

PUBLIC DISCLOSURE

April 21, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Rushville State Bank
RSSD# 49148

100 East Lafayette Street
Rushville, Illinois 62681-0050

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

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

TABLE OF CONTENTS

PERFORMANCE EVALUATION	2
SCOPE OF EXAMINATION	2
DESCRIPTION OF INSTITUTION.....	3
DESCRIPTION OF ASSESSMENT AREA	4
CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA	10
LENDING TEST	10
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	17
APPENDIX A – MAP OF ASSESSMENT AREA.....	18
APPENDIX B – ADDITIONAL LENDING AND DEMOGRAPHICS TABLE	22
APPENDIX C – SCOPE OF EXAMINATION	25
APPENDIX D – GLOSSARY	25

BANK'S CRA RATING

Rushville State Bank is rated Satisfactory.

Rushville State Bank is meeting the credit needs of its assessment area based on an analysis of the bank's lending activities. The loan-to-deposit ratio is less than reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of the bank's loans were originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and lending activity reflects reasonable penetration to businesses and farms of different sizes. There were no Community Reinvestment Act (CRA) related complaints received by the institution or by this Reserve Bank since the previous evaluation.

SCOPE OF EXAMINATION

Rushville State Bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Small Institution Examination Procedures. The evaluation was performed within the context of information about the institution and its assessment area, such as asset size, financial condition, competition, and economic and demographic characteristics. The evaluation included a full-scope review of the bank's single assessment area (Schuyler County, Illinois) and reviewed small business and small farm lending performance based on a sample of loans originated from March 8, 2021, through December 31, 2024.

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

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio was calculated for the bank, from March 31, 2021, through December 31, 2024, and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – A sample of the bank's small business and small farm loans originated in the assessment area, from March 8, 2021, through December 31, 2024, was reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's small business and small farm loans originated in the assessment area, from March 8, 2021, through December 31, 2024, was analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as moderate-income.
- ***Lending to Businesses and Farms of Different Sizes*** – A sample of the bank's small business and small farm loans originated in the assessment area, from March 8, 2021, through December 31, 2024, was reviewed to determine the distribution of lending among

businesses and farms of different sizes.

- **Response to Substantiated Complaints** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

In addition, one community representative, representing an economic development organization, was contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area.

DESCRIPTION OF INSTITUTION

Rushville State Bank (RSB) is a wholly owned subsidiary of Rushville Bancshares, Inc., a one-bank holding company headquartered in Rushville, Illinois. The bank operates its main office with a drive-through and a cash-only automated teller machine (ATM) and two standalone cash-only ATMs, all located in Rushville, Illinois. The main office and two cash-only ATMs are located in a moderate-income census tract, with one additional cash-only ATM located in a middle-income census tract in Schuyler County. There have been no acquisitions, branch or ATM openings or closings since the previous evaluation.

According to the Uniform Bank Performance Report (UBPR), the bank reported total assets of \$120.3 million as of December 31, 2024. Rushville State Bank is primarily an agricultural and commercial lender, representing 50.4 and 32.7 percent of the loan portfolio, respectively. The bank offers traditional, non-complex loan and deposit products and services. Rushville State Bank maintains a website (www.rushvillestatebank.com) that provides information on loan and deposit products, as well as access to basic, online banking capabilities.

Details of the allocation of the bank’s loan portfolio are provided in the following table:

Composition of Loan Portfolio as of December 31, 2024 (000's)		
Type	\$	%
Agriculture	26,351	50.4
Commercial	17,086	32.7
Residential Real Estate	3,771	7.2
Consumer	1,329	2.5
Other	3,779	7.2
Total	52,316	100.0

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

According to the Federal Deposit Insurance Corporation (FDIC) Market Share Report as of June 30, 2024, RSB ranked first out of four financial institutions operating within Schuyler County. The bank held \$111.8 million in total deposits, representing a market share of 57.4 percent. The financial institutions holding the second and third highest deposit market share are First Bankers Trust Company, National Association (N.A.), and Morton Community Bank, at 18.0 percent and 16.4 percent, respectively.

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

The bank was rated satisfactory under the CRA at its previous evaluation conducted on March 8, 2021.

DESCRIPTION OF ASSESSMENT AREA¹

Rushville State Bank maintains all operations in Rushville, Illinois. The bank's assessment area (Illinois Non-MSA) has remained unchanged since the previous evaluation and consists of all three census tracts in Schuyler County. Schuyler County is located in western Illinois with the city of Rushville acting as the county seat. Due to changes in the 2020 Decennial Census and the American Community Survey for the period of 2016-2020, one previously categorized middle-income census tract is now categorized as a moderate-income census tract. The assessment area now consists of one moderate-income and two middle-income census tracts, neither middle-income tract was designated as distressed or underserved.

Tract Designation Change Data

The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

¹ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	0
Moderate	0	1	+1
Middle	3	2	-1
Upper	0	0	0
Unknown	0	0	0
Total	3	3	0
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020			

Additional demographic information for the assessment area is presented in the following table.

2024 IL Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	177	11.4
Moderate	1	33.3	513	32.9	51	9.9	345	22.2
Middle	2	66.7	1,044	67.1	20	1.9	392	25.2
Upper	0	0.0	0	0.0	0	0.0	643	41.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3	100.0	1,557	100.0	71	4.6	1,557	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,509	747	35.6	49.5	415	27.5	347	23.0
Middle	1,939	1,352	64.4	69.7	216	11.1	371	19.1
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	3,448	2,099	100.0	60.9	631	18.3	718	20.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	169	75.4	148	76.7	17	85.0	4	36.4
Middle	55	24.6	45	23.3	3	15.0	7	63.6
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	224	100.0	193	100.0	20	100.0	11	100.0
Percentage of Total Businesses:				86.2		8.9		4.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	18	47.4	18	47.4	0	0.0	0	0.0
Middle	20	52.6	20	52.6	0	0.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	38	100.0	38	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0		0.0		0.0
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

The following presentation of key demographics used to help inform the evaluation of bank activity in its assessment area is based on a comparison of two sets of ACS data, 2011-2015 and 2016-2020.

Population Change

According to U.S. Census Bureau demographic data, the assessment area's population decreased 5.6 percent since 2015, which is a noticeable decrease compared to the state of Illinois' population decrease of 0.5 percent. The community representative stated that the noticeable decline in assessment area population can be attributed to four factors; a shortage of affordable housing, limited land available to develop affordable housing, a lack of employment opportunities, and rural flight. The representative stated, in general, there is a shortage of affordable housing and due to the large concentration of agriculture in the area, there is also limited land available to develop affordable housing. The representative mentioned that many local farmers have been unwilling to sell their farmland, making it increasingly difficult to develop housing and attract new residents to the primarily rural area. The ability to attract new residents is further stunted by the lack of employment and career opportunities in the area. Due to the lack of such opportunities, the area is known as a bedroom community, whereby residents who live within the area are required to travel long distances to reach their place of employment. This motivates current residents of Schuyler County to move outside of the area, typically to more populated and/or urban areas, and closer to their current employers.

The following table presents the population trends for the assessment area, the area that comprises all areas of Illinois not part of an MSA (Metropolitan Statistical Area) (Non-MSA Illinois), and the state of Illinois from 2015 to 2020.

Population Change			
Area	2015 Population	2020 Population	Percentage Change
Assessment Area	7,311	6,902	-5.6
Non-MSA Illinois	1,486,185	1,421,720	-4.3
Illinois	12,873,761	12,812,508	-0.5
Source: U.S. Census Bureau: Decennial Census American Community Survey Data: 2011 - 2015 U.S. Census Bureau: American Community Survey Data: 2020			

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 1,557 families, with 11.4 percent of families designated as low-income, 22.2 percent moderate-income, 25.2 percent middle-income, and 41.3 percent upper-income. Families living below the poverty level within the assessment area are at 4.6 percent, which is below the state of Illinois' poverty rate of 8.5 percent.

According to the American Community Survey, the assessment area had a median family income (MFI) of \$72,299, which is less than the MFI for the state of Illinois at \$86,251. This figure represents a significant increase in MFI (14.4 percent) from 2015 to 2020, which is greater than the increase in MFI for the state of Illinois (10.3 percent) and the area that comprises all areas of Illinois not part of an MSA (Non-MSA Illinois) (6.4 percent). Additionally, the increase in MFI is comparable to the percentage change in MFI in Schuyler County from 2010 to 2015, which was 12.0 percent. While the percentage change in median family income in the assessment area is significantly higher than the state of Illinois and Non-MSA Illinois, the MFI for Schuyler County (\$72,299) is comparable to the MFI for Non-MSA Illinois (\$68,958). Despite the assessment area's significant increase in MFI, the community representative expressed that the area's MFI is unable to keep up with the current high cost of living, which is further exacerbated by the state's high tax rate.

The following table presents the MFI trends for the assessment area, the area that comprises all areas of Illinois not part of an MSA (Non-MSA Illinois), and the state of Illinois from 2015 to 2020.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percentage Change (%)
Assessment Area	63,183	72,299	14.4
Non-MSA Illinois	64,815	68,958	6.4
Illinois	78,169	86,251	10.3
Source: U.S. Census Bureau: Decennial Census American Community Survey Data: 2011 - 2015 U.S. Census Bureau: American Community Survey Data: 2016 - 2020			

Housing Characteristics

According to the 2020 U.S. Census Bureau, there are a total of 3,448 housing units in the assessment area. The majority of housing units are owner-occupied at 60.9 percent, with 18.3 percent considered rental units, and 20.8 percent of housing units are vacant. The percentage of vacant housing units in the assessment area is significantly higher than the percentage of vacant units for the state of Illinois at 9.1 percent.

The following table presents housing cost burden data within the assessment area, the area that comprises all areas of Illinois not part of an MSA (Non-MSA Illinois), and the state of Illinois. A resident is considered housing cost burdened when they spend 30.0 percent or more of their income on housing costs. When a resident is experiencing housing cost burden, it may limit their ability to spend their remaining income on other essential needs such as transportation, food, health care, and childcare, or risk increasing debt. As evidenced in the table, 20.7 percent of all renters in the assessment area are considered housing cost burdened. Low- and moderate-income renters experience burden at a higher percentage than all renters at 60.0 and 25.0 percent, respectively. For homeowners, only 13.4 percent are experiencing housing cost burden within the assessment area; however, similar to renters, the majority are low- and moderate-income owners at

41.9 percent and 13.6 percent, respectively.

Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	60.0	25.0	20.7	41.9	13.6	13.4
Non-MSA Illinois	65.9	19.0	35.6	52.9	18.5	14.0
Illinois	73.6	34.6	41.8	67.0	34.3	20.8
Cost Burden is housing cost that equals 30 percent or more of household income Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy						

Employment Conditions

According to data from the Bureau of Labor statistics, 2023 unemployment rates in the assessment area, the area that comprises all areas of Illinois not part of an MSA (Non-MSA Illinois), and the state of Illinois are continuing to stabilize. Unemployment remained low until peaking in 2020 at the height of the COVID-19 pandemic and trended downward in 2021 and 2022. Unemployment rates remained comparable throughout the five-year period, with the state of Illinois having the highest unemployment rates in 2020 and 2021. Trends in unemployment rates show the area has continued to recover from unemployment increases caused during the COVID-19 pandemic in 2020.

The following table presents the unemployment trends for the assessment area, the area that comprises all areas of Illinois not part of an MSA (Non-MSA Illinois), and the state of Illinois from 2019 to 2023.

Unemployment Rates (%)					
Region	2019	2020	2021	2022	2023
Assessment Area	4.0	6.4	4.2	4.3	4.3
Non-MSA Illinois	4.2	7.8	5.2	4.4	4.6
Illinois	4.0	9.3	6.1	4.6	4.5
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics					

Industry Characteristics

According to data from the U.S Bureau of Labor Statistics, the assessment area contains an employment base that is most heavily impacted by the industries of health care, retail trade, accommodation and food services, and wholesale trade. The community representative emphasized how difficult it can be for residents to find adequate employment and career

opportunities within the assessment area. As previously discussed, existing residents may be forced to travel long distances to reach their place of employment.

Community Representative

One community representative was contacted to provide information regarding local economic and demographic conditions. In addition to the perspectives provided in the preceding discussion, the representative noted that funding to renovate older homes and/or construct new homes is a dire need within the assessment area. Additionally, the representative noted that the assessment area could benefit from additional economic growth and employment opportunities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

LENDING TEST

Rushville State Bank's performance relative to the lending test is rated Satisfactory. The loan-to-deposit (LTD) ratio is less than reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of loans were originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. In addition, loan distribution reflects reasonable penetration among businesses and farms of different sizes.

Loan-to-Deposit Ratio

Rushville State Bank's LTD ratio is less than reasonable given the bank's size, financial condition, and assessment area credit needs. Rushville State Bank's 16-quarter average LTD ratio is 44.9 percent, which is a notable decrease from the previous evaluation's average of 51.0 percent. Between December 31, 2020, and December 31, 2024, the bank has had an increase in both deposit growth (14.7 percent) and loan originations (21.4 percent). However, from December 31, 2023, through December 31, 2024, RSB experienced a decrease in both deposits and loan originations at 1.5 percent and 2.2 percent, respectively. This data suggests that while the bank has seen an

increase in both deposit and loan originations over a longer time period (from December 31, 2020, through December 31, 2024), the most recent data available (2024) shows deposits and loan originations trending downward. This downward trend, especially in loan originations given the bank's deposit market share position, may have a negative impact and further lower the bank's LTD ratio.

Bank management indicated that, in general, there has been a decrease in lending demand. A community representative confirmed that many local farmers are utilizing Farm Credit lending options in the area, making it hard for the bank to remain competitive as a traditional agricultural lender. These factors, coupled with the large influx of deposits during the COVID-19 pandemic, have put downward pressure on the bank's LTD ratio.

The table below presents the bank's 16-quarter average LTD ratio from March 31, 2021, to December 31, 2024, in comparison to local competitors, a majority of whom are similar in asset size and operate in Non-MSA Illinois, in or, near Schuyler County.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	16 – Quarter Average
Rushville State Bank	44.9
Local Peer Average	59.2
Competitors	
Liberty Bank	74.1
Farmers State Bank & Trust Co.	72.2
Farmers and Merchants State Bank of Bushnell	44.8
Bank of Stronghurst	45.5

Assessment Area Concentration

A majority of loans were originated in the assessment area. Rushville State Bank originated 81.8 percent of total loans by number and 75.8 percent of loans by dollar inside the assessment area. Small business lending had a higher origination rate inside the assessment area at 85.2 percent by number, compared to 78.6 percent (by number) of small farm loans originated inside the assessment area.

The following table displays Rushville State Bank's lending inside and outside of its assessment area for small business and small farm loans from March 8, 2021, through December 31, 2024.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business	46	85.2	\$3,395	69.7	8	14.8	\$1,477	30.3
Total Small Bus. related	46	85.2	\$3,395	69.7	8	14.8	\$1,477	30.3
Small Farm	44	78.6	\$4,943	80.7	12	21.4	\$1,181	19.3
Total Small Farm related	44	78.6	\$4,943	80.7	12	21.4	\$1,181	19.3
TOTAL LOANS	90	81.8	\$8,338	75.8	20	18.2	\$2,659	24.2

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar years up to and including 2021 were analyzed based on income designations from the 2011-2015 American Community Survey data². Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

Rushville State Bank demonstrated a reasonable geographic distribution of loans in the bank's assessment area. An analysis of the geographic distribution of a sample of small business and small farm loans was conducted to determine the dispersion of loans among the census tract designations within the assessment area, particularly within its moderate-income census tract, given the bank's assessment area does not include low-income census tracts. A review of the bank's lending patterns found that the bank originated loans in the moderate-income census tract during each year (2021 – 2024) of this evaluation. As such, there were no conspicuous or unexplained gaps identified.

The analysis was driven by the bank's performance in 2023 and 2024, while the bank's performance in 2022 and 2021 was used for comparison purposes. A detailed discussion of small business and small farm lending in relation to census demographics is provided below.

Small Business Lending

Small business lending reflects a reasonable dispersion throughout the assessment area. In 2024, Rushville State Bank originated 78.9 percent of its small business loans in the moderate-income census tract, which was consistent with the percentage of small businesses in that tract, at 75.4 percent. In 2023, RSB originated 81.8 percent of its small business loans in the moderate-income census tract. This was above the percentage of small businesses located in that tract, at 75.4 percent.

Small business lending in the moderate-income census tract for 2022 (75.0 percent) is consistent with the bank's performance in 2024 and 2023. In 2021, there were no small

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

business loans originated in the moderate-income census tract, as the assessment area only consisted of three middle-income census tracts at the time. Please refer to Appendix B for the 2021 and 2022 geographic distribution table detailing the bank's small business lending performance.

The following table presents the bank's geographic distribution of small business loans in 2023 and 2024.

Distribution of 2023 and 2024 Small Business Lending By Income Level of Geography Assessment Area: IL Non MSA									
Geographic Income Level	Bank Loans By Year								Total Businesses %
	2023				2024				
	#	%	\$(000)	\$%	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate	9	81.8	514	90.2	15	78.9	1,309	85.5	75.4
Middle	2	18.2	56	9.8	4	21.1	222	14.5	24.6
Upper	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	11	100.0	570	100.0	19	100.0	1,531	100.0	100.0
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.									

Small Farm Lending

Small farm lending reflects a reasonable dispersion throughout the assessment area. In 2024, Rushville State Bank originated 31.8 percent of its small farm loans in the moderate-income census tract. This is significantly below the percentage of farms located in the moderate-income census tract, at 47.4 percent. In 2023, RSB originated 25.0 percent of its small farm loans in the moderate-income census tract. This was also significantly below the percentage of small farms located in that tract, at 47.4 percent.

While the bank's performance was significantly below the area demographics, this does not necessarily reflect an unwillingness to lend in this geography. The community representative indicated that many local farmers are utilizing Farm Credit lending options rather than traditional agricultural lending options. This makes it challenging for the bank to remain competitive as a traditional agricultural lender, as Farm Credit lending options have many advantages that traditional lenders cannot provide, such as lower interest rates and tax advantages. In addition, the bank's low volume of small farm loans (only 30 total for 2023 and 2024), further supports the concerns of remaining a competitive agricultural lender in its assessment area.

Small farm lending in the moderate-income census tract for 2022 (37.5 percent) is above its 2024 and 2023 performance. In 2021, there were no small farm loans originated in the moderate-income census tract, as the assessment area only consisted of middle-income census tracts at the time. Please refer to Appendix B for the 2021 and 2022 geographic distribution table detailing the bank's small farm lending performance.

Distribution of 2023 and 2024 Small Farm Lending By Income Level of Geography									
Assessment Area: IL Non MSA									
Geographic Income Level	Bank Loans By Year								Total Farms %
	2023				2024				
	#	%	\$(000)	%	#	%	\$(000)	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate	2	25.0	388	72.0	7	31.8	819	38.1	47.4
Middle	6	75.0	152	28.2	15	68.2	1,330	61.9	52.6
Upper	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	8	100.0	539	100.0	22	100.0	2,148	100.0	100.0
Source: 2024 FFIEC Census Data 2024 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey									
Note: Percentages may not total 100.0 percent due to rounding.									

Lending to Businesses and Farms of Different Sizes

For the purposes of this review, loans made in calendar year 2021 or before were analyzed based on 2011-2015 American Community Survey income designations for individuals³. Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

Rushville State Bank's loan distribution reflects reasonable penetration of lending to businesses and farms of different sizes. The analysis was driven by the bank's performance in 2024 and 2023. The bank's performance in 2022 and 2021 will be used for comparison purposes. A detailed discussion of small business and small farm lending in relation to census demographics is provided below.

Small Business Lending

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. In 2024, the bank originated 73.7 percent of small business loans by number and 51.5 percent by dollar to businesses with annual revenues of \$1 million or less.

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

The bank's performance is below the percentage of total small businesses operating in the assessment area at 86.2 percent. However, of the loans originated to small businesses with revenues of \$1 million or less, 92.9 percent were in amounts of \$100,000 or less, which are considered most beneficial to small businesses. This demonstrates the bank's ability to meet the credit needs of small businesses.

In 2023, the bank originated 45.5 percent of small business loans to businesses with annual revenues of \$1 million or less. The bank's performance is below the percentage of total small businesses operating in the assessment area at 86.2 percent. However, of the loans originated to small businesses with revenues of \$1 million or less, 100.0 percent were in amounts of \$100,000 or less. As mentioned, small dollar loans are considered most beneficial to small businesses.

Analyses of the years 2021 and 2022 indicated there have been a slight increase in lending activities in 2024, particularly to small businesses with revenues of \$1 million or less. Please refer to Appendix B for the 2021 and 2022 borrower distribution table for small business lending.

Distribution of 2023 and 2024 Small Business Lending By Revenue Size of Businesses Assessment Area: IL Non MSA									
	Bank Loans By Year								Total Businesses %
	2023				2024				
	#	%	\$ (000)	\$%	#	%	\$ (000)	\$%	
By Revenue									
\$1 Million or Less	5	45.5	147	25.8	14	73.7	788	51.5	86.2
Over \$1 Million	6	54.5	424	74.4	5	26.3	744	48.6	8.9
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	4.9
Total	11	100.0	570	100.0	19	100.0	1,531	100.0	100.0
By Loan Size									
\$100,000 or Less	10	90.9	443	77.7	15	78.9	772	50.4	
\$100,001 - \$250,000	1	9.1	127	22.3	4	21.1	760	49.6	
\$250,001 - \$1 Million	0	0.0	0	0.0	0	0.0	0	0.0	
Total	11	100.0	570	100.0	19	100.0	1,531	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	5	100.0	147	100.0	13	92.9	632	80.2	
\$100,001 - \$250,000	0	0.0	0	0.0	1	7.1	156	19.8	
\$250,001 - \$1 Million	0	0.0	0	0.0	0	0.0	0	0.0	
Total	5	100.0	147	100.0	14	100.0	788	100.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.									

Small Farm Lending

The distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. In 2024, the bank originated 77.3 percent of small farm loans by

number to farms with annual revenues of \$1 million or less.

The bank's performance is below the percentage of total small farms operating in the assessment area at 100.0 percent. Of the loans originated to small farms with revenues of \$1 million or less, 70.6 percent were in amounts of \$100,000 or less, which are considered most beneficial to small farms. This indicates the bank's willingness to meet the credit needs of small farms.

In 2023, the bank originated 87.5 percent of its small farm loans to farms with annual revenues of \$1 million or less. The bank's performance was below the assessment area demographics as 100.0 percent of all farms in the assessment area have annual revenues of less than \$1 million. Of the loans originated to small farms with revenues of \$1 million or less, 100.0 percent were in amounts of \$100,000 or less. As mentioned, small dollar loans are considered most beneficial to small farms.

Analyses of the years 2021 and 2022 indicated there have been a slight increase in lending activities in 2024, particularly to small farms with revenues of \$1 million or less. Please refer to Appendix B for the 2021 and 2022 borrower distribution table for small farm lending.

Distribution of 2023 and 2024 Small Farm Lending By Revenue Size of Farms									
Assessment Area: IL Non MSA									
	Bank Loans By Year								Total Farms %
	2023				2024				
	#	№%	\$ (000)	№%	#	№%	\$ (000)	№%	
By Revenue									
\$1 Million or Less	7	87.5	162	30.1	17	77.3	1,448	67.4	100.0
Over \$1 Million	1	12.5	378	70.1	5	22.7	700	32.6	0.0
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	8	100.0	539	100.0	22	100.0	2,148	100.0	100.0
By Loan Size									
\$100,000 or Less	7	87.5	162	30.1	14	63.6	506	23.6	
\$100,001 - \$250,000	0	0.0	0	0.0	6	27.3	933	43.4	
\$250,001 - \$500,000	1	12.5	378	70.1	2	9.1	710	33.1	
Total	8	100.0	539	100.0	22	100.0	2,148	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	7	100.0	162	100.0	12	70.6	365	25.2	
\$100,001 - \$250,000	0	0.0	0	0.0	4	23.5	673	46.5	
\$250,001 - \$500,000	0	0.0	0	0.0	1	5.9	410	28.3	
Total	7	100.0	162	100.0	17	100.0	1,448	100.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.									

Response to Complaints

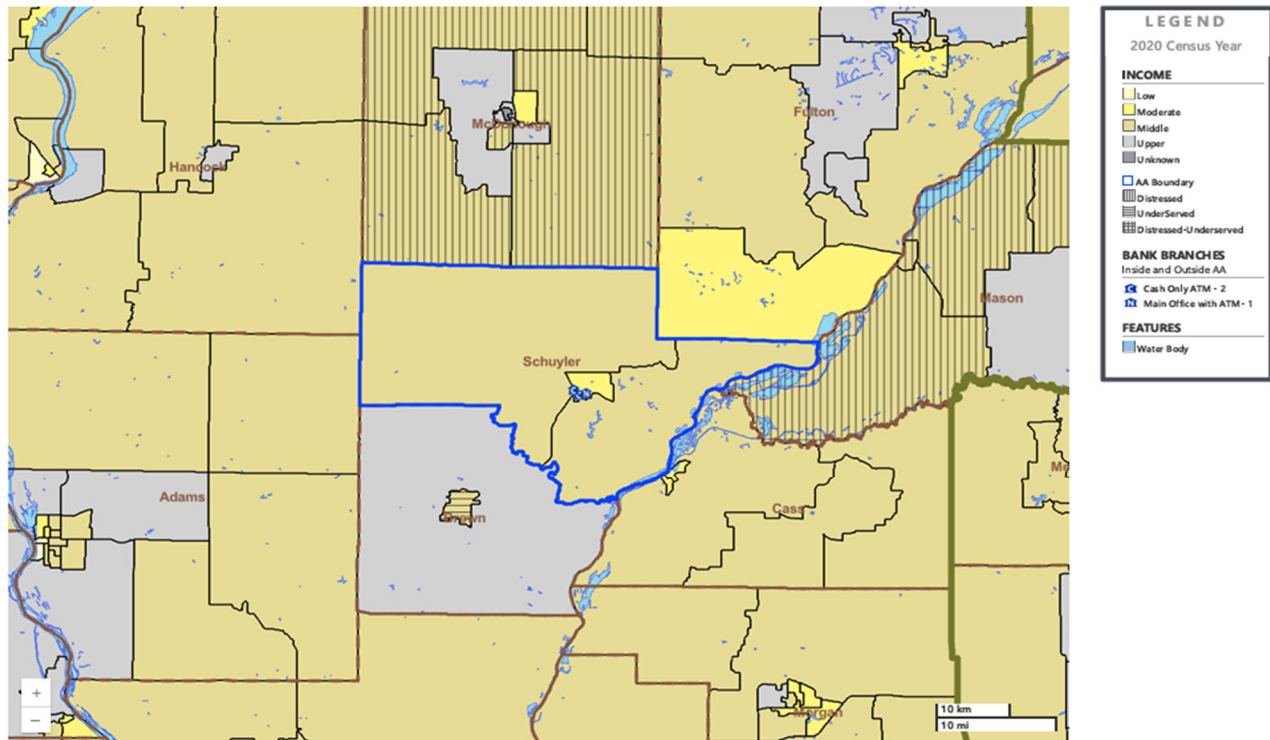
The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – Map of Assessment Area

Rushville State Bank 49148
IL Non MSA



APPENDIX B – Additional Lending and Demographics Table

2023 IL Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	185	11.9
Moderate	1	33.3	513	32.9	51	9.9	350	22.5
Middle	2	66.7	1,044	67.1	20	1.9	400	25.7
Upper	0	0.0	0	0.0	0	0.0	622	39.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3	100.0	1,557	100.0	71	4.6	1,557	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,509	747	35.6	49.5	415	27.5	347	23.0
Middle	1,939	1,352	64.4	69.7	216	11.1	371	19.1
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	3,448	2,099	100.0	60.9	631	18.3	718	20.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	166	74.4	145	75.9	17	85.0	4	33.3
Middle	57	25.6	46	24.1	3	15.0	8	66.7
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	223	100.0	191	100.0	20	100.0	12	100.0
Percentage of Total Businesses:				85.7		9.0		5.4
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	18	43.9	18	43.9	0	0.0	0	0.0
Middle	23	56.1	23	56.1	0	0.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	41	100.0	41	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0		0.0		0.0
Source: 2023 FFIEC Census Data 2023 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2022 IL Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	185	11.9
Moderate	1	33.3	513	32.9	51	9.9	350	22.5
Middle	2	66.7	1,044	67.1	20	1.9	400	25.7
Upper	0	0.0	0	0.0	0	0.0	622	39.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3	100.0	1,557	100.0	71	4.6	1,557	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,509	747	35.6	49.5	415	27.5	347	23.0
Middle	1,939	1,352	64.4	69.7	216	11.1	371	19.1
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	3,448	2,099	100.0	60.9	631	18.3	718	20.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	164	73.9	143	75.3	17	85.0	4	33.3
Middle	58	26.1	47	24.7	3	15.0	8	66.7
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	222	100.0	190	100.0	20	100.0	12	100.0
Percentage of Total Businesses:				85.6		9.0		5.4
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	18	42.9	18	42.9	0	0.0	0	0.0
Middle	24	57.1	24	57.1	0	0.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	42	100.0	42	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0		0.0		0.0
Source: 2022 FFIEC Census Data 2022 Data & Broadstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2021 IL Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	411	20.6
Moderate	0	0.0	0	0.0	0	0.0	350	17.6
Middle	3	100.0	1,991	100.0	135	6.8	472	23.7
Upper	0	0.0	0	0.0	0	0.0	758	38.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3	100.0	1,991	100.0	135	6.8	1,991	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	3,441	2,446	100.0	71.1	554	16.1	441	12.8
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	3,441	2,446	100.0	71.1	554	16.1	441	12.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	222	100.0	191	100.0	19	100.0	12	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	222	100.0	191	100.0	19	100.0	12	100.0
Percentage of Total Businesses:				86.0		8.6		5.4
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	38	100.0	38	100.0	0	0.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	38	100.0	38	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0		0.0		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2021 and 2022 Small Business Lending By Income Level of Geography									
Assessment Area: IL Non MSA									
Geographic Income Level	Bank Loans By Year								Total Businesses %
	2021				2022				
	#	%	\$(000)	\$%	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	6	75.0	440	82.1	73.9
Middle	8	100.0	757	100.0	2	25.0	96	17.9	26.1
Upper	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	8	100.0	757	100.0	8	100.0	536	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey									
Note: Percentages may not total 100.0 percent due to rounding.									

Distribution of 2021 and 2022 Small Farm Lending By Income Level of Geography									
Assessment Area: IL Non MSA									
Geographic Income Level	Bank Loans By Year								Total Farms %
	2021				2022				
	#	##	\$(000)	\$%	#	##	\$(000)	\$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	3	37.5	763	61.8	42.9
Middle	6	100.0	1,021	100.0	5	62.5	473	38.3	57.1
Upper	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	6	100.0	1,021	100.0	8	100.0	1,235	100.0	100.0
Source: 2022 FFIEC Census Data									
2022 Dori & Bradstreet Data									
2016-2020 U.S. Census Bureau: American Community Survey									
Note: Percentages may not total 100.0 percent due to rounding.									

Distribution of 2021 and 2022 Small Business Lending By Revenue Size of Businesses Assessment Area: IL Non MSA									
	Bank Loans By Year								Total Businesses %
	2021				2022				
	#	%	\$ (000)	%	#	%	\$ (000)	%	
By Revenue									
\$1 Million or Less	7	87.5	507	67.0	5	62.5	185	34.5	85.6
Over \$1 Million	1	12.5	250	33.0	3	37.5	351	65.5	9.0
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	5.4
Total	8	100.0	757	100.0	8	100.0	536	100.0	100.0
By Loan Size									
\$100,000 or Less	6	75.0	287	37.9	6	75.0	242	45.1	
\$100,001 - \$250,000	2	25.0	470	62.1	2	25.0	294	54.9	
\$250,001 - \$1 Million	0	0.0	0	0.0	0	0.0	0	0.0	
Total	8	100.0	757	100.0	8	100.0	536	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	6	85.7	287	56.6	5	100.0	185	100.0	
\$100,001 - \$250,000	1	14.3	220	43.4	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	0	0.0	0	0.0	
Total	7	100.0	507	100.0	5	100.0	185	100.0	
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.									

Distribution of 2021 and 2022 Small Farm Lending By Revenue Size of Farms Assessment Area: IL Non MSA									
	Bank Loans By Year								Total Farms %
	2021				2022				
	#	%	\$ (000)	\$ %	#	%	\$ (000)	\$ %	
By Revenue									
\$1 Million or Less	5	83.3	896	87.8	4	50.0	358	29.0	100.0
Over \$1 Million	1	16.7	125	12.2	3	37.5	378	30.6	0.0
Revenue Unknown	0	0.0	0	0.0	1	12.5	500	40.5	0.0
Total	6	100.0	1,021	100.0	8	100.0	1,235	100.0	100.0
By Loan Size									
\$100,000 or Less	3	50.0	106	10.4	4	50.0	188	15.2	
\$100,001 - \$250,000	1	16.7	125	12.2	3	37.5	548	44.4	
\$250,001 - \$500,000	2	33.3	790	77.4	1	12.5	500	40.5	
Total	6	100.0	1,021	100.0	8	100.0	1,235	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	3	60.0	106	11.8	3	75.0	158	44.1	
\$100,001 - \$250,000	0	0.0	0	0.0	1	25.0	200	55.9	
\$250,001 - \$500,000	2	40.0	790	88.2	0	0.0	0	0.0	
Total	5	100.0	896	100.0	4	100.0	358	100.0	
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey									
Note: Percentages may not total 100.0 percent due to rounding.									

APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	A sample of Small Business and Small Farm Loans – March 8, 2021 – December 31, 2024 Loan-to-Deposit Ratio – March 31, 2021 – December 31, 2024		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Rushville State Bank			A sample of Small Business and Small Farm Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Illinois Non-MSA	Full scope review	N/A	N/A

APPENDIX D – Glossary

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

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

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

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

Area Median Income (AMI): AMI means –

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

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

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

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

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

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

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

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

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

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

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

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

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

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

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

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

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

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

Consumer loan: A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into "male householder" (a family with a male household and no wife present) or "female householder" (a family with a female householder and no husband present).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to

permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

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

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

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

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Income Level: Income level means:

- 1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;

- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

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

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

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

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

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

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

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

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

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

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

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

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

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

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

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

Small Farm: This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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