PUBLIC DISCLOSURE

May 11, 2026

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Farmers State Bank of Western Illinois
RSSD# 653433

124 West D Street
Alpha, Illinois 61413

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

BANK'S CRA RATING

Farmers State Bank of Western Illinois is rated Satisfactory.

Farmers State Bank of Western Illinois is meeting the credit needs of its assessment areas based on an analysis of lending. The loan-to-deposit ratio (LTD) is less than reasonable given the bank's size, financial conditions, and assessment area credit needs. A majority of loans were originated in the combined assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the combined assessment area, and lending activities reflect reasonable penetration among businesses and farms of different revenue sizes. Neither the bank nor this Reserve Bank has received any complaints related to the Community Reinvestment Act (CRA) since the previous evaluation.

SCOPE OF EXAMINATION

Farmers State Bank of Western Illinois' CRA performance was evaluated using the Small Institution Examination Procedures issued by the Federal Financial Institutions Examination Council (FFIEC). The evaluation was performed within the context of information about the institution and its assessment areas such as asset size, financial condition, competition, and the economic and demographic characteristics of the assessment areas.

The evaluation included a full-scope review of the bank's Davenport-Moline-Rock Island, IA-IL Metropolitan Statistical Area (MSA) #19340 assessment area based on factors such as deposit market share, branch concentration, and volume of lending. The Illinois Non-MSA assessment area received a limited-scope review. The limited-scope assessment area was evaluated for consistency with the bank's performance in the full-scope assessment area, although the limited-scope assessment area does not affect the bank's CRA rating. Furthermore, given the bank's portfolio composition and 2025 lending volumes, the distribution of loans to small farms received greater weight when assessing overall conclusions.

Performance within the designated assessment areas was evaluated using small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 15-quarter average loan-to-deposit ratio ending December 31, 2025, was calculated for the bank and compared to a sample of local competitors.

- ***Lending in the Assessment Area*** – A sample of the bank's small business and small farm loans originated from January 1, 2025, through December 31, 2025, were reviewed to determine the percentage of loans originated within the combined assessment area.

- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's small business and small farm loans originated within the combined assessment area from January 1, 2025, through December 31, 2025, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.

- ***Lending to Businesses and Farms of Different Sizes*** – A sample of the bank's small business and small farm loans within the combined assessment area originated from January 1, 2025, through December 31, 2025, were reviewed to determine the distribution to businesses and farms with different revenue 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, two community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. Both community representatives represented economic development organizations.

DESCRIPTION OF INSTITUTION

Farmers State Bank of Western Illinois is a wholly owned subsidiary of Alpha Banco, a one-bank holding company. Both the bank and the holding company are headquartered in Alpha, Illinois. The bank operates within two assessment areas. The Davenport-Moline-Rock Island, IA-IL Metropolitan Statistical Area (MSA) #19340 contains the bank's main office in Alpha, Illinois; three full-service branch offices in Aledo, Viola, and Woodhull, Illinois; and one drive-through only branch in New Windsor, Illinois. The Illinois Non-MSA assessment area contains one full-service branch office in Alexis, Illinois. The bank does not provide any automated teller machine (ATM) services through its branches or on a stand-alone basis. Since the previous evaluation, Farmers State Bank of Western Illinois has not opened, closed, or relocated any branches.

As of December 31, 2025, Farmers State Bank of Western Illinois reported total assets of $170.7 million. The bank offers a range of traditional deposit and loan products. Deposit products include checking, savings, negotiable order of withdrawal (NOW), money market deposit accounts (MMDAs), and certificates of deposit (CDs).

As of December 31, 2025, the bank's loan portfolio is heavily concentrated in agricultural lending, followed by commercial and residential real estate lending. Commercial and agricultural loans include construction, machinery and equipment, real estate, working capital, livestock, inventory, and Small Business Administration (SBA). In addition, the bank offers home mortgage loans, secured and unsecured consumer loans, and home equity lines of credit. Details of the bank's loan portfolio are provided in the following table.

Composition of Loan Portfolio As of December 31, 2025 (000's)		
Type	**$**	**%**
Agricultural	46,103	63.0
Commercial	13,407	18.3
Residential Real Estate	8,539	11.7
Consumer	4,115	5.6
Other	997	1.4
Total	73,161	100.0
Note: Percentages may not total 100.0 percent due to rounding		

According to the June 30, 2024, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Farmers State Bank of Western Illinois ranked 12th among 25 FDIC-insured depository institutions operating within the combined assessment area. The bank held $139.0 million in deposits, representing a market share of 2.8 percent. The financial institutions with the largest deposit market share were Wells Fargo Bank (21.9 percent), BankOrion (8.7 percent), and Central Bank Illinois (8.7 percent).

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 May 2, 2022.

DESCRIPTION OF ASSESSMENT AREA

Farmers State Bank of Western Illinois operates within two assessment areas in western Illinois, as detailed in the table below. The Davenport-Moline-Rock Island, IA-IL MSA #19340 (Davenport-Moline-Rock Island, IA-IL MSA) includes Mercer County in its entirety and one census tract in Henry County (312.00). The Illinois Non-MSA consists of two census tracts in Knox County (0001.00 and 0002.00) and one census tract in Warren County (8703.00). The combined assessment area includes a total of eight census tracts, none of which are designated as low- or moderate-income. In addition, there are no census tracts designated as distressed or underserved.

Assessment Area	Offices	Low- and Moderate-Income Tracts	Total Tracts	Scope	Notes
Davenport-Moline-Rock Island, IA-IL MSA 19340	5	0	5	Full	Mercer County and partial Henry County
Illinois Non-MSA	1	0	3	Limited	Partial Knox County and partial Warren County
Total	**6**	**0**	**8**		

While the number of census tracts in the combined assessment area is unchanged from the previous evaluation, the number of middle-income census tracts has decreased while the number of upper-income census tracts has increased in the Illinois Non-MSA assessment area as a result of changes following the 2016-2020 American Community Survey. For further detail on the composition of each assessment area, including changes since the previous evaluation, refer to the individual assessment area descriptions in the full- and limited-scope assessment area sections of this evaluation.

The following table provides additional 2025 demographic information about the combined assessment area.

2025 Combined Assessment Area 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	1,307	17.1
Moderate	0	0.0	0	0.0	0	0.0	1,512	19.8
Middle	7	87.5	6,856	89.7	548	8.0	1,676	21.9
Upper	1	12.5	790	10.3	26	3.3	3,151	41.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**8**	**100.0**	**7,646**	**100.0**	**574**	**7.5**	**7,646**	**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	11,845	8,110	89.0	68.5	1,944	16.4	1,791	15.1
Upper	1,245	1,000	11.0	80.3	132	10.6	113	9.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**13,090**	**9,110**	**100.0**	**69.6**	**2,076**	**15.9**	**1,904**	**14.5**
	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	819	92.1	731	91.9	41	91.1	47	95.9
Upper	70	7.9	64	8.1	4	8.9	2	4.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**889**	**100.0**	**795**	**100.0**	**45**	**100.0**	**49**	**100.0**
Percentage of Total Businesses:				**89.4**		**5.1**		**5.5**
	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	210	84.3	210	84.7	0	0.0	0	0.0
Upper	39	15.7	38	15.3	1	100.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**249**	**100.0**	**248**	**100.0**	**1**	**100.0**	**0**	**0.0**
Percentage of Total Farms:				**99.6**		**0.4**		**0.0**

Source: 2025 FFIEC Census Data
2025 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Farmers State Bank of Western Illinois' loan-to-deposit (LTD) ratio is less than reasonable given the bank's size, financial condition, and the credit needs of its assessment area. As of December 31, 2025, the bank's LTD ratio averaged 46.6 percent over a 15-quarter period. While the bank's deposits have stabilized following a period of government aid relief funding that enabled customers to build their deposit account balances during the direct aftermath of the COVID-19 pandemic, the bank's loan demand has softened due to widespread changes in the agricultural economy. According to the April 2026 Beige Book, which is a Federal Reserve publication summarizing economic conditions across the U.S., the rising cost of gas and other inputs, paired with corn prices decreasing below break-even levels, has discouraged community farmers from purchasing land or new equipment. Coupled with the loss of a few regular borrowers, decreased agricultural loan demand contributed to a lower LTD ratio over the 15-quarter period. Farmers State Bank of Western Illinois' LTD ratio falls far below that of peer lenders with similarly significant agricultural portfolios operating in one or more of the bank's assessment area counties. The following table compares the bank's LTD ratio to these similarly situated institutions within the combined assessment area.

Comparative Loan-to-Deposit Ratios	
Institution	**Loan-to-Deposit Ratio (%)**
	15 – Quarter Average
Farmers State Bank of Western Illinois	46.6
Peer Average - Local	64.4
Competitors	
Bank of Yates City	80.9
State Bank Toulon	71.1
Tompkins State Bank	58.8
Security Savings Bank	64.3
Raritan State Bank	73.2
Anderson State Bank	38.2

Assessment Area Concentration

Farmers State Bank of Western Illinois made a majority of its small business and small farm loans in its assessment areas. During the review period, the bank originated 87.8 percent of loans by number and 88.5 percent by dollar amount within the combined assessment area.

For small business lending, 87.7 percent of loans by number and 87.3 percent by dollar amount were originated in the combined assessment area. Regarding small farm lending, the bank originated 87.8 percent of loans by number and 89.3 percent by dollar amount in the combined assessment area. This concentration of lending within the assessment areas indicates that the bank is actively serving its local community.

The following table summarizes the bank's lending inside and outside of its assessment areas for samples of small business and small farm loans originated from January 1, 2025, to December 31, 2025.

Assessment Area Concentration								
Loan Types	**Inside**				**Outside**			
	#	%	$(000s)	%	#	%	$(000s)	%
Small Business	50	87.7	2,813	87.3	7	12.3	409	12.7
Small Farm	65	87.8	4,451	89.3	9	12.2	535	10.7
TOTAL LOANS	**115**	**87.8**	**7,264**	**88.5**	**16**	**12.2**	**944**	**11.5**

Geographic and Borrower Distribution

The geographic distribution of small business loans and small farm loans reflects reasonable dispersion throughout the assessment areas. In addition, the borrower distribution of loans to businesses and farms of different sizes is reasonable given the demographics of the assessment areas. Additional information regarding the bank's geographic and borrower distribution is found within the respective assessment area sections.

Response to Complaints

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

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.

DAVENPORT-MOLINE-ROCK ISLAND, IA-IL MSA #19340 – FULL REVIEW

SCOPE OF EXAMINATION

Full-scope examination procedures were used to evaluate the bank's performance in the Davenport-Moline-Rock Island, IA-IL MSA assessment area. The scope is consistent with the scope of examination described within the institution summary. For further information, refer to the "Scope of Examination" section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN DAVENPORT-MOLINE-ROCK ISLAND, IA-IL MSA

Farmers State Bank of Western Illinois' Davenport-Moline-Rock Island, IA-IL MSA assessment area is comprised of Mercer County in its entirety and one census tract in Henry County. Within the assessment area, the bank operates its main office, four branches, and zero ATMs, all in middle-income census tracts. Since the previous evaluation, no branches have opened or closed, and the assessment area's footprint remains unchanged.

According to the June 30, 2024, FDIC Deposit Market Share Report, Farmers State Bank of Western Illinois ranked seventh among 14 FDIC-insured institutions operating in the assessment area. At this time, the bank held approximately $117.6 million in deposits, representing a 5.2 percent market share. In comparison, the top deposit market leaders were BankOrion and Central Bank Illinois, which held 19.1 percent and 18.9 percent market share, respectively.

The following table provides additional 2025 demographic information about the assessment area.

2025 Davenport-Moline-Rock Island, IA-IL MSA 19340 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	941	18.0	
Moderate	0	0.0	0	0.0	0	0.0	1,138	21.8	
Middle	5	100.0	5,216	100.0	380	7.3	1,141	21.9	
Upper	0	0.0	0	0.0	0	0.0	1,996	38.3	
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	
Total AA	5	100.0	5,216	100.0	380	7.3	5,216	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	8,802	6,115	100.0	69.5	1,583	18.0	1,104	12.5	
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	8,802	6,115	100.0	69.5	1,583	18.0	1,104	12.5	
	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	629	100.0	558	100.0	34	100.0	37	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	629	100.0	558	100.0	34	100.0	37	100.0	
Percentage of Total Businesses:				88.7		5.4		5.9	
	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	0	0.0	0	0.0	0	0.0	0	0.0	
Middle	150	100.0	150	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	150	100.0	150	100.0	0	0.0	0	0.0	
Percentage of Total Farms:				100.0		0.0		0.0	

Source: 2025 FFIEC Census Data
2025 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

The following table shows the population trends for the assessment area, the counties comprising the assessment area, the counties comprising the Davenport-Moline-Rock Island, IA-IL MSA, and the state of Illinois.

The assessment area's population has seen a slight decline of 1.5 percent from 2015 to 2020, slightly below the state of Illinois' population decline of 0.5 percent. Community representatives attribute the population decline to an aging population, internal migration to urban centers in Illinois, and a declining manufacturing sector. The slow decline of longstanding family farms has also contributed to population loss in both counties. Given rampant consolidation and buyouts in the agricultural sector, farmers encourage their children to leave the community and seek higher education opportunities in larger employment hubs, such as Peoria and Quad Cities. Consequently, graduates opt to stay in these cities for the amenities they offer, including broadband access and childcare. Community representatives noted an influx of elderly residents to Henry County in recent years, as the county is becoming known for adequate senior care resources, including affordable senior healthcare and assisted living facilities.

Population Change 2015 and 2020			
Area	**2015 Population**	**2020 Population**	**Percentage Change (%)**
Assessment Area	65,990	64,983	-1.5
Henry County	49,883	49,284	-1.2
Mercer County	16,107	15,699	-2.5
Davenport-Moline-Rock Island, IA IL MSA	383,145	384,324	0.3
Illinois	12,873,761	12,812,508	-0.5
Source: 2011-2015—U.S. Census Bureau: American Community Survey 2020—U.S. Census Bureau: Decennial Census			

Income Characteristics

The following table presents the median family income (MFI) for families living in the assessment area, the counties comprising the assessment area, the counties comprising the Davenport-Moline-Rock Island, IA-IL MSA, and the state of Illinois. The assessment area is comprised of 5,216 families, of which 18.0 percent are low-income and 21.8 percent are moderate-income, based on 2016-2020 U.S. Census Bureau American Community Survey estimates. In addition, 7.3 percent of families in the assessment area have incomes below the poverty level.

Both counties in the assessment area experienced an inflation-adjusted increase in MFI, with Henry County growing 5.2 percent and Mercer County growing 5.7 percent from 2015 to 2020. Neither county experienced income growth at the rate of the state of Illinois, which saw incomes grow 10.3 percent between 2015 and 2020. Community representatives attribute the slower income growth to stagnant manufacturing and agribusiness wages. Locally-owned manufacturing businesses have scaled down over the last ten years, and larger employers are able to limit job mobility and wage growth given the lack of competition. One representative noted that the labor pool in both counties is equipped with limited vocational skill sets associated with lower-paying jobs and is unprepared for technological advancements.

Median Family Income Change 2015 and 2020			
Area	**2015 Median Family Income ($)**	**2020 Median Family Income ($)**	**Percentage Change (%)**
Assessment Area	71,345	75,862	6.3
Henry County	72,389	76,127	5.2
Mercer County	70,634	74,681	5.7
Davenport-Moline-Rock Island, IA IL MSA	72,766	76,902	5.7
Illinois	78,169	86,251	10.3

Source: 2011-2015—U.S. Census Bureau: American Community Survey
2016-2020—U.S. Census Bureau: American Community Survey
Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.

Housing Characteristics

The bank's assessment area includes 8,802 total housing units, 69.5 percent of which are owner-occupied, 18.0 percent are rental, and 12.5 percent are vacant. The following table provides data on housing cost burden in the assessment area, the counties comprising the assessment area, the counties comprising the Davenport-Moline-Rock Island, IA-IL MSA, and the state of Illinois. Households are considered housing cost burdened when they spend more than 30.0 percent of household income on housing.

Renters across all income levels in Henry and Mercer counties experience this burden at a 33.7 percent and 33.5 percent rate, respectively, which reflects higher rates than the housing cost burden among homeowners in these counties at 12.3 percent and 12.6 percent, respectively. The majority of low-income renters are housing cost burdened in Henry and Mercer counties, at 66.0 percent and 53.4 percent, respectively. The state of Illinois' rate for renters is higher than those of individual counties, at 41.8 percent. Similarly, low-income homeowners are significantly cost burdened in both Henry and Mercer counties, at 49.2 percent and 50.6 percent of low-income homeowners, respectively.

Community representatives emphasized the significant lack of housing stock in both counties. Available homes are sold immediately and often through word of mouth rather than the commercial market. Longstanding Victorian homes are large and inaccessible, whereas residents increasingly seek smaller, ranch-style homes. In addition to accessible, age-friendly amenities, both representatives noted a lack of affordable housing. Government-subsidized housing has a presence in both counties, namely 185 Section 8 vouchers in Henry County, but the demand has outpaced the current supply of affordable units. Both Henry and Mercer counties have Housing Authorities with long waiting lists for applications. Both counties offer limited rental stock, which drives up the cost burden of renting. According to one representative, the cost of apartments in Henry County has risen to $750-$800 a month, which is infeasible for residents who live on typical hourly wages.

Housing Cost Burden (%)						
	Cost Burden – Renters			Cost Burden – Owners		
Area	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Renters
Assessment Area	62.8	11.8	33.7	49.5	14.7	12.3
Henry County	66.0	4.9	33.7	49.2	13.6	12.3
Mercer County	53.4	26.2	33.5	50.6	18.9	12.6
Davenport-Moline-Rock Island, IA IL MSA	71.0	24.7	39.4	58.5	20.9	14.0
Illinois	73.6	34.6	41.8	67.0	34.3	20.8
Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy *Cost burden is housing cost that equals 30 percent or more of household income*						

Employment Characteristics

Though unemployment rates have slowly increased from 2022 to 2024, they are consistent with pre-pandemic levels. Mercer County's unemployment rate has generally remained slightly higher than Henry County's unemployment rate since 2020. Both counties' 2024 unemployment rates are comparable with the state of Illinois' rate, at 5.0 percent.

Community representatives have noted local manufacturers scaling back their headcount over the last five years and reducing the number of available jobs, citing John Deere and Caterpillar as major employers for both counties that have cut hundreds of jobs. Henry County is also home to wind farms, solar, and ethanol plants, all of which have cut their workforce down from a few hundred employees to less than 100. One representative has seen smaller companies like Great Dane Trailers move in and offer jobs to residents of Henry and Mercer counties, but these jobs are seasonal and do not offer yearlong financial stability. Both representatives acknowledge higher demand for workers in healthcare, technologically advanced manufacturing, construction trades, and retail, and opine that the current labor pool is not receiving enough specialized training to fill those roles. After small business owners retire, many opt to shut down their businesses instead of seeking new management. Because of this, many local businesses do not have the opportunity to grow and hire overtime.

Unemployment Rates (%)					
Area	**2020**	**2021**	**2022**	**2023**	**2024**
Assessment Area	7.7	4.9	4.4	4.9	5.2
Henry County	7.7	4.9	4.4	4.9	5.2
Mercer County	8.0	5.0	4.4	4.8	5.4
Davenport-Moline-Rock Island, IA IL MSA	7.7	5.2	3.9	4.3	4.6
Illinois	9.3	6.1	4.6	4.5	5.0
Source: Bureau of Labor Statistics, Local Area Unemployment Statistics					

Industry Characteristics

Assessment area employment opportunities are primarily in the private sector areas of manufacturing and retail trade. In addition, government provides employment for approximately 7.6 percent of employees in the assessment area. Both community representatives confirmed that manufacturing, specifically agribusiness manufacturing, and retail comprise a significant percentage of the private sector workforce throughout Henry and Mercer counties. One representative characterized the local economy as homogenous and in need of diversification. Both counties have active economic development groups that encourage new small businesses and offer entrepreneurship resources. In addition, a workforce investment office called America's Job Center is focused on financing apprenticeships for students in both counties across a wider range of industries.

Community Representatives

Two community representatives were contacted to provide information on local economic and housing conditions within the assessment area. Representatives indicated that, relative to the rest of the state, Henry and Mercer counties are experiencing a slight population decline and economic stagnation. With rising costs and rents, as well as the consolidation of family farms and diminishing manufacturing jobs, children of longstanding families are migrating to urban centers in search of childcare, broadband access, and stable employment. Amid the decline of the traditional manufacturing sector, one representative acknowledged the work of local economic development organizations to promote small business growth and entrepreneurship in the area.

Both representatives acknowledged the highly competitive market for financial institutions and local preferences for community banking. They agreed that financial institutions are highly active in their communities, from school and nonprofit board membership to sponsoring economic development programming. Both representatives cited opportunities for banks to support the assessment area through financial literacy programming and lending to small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DAVENPORT-MOLINE-ROCK ISLAND, IA-IL MSA

LENDING TEST

Geographic Distribution of Loans

Farmers State Bank of Western Illinois' lending reflects reasonable geographic distribution throughout the assessment area. As the assessment area is comprised only of middle-income census tracts, a meaningful geographic distribution analysis could not be performed. However, the dispersion of the loans was reviewed to determine if the bank is sufficiently serving the census tracts included in the assessment area. Examiners determined that there were no conspicuous unexplained gaps in contiguous census tracts.

Lending to Businesses and Farms of Different Sizes

Overall, Farmers State Bank of Western Illinois' distribution of loans to businesses and farms of different sizes is reasonable. While the borrower distribution of small business loans reflects excellent penetration, given the bank's portfolio composition and 2025 lending volumes, the distribution of loans to small farms received greater weight in the overall conclusion.

A breakdown of the bank's small business and small farm lending is detailed below.

<u>Small Business Lending</u>

The borrower distribution of small business loans reflects excellent penetration among businesses of different revenue sizes. In 2025, the bank exceeded the percentage of total businesses in the assessment area that reported gross annual revenues of $1.0 million or less, originating 97.6 percent of its small business loans to these businesses, while they comprise 88.7 percent of total businesses in the assessment area. Of these loans, 90.0 percent were in amounts of $100,000 or less, which are considered the most beneficial to small businesses. Community representatives characterized the majority of small businesses in the assessment area as family-owned and in need of banking relationships that understand and accommodate smaller-scale credit needs. The bank's borrower distribution demonstrates its willingness to support the needs of local businesses. The following table presents the bank's small business loan distribution in 2025.

Distribution of 2025 Small Business Lending By Revenue Size of Businesses Assessment Area: Davenport-Moline-Rock Island, IA-IL MSA 19340					
	Bank Loans				Total Businesses %
	#	#%	$(000)	$%	
By Revenue					
$1 Million or Less	40	97.6	2,008	95.3	88.7
Over $1 Million	1	2.4	100	4.7	5.4
Revenue Unknown	0	0.0	0	0.0	5.9
Total	41	100.0	2,108	100.0	100.0
By Loan Size					
$100,000 or Less	36	87.8	1,073	50.9	
$100,001 - $250,000	4	9.8	666	31.6	
$250,001 - $1 Million	1	2.4	369	17.5	
Total	41	100.0	2,108	100.0	
By Loan Size and Revenues $1 Million or Less					
$100,000 or Less	36	90.0	1,073	53.4	
$100,001 - $250,000	3	7.5	566	28.2	
$250,001 - $1 Million	1	2.5	369	18.4	
Total	40	100.0	2,008	100.0	

Source: 2025 FFIEC Census Data
2025 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

<u>Small Farm Lending</u>

The borrower distribution of small farm loans reflects reasonable penetration among farms of different revenue sizes. In 2025, the bank made 94.4 percent of its small farm loans, by number, to farms reporting gross annual revenues of $1.0 million or less, which was below the percentage of total farms in the assessment area that reported gross annual revenues of $1.0 million or less at 100.0 percent. Of these loans, 76.5 percent were in amounts of $100,000 or less, which are considered the most beneficial to small farms. Similar to small businesses, community representatives characterized the majority of small farms in the assessment area as family owned. These farms are increasingly experiencing consolidation or buyouts by large farming companies. The bank's borrower distribution demonstrates its willingness to support the credit needs of the remaining local farms. The following table presents the bank's small farm loan distribution in 2025.

Distribution of 2025 Small Farm Lending By Revenue Size of Farms Assessment Area: Davenport-Moline-Rock Island, IA-IL MSA 19340					
	Bank Loans				Total Farms
	#	#%	$(000)	$%	%
By Revenue					
$1 Million or Less	51	94.4	3,320	85.8	100.0
Over $1 Million	3	5.6	550	14.2	0.0
Revenue Unknown	0	0.0	0	0.0	0.0
Total	54	100.0	3,870	100.0	100.0
By Loan Size					
$100,000 or Less	40	74.1	1,131	29.2	
$100,001 - $250,000	10	18.5	1,436	37.1	
$250,001 - $500,000	4	7.4	1,303	33.7	
Total	54	100.0	3,870	100.0	
By Loan Size and Revenues $1 Million or Less					
$100,000 or Less	39	76.5	1,131	34.1	
$100,001 - $250,000	9	17.6	1,286	38.7	
$250,001 - $500,000	3	5.9	903	27.2	
Total	51	100.0	3,320	100.0	

Source: 2025 FFIEC Census Data
2025 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

ILLINOIS NON-MSA – LIMITED REVIEW

SCOPE OF EXAMINATION

The scope is consistent with the scope of the examination described in the institution summary. See the "Scope of Examination" section for details.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ILLINOIS NON-MSA

Farmers State Bank of Western Illinois' Illinois Non-MSA assessment area is comprised of two census tracts in Knox County and one census tract in Warren County. Within the assessment area, the bank operates one branch in an upper-income census tract and no ATMs. No branches have opened or closed since the previous evaluation.

The assessment area footprint is unchanged from the previous evaluation. However, due to 2016-2020 American Community Survey income designation updates, the number of middle-income census tracts decreased from three to two, and the number of upper-income census tracts increased from zero to one. Census tract designation changes are shown in the following table.

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.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	**2021 Designations (#)**	**2022 Designations (#)**	**Net Change (#)**
Low	0	0	0
Moderate	0	0	0
Middle	3	2	-1
Upper	0	1	+1
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: American Community Survey Data: 2016-2020			

According to the June 30, 2024, FDIC Deposit Market Share Report, Farmers State Bank of Western Illinois ranked 14th among 16 FDIC-insured financial institutions in the assessment area. Deposits totaled $21.4 million, representing a 0.8 percent market share. The institutions with the largest deposit market share were Wells Fargo Bank, which held 36.7 percent, Midwest Bank, which held 13.7 percent, and CBI Bank & Trust, which held 11.6 percent.

The following table provides additional 2025 demographic information about the assessment area.

2025 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	366	15.1	
Moderate	0	0.0	0	0.0	0	0.0	374	15.4	
Middle	2	66.7	1,640	67.5	168	10.2	535	22.0	
Upper	1	33.3	790	32.5	26	3.3	1,155	47.5	
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	
Total AA	**3**	**100.0**	**2,430**	**100.0**	**194**	**8.0**	**2,430**	**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	3,043	1,995	66.6	65.6	361	11.9	687	22.6	
Upper	1,245	1,000	33.4	80.3	132	10.6	113	9.1	
Unknown	0	0	0.0	0.0	0	0.0	0	0.0	
Total AA	**4,288**	**2,995**	**100.0**	**69.8**	**493**	**11.5**	**800**	**18.7**	
	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	190	73.1	173	73.0	7	63.6	10	83.3	
Upper	70	26.9	64	27.0	4	36.4	2	16.7	
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	
Total AA	**260**	**100.0**	**237**	**100.0**	**11**	**100.0**	**12**	**100.0**	
Percentage of Total Businesses:				**91.2**		**4.2**		**4.6**	
	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	60	60.6	60	61.2	0	0.0	0	0.0	
Upper	39	39.4	38	38.8	1	100.0	0	0.0	
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	
Total AA	**99**	**100.0**	**98**	**100.0**	**1**	**100.0**	**0**	**0.0**	
Percentage of Total Farms:				**99.0**		**1.0**		**0.0**	

Source: 2025 FFIEC Census Data
2025 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS NON-MSA

Assessment Area	Lending Test
Illinois Non-MSA	Consistent

LENDING TEST

Farmers State Bank of Western Illinois' lending performance in the assessment area is consistent with the institution's overall lending performance. Small business and small farm loan distribution tables for the assessment area are provided below.

Distribution of 2025 Small Business Lending By Revenue Size of Businesses Assessment Area: IL Non MSA					
	Bank Loans				Total Businesses %
	#	#%	$(000)	$%	
By Revenue					
$1 Million or Less	9	100.0	705	100.0	91.2
Over $1 Million	0	0.0	0	0.0	4.2
Revenue Unknown	0	0.0	0	0.0	4.6
Total	9	100.0	705	100.0	100.0
By Loan Size					
$100,000 or Less	7	77.8	185	26.2	
$100,001 - $250,000	1	11.1	216	30.6	
$250,001 - $1 Million	1	11.1	304	43.1	
Total	9	100.0	705	100.0	
By Loan Size and Revenues $1 Million or Less					
$100,000 or Less	7	77.8	185	26.2	
$100,001 - $250,000	1	11.1	216	30.6	
$250,001 - $1 Million	1	11.1	304	43.1	
Total	9	100.0	705	100.0	

Source: 2025 FFIEC Census Data
2025 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

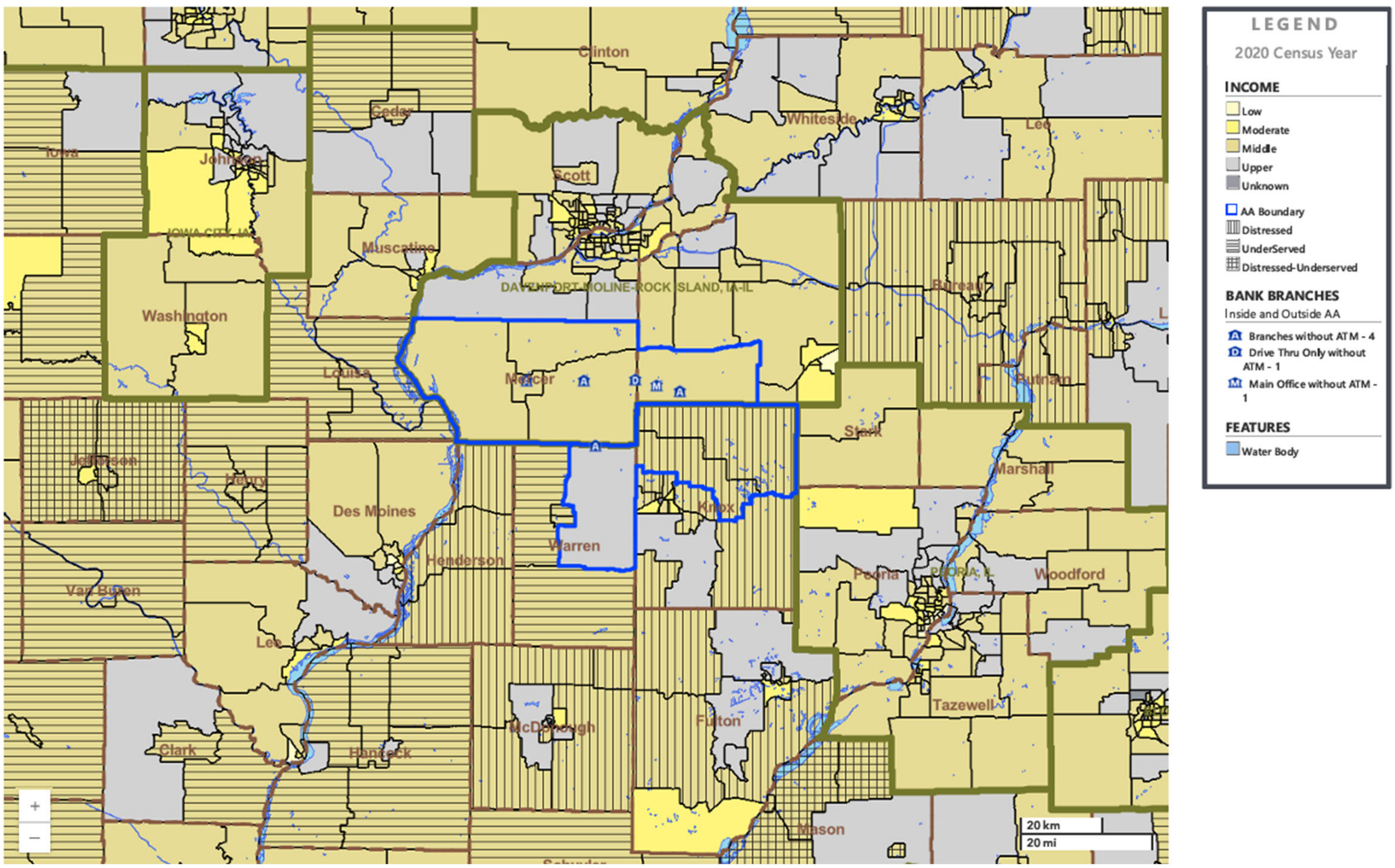
Distribution of 2025 Small Farm Lending By Revenue Size of Farms Assessment Area: IL Non MSA					
	Bank Loans				Total Farms
	#	#%	$(000)	$%	%
By Revenue					
$1 Million or Less	10	90.9	301	51.8	99.0
Over $1 Million	1	9.1	280	48.2	1.0
Revenue Unknown	0	0.0	0	0.0	0.0
Total	11	100.0	581	100.0	100.0
By Loan Size					
$100,000 or Less	9	81.8	156	26.9	
$100,001 - $250,000	1	9.1	145	25.0	
$250,001 - $500,000	1	9.1	280	48.2	
Total	11	100.0	581	100.0	
By Loan Size and Revenues $1 Million or Less					
$100,000 or Less	9	90.0	156	51.8	
$100,001 - $250,000	1	10.0	145	48.2	
$250,001 - $500,000	0	0.0	0	0.0	
Total	10	100.0	301	100.0	

Source: 2025 FFIEC Census Data
2025 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

APPENDIX A – Map of Assessment Area

Farmers State Bank of Western Illinois 653433

Combined Assessment Area



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Loan-to-deposit Ratio from June 30, 2022 – December 31, 2025 Small Business Lending from January 1, 2025 – December 31, 2025 Small Farm Lending from January 1, 2025 – December 31, 2025		
FINANCIAL INSTITUTION Farmers State Bank of Western Illinois			**PRODUCTS REVIEWED** Small Business and Small Farm
AFFILIATE(S)	**AFFILIATE RELATIONSHIP**		**PRODUCTS REVIEWED**
None			
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	**TYPE OF EXAMINATION**	**BRANCHES VISITED**	**OTHER INFORMATION**
Davenport-Moline-Rock Island, IA-IL Metropolitan Statistical Area (MSA) #19340	**Full Review**	**None**	**N/A**
Illinois Non-MSA (Knox and Warren counties)	**Limited Review**	**None**	**N/A**

APPENDIX C – Glossary

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

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

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

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the "five-year estimate data." The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.[1]

Area Median Income (AMI): AMI means –

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

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

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

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

[1] *Source: FFIEC press release dated October 19, 2011.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into "male householder" (a family with a male 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 Loan: 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).