



## **PUBLIC DISCLOSURE**

April 28, 2025

### **ILLINOIS COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Citizens State Bank  
Illinois Institution Identification Number: 19018

102 West Main Street  
Lena, IL 61048

Illinois Department of Professional Regulation  
555 West Monroe Street, 5<sup>th</sup> Floor Chicago, IL 60661

---

This evaluation reflects the Secretary's assessment pursuant to Section 35-10(b) of the Illinois Community Reinvestment Act [205 ILCS 735/35-10(b)] of the performance of this bank in helping to meet the financial services needs of its local communities, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned herein does not represent an analysis, conclusion, or opinion of the Illinois Department of Financial and Professional Regulation Division of Banking concerning the safety and soundness of this financial institution.

## TABLE OF CONTENTS

<b>INSTITUTION RATING</b> .....	3
<b>DESCRIPTION OF INSTITUTION</b> .....	4
<b>DESCRIPTION OF ASSESSMENT AREA</b> .....	5
<b>SCOPE OF EVALUATION</b> .....	10
<b>General Information</b> .....	10
<b>Activities Reviewed</b> .....	10
<b>CONCLUSIONS ON PERFORMANCE CRITERIA</b> .....	11
<b>LENDING TEST</b> .....	11
<b>Loan-to-Deposit Ratio</b> .....	11
<b>Assessment Area Concentration</b> .....	12
<b>Borrower Profile</b> .....	12
<b>Geographic Distribution</b> .....	15
<b>Response to Complaints</b> .....	18
<b>COMMUNITY DEVELOPMENT TEST</b> .....	18
<b>Community Development Loans</b> .....	18
<b>Qualified Investments</b> .....	19
<b>Community Development Services</b> .....	20
<b>FAIR LENDING, DISCRIMINATORY, OR OTHER ILLEGAL CREDIT PRACTICES</b> <b>REVIEW</b> .....	21
<b>APPENDICES</b> .....	22
<b>INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA</b> .....	22
<b>ASSESSMENT FACTORS</b> .....	23
<b>GLOSSARY</b> .....	24

## INSTITUTION RATING

**INSTITUTION'S ILCRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AA credit needs.
- The bank made a majority of its small farm, small business, and home mortgage loans in the AA.
- The distribution of borrowers reflects reasonable penetration of loans among farms and businesses of different sizes and individuals of different income levels.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The institution did not receive any ILCRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

**The Community Development Test is rated Satisfactory.**

The institution demonstrated adequate responsiveness to the community development needs of its AA through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the AA.

### **Discriminatory or Other Illegal Credit Practices**

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's ILCRA rating.

### **Assessment Factors**

ILCRA examiners reviewed the bank's activities in its AA to the performance standards outlined in 38 Ill. Admin. Code 345.200 and did not find evidence that the bank is not meeting the financial services needs of its local communities. Therefore, the bank's ILCRA rating was not affected.

## DESCRIPTION OF INSTITUTION

### **Background**

Citizens State Bank (CSB) is a \$414.5 Illinois state-chartered agricultural financial institution headquartered in Lena, Illinois. The bank is a wholly owned subsidiary of First Lena Corporation, a one-bank holding company. CSB has no affiliates. Federal Deposit Insurance Corporation (FDIC) examiners assigned a “Satisfactory” rating at the prior federal Community Reinvestment Act (CRA) evaluation dated August 1, 2022, based on Federal Financial Institutions Examination Council (FFIEC) Interagency Small Institution Examination Procedures. Since the prior examination, Citizens State Bank merged with First Savanna Savings Bank on January 20, 2023. There has been no other merger or acquisition activity since the prior evaluation.

### **Operations**

CSB operates five full-service offices including its main office in its AA. The main office is in a middle-income census tract in Stephenson County, and one branch is also located in an upper-income census tract in Freeport, IL, in Stephenson County. In Jo Daviess County, two branches are in separate middle-income tracts in Stockton, IL, and Elizabeth, IL. The bank has one branch in a moderate-income tract in Savanna, IL, in Carroll County. Since the prior evaluation, the bank consolidated two branches in Stockton, IL, as of October 1, 2024. The bank has not opened or closed any branches since the prior evaluation.

Distribution of Branches within Assessment Area							
County	N/A	Low	Moderate	Middle	Upper	Total	LMI
	#	#	#	#	#	#	%
Carroll	0	0	1	0	0	1	100.0
Stephenson	0	0	0	1	1	2	0.0
Jo Daviess	0	0	0	2	0	2	0.0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>5</b>	<b>20.0</b>
Source: <a href="https://csbnow.com">https://csbnow.com</a>							

The bank offers a range of traditional loan and deposit products to serve consumer, agricultural, and business customers. Commercial credit products include commercial real estate loans, equipment financing, small business loans, multi-family housing loans, construction, commercial and industrial loans, and revolving lines of credit. CSB offers home mortgage, home equity lines of credit, vehicle loans, student loans, and personal loans. Agricultural loans include small farm loans, annual operating production loans, Illinois Link Deposit program loans, machinery and equipment loans, Illinois finance authority program loans, livestock purchase loans, and Farmer Mac fixed rate loans. Other agricultural services include crop insurance and a farm leasing program. Deposit products consist of checking, money market, and savings accounts, certificates of deposit, health savings accounts, and individual retirement accounts. Alternative banking services offered by the bank include debit cards for automated teller machines (ATMs), internet banking, mobile banking, and direct deposit. The bank also offers trust and estate planning.

### **Ability and Capacity**

As of the December 31, 2024, Consolidated Reports of Condition and Income (Call Report), CSB reported approximately \$414.5 million in total assets, \$287.8 million in total loans, \$105.2 million in net securities, and \$373.0 million in total deposits. Total assets and total loans have increased approximately \$31.1 million or 8.1 percent and \$83.6 million or 41.7 percent, respectively, since the prior examination. Agricultural Production and Other Loans to Farmers continues to be the highest category. The loan portfolio is illustrated in the following table.

<b>Loan Portfolio Distribution as of 12/31/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	3,214	1.1
Secured by Farmland	47,525	16.7
Secured by 1-4 Family Residential Properties	52,988	18.6
Secured by Multifamily (5 or more) Residential Properties	8,543	3.0
Secured by Nonfarm Nonresidential Properties	28,219	9.9
<b>Total Real Estate Loans</b>	<b>140,489</b>	<b>49.4</b>
Commercial and Industrial Loans	29,695	10.4
Agricultural Production and Other Loans to Farms	97,509	34.3
Consumer Loans	12,450	4.4
Obligations of States and Political subdivisions in the U.S.	212	0.1
Other Loans	406	0.1
Lease Financing Receivables (net of unearned income)	3,507	1.2
Less: Unearned Income	0	(0.0)
<b>Total Loans</b>	<b>284,268</b>	<b>100.0</b>
<i>Source: Report of Condition and Income. Due to rounding, totals may not equal 100.0</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet AA credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

ILCRA requires each financial institution to define one or more AAs within which its ILCRA performance will be evaluated. CSB designated a single AA, composed of three counties (Carroll, Jo Daviess, and Stephenson). These counties are considered part of IL's Non-Metropolitan Statistical Area (Non-MSA). This AA consists of 26 census tracts. The AA includes contiguous census tracts, conforms to ILCRA regulatory requirements, and does not arbitrarily exclude any LMI geography.

### **Economic and Demographic Data**

Examiners used demographic data from the 2020 American Community Survey (ACS), 2020 U.S. Census data, and 2023, 2024, and 2025 Dun & Bradstreet (D&B) data to analyze the bank's ILCRA performance. According to 2020 U.S. Census data, the AA's census tracts reflect the following income designations:

- 2 low-income census tracts (7.7 percent)
- 4 moderate-income census tracts (15.4 percent)
- 17 middle-income census tracts (61.5 percent)
- 3 upper-income census tracts (15.4 percent)
- 0 census tracts where income data was not available (NA) (0.0 percent)

The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	26	7.7	15.4	61.5	15.4	0.0
Population by Geography	82,367	5.6	16.5	62.0	15.9	0.0
Housing Units by Geography	44,071	6.2	16.0	58.5	19.3	0.0
Owner-Occupied Units by Geography	26,445	4.0	14.1	65.1	16.8	0.0
Occupied Rental Units by Geography	9,876	12.8	25.6	47.2	14.4	0.0
Vacant Units by Geography	7,750	5.3	10.1	50.3	34.3	0.0
Businesses by Geography	7,116	9.3	14.1	60.4	16.3	0.0
Farms by Geography	876	1.3	2.3	84.6	11.9	0.0
Family Distribution by Income Level	23,183	20.5	17.4	22.6	39.5	0.0
Household Distribution by Income Level	36,321	24.0	16.8	18.7	40.4	0.0
Median Family Income Non-MSAs - IL		\$67,835	Median Housing Value			\$125,957
			Median Gross Rent			\$672
			Families Below Poverty Level			9.7%
Source: 2020 ACS, 2024 D&B Data, and FFIEC Estimated Median Family Income; (* ) The NA category consists of geographies that have not been assigned an income classification.						

Economic and demographic data from the 2020 ACS and 2024 D&B report provide relevant comparable factors on which examiners base conclusions. According to the 2024 D&B data, 7,116 businesses operated in the AA. The above table shows that only 9.3 percent of the businesses are in low-income census tracts, and 14.1 percent are in moderate-income census tracts. The analysis under the Geographic Distribution criterion compares the distribution of small business loans by a geography's income to the percentage of businesses located in each geography.

According to the 2024 D&B data, 876 farms operated in the AA. The above table shows that only 1.3 percent of the farms are in low-income census tracts, and 2.3 percent are in moderate-income census tracts. The analysis under the Geographic Distribution criterion compares the distribution of small farm loans by a geography's income to the percentage of farms located in each geography.

Similarly, with regard to housing and home mortgage lending, the AA contains 44,071 housing units, with 60.0 percent owner-occupied, 22.4 percent rental-occupied, and 17.6 percent vacant based on 2020 U.S. Census data. While assessing home mortgage loan performance, examiners looked at LMI tracts. There are 4 moderate and 2 low-income tracts, which are 23.1 percent of all tracts. The above table shows 26,445 owner-occupied units in the AA. 4.0 and 14.1 percent of owner-occupied units are in LMI tracts, respectively. In addition, LMI families account for 37.9 percent of the AA, with 9.7 percent of all families generating income below the federal poverty level. These demographics highlight the limited opportunities available within the AA to provide lending in LMI areas and the difficulty low-income borrowers face in qualifying for traditional home mortgage financing. The bank's performance under the geographic distribution criterion was compared to the respective area demographics. For home mortgage lending, the bank's performance was compared to the percentage of owner-occupied units located within geographies by income level.

Examiners used the 2023 and 2024 FFIEC Median Family Income (MFI) Report, which sets forth the criteria by which geographies and families are determined to be low, moderate, middle, and upper income.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
IL Non-MSA Median Family Income				
2023 (\$82,300)	<\$41,150	\$41,150 to <\$65,840	\$65,840 to <\$98,760	≥\$98,760
2024 (\$82,800)	<\$41,400	\$41,400 to <\$66,240	\$66,240 to <\$99,360	≥\$99,360
Source: FFIEC				

While the analysis of small farm loans under the geographic distribution criterion compares loans to percentage of farms within geographies by income level, the analysis of small farm loans under the Borrower Profile criterion compares the distribution of farms by gross annual revenues (GARs). According to 2024 D&B data, of the 876 small farms, the GARs of farms operating in the AA in 2024 are as follows:

- 98.1 percent report \$1.0 million or less,
- 1.6 percent report greater than \$1 million, and
- 0.3 percent did not report revenues to D&B

While D&B data is useful, it is a voluntary survey. Instead, the 2022 U.S. Census of Agriculture (AgCensus), a legally mandated survey, provides better context in which to consider CSB's small farm lending. According to the 2022 AgCensus, 2,570 farms were operating in the AA. Of the 2,570 farms, 1,089, or 42.4 percent, had interest expenses. Put another way, 1,481 farms, or 57.6 percent, did not utilize debt to support operations. This fact suggests a reduced reliance on lending by farmers in the AA.

While the analysis of small business loans under the geographic distribution criterion compares loans to percentage of businesses within geographies by income level, the analysis of small

business loans under the Borrower Profile criterion compares the distribution of businesses by GARs. According to 2024 D&B data, of the 7,116 small businesses, the GARs of businesses operating in the AA in are as follows:

- 84.8 percent report \$1.0 million or less,
- 3.9 percent report greater than \$1 million, and
- 11.2 percent did not report revenues to D&B

The AA’s business sector can be further analyzed. Service industries represent the largest portion of businesses (30.7 percent); followed by retail trade (12.1 percent); agriculture, forestry, and fishing (11.0 percent); finance, insurance, and real estate (8.4 percent); construction (7.0 percent); transportation and communication (5.4 percent); and manufacturing (3.2 percent). Non-classifiable establishments represented 17.0 percent. In addition, 65.0 percent of businesses have four or fewer employees, and 89.4 percent operate from a single location. This data showcases the strong presence and importance of small businesses.

The AA does contain larger employers. Per Data Axle’s September 1, 2024, reporting, five of the largest employers in the AA are listed below:

- Titan Tire Corporation
- Eagle Ridge Resort and Spa
- Elkay Manufacturing
- FHN Memorial Hospital
- Chestnut Mountain Resort

According to Moody’s Analytics February 2025 State of IL Economic forecast, unemployment rates in IL have recovered from the COVID-19 pandemic; however, this report suggests IL will underperform in comparison to the national recovery rate. The following table illustrates the unemployment rates by county, state, and nation.

Unemployment Rates				
	2021 Average	2022 Average	2023 Average	2024 Average
Area	%	%	%	%
Carroll County, Illinois	4.4	4.0	4.4	4.6
Jo Daviess County, Illinois	4.5	3.8	4.1	4.4
Stephenson County, Illinois	5.6	4.7	5.1	4.9
State of Illinois	6.1	4.6	4.5	5.1
National Average	5.3	3.6	3.6	4.0
<i>Source: Bureau of Labor Statistics (State and National are seasonally adjusted, and Counties are not seasonally adjusted.)</i>				

## **Competition**

CSB’s AA is a highly competitive market for deposits, small farm loans, home mortgage loans, and small business loans. According to the most recent FDIC Deposit Market Share data, as of June 30, 2024, 20 financial institutions with 43 offices compete in the AA. CSB ranked 2nd among these institutions at \$367.5 million, maintaining 12.2 percent of the deposit market share.



Apple River State Bank, CSB, and State Bank are the top three institutions by market share and together, hold 37.5 percent of the market. This data indicates a high level of competition.

CSB is not subject to Home Mortgage Disclosure Act (HMDA) data collection and reporting requirements. Therefore, Wolter Kluwer's 2024 Preliminary Peer Home Mortgage Market Share Report was used to measure competition in the AA but not for a comparison to CSB. In the AA, aggregate lending data for 2024 showed that 183 lenders reported 1,268 home mortgage loans, totaling \$192.1 million. The top five institutions, Dupaco Community, Greenstate Credit Union, US Bank National Association, Rocket Mortgage, LLC, and Pennymac Loan Services, LLC, control 36.7 percent of the market share. This data indicates a high level of competition.

CSB is not subject to ILCRA or CRA data collection and reporting requirements. Therefore, Wolter Kluwer's 2023 Peer Small Business Market Share Report was used to measure competition in the AA but not for a comparison to CSB. In the AA, aggregate lending data for 2023 shows 50 lenders reported 902 small business loans, totaling \$26.6 billion. Large national institutions such as JP Morgan Chase, have a large market share. The top five institutions control 72.0 percent of the of the small business market share. This data indicates a high level of competition. In the AA, aggregate lending data for Small Farm loans for 2023 shows 21 lenders reported 181 small farm loans, totaling \$9.6 million. The top five institutions include John Deere Financial and control 77.9 percent of the market share. This is a moderate level of competition.

### **Community Contacts**

As part of the examination, community contact interviews were conducted, and community contact files were reviewed to identify and understand the AA's credit and Community Development (CD) needs. This information helps examiners identify area needs and whether local financial institutions are responsive to these needs.

Examiners reviewed a community contact file from a housing official from Stephenson County. This contact cited affordable housing and financial literacy as needs. Examiners also interviewed a contact who specialized in economic development in the area. The contact emphasized the need for workforce housing and advocated for small business development, especially in Carroll and Jo Daviess Counties. Examiners also interviewed another contact who specialized in housing in the same counties and reiterated the need for affordable housing.

### **Credit and Community Development Needs and Opportunities**

Considering the information from the community contacts, discussions with management, and demographic data, examiners determined that there are community development needs for workforce housing/affordable housing, small business lending, and financial literacy. In addition, supporting the farm industry is critical.

There are many opportunities for involvement in community development activities throughout this AA. Enterprise zones present opportunities including the Northwest Illinois Enterprise Zone, Savanna Depot Park Enterprise Zone, and Carroll and Whiteside County Enterprise Zone. These entities designated by government create incentives for revitalization, stabilization, and

economic development. Financial institutions also have opportunities to provide small farm loans in the AA.

## **SCOPE OF EVALUATION**

### **General Information**

The evaluation encompasses the period from the previous FDIC performance evaluation dated August 1, 2022, to the current ILCRA evaluation conducted by the Illinois Department of Financial and Professional Regulation (IDFPR), Division of Banking, dated April 28, 2025. Examiners completed a full scope review on the bank's AA. FFIEC Interagency Intermediate Small Institution Examination Procedures were used to evaluate CSB's ILCRA performance. These procedures include the Lending Test and the Community Development Test. The criteria for these tests are detailed in the Appendices. IDFPR also provides comments regarding the institution's fair lending policies and procedures pursuant to 205 ILCS 735/35-15. Examiners conducted the fair lending review in accordance with the FFIEC Interagency Fair Lending Examination Procedures. In addition, under Section 345.200 of the implementing rules of ILCRA, assessment factors as described below were considered in the evaluation of CSB's record of ILCRA performance.

Financial institutions must achieve a satisfactory rating under the Lending Test and Community Development Test to obtain an overall satisfactory rating. However, evidence of discrimination and/or a negative evaluation of assessment factors can lower the overall ILCRA rating.

### **Activities Reviewed**

Examiners reviewed CSB's business strategy, loan portfolio composition, and the number and dollar volume of loan originations during the review period and determined the bank's major loan products to be Small Farm, Small Business, and Home Mortgage loans. In terms of weight, small farm loans were weighted highest with small business and home mortgage loans weighted equally. Consumer loans do not represent a significant portion of the loan portfolio. Therefore, these loan products were not reviewed and have no impact on the conclusions. As the bank is not required to report CRA, ILCRA, or HMDA data, bank records served as the source for small business, small farm, and home mortgage loan performance.

Examiners analyzed the institution's small business, small farm, and home mortgage loans from January 1, 2024, through December 31, 2024. Examiners reviewed statistically valid samples of 64 small farm loans, totaling \$11.1 million in 2024. Examiners also reviewed statistically valid samples of 59 small business loans, totaling \$4.2 million in 2024. In addition, examiners reviewed statistically valid samples of 41 home mortgage loans, totaling \$7.3 million in 2024. Since the bank is not a HMDA, ILCRA small farm/business, or CRA small farm/business loan data reporter, D&B data for the percentage of owner-occupied homes, farms, and businesses located in low, moderate, middle, and upper-income tracts, served as the comparison for home mortgage, small farm, and small business loan performance, in geographic distribution, respectively. In addition, the percentage of residents who are low, moderate, middle, and upper-income, the percentage of small farms with less than or equal to \$1.0 million GARs, and the

percentage of businesses with less than or equal to \$1.0 million in GARs, served as the comparison for home mortgage, small farm, and small business performance, in the borrower profile, respectively.

Community development loans, qualified investments, and community development services since the prior CRA evaluation were considered under the Community Development Test.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

CSB demonstrated reasonable performance under the Lending Test. Overall, the performance under the net Loan-to-Deposit Ratio (LTD), Assessment Area Concentration, Borrower Profile, and Geographic Distribution supports the conclusion.

#### Loan-to-Deposit Ratio

CSB's net LTD is reasonable given the institution's size, capacity, and AA credit needs. CSB maintained an average net LTD ratio of 66.6 percent from June 30, 2022, to December 31, 2024, over 11 quarters. The net LTD ratio increased throughout the evaluation period and ranged from a high of 75.4 percent as of December 31, 2024, to a low of 55.9 percent as of June 30, 2022. CSB's average net LTD ratio is consistent with the four ratios of similarly-situated institutions (SSIs), as shown in the table below. Examiners identified SSIs based on asset size, areas served, and lending emphasis.

Loan-to-Deposit Ratio Comparison		
Institution	Total Assets as of 12/31/2024 (\$000s)	Average Net LTD Ratio (%)
Citizens State Bank	414,513	66.6
Similarly-Situated Institution #1	338,883	82.5
Similarly-Situated Institution #2	381,412	87.1
Similarly-Situated Institution #3	491,365	59.3
Similarly-Situated Institution #4	616,831	66.9
Source: Reports of Condition and Income 6/30/2022 through 12/31/2024		

## **Assessment Area Concentration**

The bank made a majority of loans and engaged in a majority of other lending-related activities in its AA. This conclusion is reflected, by number and dollar volume, in its small business, small farm, and home mortgage loans. The following table summarizes loan concentrations inside and outside of the AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		#	\$(000s)	%	\$(000s)	
Small Business										
2024	53	89.8	6	10.2	59	2,998	71.3	1,204	28.7	4,202
Small Farm										
2024	56	87.5	8	12.5	64	8,954	80.5	2,175	19.5	11,129
Home Mortgage										
2024	42	75.0	14	25.0	56	6,716	59.7	4,532	40.3	11,248
Total	151	84.4	28	15.6	179	18,668	70.2	7,911	29.8	26,579
Source: Bank Data Due to rounding, totals may not equal 100.0 Dollar amounts for Small Business, Small Farm, and Consumer loans are multiplied by 1000.										

## **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, reasonable penetration among businesses and farms of different sizes and individuals of different incomes. Only lending in the AA was considered in the borrower profile analysis. Examiners focused on performance by number of loans as the number of loans is a better indicator of the number of borrowers served. Performance in all lending products supports this conclusion.

### *Small Farm*

The distribution of borrowers reflects reasonable penetration among farms of different sizes. The bank's performance is measured against the percentage of farms with GARs of a \$1.0 million or less, the demographic. The bank's performance in lending to farms with GARs of \$1.0 million or less trailed the demographic. However, the demographic represents all farms, not just those seeking credit. Moreover, demographic data does not necessarily represent the demand in the market. Many small farms seek credit through other mechanisms, such as credit cards, home equity loans, or financing through non-bank sources to fund their farms. The AgCensus data mentioned above supports this reasoning. Therefore, aggregate data may provide more clarity.

While CSB is not required to collect and submit ILCRA or CRA Small Farm data, CRA Small Farm aggregate data can provide insights into the opportunities to lend but cannot be used for direct comparisons. In 2023, CRA Small Farm aggregate data indicated that 44.2 percent of loans were originated to small farms. While this is a 2023 aggregate, it is reasonable to suggest performance will be similar in 2024. The aggregate trails the demographic and demonstrates that there may not be as many opportunities as the percentage of farms would indicate, supporting a conclusion of reasonable performance. The following table illustrates the bank's performance.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Farm Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2024	98.1	46	82.1	5,398	60.3
>\$1,000,000					
2024	1.6	9	16.1	3,546	39.6
Revenue Not Available					
2024	0.3	1	1.8	10	0.1
<b>Total</b>					
<b>2024</b>	<b>100.0</b>	<b>56</b>	<b>100.0</b>	<b>8,954</b>	<b>100.0</b>
Source: 2024 D&B Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

### *Small Business*

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. Performance is measured against the percentage of businesses with GARs of \$1.0 million or less, the demographic. The bank's performance in lending to businesses with GARs of \$1.0 million or less is consistent with the demographic. In addition, demographic data represents all businesses and does not necessarily indicate if small businesses are seeking traditional bank financing. Much like small farms, small businesses seek credit through other mechanisms, such as credit cards, home equity loans, or financing through non-bank sources to fund their businesses. As a result, aggregate data may provide more insight.

While CSB is not required to collect and submit small business data, CRA Small Business aggregate data cannot directly be compared to the bank's performance but can gauge demand. 2023 CRA Small Business aggregate data indicated that 60.7 percent of loans were originated to small businesses. While this is 2023 data, it is reasonable to suggest that the aggregate will be similar in 2024. This likely demonstrates that there are not as many opportunities as the demographic would indicate. The table below illustrates the bank's performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Business Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2024	84.8	44	83.0	2,425	80.9
>\$1,000,000					
2024	3.9	7	13.2	510	17.0
Revenue Not Available					
2024	11.2	2	3.8	63	2.1
<b>Total</b>					
<b>2024</b>	<b>100.0</b>	<b>53</b>	<b>100</b>	<b>2,998</b>	<b>100.0</b>
Source: 2024 D&B Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

### *Home Mortgage*

The distribution of borrowers reflects reasonable penetration among borrowers of different incomes. The percentage of families of different incomes is the demographic. CSB's performance with moderate-income residents is consistent with the demographic. However, CSB trails the demographic with low-income residents. This discrepancy is mitigated; 9.7 percent of all families are generating income below the poverty level, which means they generally are unable to afford a home mortgage. This demographic highlights the difficulty of lending for traditional home mortgage financing. While CSB is not required to collect or report HMDA data, HMDA data can provide an insight into market demand; however, it should not be used for direct comparison. Based on 2024 preliminary HMDA home mortgage data, the aggregate in 2024 for low-income borrowers is 10.6 percent. This is consistent with CSB's performance. The following table demonstrates the bank's performance.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2024	20.5	4	9.5	277	4.1
Moderate					
2024	17.4	7	16.7	889	13.2
Middle					
2024	22.6	9	21.4	1,451	21.6
Upper					
2024	39.5	10	23.8	2,275	33.9
Not Available					
2024	0.0	12	28.6	1,824	27.2
<b>Total</b>					
<b>2024</b>	<b>100.0</b>	<b>42</b>	<b>100.0</b>	<b>6,716</b>	<b>100.0</b>
Source: 2020 ACS; "--" data not available. Due to rounding, totals may not equal 100.0%					

## **Geographic Distribution**

The geographic distribution of small farm, small business, and home mortgage loans reflects reasonable dispersion throughout the AA. Examiners concentrated on lending penetration in low- and moderate-income census tracts and focused on performance by the number of loans as it is a better indicator of the number of borrowers served. Only lending in the AA was considered in the geographic distribution analysis. Performance under all three products supports the conclusion.

### *Small Farm*

The geographic distribution of small farm loans reflects reasonable dispersion throughout the AA. Performance is measured against the percentage of farms in each census tract income level throughout the AA. However, only 3.6 percent of farms in the AA are in low- or moderate-income tracts. Given the number of limited opportunities in LMI tracts, CSB's performance is reasonable. The following table illustrates the bank's performance.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low					
2024	1.3	1	1.8	31	0.3
Moderate					
2024	2.3	0	0	0	0
Middle					
2024	84.6	53	94.6	8,698	97.1
Upper					
2024	11.9	2	3.6	225	2.5
Not Available					
2024	0.0	0	0.0	0	0.0
<b>Total</b>					
<b>2024</b>	<b>100.0</b>	<b>56</b>	<b>100.0</b>	<b>8,954</b>	<b>100.0</b>
Source: 2024 D&B Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

### *Small Business*

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. Performance is measured against the percentage of businesses in each census tract by income level throughout the AA. The bank trails the demographic in LMI tracts. Aggregate data may be useful to understand market demand. CSB is not required to collect and submit CRA or ILCRA small business data; therefore, direct comparisons to ILCRA or CRA aggregate data are generally not performed. However, aggregate data can provide insights into the level of competition in the AA. Aggregate CRA small business data revealed that reporting lenders originated 7.3 and 12.1 percent of loans in low-income and moderate-income census tracts in 2023, respectively. These numbers are likely to be similar in 2024 and trail the demographic. The bank's performance is within the bounds of reasonable performance. The following table illustrates the bank's performance.



Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2024	9.3	4	7.5	355	11.8
Moderate					
2024	14.1	5	9.4	252	8.4
Middle					
2024	60.4	43	81.1	2,384	79.5
Upper					
2024	16.3	1	1.9	7	0.2
Not Available					
2024	0.0	0	0.0	0	0.0
<b>Total</b>					
<b>2024</b>	<b>100.0</b>	<b>53</b>	<b>100.0</b>	<b>2,998</b>	<b>100.0</b>
Source: 2024 D&B Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

### *Home Mortgage*

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. Performance is measured against the demographic, the percentage of owner-occupied housing units in each census tract income level throughout the AA. The bank trails the demographic in low-income tracts, and the bank exceeds the demographic in moderate-income tracts. These numbers are comparable and align with reasonable performance. The following table illustrates the bank's performance.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low					
2024	4.0	1	2.4	90	1.3
Moderate					
2024	14.1	8	19.0	681	10.1
Middle					
2024	65.1	27	64.3	4,758	70.8
Upper					
2024	16.8	6	14.3	1,187	17.7
Not Available					
2024	0.0	0	0.0	0	0.0
<b>Total</b>					
<b>2024</b>	<b>100.0</b>	<b>42</b>	<b>100.0</b>	<b>6,716</b>	<b>100.0</b>
<i>Source: 2020 ACS; "--" data not available.  Due to rounding, totals may not equal 100.0%</i>					

### **Response to Complaints**

The bank did not receive any CRA or ILCRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

### **COMMUNITY DEVELOPMENT TEST**

Overall, CSB demonstrated adequate responsiveness to the community development needs of its AA through community development loans, qualified investments, and community development services. The scope of the community development review encompasses the interval since the bank's previous FDIC CRA evaluation dated August 1, 2022, to April 28, 2025. Examiners considered the institution's capacity to participate in such activities, as well as the availability of community development opportunities and the performance of the bank compared to its prior evaluation and SSIs.

### **Community Development Loans**

During the evaluation period, the bank made 26 community development loans totaling approximately \$4.2 million in the AA over 32 months. Affordable housing had the highest number and dollar volume, the top need identified by community contacts. These loans are responsive to the needs of the community.

In this review period, community development loans were 3.6 percent of average net loans and 1.1 percent of average total assets or 0.11 percent and 0.03 percent per month, respectively.

Performance was not compared to the previous review period because CSB became subject to intermediate small bank procedures for this review period. Performance was compared to an SSI that received an overall “adequate responsiveness” conclusion. This SSI’s community development loans were 0.4 percent of average net loans or 0.01 percent per month. In addition, the CD Loans were 0.2 percent of average total assets or 0.01 percent per month.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
8/17/2022 – 12/31/2022*	3	551	0	0	0	0	1	10	4	561
2023	5	968	0	0	0	0	2	608	7	1,576
2024	6	350	0	0	4	1,330	3	212	13	1,892
Year-to-Date (YTD) 2025	0	0	0	0	1	12	1	145	2	157
<b>Total</b>	<b>14</b>	<b>1,869</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>1,342</b>	<b>7</b>	<b>975</b>	<b>26</b>	<b>4,186</b>
<i>Source: Bank Records</i> <i>* Only community development loans conducted after the previous FDIC PE were reviewed.</i>										

Notable examples of the bank’s CD loans include:

- \$800 thousand loan made to a start-up, resulting in an additional 15 jobs to LMI residents.
- \$360 thousand loan made to Revitalize and Stabilize Freeport, IL, adding small businesses and opening additional retail space.
- \$300 thousand loan made for Affordable Housing in Lena, IL.

### **Qualified Investments**

CSB made 14 donations and 2 investments, totaling \$131 thousand over 32 months. In this review period, the bank’s qualified investments were 0.03 percent of average total assets or 0.001 percent per month and 0.11 percent of average net securities or 0.004 percent per month. Performance was not compared to the previous review period because CSB became subject to intermediate small bank procedures for this review period.

Performance was compared to an SSI. This SSI’s community development investments were 0.3 percent of average net securities or 0.01 percent per month. In addition, the CD investments were 0.12 percent of average total assets or 0.003 percent per month. The following table provides additional details regarding the bank’s investment and donation activity.

Community Development Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	2	50	0	0	2	50
8/1/2022 – 12/31/2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0
Year-to-Date (YTD) 2025	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>50</b>
Grants & Donations	0	0	11	24	3	57	0	0	14	81
<b>Total</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>24</b>	<b>5</b>	<b>107</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>131</b>
<i>Source: Bank Records</i>										

Notable examples of the bank's qualified investments and donations include:

- \$50 thousand invested in a community development corporation.
- \$48.6 thousand donated to an economic development partnership.
- \$8 thousand donated to food pantries.

### **Community Development Services**

During the 32-month evaluation period, the bank accomplished 401 instances or 12.5 instances per month of community development services. Performance was not compared to the previous review period because CSB recently became subject to intermediate small bank procedures for this review period. Performance was also compared to an SSI. The SSI completed 89 instances or an average of 2.5 instances per month during a 35-month evaluation period. The following table provides additional details regarding the bank's community development services.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
8/1/2022 – 12/31/2022 *	4	30	11	0	45
2023	12	118	30	0	160
2024	10	111	36	0	157
Year-to-Date (YTD) 2025	4	25	10	0	39
<b>Total</b>	<b>30</b>	<b>284</b>	<b>87</b>	<b>0</b>	<b>401</b>
<i>Source: Bank Data, * Only community development services conducted after the previous FDIC PE were reviewed.</i>					

Notable examples of the bank's community development services include:

- A Board Member has served as a Board Member for four years for a local economic development center which extends services into two counties in the AA.
- A Bank Employee served on the advisory board of a non-profit that serves LMI residents through food pantries.
- A Loan Officer provided financial literacy tutorials to a local not-for-profit organization, which focuses on financial literacy, clean water and air, women's health and safety, poverty, and eradicating polio. This organization is in a LMI tract within the county.

## **FAIR LENDING, DISCRIMINATORY, OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The IDFPB Division of Banking provides comments regarding the institution's fair lending policies and procedures pursuant to 205 ILCS 735/35-5. Examiners conducted the fair lending review in accordance with the FFIEC Interagency Fair Lending Examination Procedures. Based on an application of these procedures, examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, the results did not affect the institution's overall ILCRA rating.

## **APPENDICES**

### **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

1. The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
2. The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
3. The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes;
4. The geographic distribution of the bank's loans; and
5. The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

#### **Community Development Test**

The Community Development Test considers the following criteria:

1. The number and amount of community development loans;
2. The number and amount of qualified investments;
3. The extent to which the bank provides community development services; and
4. The bank's responsiveness through such activities to community development lending, investment, and service needs.

**ASSESSMENT FACTORS**  
**(38 Ill. Admin. Code 345.200)**

As used in this Part, "assessment factors" means the assessment of the following factors to determine whether a bank is meeting the financial services needs of local communities:

- a) activities to ascertain the financial services needs of the community, including communication with community members regarding the financial services provided;
- b) extent of marketing to make members of the community aware of the financial services offered;
- c) origination of mortgage loans including, but not limited to, home improvement and rehabilitation loans, and other efforts to assist existing low-income and moderate-income resident to be able to remain in affordable housing in their neighborhoods;
- d) for small business lenders, the origination of loans to businesses with gross annual revenues of \$1,000,000.00 or less, particularly those in low-income and moderate-income neighborhoods;
- e) participation, including investments, in community development and redevelopment programs, small business technical assistance programs, minority-owned depository institutions, community development financial institutions, and mutually owned financial institutions;
- f) efforts working with delinquent customers to facilitate a resolution of the delinquency;
- g) origination of loans that show an under concentration and a systemic pattern of lending resulting in the loss of affordable housing units;
- h) evidence of discriminatory and prohibited practices; and
- i) offering retail banking services to unbanked and underbanked persons.

## GLOSSARY

**Affiliate:** This means any company that controls, is controlled by, or is under common control with another company. The term "control" has the meaning given to that term in 12 U.S.C. 1841(a)(2), and a company is under common control with another company if both companies are directly or indirectly controlled by the same company.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Alternative financial products or services:** This means financial products or services offered by persons other than an insured depository institution at a higher cost than comparable services offered by an insured depository institution.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five-year estimates based on population thresholds.

**Area Median Income:** This means the median family income for the Metropolitan Statistical Area (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 the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** This means a geographic area delineated in accordance with Section 345.400.

**Bank:** This means a bank that has a charter issued under the Illinois Banking Act [205 ILCS 5], a savings bank that has a charter issued under the Savings Bank Act [205 ILCS 205], and an FDIC-insured banking office of a foreign banking corporation issued a certificate of authority under the Foreign Banking Office Act [205 ILCS 645].

**Branch:** This means a staffed banking facility defined as a branch under Section 2 of the Illinois Banking Act [205 ILCS 5/2] or Section 1007.20 of the Illinois Savings Bank Act [205 ILCS 205/1007.20], and a branch of a banking office of a foreign banking corporation issued a certificate of authority under the Foreign Banking Office Act [205 ILCS 645], 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:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.



**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** This means affordable housing (including multi-family rental housing) for low- or moderate-income individuals. It includes community services targeted to low- or moderate-income individuals. It includes 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. It includes activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, FDIC, and Office of the Comptroller of the Currency. This designation is based on: Rates of poverty, unemployment, and population loss; or Population size, density, and dispersion. Activities that revitalize and stabilize geographies are designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals; or Unbanked or underbanked geographies; and Activities targeted to directly and tangibly: Increase climate resilience in low-income to moderate-income neighborhoods; or Mitigate environmental harm in low-income to moderate-income neighborhoods.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors or by other means;
- Not constituting an agency or instrumentality of the United States, of any state

or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited-purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan unless it is a multi-family dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loan, which is a consumer loan extended for the purchase of and secured by a motor vehicle; credit card loan, which is a line of credit for household, family, or other personal expenditures that is accessed by a borrower's use of a "credit card," as this term is defined in 12 CFR 1026.2; other secured consumer loan, which is a secured consumer loan that is not included in one of the other categories of consumer loans; and other unsecured consumer loan, which is an unsecured consumer loan that is not included in one of the other categories of consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Department:** This means the Illinois Department of Financial and Professional Regulation

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**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. Other family 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).

**FDIC:** This means the Federal Deposit Insurance Corporation.

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants, the amount of loan requested, and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loan:** This means a closed-end mortgage loan or an open-end line of credit as these terms are defined under Section 1003.2 and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (10) and (13).

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Income level** includes:

**Low-income:** This means 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 geography.

**Moderate-income:** This means 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 and less than 80 percent in the case of a geography.

**Middle-income:** This means 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 and less than 120 percent in the case of a geography.

**Upper-income:** This means an individual income that is 120 percent or more of the area median income or a median family income that is 120 percent or more in the case of a geography.

**Limited purpose bank:** This means 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 345.250(b).

**Limited-Scope Review:** A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

**Loan Location:** This means a loan is located as follows:

A consumer loan is located in the geography where the borrower resides;

A home mortgage loan is located in the geography where the property to which the loan relates is located; and

A small business or small farm loan is located in the geography where the main business facility or farm is located or where the loan proceeds otherwise will be applied, as indicated by the borrower.

**Loan production office:** This means a staffed facility of a bank, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

**Low-Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed

annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and the other having incomes below the median.

**Metropolitan Division (MD):** This means a metropolitan division as defined by the United States Director of the Office of Management and Budget.

**Metropolitan Statistical Area (MSA):** This means a metropolitan statistical area as defined by the United States Director of the Office of Management and Budget.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area** (also known as **non-MSA**): This means any area that is not located in an MSA.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Remote Service Facility (RSF):** This means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank, such as an automated teller machine, cash dispensing machine, point-of-sale terminal, or other remote electronic facility, at which deposits are received, cash dispersed, or money lent.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Bank:** This means a bank that is a small bank under federal administrative rules established by the bank's primary federal financial supervisory agency pursuant to the federal Community Reinvestment Act and an intermediate small bank means a bank that is an intermediate small bank under federal administrative rules established by the bank's primary federal financial supervisory agency pursuant to the federal Community Reinvestment Act.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms.

**Small business loan:** This means a loan included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Federal Financial Institution Examination Council (FFIEC) 031 and 041).

**Small farm loan:** This means a loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (FFIEC 031 and 041).

**Special credit program:** This means any credit program offered by a bank to meet special social needs which is in conformity with and explicitly authorized by the Equal Credit Opportunity Act (15 U.S.C. 1691(c)) and Regulation B (12 C.F.R. 1002.8).

**Substantial majority:** This means a portion of the bank's lending activity so significant by number and dollar volume of loans that the lending test evaluation would not meaningfully reflect its lending performance if consumer loans were excluded.

**Unbanked person:** This means an individual that does not have a checking or savings account with an insured depository institution.

**Underbanked person:** This means an individual that has a checking or saving account with an insured depository institution but that used financial products or services from a person other than an insured depository institution in the past 12 months.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**Very Small Bank:** This means a bank that is eligible for the Very Small Bank Examination Procedure set forth in Section 345.450(b).

**Wholesale bank:** This means 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 345.250(b).