers, which was comparable to the percentage of low-income families at 20.3 percent. Amongst moderate-income borrowers, the bank originated 40.0 percent of its home mortgage loans, exceeding the percentage of moderate-income families at 19.3 percent. The bank originated 30.0 percent of its home mortgage loans to middle-income borrowers, exceeding the percentage of middle-income families at 21.9 percent. Lastly, the bank originated 10.0 percent of its home mortgage loans to upper-income borrowers, falling below the percentage of upper-income families at 38.4 percent.

In 2017 the bank originated 9.5 percent of its home mortgage loans to low-income borrowers, which was below the percentage of low-income families at 20.3 percent. Amongst moderate-income borrowers, the bank originated 33.3 percent of its home mortgage loans, exceeding the percentage of moderate-income families at 19.3 percent. The bank originated 14.3 percent of its home mortgage loans to middle-income borrowers, falling slightly below the percentage of middle-income families at 21.9 percent. Lastly, the bank originated 42.9 percent of its home mortgage loans to upper-income borrowers, which is comparable to the percentage of upper-income families at 38.4 percent.

In 2016 the bank originated 9.1 percent of its home mortgage loans to low-income borrowers, which was below the percentage of low-income families at 18.6 percent. Amongst moderate-income borrowers, the bank originated 36.4 percent of its home mortgage loans, exceeding the percentage of moderate-income families at 19.2 percent. The bank did not originate any home mortgage loans to middle-income borrowers, despite 22.8 percent of families being designated as

³ Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

middle-income. Lastly, the bank originated 54.5 percent of its home mortgage loans to upper-income borrowers, which exceeds the percentage of families designated as upper-income at 39.5 percent.

In 2015 the bank originated one home mortgage loan to a middle-income borrower (100.0 percent), which exceeded the percentage of borrowers designated as middle-income at 22.8 percent. The bank did not originate any home mortgage loans to low-, moderate-, or upper-income borrowers, when 18.6 percent, 19.2 percent, and 35.5 percent of families were designated as low-, moderate-, and upper-income, respectively. The following table presents the bank’s borrower distribution of home mortgage loans in 2018.

Please refer to Appendix C for 2017, 2016, and 2015 demographic tables and Appendix D for 2017, 2016, and 2015 lending tables.

Borrower Distribution of Home Mortgage Loans						
Assessment Area: 2018 IL Non MSA						
	Borrower Income Levels	Bank & Demographic Comparison 2018				Families by Family Income %
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	4	20.0	110	11.4	20.3
	Moderate	8	40.0	269	27.9	19.3
	Middle	6	30.0	380	39.4	21.9
	Upper	2	10.0	205	21.3	38.4
	Unknown	0	0.0	0	0.0	0.0
	Total	20	100.0	964	100.0	100.0
2018 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. In 2018, the bank originated 90.5 percent of its small business loans to businesses with annual revenues equal to or less than \$1.0 million. The bank’s performance is slightly above the percentage of small businesses operating in the assessment area at 86.8 percent. Of those small business loans, 89.5 percent were made to businesses with annual revenues equal to or less than \$1.0 million and in amounts of \$100,000 or less. These loans are considered to be most beneficial to small businesses, indicating the bank’s willingness to meet the credit needs of small businesses.

In 2017 the bank originated 95.0 percent of its small business loans to businesses with annual revenues equal to or less than \$1.0 million. The bank’s performance is slightly above the

percentage of small businesses operating in the assessment area at 86.2 percent. Of these small business loans, 89.5 percent were made to businesses with annual revenues equal to or less than \$1.0 million and in amounts of \$100,000 or less. These loans are considered to be most beneficial to small businesses, indicating the bank's willingness to meet the credit needs of small businesses.

In 2016 the bank originated 100.0 percent of its small business loans to businesses with annual revenues equal to or less than \$1.0 million. The bank's performance is above the percentage of small businesses operating in the assessment area at 87.0 percent. Of these small business loans, 88.0 percent were made to businesses with annual revenues equal to or less than \$1.0 million and in amounts of \$100,000 or less. These loans are considered to be most beneficial to small businesses, indicating the bank's willingness to meet the credit needs of small businesses.

In 2015, the bank originated 57.1 percent of its small business loans to businesses with annual revenues equal to or less than \$1.0 million. The bank's performance is below the percentage of small businesses operating in the assessment area at 89.9 percent. Of these small business loans, 100.0 percent were made to businesses with annual revenues equal to or less than \$1.0 million and in amounts of \$100,000 or less. These loans are considered to be most beneficial to small businesses, indicating the bank's willingness to meet the credit needs of small businesses.

Overall, the bank's small business loan distribution during the evaluation period reflects reasonable penetration among businesses of different sizes.

The following table presents the bank's borrower distribution of small business loans in 2018. Please refer to Appendix C for 2017, 2016, and 2015 demographic tables and Appendix D for 2017, 2016, and 2015 lending tables.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2018 IL Non MSA							
Product Type		Bank & Demographic Comparison					
		2018		2018		Total Businesses %	
Revenue	Loan Size	Count Bank	Dollar Bank				
		#	%	\$ 000s	\$ %		
Small Business	\$1 Million or Less Over \$1 Million or Unknown Total	19	90.5	746	45.3	86.8	
		2	9.5	900	54.7	13.2	
		21	100.0	1,646	100.0	100.0	
	\$100,000 or Less \$100,001 - \$250,000 \$250,001 - \$1 Million Total	17	81.0	351	21.3		
		1	4.8	120	7.3		
		3	14.3	1,175	71.4		
		21	100.0	1,646	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	17	89.5	351		47.1
		\$100,001 - \$250,000	1	5.3	120		16.1
		\$250,001 - \$1 Million	1	5.3	275		36.9
		19	100.0	746	100.0		

Originations & Purchases
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Loans

The distribution of small farms loans reflects reasonable penetration among farms of different sizes. In 2018, the bank originated 100.0 percent of its small farm loans to farms with revenues equal to or less than \$1.0 million. The bank’s performance is slightly above the percentage of small farms operating in the assessment area at 98.4 percent. Of those small farm loans, 50.0 percent were made to farms with annual revenues equal to or less than \$1.0 million and in amounts of \$100,000 or less. These loans are considered to be most beneficial to small farms, indicating the bank’s willingness to meet the credit needs of small farms.

In 2017 the bank originated 100.0 percent of its small farm loans to farms with revenues equal to or less than \$1.0 million. The bank’s performance is slightly above the percentage of small farms operating in the assessment area at 98.2 percent. Of these small farm loans, 80.0 percent were made to farms with annual revenues equal to or less than \$1.0 million and in amounts of \$100,000 or less. These loans are considered to be most beneficial to small farms, indicating the bank’s willingness to meet the credit needs of small farms.

In 2016 the bank originated 94.4 percent of its small farm loans to farms with revenues equal to or less than \$1.0 million, which is slightly below the percentage of small farms operating in the assessment area at 98.1 percent. Of these small farm loans, 88.0 percent were made to farms with annual revenues equal to or less than \$1.0 million and in amounts of \$100,000 or less. These loans

are considered to be most beneficial to small farms, indicating the bank’s willingness to meet the credit needs of small farms.

In 2015 the bank originated 100.0 percent of its small farm loans to farms with revenues equal to or less than \$1.0 million, which is slightly above the percentage of small farms operating in the assessment area at 98.9 percent. Of these small farm loans, 100.0 percent were made to farms with annual revenues equal to or less than \$1.0 million and in amounts of \$100,000 or less. These loans are considered to be most beneficial to small farms, indicated the bank’s willingness to meet the credit needs of small farms. Overall, the bank’s small farm loan distribution during the evaluation period reflects reasonable penetration among farms of different sizes.

The following table presents the bank’s borrower distribution of small farm loans in 2018. Please refer to Appendix C for 2017, 2016, and 2015 demographic tables and Appendix D for 2017, 2016, and 2015 lending tables.

Small Farm Lending By Revenue & Loan Size						
Assessment Area: 2018 IL Non MSA						
Product Type		Bank & Demographic Comparison				
		Count Bank		2018		Total Farms
				Dollar Bank		
#	%	\$ 000s	\$ %	%		
Revenue	\$1 Million or Less	12	100.0	1,501	100.0	98.4
	Over \$1 Million or Unknown	0	0.0	0	0.0	1.6
	Total	12	100.0	1,501	100.0	100.0
Small Farm Loan Size	\$100,000 or Less	6	50.0	298	19.9	
	\$100,001 - \$250,000	5	41.7	850	56.6	
	\$250,001 - \$500,000	1	8.3	353	23.5	
	Total	12	100.0	1,501	100.0	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	6	50.0	298	19.9	
	\$100,001 - \$250,000	5	41.7	850	56.6	
	\$250,001 - \$500,000	1	8.3	353	23.5	
	Total	12	100.0	1,501	100.0	

Originations & Purchases
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

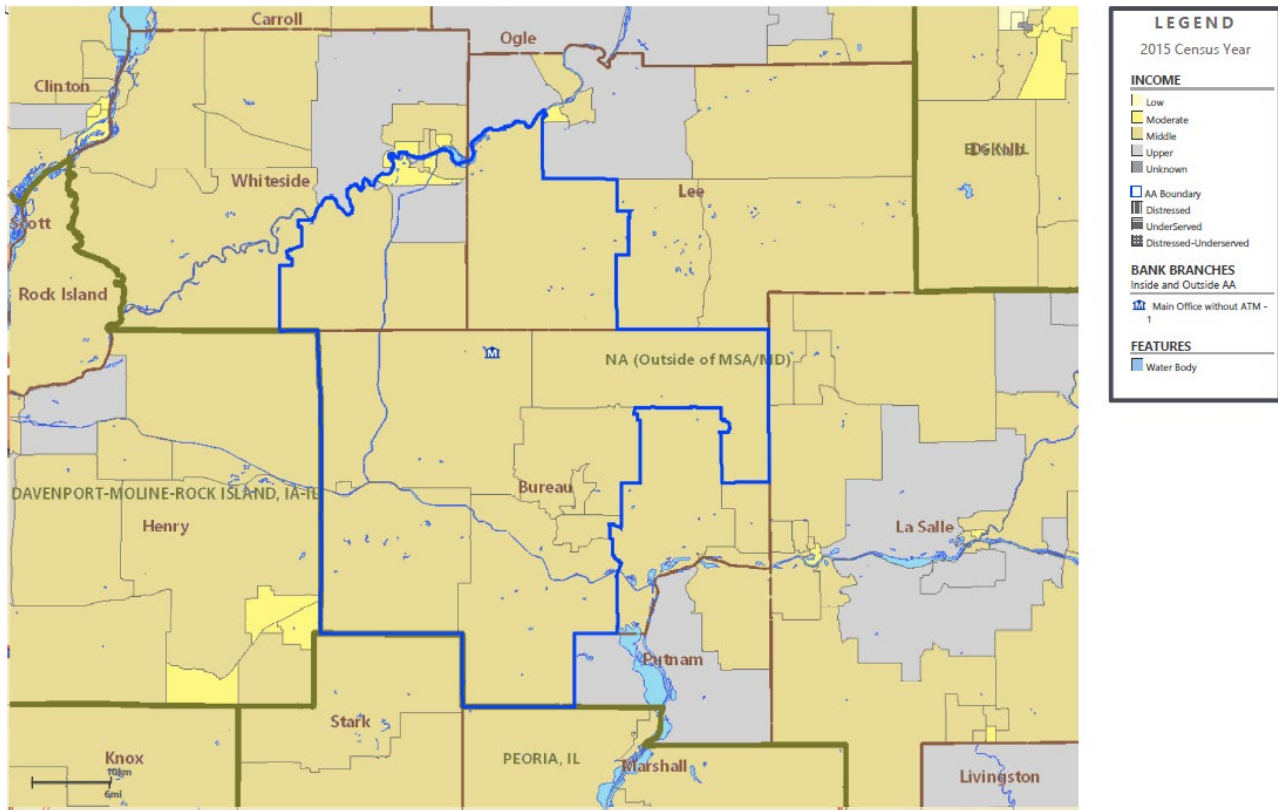
Response to Complaints

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

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



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		October 20, 2015 – December 31, 2018	
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Citizens First State Bank of Walnut			1). Home Mortgage 2). Small Business 3). 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
IL - Non-MSA	Full scope	None	N/A

Appendix C – Demographic Tables

Assessment Area: 2017 IL Non MSA								
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	2,255	20.3
Moderate-income	2	14.3	1,640	14.8	314	19.1	2,145	19.3
Middle-income	11	78.6	8,758	78.9	829	9.5	2,434	21.9
Upper-income	1	7.1	697	6.3	28	4.0	4,261	38.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	14	100.0	11,095	100.0	1,171	10.6	11,095	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	3,151	2,049	15.9	65.0	744	23.6	358	11.4
Middle-income	14,740	10,085	78.1	68.4	3,242	22.0	1,413	9.6
Upper-income	864	772	6.0	89.4	70	8.1	22	2.5
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	18,755	12,906	100.0	68.8	4,056	21.6	1,793	9.6
	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	179	14.0	153	13.9	24	18.0	2	4.5
Middle-income	1,046	81.8	900	81.7	105	78.9	41	93.2
Upper-income	54	4.2	49	4.4	4	3.0	1	2.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,279	100.0	1,102	100.0	133	100.0	44	100.0
	Percentage of Total Businesses:			86.2		10.4		3.4
	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	3	1.1	3	1.1	0	0.0	0	0.0
Middle-income	258	94.5	254	94.8	4	80.0	0	0.0
Upper-income	12	4.4	11	4.1	1	20.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	273	100.0	268	100.0	5	100.0	0	0.0
	Percentage of Total Farms:			98.2		1.8		0.0
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Assessment Area: 2016 IL Non MSA									
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	2,148	18.6	
Moderate-income	2	14.3	1,767	15.3	315	17.8	2,213	19.2	
Middle-income	9	64.3	7,714	66.8	750	9.7	2,628	22.8	
Upper-income	3	21.4	2,068	17.9	112	5.4	4,560	39.5	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	14	100.0	11,549	100.0	1,177	10.2	11,549	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	3,069	1,769	14.1	57.6	1,014	33.0	286	9.3	
Middle-income	12,112	8,291	66.0	68.5	2,834	23.4	987	8.1	
Upper-income	3,398	2,500	19.9	73.6	633	18.6	265	7.8	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total Assessment Area	18,579	12,560	100.0	67.6	4,481	24.1	1,538	8.3	
	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	0.0
Moderate-income	194	13.8	166	13.6	26	18.8	2	4.4	
Middle-income	897	63.8	766	62.6	94	68.1	37	82.2	
Upper-income	315	22.4	291	23.8	18	13.0	6	13.3	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	1,406	100.0	1,223	100.0	138	100.0	45	100.0	
	Percentage of Total Businesses:			87.0		9.8		3.2	
	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	0.0
Moderate-income	3	0.9	3	1.0	0	0.0	0	0.0	
Middle-income	252	78.8	248	79.0	4	66.7	0	0.0	
Upper-income	65	20.3	63	20.1	2	33.3	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	320	100.0	314	100.0	6	100.0	0	0.0	
	Percentage of Total Farms:			98.1		1.9		0.0	
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS									
Note: Percentages may not add to 100.0 percent due to rounding									

Assessment Area: 2015 IL Non MSA								
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	2,148	18.6
Moderate-income	2	14.3	1,767	15.3	315	17.8	2,213	19.2
Middle-income	9	64.3	7,714	66.8	750	9.7	2,628	22.8
Upper-income	3	21.4	2,068	17.9	112	5.4	4,560	39.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	14	100.0	11,549	100.0	1,177	10.2	11,549	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	3,069	1,769	14.1	57.6	1,014	33.0	286	9.3
Middle-income	12,112	8,291	66.0	68.5	2,834	23.4	987	8.1
Upper-income	3,398	2,500	19.9	73.6	633	18.6	265	7.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	18,579	12,560	100.0	67.6	4,481	24.1	1,538	8.3
	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	217	13.8	195	13.8	21	18.1	1	2.3
Middle-income	1,009	63.9	894	63.0	77	66.4	38	86.4
Upper-income	352	22.3	329	23.2	18	15.5	5	11.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,578	100.0	1,418	100.0	116	100.0	44	100.0
	Percentage of Total Businesses:			89.9		7.4		2.8
	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	4	1.1	4	1.1	0	0.0	0	0.0
Middle-income	299	78.9	297	79.2	2	50.0	0	0.0
Upper-income	76	20.1	74	19.7	2	50.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	379	100.0	375	100.0	4	100.0	0	0.0
	Percentage of Total Farms:			98.9		1.1		0.0
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Appendix D – Lending Tables

Geographic Distribution of Loans

Home Mortgage Loans

Geographic Distribution of Home Mortgage Loans						
Assessment Area: 2017 IL Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				Owner Occupied % of Units
		2017				
		Count Bank		Dollar Bank		
		#	%	\$ (000s)	\$ %	
Totals	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	15.9
	Middle	21	100.0	1,515	100.0	78.1
	Upper	0	0.0	0	0.0	6.0
	Unknown	0	0.0	0	0.0	0.0
	Total		21	100.0	1,515	100.0
2017 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Geographic Distribution of Home Mortgage Loans						
Assessment Area: 2016 IL Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				Owner Occupied % of Units
		2016				
		Count Bank		Dollar Bank		
		#	%	\$ (000s)	\$ %	
Totals	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	14.1
	Middle	7	63.6	375	70.2	66.0
	Upper	4	36.4	159	29.8	19.9
	Unknown	0	0.0	0	0.0	0.0
	Total		11	100.0	534	100.0
2016 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Geographic Distribution of Home Mortgage Loans						
Assessment Area: 2015 IL Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				Owner Occupied % of Units
		2015				
		Count Bank		Dollar Bank		
		#	%	\$ (000s)	\$ %	
Totals	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	14.1
	Middle	1	100.0	153	100.0	66.0
	Upper	0	0.0	0	0.0	19.9
	Unknown	0	0.0	0	0.0	0.0
	Total		1	100.0	153	100.0
2015 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Business Loans

Geographic Distribution of Small Business Loans						
Assessment Area: 2017 IL Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				Total Businesses %
		2017				
		Count Bank		Dollar Bank		
		#	%	\$ 000s	\$ %	
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	14.0
	Middle	19	95.0	1,736	99.4	81.8
	Upper	1	5.0	11	0.6	4.2
	Unknown	0	0.0	0	0.0	0.0
	Total		20	100.0	1,747	100.0
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Geographic Distribution of Small Business Loans						
Assessment Area: 2016 IL Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2016 Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	13.8
	Middle	21	84.0	1,326	92.9	63.8
	Upper	4	16.0	102	7.1	22.4
	Unknown	0	0.0	0	0.0	0.0
	Total	25	100.0	1,428	100.0	100.0

2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Geographic Distribution of Small Business Loans						
Assessment Area: 2015 IL Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2015 Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	13.8
	Middle	6	85.7	982	92.5	63.9
	Upper	1	14.3	80	7.5	22.3
	Unknown	0	0.0	0	0.0	0.0
	Total	7	100.0	1,062	100.0	100.0

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Loans

Geographic Distribution of Small Farm Loans						
Assessment Area: 2017 IL Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		Dollar Bank		Total Farms
		#	%	\$ 000s	\$ %	%
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	1.1
	Middle	10	100.0	820	100.0	94.5
	Upper	0	0.0	0	0.0	4.4
	Unknown	0	0.0	0	0.0	0.0
	Total	10	100.0	820	100.0	100.0
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Geographic Distribution of Small Farm Loans						
Assessment Area: 2016 IL Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		Dollar Bank		Total Farms
		#	%	\$ 000s	\$ %	%
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	0.9
	Middle	14	77.8	1,219	77.5	78.8
	Upper	4	22.2	353	22.5	20.3
	Unknown	0	0.0	0	0.0	0.0
	Total	18	100.0	1,572	100.0	100.0
2016 FFIEC Census Data & 2016 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: 2015 IL Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2015 Dollar Bank		Total Farms
		#	%	\$ 000s	\$ %	
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	1.1
	Middle	4	100.0	162	100.0	78.9
	Upper	0	0.0	0	0.0	20.1
	Unknown	0	0.0	0	0.0	0.0
	Total	4	100.0	162	100.0	100.0

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

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

Home Mortgage Loans

Borrower Distribution of Home Mortgage Loans						
Assessment Area: 2017 IL Non MSA						
	Borrower Income Levels	Bank & Demographic Comparison 2017				Families by Family Income %
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	2	9.5	83	5.5	20.3
	Moderate	7	33.3	359	23.7	19.3
	Middle	3	14.3	156	10.3	21.9
	Upper	9	42.9	918	60.6	38.4
	Unknown	0	0.0	0	0.0	0.0
	Total	21	100.0	1,516	100.0	100.0
2017 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Borrower Distribution of Home Mortgage Loans						
Assessment Area: 2016 IL Non MSA						
	Borrower Income Levels	Bank & Demographic Comparison 2016				Families by Family Income %
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	1	9.1	25	4.7	18.6
	Moderate	4	36.4	253	47.4	19.2
	Middle	0	0.0	0	0.0	22.8
	Upper	6	54.5	256	47.9	39.5
	Unknown	0	0.0	0	0.0	0.0
	Total	11	100.0	534	100.0	100.0
2016 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Borrower Distribution of Home Mortgage Loans						
Assessment Area: 2015 IL Non MSA						
	Borrower Income Levels	Bank & Demographic Comparison 2015				Families by Family Income %
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	0	0.0	0	0.0	18.6
	Moderate	1	100.0	153	100.0	19.2
	Middle	0	0.0	0	0.0	22.8
	Upper	0	0.0	0	0.0	39.5
	Unknown	0	0.0	0	0.0	0.0
	Total		1	100.0	153	100.0
2015 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Business Loans

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2017 IL Non MSA							
Product Type		Bank & Demographic Comparison 2017					
		Count Bank		Dollar Bank		Total Businesses %	
		#	%	\$ 000s	\$ %		
	Revenue	\$1 Million or Less	19	95.0	1,147	65.7	86.2
		Over \$1 Million or Unknown	1	5.0	600	34.3	13.8
	Total		20	100.0	1,747	100.0	100.0
Small Business	Loan Size	\$100,000 or Less	17	85.0	472	27.0	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$1 Million	3	15.0	1,275	73.0	
		Total	20	100.0	1,747	100.0	
Loan Size & Rev \$1 Mill or Less		\$100,000 or Less	17	89.5	472	41.2	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$1 Million	2	10.5	675	58.8	
		Total	19	100.0	1,147	100.0	
Originations & Purchases							
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2016 IL Non MSA								
Product Type		Bank & Demographic Comparison						
		2016		2016		Total Businesses %		
Revenue	Loan Size	Count Bank	%	Dollar Bank \$ 000s	%		%	
		#	%	\$ 000s	%			
Small Business	Revenue	\$1 Million or Less	25	100.0	1,428	100.0	87.0	
		Over \$1 Million or Unknown	0	0.0	0	0.0	13.0	
		Total	25	100.0	1,428	100.0	100.0	
	Loan Size	\$100,000 or Less	22	88.0	633	44.3		
		\$100,001 - \$250,000	1	4.0	120	8.4		
		\$250,001 - \$1 Million	2	8.0	675	47.3		
		Total	25	100.0	1,428	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	22	88.0	633	44.3		
		\$100,001 - \$250,000	1	4.0	120	8.4		
		\$250,001 - \$1 Million	2	8.0	675	47.3		
		Total	25	100.0	1,428	100.0		
	Originations & Purchases							
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2015 IL Non MSA								
Product Type		Bank & Demographic Comparison						
		2015		2015		Total Businesses %		
Revenue	Loan Size	Count Bank	%	Dollar Bank \$ 000s	%		%	
		#	%	\$ 000s	%			
Small Business	Revenue	\$1 Million or Less	4	57.1	109	10.3	89.9	
		Over \$1 Million or Unknown	3	42.9	953	89.7	10.1	
		Total	7	100.0	1,062	100.0	100.0	
	Loan Size	\$100,000 or Less	6	85.7	262	24.7		
		\$100,001 - \$250,000	0	0.0	0	0.0		
		\$250,001 - \$1 Million	1	14.3	800	75.3		
		Total	7	100.0	1,062	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	4	100.0	109	100.0		
		\$100,001 - \$250,000	0	0.0	0	0.0		
		\$250,001 - \$1 Million	0	0.0	0	0.0		
		Total	4	100.0	109	100.0		
	Originations & Purchases							
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Farms

Small Farm Lending By Revenue & Loan Size						
Assessment Area: 2017 IL Non MSA						
Product Type		Bank & Demographic Comparison				
		2017		2017		Total Farms
Revenue	Loan Size	Count	Dollar			
		Bank	Bank	\$ 000s	\$ %	
#	%					
Revenue	\$1 Million or Less	10	100.0	820	100.0	98.2
	Over \$1 Million or Unknown	0	0.0	0	0.0	1.8
	Total	10	100.0	820	100.0	100.0
Loan Size	\$100,000 or Less	8	80.0	430	52.4	
	\$100,001 - \$250,000	2	20.0	390	47.6	
	\$250,001 - \$500,000	0	0.0	0	0.0	
	Total	10	100.0	820	100.0	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	8	80.0	430	52.4	
	\$100,001 - \$250,000	2	20.0	390	47.6	
	\$250,001 - \$500,000	0	0.0	0	0.0	
	Total	10	100.0	820	100.0	

Originations & Purchases
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2016 IL Non MSA							
Product Type		Bank & Demographic Comparison					
		Count Bank		Dollar Bank		Total Farms	
		#	%	\$ 000s	\$ %	%	
Small Farm	Revenue	\$1 Million or Less	17	94.4	1,320	84.0	98.1
		Over \$1 Million or Unknown	1	5.6	252	16.0	1.9
		Total	18	100.0	1,572	100.0	100.0
	Loan Size	\$100,000 or Less	13	72.2	560	35.6	
		\$100,001 - \$250,000	4	22.2	760	48.4	
		\$250,001 - \$500,000	1	5.6	251	16.0	
		Total	18	100.0	1,571	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	13	76.5	560	42.4	
		\$100,001 - \$250,000	4	23.5	760	57.6	
		\$250,001 - \$500,000	0	0.0	0	0.0	
		Total	17	100.0	1,320	100.0	
	Originations & Purchases						
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2015 IL Non MSA							
Product Type		Bank & Demographic Comparison					
		Count Bank		Dollar Bank		Total Farms	
		#	%	\$ 000s	\$ %	%	
Small Farm	Revenue	\$1 Million or Less	4	100.0	162	100.0	98.9
		Over \$1 Million or Unknown	0	0.0	0	0.0	1.1
		Total	4	100.0	162	100.0	100.0
	Loan Size	\$100,000 or Less	4	100.0	162	100.0	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$500,000	0	0.0	0	0.0	
		Total	4	100.0	162	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	4	100.0	162	100.0	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$500,000	0	0.0	0	0.0	
		Total	4	100.0	162	100.0	
	Originations & Purchases						
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

APPENDIX E – 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.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.⁴

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

⁴ Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

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.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
 - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
 - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

Community Development Service: A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

Consumer loan: 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 of loans: motor vehicle, credit card, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

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.

Full review: Performance under the Lending, Investment and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

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

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

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.

Income Level: Income level means:

- 1) Low-income – an 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 census tract;
- 2) Moderate-income – an 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 census tract;

- 3) Middle-income – an 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 census tract; and
- 4) Upper-income – an 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 census tract.

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan product office: This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every 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 single core 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.

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

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

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: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm: This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. 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.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).