

PUBLIC DISCLOSURE

April 26, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The State Bank of Geneva
RSSD# 991135

22 South 4th Street
Geneva, Illinois 60134

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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BANK'S CRA RATING

The State Bank of Geneva is rated Satisfactory.

The State Bank of Geneva is meeting the credit needs of its assessment area based on an analysis of the bank's lending activities. The loan-to-deposit ratio is reasonable considering the characteristics of the bank, performance of competitors, and economic conditions. A majority of loans are originated in the assessment area, and lending to small businesses reflects an excellent penetration of businesses of different sizes. However, because the bank did not originate loans in any of the low- or moderate-income census tracts in the assessment area, the geographic distribution of loans reflects poor dispersion throughout the assessment area. There were no CRA-related complaints received by the institution or this Reserve Bank since the previous evaluation.

SCOPE OF EXAMINATION

The State Bank of Geneva's performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Interagency CRA Examination Procedures for Small Banks. The full-scope evaluation considered the bank's asset size, CRA performance context, financial condition, competition, and economic and demographic characteristics. Based on the bank's lending activity, only small business lending was reviewed. The State Bank of Geneva's assessment area is comprised of a single county of one metropolitan statistical area (MSA) in the state of Illinois.

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

- ***Loan-to-Deposit Ratio*** – A 20-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – A sample of the bank's small business loans originated from October 1, 2019 to September 30, 2020, were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's small business loans originated in the assessment area, from October 1, 2019 to September 30, 2020, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.
- ***Lending to Businesses of Different Sizes*** – A sample of the bank's small business loans originated in the assessment area, from October 1, 2019 to September 30, 2020, were reviewed to determine the distribution among businesses with different revenue sizes.

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

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

DESCRIPTION OF INSTITUTION

The State Bank of Geneva, with total assets of \$96.6 million as of December 31, 2020, is a wholly owned subsidiary of Geneva Bancshares, a one-bank holding company. Both institutions are headquartered in Geneva, Illinois. The bank operates one full-service location with a cash-only automated teller machine (ATM) within its assessment area. The bank has not opened or closed any branches or ATMs since the previous evaluation.

The State Bank of Geneva offers a traditional line of loan and deposit products to meet the credit needs of consumers and businesses within the bank's assessment area. The bank is primarily a commercial lender, but also offers residential mortgages, consumer installment and single pay loans and credit cards through a third party. Deposit products include checking, savings, and money market accounts in addition to certificates of deposit. The website, www.sbgeneva.com, provides additional information on the bank's loan and deposit products and other services offered.

The bank's loan portfolio as of December 31, 2020, was composed primarily of commercial loans (71.3 percent) and residential real estate loans (27.6 percent). The table below provides a detailed distribution of the bank's loan portfolio.

Loan Portfolio Composition December 31, 2020		
Loan Type	Dollar Volume (\$ in 000s)	% of Portfolio
Commercial	40,194	71.3
Residential Real Estate	15,565	27.6
Consumer	523	0.9
Agricultural	86	0.2
Total	56,368	100.0

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

There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its assessment area.

The bank was rated satisfactory under the CRA at its previous evaluation conducted on April 4, 2016.

DESCRIPTION OF ASSESSMENT AREA

The State Bank of Geneva’s assessment area consists of Kane County, Illinois, in its entirety. Kane County is one of three counties in the Elgin, IL Metropolitan Division (MD) #20994; the MD also includes DeKalb and Kendall counties and is part of the Chicago-Naperville-Elgin, IL-IN-WI Metropolitan Statistical Area (MSA) #16980. The major cities included, in whole or in part, in the bank's assessment area are: Aurora, Batavia, Elgin, Geneva, and St. Charles, Illinois.

According to the June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, The State Bank of Geneva ranked 21st out of 32 FDIC-insured institutions in Kane County. The bank held \$84.2 million in deposits, representing 0.7 percent of the total deposit market share in the county. By comparison, the top three institutions by market share were JP Morgan Chase Bank, NA (22.0 percent), St. Charles Bank & Trust Company, NA (11.9 percent), and Old Second National Bank (11.5 percent).

The assessment area has not changed since the previous evaluation. However, there have been changes in the income designation of census tracts as a result of updated median family income levels since the previous evaluation. The result is that the previous performance evaluation had 34 low- and moderate-income tracts, while the current performance evaluation has 33 low- and moderate-income tracts as shown in the table below.

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. Lending activity performed in 2017 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015.

Census Tract Designation Changes American Community Survey Data			
Tract Income Designation	Prior Evaluation 2016 Designations (#)	Current Evaluation 2020 Designations (#)	Net Change (#)
Low	2	4	2
Moderate	32	29	-3
Middle	27	27	0
Upper	21	22	1
Unknown	0	0	0
Total	82	82	0

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

Additional 2020 assessment area demographic information is presented in the following table. Please refer to Appendix C for 2019 demographic information.

Assessment Area: 2020 Elgin, IL MD 20994								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	4	4.9	2,941	2.3	891	30.3	27,393	21.2
Moderate-income	29	35.4	38,138	29.6	6,492	17.0	22,395	17.4
Middle-income	27	32.9	42,173	32.7	2,188	5.2	26,290	20.4
Upper-income	22	26.8	45,674	35.4	1,230	2.7	52,848	41.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	82	100.0	128,926	100.0	10,801	8.4	128,926	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	4,602	1,888	1.5	41.0	2,271	49.3	443	9.6
Moderate-income	56,005	29,649	23.4	52.9	21,472	38.3	4,884	8.7
Middle-income	62,005	44,591	35.1	71.9	14,044	22.6	3,370	5.4
Upper-income	60,772	50,775	40.0	83.5	7,789	12.8	2,208	3.6
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	183,384	126,903	100.0	69.2	45,576	24.9	10,905	5.9
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	539	2.8	462	2.7	75	3.6	2	1.4
Moderate-income	3,843	20.1	3,446	20.4	376	18.1	21	14.8
Middle-income	7,022	36.7	6,008	35.5	954	46.0	60	42.3
Upper-income	7,730	40.4	7,001	41.4	670	32.3	59	41.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	19,134	100.0	16,917	100.0	2,075	100.0	142	100.0
	Percentage of Total Businesses:			88.4		10.8		0.7
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	3	1.4	3	1.5	0	0.0	0	0.0
Moderate-income	11	5.3	10	5.1	1	10.0	0	0.0
Middle-income	117	56.3	110	55.8	6	60.0	1	100.0
Upper-income	77	37.0	74	37.6	3	30.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	208	100.0	197	100.0	10	100.0	1	100.0
	Percentage of Total Farms:			94.7		4.8		0.5
2020 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

Kane County is the sixth largest of Illinois' 102 counties and contains two of the state's largest cities, Aurora and Elgin. These major population centers comprise the vast majority of the county's low- and moderate-income census tracts, but they are located at the southeast and northeast ends of the county, fairly distant from The State Bank of Geneva's single office. Aurora is 11 miles from Geneva and Elgin is 13 miles from Geneva, with drives from either city to Geneva taking approximately 25 minutes. The distance from these communities to its single office is an impediment to The State Bank of Geneva's ability to generate loans in low- and moderate-income census tracts in the assessment area.

Population Change

Based on 2011-2015 American Community Survey data, Kane County's population of 524,886 made it the largest county in the Elgin, IL MD, with 70.1 percent of the MD population. Kane County experienced moderate growth of 1.9 percent since the 2010 census, with growth increasing faster than the state-wide growth rate of 0.3 percent. A community representative indicated that the population growth in the city of Elgin was a significant contributor to the growth in Kane County.

The total Elgin, IL MD grew by 20.8 percent; however, this was due primarily to the addition of Kendall County, in the MD. Kendall County, with a 2011-2015 population of 120,036, was added due to a September 2018 change by the Office of Management and Budget, which resulted in Kendall County moving into the Elgin, IL MD from another MD in the broader Chicago-Naperville-Elgin, IL-IN-WI MSA #16980.

Population Change 2010 and 2015			
Area	2010 Population	2011-2015 Population	Percentage Change
Kane County, IL	515,269	524,886	1.9
Elgin, IL MD	620,429	749,267	20.8
State of Illinois	12,830,632	12,873,761	0.3

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

Income Characteristics

The table below presents the median family income (MFI) for families living in the assessment area, compared to the Elgin, IL MD, and the state of Illinois. According to the 2011-2015 American Community Survey, the assessment area median family income is comparable to the median family income for the Elgin, IL MD, with median family incomes of \$81,718 and \$80,899, respectively. Incomes in both the county and Elgin, IL MD are higher than the rest of the state, but are growing at similar rates.

In the assessment area, 21.2 percent of families are low-income, and 17.4 percent are moderate-income, while 8.4 percent of families are living in poverty according to the 2015 American Community Survey. This data, however, conceals significant differences in income level within primary cities in Kane County. The cities of Aurora and Elgin are the largest in the county and are located at some distance from The State Bank of Geneva’s single office. Both cities have significantly lower median household incomes and higher levels of low- and moderate-income individuals and individuals living in poverty than in Geneva where the bank is located, based on 2019 U.S. Census Data.

Median Family Income Change 2010 and 2015			
Area	2006-2010 Median Family Income (In 2010 Dollars)	2011-2015 Median Family Income (In 2015 Dollars)	Percentage Change
Kane County, IL	77,998	81,718	4.8
Elgin, IL MD	76,576	80,899	5.6
State of Illinois	68,236	71,546	4.9
<i>Source: U.S. Census Bureau: American Community Survey, 2006-2010 and 2011-2015</i>			

Based on data from the Administrative Office of the U.S. Courts, personal bankruptcy filing rates in Kane County have decreased since 2016, from 2.9 percent to 2.5 percent in 2018. These rates approximate the trend in the Elgin, IL MD and are significantly lower than the 3.7 rate for the state of Illinois in 2018.

Housing Characteristics

The following table presents the housing cost trends in the assessment area, Elgin, IL MD, and the state of Illinois. Based on American Community Survey Data, there are 183,384 housing units in Kane County. Of those housing units, 69.2 percent are owner-occupied, 24.9 percent are rental units, and 5.9 percent are vacant units. Community representatives indicated there is a housing shortage in Kane County, particularly for affordable housing. As illustrated by the change in values from the 2006-2010 to 2011-2015 American Community Survey data, while housing values declined as a result of the 2007-2009 recession, rental housing costs increased during the same period. A community representative indicated that the rental housing supply in Kane County was low, and that some local community groups have blocked new housing development. The representative indicated that this has caused Kane County housing costs to increase more rapidly than the full Elgin, IL MD after 2015.

A common method of comparing relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix D. A higher ratio represents more affordable housing. Based on 2011-2015 American Community Survey data, the affordability rate for the assessment area is 0.33, approximately equal to the Elgin, IL MD, and equal to the state of Illinois rate of 0.33. However, affordability differs significantly by community in Kane County, with Aurora and Elgin having markedly greater affordability, at 0.39 and 0.37, than the city of Geneva,

where the bank is located at 0.33 based on U.S. Census Bureau 2015-2019 American Community Survey data.

Trends in Housing Costs 2010 and 2015							
Location	2006-2010 Median Housing Value (\$)	2011-2015 Median Housing Value (\$)	% Change	2006-2010 Median Gross Rent (\$)	2011-2015 Median Gross Rent (\$)	% Change	Housing Affordability Ratio 2011-2015
Kane County, IL	245,000	213,200	(13.0)	929	1,011	8.8	0.33
Elgin, IL MD	236,073	202,169	(14.4)	891	987	10.8	0.34
State of Illinois	202,500	173,800	(14.2)	834	907	8.8	0.33

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

This housing supply differential can be seen according to U.S. Census Bureau’s Annual Building Permits Survey, which showed the Elgin, IL MD single family housing permit growth increasing 213.8, 14.0, and 22.4 percent in 2016, 2017, and 2018 respectively. This was higher than Kane County where single-family housing permit growth fluctuated year-over-year at -3.9, -9.1 and 10.7 percent in 2016, 2017, and 2018 respectively. In contrast, the state of Illinois has seen housing permit volume decrease slightly during the same period.

Employment Conditions

The following table presents the unemployment rates in the assessment area, the Elgin, IL MD, and the state of Illinois. Based on the Bureau of Labor Statistics’ Local Area Unemployment Statistics, unemployment in Kane County has decreased steadily, from 5.7 percent in 2015 to 4.3 percent in 2019. This was slightly higher than the rest of the state and the Elgin, IL MD at 3.7 and 4.2 percent, respectively, for 2019 according to the Illinois Department of Employment Security. Following the COVID-19 pandemic in 2020, unemployment rates increased significantly to average 9.1 percent in Kane County, a level that approximated that of the Elgin, IL MD and was slightly lower than the state of Illinois’ rate of 9.5 percent. Community representatives indicated that unemployment in the restaurant/hospitality industry contributed to Kane County’s increased unemployment rate in 2020.

Unemployment Rates %						
Region	2015	2016	2017	2018	2019	2020
Kane County, IL	5.7	5.5	4.9	4.9	4.3	9.1
Elgin, IL MD	5.7	5.5	4.8	4.6	4.2	9.0
State of Illinois	5.9	5.9	4.9	4.3	4.0	9.5

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics and Illinois Department of Employment Security

Industry Conditions

The following table presents major employers in the assessment area. Data from the Bureau of Labor Statistics' Location Quotients indicates that Kane County has a significantly higher proportion of goods-producing, construction, and manufacturing employment than elsewhere in the state of Illinois. Community representatives stated that, although the 2020 COVID-19 pandemic has had negative economic effects, the area is starting to rebound and construction of new warehouses was occurring along major transportation corridors although single-family housing construction has slowed because of significant increases in housing prices. Dun & Bradstreet data also indicates that there are 19,134 businesses located in the assessment area, offering a wide variety of employment and lending opportunities.

Major Employers in the Assessment Area		
Company	Number of Employees	Industry
Chase Bank	2,300	Banks
Waubensee Community College	1,849	Junior-Community College-Tech Institutes
Grand Victoria Casino Elgin	1,800	Casinos
Fermi National Accelerator Laboratory	1,750	Laboratories-Research and Development
Rush-Copley Medical Ctr	1,736	Hospitals
Delnor-Community Hospital	1,735	Hospitals
Advocate Sherman Hospital	1,496	Hospitals
Elgin Riverboat Resort	1,100	Casinos
Affinity Express Inc.	1,001	Graphic Designers
<i>Source: Infogroup®, Omaha, NE</i>		

Community Representatives

Two community representatives with knowledge of economic development and affordable housing in Kane County were contacted during this evaluation to gain a greater understanding of credit needs within the assessment area. Both representatives indicated the county was experiencing an economic downturn because of the COVID-19 pandemic. Representatives discussed the housing affordability issues in the county and the need for a greater supply of both affordable rental and owner-occupied units, as well as financial literacy training for both individuals and small businesses. Overall, representatives noted that local financial institutions have been very responsive to community credit needs, particularly for Payment Protection Program loans in response to the COVID-19 pandemic.

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 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 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

The State Bank of Geneva’s performance relative to the lending test is Satisfactory based on the following factors: the loan-to-deposit ratio is reasonable in relation to the bank’s size, complexity, and financial condition, and the assessment area’s economic condition; a majority of loans were originated within the assessment area; and the borrower distribution reflects excellent penetration among businesses of different sizes. However, the geographic distribution of loans reflects poor dispersion throughout the assessment area as no lending occurred in low- or moderate-income census tracts during the evaluation period. Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous examination.

Loan-to-Deposit Ratio

The State Bank of Geneva’s loan-to-deposit (LTD) ratio is reasonable given the bank’s size and financial condition and the performance of its peers. The table below shows the bank’s 20 quarter average LTD ratio from March 31, 2016, to December 31, 2020, in comparison to local competitors. The bank LTD averaged 59.3 percent compared to 50.2 percent at the previous evaluation. Since the previous evaluation, the average LTD grew by 18.1 percent, in part due to the termination of a Written Agreement with the Reserve Bank which placed restrictions on the bank’s ability to lend during the time it was in place. Despite the improvement, the LTD ratio continues to lag most local competitors’ LTD ratios, yet is sufficient given the bank’s asset size and capacity to lend from its single location and the competitive nature of the assessment area.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	20 – Quarter Average
The State Bank of Geneva	59.3
Competitors	
Union National Bank	97.8
American Eagle Bank	93.5
St. Charles Bank & Trust Company NA	90.5
Old Second National Bank	80.2
Bank of Montgomery	37.9

Assessment Area Concentration

The State Bank of Geneva originated a majority of small business loans within the assessment area, totaling 86.3 percent of loans by volume and 76.3 percent of loans by dollar amount inside the assessment area. The following table provides a breakdown of small business loans originated inside the assessment area for the one-year period from October 1, 2019 to September 30, 2020.

Lending Inside and Outside the Assessment Area								
Loan Types	Inside				Outside			
	#	%	\$	%	#	%	\$	%
Small Business Loans	63	86.3	\$3,784	76.3	10	13.7	\$1,176	23.7

Geographic Distribution of Loans

The geographic distribution of loans reflects poor distribution throughout the assessment area, as the bank did not make any small business loans in the four low- or 29 moderate-income census tracts in the assessment area in 2019 or 2020. A primary factor in the lack of lending in low- and moderate-income census tracts is the distance of the tracts to The State Bank of Geneva’s single location and the presence of 31 additional banks with a total of 128 offices in the assessment area. Despite the lack of lending in low- and moderate-income census tracts, a gap analysis completed as part of the evaluation found that the bank’s lending reach was appropriate for the size and complexity of the institution, with no conspicuous or unexplained lending gaps in the assessment area.

The following table illustrates the bank’s small business lending activity across all income tracts in 2020. Please refer to Appendix C for the 2019 geographic distribution of small business loans.

Geographic Distribution of Small Business Loans						
Assessment Area: 2020 Elgin, IL MD 20994						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2020 Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	2.8
	Moderate	0	0.0	0	0.0	20.1
	Middle	15	26.3	587	22.3	36.7
	Upper	42	73.7	2,043	77.7	40.4
	Unknown	0	0.0	0	0.0	0.0
	Total	57	100.0	2,630	100.0	100.0

2020 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Lending to Businesses of Different Sizes

The borrower distribution of small business loans reflects excellent penetration among businesses of different sizes. The implementation of the Small Business Administration’s Paycheck Protection Program (PPP) did not require banks to obtain proof of annual revenue prior to extending credit through the program. Therefore, the bank’s 2020 lending reflects an abnormally high number of loans with unknown revenues. As a result, an increased emphasis was placed on the loan size instead of revenue as loans in amounts of \$100,000 or less are considered most beneficial to the financing needs of small business borrowers and are considered particularly responsive to the challenges of small businesses from the COVID-19 pandemic.

In 2020, 50 of the bank’s 57 loan originations, or 87.7 percent of loans, were PPP loans. Forty-six, or 92.0 percent, of the PPP loans were in amounts of \$100,000 or less, with 54.0 percent of the loans between \$11,000 and \$50,000 and 28.0 percent of the loans in amounts of \$10,000 or less. The significant volume of PPP lending, coupled with the level of small dollar loans, demonstrates the bank’s willingness to meet the credit needs of small businesses.

Please refer to Appendix C for the 2019 borrower distribution of small business loans. Lending in 2019 was pre-pandemic, but showed similar levels of lending to very small businesses.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2020 Elgin, IL MD 20994							
Product Type		Bank & Demographic Comparison					
		Count Bank		2020		Total Businesses	
				Dollar Bank			
#	%	\$ 000s	\$ %	%			
Small Business	Revenue	\$1 Million or Less	3	5.3	445	16.9	88.7
		Over \$1 Million	4	7.0	437	16.6	10.6
		Unknown	50	87.7	1,748	66.5	0.7
		Total	57	100.0	2,630	100.0	100.0
	Loan Size	\$100,000 or Less	48	84.2	1,073	40.8	
		\$100,001 - \$250,000	7	12.3	988	37.6	
		\$250,001 - \$1 Million	2	3.5	568	21.6	
		Total	57	100.0	2,629	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	1	33.3	20	4.5	
		\$100,001 - \$250,000	1	33.3	125	28.1	
\$250,001 - \$1 Million		1	33.3	300	67.4		
Total		3	100.0	445	100.0		
Originations & Purchases							
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

Response to Complaints

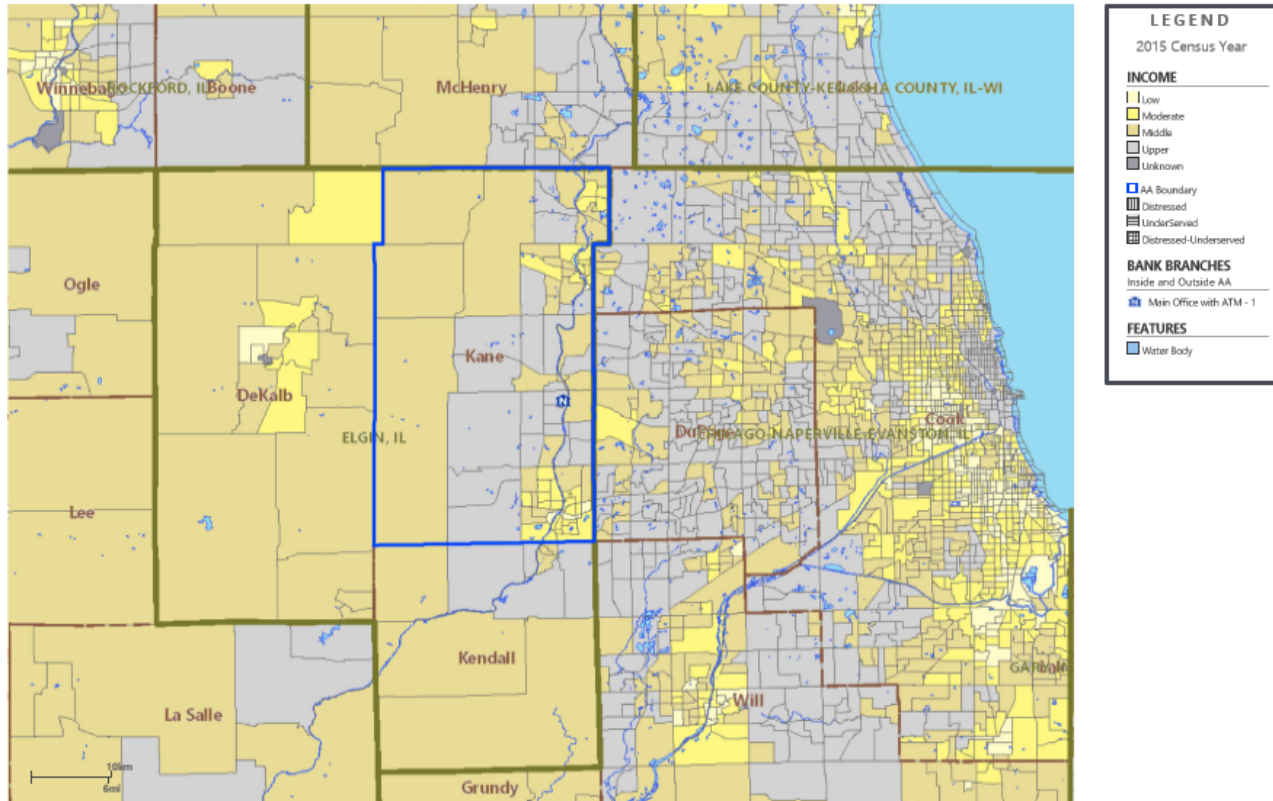
Neither the bank nor this Reserve Bank have received any CRA-related complaints since the previous examination.

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

The State Bank of Geneva 991135
Elgin, IL MD 20994



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		October 1, 2019 to September 30, 2020	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED	
The State Bank of Geneva		Small Business Loans	
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
Elgin, IL MD (#20994) Kane County only	Full Scope	N/A	N/A

APPENDIX C – Additional Tables and Exhibits

Assessment Area: 2019 Elgin, IL MD 20994								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	4	4.9	2,941	2.3	891	30.3	27,393	21.2
Moderate-income	29	35.4	38,138	29.6	6,492	17.0	22,395	17.4
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Upper-income	22	26.8	45,674	35.4	1,230	2.7	52,848	41.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	82	100.0	128,926	100.0	10,801	8.4	128,926	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	4,602	1,888	1.5	41.0	2,271	49.3	443	9.6
Moderate-income	56,005	29,649	23.4	52.9	21,472	38.3	4,884	8.7
Middle-income	62,005	44,591	35.1	71.9	14,044	22.6	3,370	5.4
Upper-income	60,772	50,775	40.0	83.5	7,789	12.8	2,208	3.6
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	183,384	126,903	100.0	69.2	45,576	24.9	10,905	5.9
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#
Low-income	539	2.8	462	2.7	75	3.6	2	1.4
Moderate-income	3,843	20.1	3,446	20.4	376	18.1	21	14.8
Middle-income	7,022	36.7	6,008	35.5	954	46.0	60	42.3
Upper-income	7,730	40.4	7,001	41.4	670	32.3	59	41.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	19,134	100.0	16,917	100.0	2,075	100.0	142	100.0
	Percentage of Total Businesses:			88.4		10.8		0.7
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#
Low-income	3	1.4	3	1.5	0	0.0	0	0.0
Moderate-income	11	5.3	10	5.1	1	10.0	0	0.0
Middle-income	117	56.3	110	55.8	6	60.0	1	100.0
Upper-income	77	37.0	74	37.6	3	30.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	208	100.0	197	100.0	10	100.0	1	100.0
	Percentage of Total Farms:			94.7		4.8		0.5
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

Geographic Distribution of Small Business Loans						
Assessment Area: 2019 Elgin, IL MD 20994						
	Tract Income Levels	Bank & Demographic Comparison				
		Count Bank		2019 Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	2.8
	Moderate	0	0.0	0	0.0	20.1
	Middle	3	50.0	838	72.6	36.7
	Upper	3	50.0	316	27.4	40.4
	Unknown	0	0.0	0	0.0	0.0
	Total	6	100.0	1,154	100.0	100.0

2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Business Lending By Revenue & Loan Size						
Assessment Area: 2019 Elgin, IL MD 20994						
Product Type	Bank & Demographic Comparison					
	Count Bank		2019 Dollar Bank		Total Businesses	
	#	%	\$ 000s	\$ %	%	
Revenue	\$1 Million or Less	4	66.7	1,036	89.8	88.4
	Over \$1 Million or Unknown	2	33.3	118	10.2	11.6
	Total	6	100.0	1,154	100.0	100.0
Loan Size	\$100,000 or Less	4	66.7	184	15.9	
	\$100,001 - \$250,000	1	16.7	250	21.7	
	\$250,001 - \$1 Million	1	16.7	720	62.4	
	Total	6	100.0	1,154	100.0	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	2	50.0	66	6.4	
	\$100,001 - \$250,000	1	25.0	250	24.1	
	\$250,001 - \$1 Million	1	25.0	720	69.5	
	Total	4	100.0	1,036	100.0	

Originations & Purchases
 2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

APPENDIX D – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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

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

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.¹

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

¹ 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, including a home improvement loan not secured by a dwelling, and other consumer unsecured loan, including a loan for home improvement 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).