# PUBLIC DISCLOSURE

April 13, 2026

# ILLINOIS COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Iuka State Bank
Illinois Institution Identification Number: 18275

205 West Main Street
Salem, Illinois 62881

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

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**THIS PORTION OF THE ILLINOIS COMMUNITY REINVESTMENT ACT (ILCRA) EVALUATION IS CONFIDENTIAL.**

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.

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# INSTITUTION RATING

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

An institution in this group has an adequate 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 more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its small business, and consumer motor vehicle loans in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among businesses of different sizes and individuals of different income levels.
- The institution did not receive any ILCRA-related complaints since the previous Federal Reserve Bank of St Louis evaluation; therefore, this factor did not affect the Lending Test rating.

**Discriminatory or Other Illegal Credit Practices**

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

**Assessment Factors**

ILCRA examiners reviewed the bank's activities in its assessment area 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

The Iuka State bank is a $142.4 million state-chartered community bank headquartered in Salem, IL. The bank is a wholly owned subsidiary of Iuka Bancshares, Inc., a one-bank holding company, located in Salem, Illinois. There are no affiliates. The bank received a Satisfactory rating at its previous Community Reinvestment Act evaluation conducted on June 14, 2021, by the Federal Reserve Bank of St. Louis using the Federal Financial Institutions Examination Council's (FFIEC's) Examination Procedures for Small Institutions. There has been no merger or acquisition activity since the prior evaluation.

## Operations

The bank operates two full-service branches: the main office in Salem, IL, located in a moderate-income census tract, and another in Farina, IL, situated within a middle-income census tract. The bank operates two limited-service branches, one located in a middle-income census tract in Iuka, IL, and another in a moderate-income census tract in Salem, IL. The branch in Farina and the drive-up facility in Salem both operate ATMs. The bank's office operations have remained unchanged since the previous evaluation.

The bank offers a range of traditional loan and deposit products to serve its customers including consumer loans for auto and personal purposes, agricultural loans, and commercial loans. Beginning in 2025, the bank no longer originates home mortgage loans. The primary business focus is on commercial lending and consumer motor vehicle loans. Deposit product offerings include checking accounts, savings accounts, negotiable order of withdrawal (NOW) accounts, individual retirement accounts, and certificates of deposit. Customers can access their accounts through debit cards and online banking.

## Ability and Capacity

According to the December 31, 2025, Consolidated Report of Condition and Income (Call Report), Iuka State Bank reported approximately $142.4 million in total assets, $118.1 million in total loans, $102.4 million in total deposits, and total securities of $12.3 million. Loans have increased by $42.3 million or 55.8 percent, and total assets have increased by $24.1 million or 20.2 percent since the previous Federal Reserve Bank exam. Commercial loans remain the largest segment of the loan portfolio. The following table illustrates the loan portfolio composition.

**Loan Portfolio Distribution as of 12/31/2025**

| Loan Category | $(000s) | % |
|---|---|---|
| Construction, Land Development, and Other Land Loans | 1,769 | 1.5% |
| Secured by Farmland | 12,071 | 10.2% |
| Secured by 1 - 4 Family Residential Properties | 10,786 | 9.1% |
| Secured by Multi-family (5 or more) Residential | 0 | 0.0% |
| Secured by Nonfarm Nonresidential Properties | 20,424 | 17.3% |
| **Total Real Estate Loans** | **45,050** | **38.2%** |
| Commercial and Industrial Loans | 47,338 | 40.1% |
| Agricultural Production and Other Loans to Farms | 12,011 | 10.2% |
| Consumer | 13,660 | 11.6% |
| Obligations of States and Political subdivisions in the United States | 15 | 0.0% |
| Other Loans | 0 | 0.0% |
| Lease Financing Receivables (net of unearned income) | 0 | 0.0% |
| Less: Unearned Income | 0 | 0.0% |
| **Total Loans** | **118,074** | **100.00%** |

*Source: Reports of Condition and Income*

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

# DESCRIPTION OF ASSESSMENT AREA

The ILCRA requires each financial institution to define one or more assessment areas within which its ILCRA performance will be evaluated. Iuka State Bank designated a single assessment area, composed of the entireties of Marion and Fayette counties in the Illinois Non-Metropolitan Statistical Area (IL Non-MSA). The assessment area includes whole counties, contiguous census tracts, conforms to ILCRA regulatory requirements, and does not arbitrarily exclude any low- or moderate-income geography.

## Economic and Demographic Data

Examiners used demographic data from the 2020 American Community Survey (ACS) and 2024 Dun & Bradstreet (D&B) data to analyze the bank's ILCRA performance. The assessment area's two counties contain 7 moderate-income and 12 middle-income census tracts. There are no low-income or upper-income census tracts in the assessment area. 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) | 19 | 0.0 | 36.8 | 63.2 | 0.0 | 0.0 |
| Population by Geography | 59,217 | 0.0 | 35.7 | 64.3 | 0.0 | 0.0 |
| Housing Units by Geography | 27,578 | 0.0 | 33.4 | 66.6 | 0.0 | 0.0 |
| Owner-Occupied Units by Geography | 18,462 | 0.0 | 27.9 | 72.1 | 0.0 | 0.0 |
| Occupied Rental Units by Geography | 5,582 | 0.0 | 49.6 | 50.4 | 0.0 | 0.0 |
| Vacant Units by Geography | 3,534 | 0.0 | 36.4 | 63.6 | 0.0 | 0.0 |
| Businesses by Geography | 4,029 | 0.0 | 43.9 | 56.1 | 0.0 | 0.0 |
| Farms by Geography | 337 | 0.0 | 22.3 | 77.7 | 0.0 | 0.0 |
| Family Distribution by Income Level | 15,152 | 23.6 | 19.1 | 21.6 | 35.7 | 0.0 |
| Household Distribution by Income Level | 24,044 | 27.3 | 17.5 | 17.4 | 37.9 | 0.0 |

| Demographic Characteristics | Low % of # | MSA Characteristics | Value |
|---|---|---|---|
| Median Family Income Non-MSAs - IL | $67,835 | Median Housing Value | $86,106 |
| | | Median Gross Rent | $640 |
| | | Families Below Poverty Level | 12.0% |

*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.*

Examiners used the 2024 FFIEC Median Family Income Report to analyze motor vehicle loans under the borrower profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

**Median Family Income Ranges**

**Chicago-Naperville-Evanston, IL Median Family Income (16984)**

| Median Family Incomes | Low <50% | Moderate 50% to <80% | Middle 80% to <120% | Upper ≥120% |
|---|---|---|---|---|
| 2024 ($82,800) | <$41,400 | $41,400 to <$66,240 | $66,240 to <$99,360 | ≥$99,360 |

*Source: FFIEC*

The assessment area is largely rural in nature and dependent upon agriculture and related businesses. Service industries represent the largest portion of businesses in the AA at 32.3 percent; followed by non-classifiable establishments (17.5 percent); retail trade (12.4 percent); and finance, insurance, & real estate (9 percent). In addition, 62.6 percent of the businesses employ one to four people, and 86.5 percent of businesses operate from a single location.

The analysis of small business loans under the borrower profile criterion compares the distribution of businesses by revenue category. According to 2024 D&B data, the assessment area contained 4,366 businesses. Gross annual revenues for these businesses are below:

- 82 percent report $1.0 million or less,
- 4.5 percent report greater than $1 million, and
- 13.5 percent did not report revenues to D&B

According to Data Axle, Edition 1, released December 2025, some of the top employers by size range in Fayette and Marion Counties are as follows:

- SSM Health St. Mary's Hospital (500-999)
- Vandalia Correctional Center (250-499)
- Pinnacle Foods Group (250-499)
- Salem Township Hospital (250-499)

The following table shows the unemployment rates for Marion and Fayette Counties, as well as the State of Illinois, and the national average over the past year. The unemployment rate in the assessment area exceeded the state and national averages.

**Unemployment Rates**

| | **2023 Average** | **2024 Average** | **August 2025** |
|---|---|---|---|
| **Area** | **%** | **%** | **%** |
| Marion County, Illinois | 5.0 | 4.9 | 5.4 |
| Fayette County, Illinois | 5.1 | 5.1 | 6.1 |
| State of Illinois | 4.5 | 5.0 | 4.7 |
| National Average | 3.6 | 4.0 | 4.4 |

*Source: Bureau of Labor Statistics (State and National are seasonally adjusted, and Counties are not seasonally adjusted.)*

**Competition**

The assessment area is a moderately competitive market for financial services. According to FDIC Deposit Market Share data as of December 31, 2025, 17 financial institutions operated 30 offices in the assessment area. Iuka State Bank ranked fifth with a 6.2 percent deposit market share. The top four lenders accounted for 57.0 percent of the total market share.

The 2024 Wolters Kluwer Peer Small Business Report was used to gauge demand and competition in the assessment area for small business loans. In 2024, 47 lenders originated or purchased 573 small business loans, totaling $32.5 million. The top five institutions-controlled 66.0 percent of the small business loans market share by number of loans.

**Community Contacts**

As part of the examination, examiners contact third parties active in the assessment area to assist in identifying the community's credit needs. The information helps examiners determine whether local financial institutions are responsive to these needs.

Examiners conducted a community contact interview with a regional planning and development organization. The contact observed a slow and consistent economic downturn throughout the region and attributed it to a shortage of skilled laborers, a lack of financial literacy in prospective entrepreneurs, and high interest rates. The contact also noted a low demand for new housing and a need for rehabilitation of existing supply.

**Credit Needs**

Considering the information from the community contacts, discussions with bank management, and demographic and economic data, examiners determined that small business lending, consumer lending, and financial literacy for small businesses and retail banking customers represent the assessment area's primary credit needs.

## SCOPE OF EVALUATION

**General Information**

The evaluation encompasses the period from the previous FDIC performance evaluation dated June 14, 2021, to the current ILCRA evaluation conducted by the Illinois Department of Financial and Professional Regulation (IDFPR), Division of Banking, dated April 13, 2026. Examiners completed a full scope review of the bank's assessment area using the FFIEC Interagency Small Institution Examination Procedures to evaluate the bank's ILCRA performance. These procedures include the Lending Test as 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 on page 22 were considered in the evaluation of the bank's record of ILCRA performance.

Financial institutions must achieve a satisfactory rating under the Lending 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 Iuka State Bank's business strategy, loan portfolio composition, and the Number and dollar value of loan originations during the review period and determined the bank's major loan products to be small business, and consumer motor vehicle loans. Home mortgage and small farm loans do not represent a significant portion of the loan portfolio. Therefore, these loan products were not reviewed and had no material impact on the conclusions.

Bank records indicate the lending focus and product offerings remained consistent throughout the exam period. Because of this consistency, this evaluation presents statistically significant representative samples of the institution's small business and consumer loans motor vehicle loans originated in 2024. The bank originated 235 consumer motor vehicle loans, totaling $5.0 million and 64 small business loans totaling $7.5 million. Based on the number and dollar volume of loans, each category received equal weight.

# CONCLUSIONS ON PERFORMANCE CRITERIA

## LENDING TEST

Iuka State Bank demonstrated satisfactory performance under the Lending Test. The performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile supports this conclusion.

### Loan-to-Deposit Ratio

Iuka State Bank's net LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's net LTD ratio, calculated from Call Report data, averaged 100.9 percent over 20 quarters dating back to the bank's previous FRB CRA evaluation from March 31, 2021, to December 31, 2025. The ratio fluctuated from a low of 73.1 percent as of March 31, 2021, to a high of 116.8 as of September 30, 2025. Most recently, as of 12/31/2025, the net LTD ratio was 112.9 percent.

As shown in the following table, the bank's average net LTD ratio exceeded those of comparable institutions in the area. Examiners identified these similarly situated institutions based on asset size, area served, and lending emphasis.

| Institution | Total Assets as of 12/31/2025 ($000s) | Average Net LTD Ratio (%) |
|---|---|---|
| **Iuka State Bank** | **142,444** | **100.9** |
| Similarly-Situated Institution #1 | 288,935 | 59.4 |
| Similarly-Situated Institution #2 | 215,898 | 51.6 |
| Similarly-Situated Institution #3 | 121,037 | 87.8 |

*Source: Reports of Condition and Income 3/31/2021 through 12/31/2025*

### Assessment Area Concentration

Iuka State Bank made a majority of its small business and consumer motor vehicle loans within its assessment area. The number of loans more accurately gauges the bank's responsiveness to the needs of the community. Viewed by number, the bank made a majority of loans inside its assessment area. The following table reflects the bank's loan concentrations inside and outside of the AA.

## Lending Inside and Outside of the Assessment Area (AA)

**Small Business**

| Year | Inside # of Loans | Inside % of Loans | Outside # of Loans | Outside % of Loans | Total # | Inside Dollar Amount $(000s) | Inside Dollar Amount % | Outside Dollar Amount $(000s) | Outside Dollar Amount % | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 2024 | 39 | 62.9 | 23 | 37.1 | 62 | 3,664 | 48.9 | 3,832 | 51.1 | 7,496 |

**Consumer**

| Year | Inside # of Loans | Inside % of Loans | Outside # of Loans | Outside % of Loans | Total # | Inside Dollar Amount $(000s) | Inside Dollar Amount % | Outside Dollar Amount $(000s) | Outside Dollar Amount % | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 2024 | 79 | 66.4 | 40 | 33.6 | 119 | 1,708 | 67.9 | 807 | 32.1 | 2,515 |
| **Subtotal** | **118** | **65.2** | **63** | **34.8** | **181** | **5,372** | **53.7** | **4,639** | **46.3** | **10,011** |

*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.*

## Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Reasonable geographic distribution of both small business and consumer motor vehicle loans supports this conclusion.

*Small Business Loans*

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Examiners compared the bank's performance to the percentage of businesses and aggregate lending throughout the assessment area by income tract category. Since there are no low- or upper-income census tracts, the following table shows the bank's small business lending in moderate- and middle-income census tracts.

**Geographic Distribution of Small Business Loans**

| Tract Income Level | % of Businesses | # | % | $(000s) | % |
|---|---|---|---|---|---|
| Moderate | | | | | |
| 2024 | 43.9 | 8 | 20.5 | 882 | 24.1 |
| Middle | | | | | |
| 2024 | 56.1 | 31 | 79.5 | 2,782 | 75.9 |
| **Total** | | | | | |
| **2024** | **100.0** | **39** | **100.0** | **3,664** | **100.0** |

*Source: 2024 D&B Data; Bank Data, 2024 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%*

While the bank's performance generally trails the demographic in moderate census tracts, approximately 80 percent of small business loans were made within 20 miles of one of the bank's branches. Of the seven moderate income census tracts located inside the assessment area, two are located in Centralia, which is 15.8 miles from the nearest bank branch in Salem, and another two are located near Vandalia, which is 40.7 miles from the nearest bank branch in Farina. A variety of local banks serve these communities and provide significant competition for lending in these areas. Considering the competitive and geographic obstacles to lending in the moderate-income census tracts of Marion and Fayette County, the bank's lending distribution is reasonable.

*Consumer Motor Vehicles Loans*

Given the same geographic and competitive constraints described in the small business lending analysis and considering that 78 percent of motor vehicle loans were made within 20 miles of a bank branch, the geographic distribution of consumer motor vehicle loans reflects reasonable dispersion throughout the assessment area.

Given the same geographic constraints as small business lending and considering that 78 percent of motor vehicle loans were made within 20 miles of a bank branch, the geographic distribution of consumer motor vehicle loans reflects reasonable dispersion throughout the assessment area.

**Geographic Distribution of Consumer Loans**

| Tract Income Level | % of Businesses | # | % | $(000s) | % |
|---|---|---|---|---|---|
| Moderate | | | | | |
| 2024 | 32.9 | 21 | 26.6 | 480 | 28.1 |
| Middle | | | | | |
| 2024 | 67.1 | 58 | 73.4 | 1,228 | 71.9 |
| **Total** | | | | | |
| **2024** | **100.0** | **79** | **100.0** | **1,708** | **100.0** |

*Source: 2020 ACS; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%*

## Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, reasonable penetration among businesses of different sizes and individuals of different incomes. Only lending in the assessment area 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. The bank's performance under small business and consumer motor vehicle loans supports this conclusion.

*Small Business Loans*

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 (demographic) in the area. The bank's performance in lending to businesses with GARs of $1.0 million or less is less than the demographic. In addition, demographic data represents all businesses and does not necessarily indicate if small businesses are seeking traditional bank financing. Small businesses seek credit through other mechanisms such as credit cards, home equity loans, or financing through non-bank sources to fund their businesses. The following table 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 | 82.0 | 23 | 59.0 | 2,386 | 65.1 |
| >$1,000,000 | | | | | |
| 2024 | 4.5 | 15 | 38.5 | 1,153 | 31.5 |
| Revenue Not Available | | | | | |
| 2024 | 13.5 | 1 | 2.6 | 125 | 3.4 |
| **Total** | | | | | |
| **2024** | **100.0** | **39** | **100.0** | **3,664** | **100.0** |

*Source: 2024 D&B Data; Bank Data, 2024 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%*

*Consumer Motor Vehicle Loans*

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different incomes. Performance was measured against the percentage of households by income level (demographic). The data below shows that consumer lending to low-income borrowers closely followed the demographic and exceeded the demographic to moderate-income borrowers.

**Distribution of Consumer Loans by Borrower Income Level**

| Borrower Income Level | % of Households | # | % | $(000s) | % |
|---|---|---|---|---|---|
| Low | | | | | |
| 2024 | 27.3 | 22 | 27.8 | 290 | 17.0 |
| Moderate | | | | | |
| 2024 | 17.5 | 20 | 25.3 | 459 | 26.9 |
| Middle | | | | | |
| 2024 | 17.4 | 20 | 25.3 | 447 | 26.2 |
| Upper | | | | | |
| 2024 | 37.9 | 17 | 21.5 | 512 | 30.0 |
| Not Available | | | | | |
| 2024 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| **Total** | | | | | |
| **2024** | **100.0** | **79** | **100.0** | **1,708** | **100.0** |

*Source: 2020 ACS; "--" data not available. Due to rounding, totals may not equal 100.0%*

**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.

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

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

# APPENDICES

# 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).

## 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 residents 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 38 Ill. Admin. Code 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 includes: affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; 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; activities that revitalize or stabilize low-or moderate-income geographies, designated disaster areas, 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 based on rates of poverty, unemployment, and population loss or based on 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 LMI 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 bank:

   (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan unless the loan is for a multifamily dwelling (as defined in 12 CFR 1003.2(n)); and

   (ii) Benefits the bank'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 bank's retail banking services under 38 Ill. Admin. Code 345.240(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 38 Ill. Admin. Code 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 38 Ill. Admin. Code 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 38 Ill. Admin. Code 345.450(b).