

PUBLIC DISCLOSURE

June 23, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The State Bank of Geneva
RSSD# 991135

22 South Fourth Street
Geneva, Illinois 60134

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

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

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BANK'S CRA RATING

The State Bank of Geneva is rated satisfactory.

The State Bank of Geneva is meeting the credit needs of its assessment area based on the analysis of the bank's lending activities. The loan-to-deposit ratio is reasonable considering the characteristics of the bank, performance of competitors, and economic conditions. A majority of loans were originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion of residential real estate and small business loans throughout the assessment area. Additionally, loan distribution reflects reasonable penetration of lending among individuals of different income levels and to businesses of different revenue sizes. Neither the bank nor this Reserve Bank has received any CRA-related complaints during the evaluation period.

SCOPE OF EXAMINATION

The State Bank of Geneva's performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Interagency CRA Examination Procedures for Small Banks. The full-scope evaluation considered the bank's asset size, CRA performance context, financial condition, competition, and economic and demographic characteristics.

A full-scope evaluation was conducted on the bank's single assessment area, which consists of Kane County in its entirety. The assessment area is part of the three-county Elgin, IL Metropolitan Division (MD) #20994, which is one of four MDs within the larger Chicago-Naperville-Elgin, Illinois-Indiana Metropolitan Statistical Area (MSA) #16980. The complete MD is comprised of DeKalb, Kane, and Kendall counties. The level of performance within the assessment area was assessed based on a sample of residential real estate and small business loans originated from April 26, 2021, through December 31, 2024.

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

- ***Loan-to-Deposit Ratio*** – A 16 quarter average loan-to-deposit ratio ending March 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 residential real estate loans originated from April 26, 2021, through December 31, 2024, were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's small business, and residential real estate loans originated in the assessment area, from April 26, 2021, through December 31, 2024, 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 Borrowers of Different Income and to Businesses of Different Sizes*** – A sample of the bank’s small business, and residential real estate loans originated in the assessment area, from April 26, 2021, through December 31, 2024, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses 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. The following types of organizations were contacted: economic development and housing organizations.

DESCRIPTION OF INSTITUTION

The State Bank of Geneva is a wholly owned subsidiary of Geneva Bancshares Inc., a one-bank holding company. The bank is located approximately 40 miles west of the city of Chicago, in Kane County. The bank operates one main office, and a cash-only automated teller machine (ATM) located in an upper-income census tract in Geneva, Illinois. The bank has not opened or closed any branches or ATMs since the previous evaluation.

As of March 31, 2025, the bank reported \$117.0 million in total assets. The bank serves its assessment area primarily as a commercial and residential real estate lender, with commercial and residential real estate loans comprising 61.2 percent and 38.0 percent of the bank’s portfolio by dollar volume, respectively. Loan products include, but are not limited to, agriculture, commercial (including Small Business Administration), consumer, and residential real estate loans. Details of the allocation of the bank’s loan portfolio are provided in the following table:

Composition of Loan Portfolio as of March 31, 2025		
Loan Type	Dollar Volume (\$ are in 000s)	% of Portfolio
Commercial	43,816	61.2
Residential Real Estate	27,192	38.0
Agriculture	347	0.5
Consumer	264	0.4
Other	0	0
Total	71,619	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

According to the Federal Deposit Insurance Corporation (FDIC) Market Share Report as of June 30, 2024, The State Bank of Geneva ranked 22nd out of 30 FDIC-insured institutions in Kane County.

The bank held \$93.4 million in deposits, representing 0.6 percent of the total deposit market share in the county. By comparison, the top three institutions by market share were JPMorgan Chase Bank, National Association (23.6 percent); St. Charles Bank and Trust Company, National Association (14.0 percent); and Old Second National Bank (12.0 percent). These three institutions collectively hold 49.6 percent of the market share for deposits, suggesting a highly competitive market. Additionally, there are 114 bank branches for all banks located within the assessment area.

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

The bank was rated Satisfactory under the CRA at its previous evaluation conducted on April 26, 2021.

DESCRIPTION OF ASSESSMENT AREA¹

The State Bank of Geneva's assessment area is part of the three-county Elgin, IL Metropolitan Division (MD) #20994, which is one of four MDs within the larger Chicago-Naperville-Elgin, IL-IN MSA #16980. The complete MD is comprised of DeKalb, Kane, and Kendall Counties. However, the bank's assessment area only includes Kane County in its entirety.

The assessment area's footprint has not changed since the previous evaluation and there are no distressed or underserved middle-income census tracts in the assessment area. Due to updates from the 2020 Decennial Census and the 2016-2020 American Community Survey (ACS), the census tracts comprising the assessment changed in number and income designation. In particular, total census tracts increased from 82 to 104. In addition, the number of low-income census tracts decreased from four to one, while moderate-income census tracts increased from 29 to 38. The 39 combined low- and moderate-income census tracts represent 37.5 percent of the total 104 census tracts within the assessment area. The following table compares the changes between 2021 and 2022 within Kane County.

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.

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	4	1	-3
Moderate	29	38	+9
Middle	27	30	+3
Upper	22	33	+11
Unknown	0	2	+2
Total	82	104	+22
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 2024 demographic information for the assessment area is presented in the following table. Please refer to Appendix C for 2021, 2022 and 2023 demographic information.

2024 Elgin, IL MD 20994 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	1.0	726	0.5	187	25.8	27,177	20.4
Moderate	38	36.5	44,093	33.1	5,456	12.4	24,384	18.3
Middle	30	28.8	40,672	30.6	1,493	3.7	29,233	22.0
Upper	33	31.7	46,151	34.7	949	2.1	52,223	39.3
Unknown	2	1.9	1,375	1.0	174	12.7	0	0.0
Total AA	104	100.0	133,017	100.0	8,259	6.2	133,017	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,243	566	0.4	45.5	587	47.2	90	7.2
Moderate	65,113	38,086	28.1	58.5	23,827	36.6	3,200	4.9
Middle	61,091	44,038	32.5	72.1	14,370	23.5	2,683	4.4
Upper	59,733	51,503	38.0	86.2	6,831	11.4	1,399	2.3
Unknown	2,121	1,430	1.1	67.4	607	28.6	84	4.0
Total AA	189,301	135,623	100.0	71.6	46,222	24.4	7,456	3.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	34	0.2	32	0.2	2	0.1	0	0.0
Moderate	4,281	26.5	3,826	26.8	433	24.1	22	19.5
Middle	6,280	38.8	5,374	37.7	854	47.5	52	46.0
Upper	5,515	34.1	4,974	34.9	502	27.9	39	34.5
Unknown	73	0.5	65	0.5	8	0.4	0	0.0
Total AA	16,183	100.0	14,271	100.0	1,799	100.0	113	100.0
Percentage of Total Businesses:				88.2		11.1		0.7
	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	14	9.3	13	9.1	1	14.3	0	0.0
Middle	74	49.3	71	49.7	3	42.9	0	0.0
Upper	62	41.3	59	41.3	3	42.9	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	150	100.0	143	100.0	7	100.0	0	0.0
Percentage of Total Farms:				95.3		4.7		0.0
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.								

The following presentation of demographic and economic data 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. The bank's assessment area only consists of Kane County; thus, the analysis below focuses exclusively on this county.

Population Change

According to U.S. Census Bureau demographics data, the assessment area's population declined 1.6 percent from 2015 and 2020, which is slightly higher than the state of Illinois' decrease of 0.5 percent. Conversely, the Elgin, IL MD has seen a population decrease of only 0.1 percent during the same period. According to a community representative, the population decline is largely due to residents relocating closer to employment opportunities in other nearby suburbs. Although, a metro line runs through Kane County to improve access to job market, it has had a limited impact in retaining residents. Despite population lost in the assessment area, a community representative indicated that the manufacturing industry has attracted a growing immigrant population, highlighting the need for increased financial support and resources, particularly in promoting homeownership among immigrant residents to retain a positive effect on future population trends. The following table presents population change in the bank's assessment area, Elgin, IL MD, and state of Illinois.

Population Change			
Area	2015 Population	2020 Population	Percentage Change (%)
Assessment Area (Kane County)	524,886	516,522	-1.6
Elgin, IL MD 20994	749,267	748,811	-0.1
State of 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 2020 American Community Survey, the assessment area's median family income of \$97,082 is comparable to the Elgin, IL MD, of \$97,326. While incomes in the assessment area are higher than the rest of the state of Illinois, they have increased at slower rates than the state of Illinois from 2015 to 2020. The state of Illinois experienced a 10.3 percent increase in median family income, which is consistent with the 10.1 percent increase in the Elgin, IL MD and higher than the 8.7 percent increase in the assessment area during the same period.

According to the community representative, local income levels in Elgin have been positively influenced by the growth of the transportation and logistics sector, as well as increased economic development and manufacturing activity. These factors have contributed to job creation and income growth within the community. The table below presents the median family income (MFI) for families living in the assessment area, compared to the Elgin, IL MD, and the state of Illinois.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percentage Change (%)
Assessment Area (Kane County)	89,283	97,082	8.7
Elgin, IL MD 20994	88,388	97,326	10.1
State of 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: 2020			

Housing Characteristics

According to the American Community Survey data, there are 189,301 housing units in Kane County. Of those housing units, 71.6 percent are owner occupied, 24.4 percent are rental units, and 3.9 percent are vacant units. The percentage of vacant housing units in the assessment area is lower than the percentage of vacant units within the state of Illinois (9.1 percent), and Elgin, IL MD (4.1percent). Community representatives indicated there is a housing shortage in Kane County, particularly affordable housing.

A method to understand poverty and housing outcomes is calculating housing cost burden, which is outlined in the table below. The housing cost burden is the ratio of a household's gross monthly housing costs to the household's gross monthly income. Housing cost burden, as defined by the Department of Housing and Urban Development (HUD), takes these quantitative ratios, and assigns qualitative values to them. If a household's housing cost is above 30.0 percent of its income, then that household is considered to be housing cost burdened.

As shown in the table below, 44.2 percent of all renters are considered housing cost burdened within the assessment area. Of the cost burdened renters, 77.0 percent are low-income, and 36.2 percent are moderate-income. For homeowners, 21.0 percent are experiencing housing cost burden within the assessment area, and similar to renters, the majority are low-and moderate-income owners at 72.1 percent and 39.4 percent, respectively.

According to one community representative, the assessment area is experiencing a growing need for affordable housing and rental assistance, despite a significant portion of Elgin's housing inventory categorized as affordable. Efforts to address this include the development of new apartment units and additional housing to support low-and moderate-income individuals, as well as housing for individuals with disabilities. Another representative stated that rising unemployment has contributed to housing instability. This coupled with the limited inventory of affordable housing, has resulted in many residents being rent burdened.

The following table presents the housing cost trends in the assessment area, Elgin, IL MD, and the state of Illinois.

2024 Housing Cost Burden						
Area	Cost Burden (%) – Renters			Cost Burden (%) – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	77.0	36.2	44.2	72.1	39.4	21.0
Elgin, IL MD 20994	76.6	40.1	44.6	72.0	41.2	20.5
State of 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 Characteristics

Based on the Bureau of Labor Statistics' data, unemployment in the assessment area has increased from 4.3 percent in 2019 to 5.6 percent in 2024. This was slightly higher than the state of Illinois and the Elgin, IL MD at 5.2 percent and 5.3 percent, respectively. A community representative noted the local economy is primarily driven by manufacturing, transportation, logistics, and healthcare industries. In the healthcare sector, many employees come from surrounding communities and a majority of small businesses are locally owned retail shops and restaurants. The following table presents the unemployment rates in the assessment area, the Elgin, IL MD, and the state of Illinois.

Unemployment Rates (%)						
Area	2019	2020	2021	2022	2023	2024
Assessment Area	4.3	9.2	6.0	4.7	5.1	5.6
Elgin, IL MD 20994	4.1	8.9	5.7	4.5	4.8	5.3
State of Illinois	4.0	9.3	6.1	4.6	4.5	5.2
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics						

Industry Characteristics

According to the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base and is most heavily impacted by the following industries: manufacturing, retail trade, healthcare and social assistance, administrative and waste services, and accommodation and food services. A community representative indicated there is a heavy presence of the manufacturing, logistics, and healthcare industries in the area.

Community Representative

Community representatives with knowledge of economic development and affordable housing in Kane County were contacted during this evaluation to gain a greater understanding of credit needs within the assessment area. Both representatives discussed the housing affordability issues in the county and the need for a greater supply of both affordable rental and owner-occupied units, along with financial literacy training for individuals and small businesses. In addition, the representatives noted that the growing immigrant population, driven by the

manufacturing industry, creates a need for homeownership support and development initiatives such as business network webinars. Overall, representatives noted that local financial institutions have been very responsive to community credit needs. A community representative stated institutions offer bilingual support in certain locations, which supports community credit needs, as language is a significant barrier for people to attain credit services. Additionally, the representative noted that some institutions are actively involved in addressing financial literacy needs in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

The State Bank of Geneva's performance relative to the lending test is Satisfactory. The loan-to-deposit (LTD) ratio is 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 of residential real estate and small business loans throughout the assessment area. Additionally, loan distribution reflects reasonable penetration of lending among individuals of different income levels and to businesses of different revenue sizes.

Loan-to-Deposit Ratio

The State Bank of Geneva's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The table below shows the bank's 16 quarter average LTD ratio ending March 31, 2025, in comparison to local competitors. During that period the bank's average LTD ratio was 65.0 percent. Since the previous evaluation, the bank's average LTD has grown by 5.5 percent. According to the Federal Deposit Insurance Corporation (FDIC) Market Share Report as of June 30, 2024, the top five institutions in the assessment area collectively hold 67.1 percent of the market share for deposits, which suggests a highly competitive market. While the bank's LTD ratio remains lower than all local competitors, this is sufficient given the bank's asset size and capacity to lend from its single location within its highly competitive assessment area.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%) 16 – Quarter Average
The State Bank of Geneva	65.0
Competitors	
Union National Bank	94.0
American Eagle Bank	100.5
St. Charles Bank & Trust Company NA	90.0
Old Second National Bank	78.0

Assessment Area Concentration

The majority of The State Bank of Geneva's residential real estate and small business loans were originated within the assessment area. The bank originated 71.9 percent of its residential real estate loans and 81.8 percent of small business loans within its assessment area. These lending levels indicate that the bank is responsive in addressing the credit needs of the assessment area. The following table summarizes the bank's lending inside and outside its assessment area for residential real estate and small business loans from April 26, 2021, to December 31, 2024.

Assessment Area Concentration								
Loan Types	Inside				Outside			
	#	%	\$(000's)	%	#	%	\$(000s)	%
Residential Loans	41	71.9	\$10,267	71.1	16	28.1	\$4,166	28.9
Small Business	36	81.8	\$11,041	80.8	8	18.2	\$2,618	19.2
TOTAL LOANS	77	76.2	\$21,308	75.9	24	23.8	\$6,784	24.1

Geographic Distribution of Loans

The State Bank of Geneva's geographic distribution of residential real estate loans and small business loans reflects a reasonable dispersion of lending throughout the assessment area. During the review period, no residential real estate or small business loans were originated in the sole low-income tract; however, two residential real estate loans and one small business loan were originated in moderate-income tracts. The bank's ability to serve the low-income tract is challenging due to the limited volume of total low-income census tracts in the assessment area. Additionally, of all owner-occupied housing in the assessment area, only 0.4 percent of such units are located in the low-income census tract and only 0.2 percent of all assessment area small businesses are located in the low-income census tract, further limiting lending opportunities. Further, the geographic location of the bank's sole branch is not in close proximity to the low- and moderate-income census tracts within the assessment area. Despite the lack of lending in low-income census tracts, the bank's lending reach was appropriate for the size and complexity of the institution, with no conspicuous or unexplained lending gaps in the assessment area. As a result, the bank's residential real estate and small business loan comparisons for lending in low- and moderate-income census tracts are considered reasonable, although lower than the respective demographic measures. The tables that follow detail lending performance in the four year period from April 26, 2021, through December 31, 2024, with the analysis focused on the combined lending in those years.

Residential Real Estate Loans

During the evaluation period, the bank originated a total of 41 residential real estate loans for the combined years of 2021 through 2024. The bank did not originate any residential real estate loans in the low-income census tract, which is consistent with the 0.4 percent of owner-occupied units located in the low-income tract. The bank originated two, or 4.9 percent, of combined residential

real estate loans in the bank's moderate-income census tracts. This level of lending is less than the 2021-2024 demographic measure of 28.1 percent of owner occupied units being located in the moderate-income census tracts in the assessment area. While lending in low-and moderate-income tracts was limited, the two loans originated in the moderate-income census tracts demonstrates an effort to meet the credit needs of the assessment area. This level of lending is reasonable due to the bank's proximity to the low-to-moderate-income tracts in the assessment area and the limited lending activity of the bank.

The following table presents The State Bank of Geneva's geographic distribution of residential real estate loans for years 2021 through 2024.

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.

Distribution of 2021 and 2022 Residential Lending By Income Level of Geography									
Assessment Area: Elgin, IL MD 20994									
Geographic Income Level	Bank Loans By Year								Owner Occupied Units %
	2021				2022				
	#	%	\$(000)	\$%	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.4
Moderate	0	0.0	0	0.0	1	10.0	183	6.8	28.1
Middle	4	44.4	425	17.6	4	40.0	1,282	47.7	32.5
Upper	5	55.6	1,984	82.4	5	50.0	1,222	45.5	38.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	1.1
Tract-Unk	0	0.0	0	0.0	0	0.0	1	0.0	
Total	9	100.0	2,409	100.0	10	100.0	2,688	100.0	100.0
Source: 2022 FFIEC Census Data									
2016-2020 U.S. Census Bureau: American Community Survey									
Note: Percentages may not total 100.0 percent due to rounding.									

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)

Distribution of 2023 and 2024 Residential Lending By Income Level of Geography									
Assessment Area: Elgin, IL MD 20994									
Geographic Income Level	Bank Loans By Year								Owner Occupied Units %
	2023				2024				
	#	##	\$(000)	\$%	#	##	\$(000)	\$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.4
Moderate	0	0.0	0	0.0	1	7.7	120	3.4	28.1
Middle	1	11.1	100	5.9	2	15.4	591	16.9	32.5
Upper	8	88.9	1,583	94.1	10	76.9	2,776	79.6	38.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	1.1
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	9	100.0	1,683	100.0	13	100.0	3,487	100.0	100.0
Source: 2024 FFIEC Census Data									
2016-2020 U.S. Census Bureau: American Community Survey									
Note: Percentages may not total 100.0 percent due to rounding.									

Small Business Loans

From April 26, 2021, through December 31, 2024, the bank did not originate any small business loans in the low-income census tract, which is consistent with the 0.2 percent of small businesses located in the low-income tract. The bank originated one small business loan in 2024 in the bank's moderate-income census tract, or 2.8 percent of the 36 total small business loans originated in the evaluation period. The loan origination level is below the demographic measure of 26.5 percent of small businesses being located in the moderate-income census tract in 2024. While lending in low- and moderate-income tracts was limited, the bank originated one loan in the moderate-income census tract demonstrating an effort to meet the credit needs of these areas. This level of lending is reasonable due to the bank's proximity to the low-to-moderate-income tracts in the assessment area and the limited lending activity of the bank.

The following table presents The State Bank of Geneva's geographic distribution of small business loans for years 2021 through 2024.

Distribution of 2021 and 2022 Small Business Lending By Income Level of Geography									
Assessment Area: Elgin, IL MD 20994									
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	0.2
Moderate	0	0.0	0	0.0	0	0.0	0	0.0	24.0
Middle	0	0.0	0	0.0	4	40.0	1,224	34.7	35.9
Upper	8	100.0	3,085	100.0	6	60.0	2,308	65.3	39.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.7
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	8	100.0	3,085	100.0	10	100.0	3,532	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 2023 and 2024 Small Business Lending By Income Level of Geography									
Assessment Area: Elgin, IL MD 20994									
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	0.2
Moderate	0	0.0	0	0.0	1	25.0	250	28.2	26.5
Middle	2	14.3	799	22.6	2	50.0	623	70.2	38.8
Upper	12	85.7	2,738	77.4	1	25.0	15	1.7	34.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.5
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	14	100.0	3,537	100.0	4	100.0	888	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.									

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

The State Bank of Geneva's distribution of lending reflects reasonable penetration among individuals of different income levels, including low-and moderate-income individuals, and businesses of different revenue sizes, given the demographics of the bank's assessment area. The tables that follow detail lending performance in the four years from April 26, 2021, through December 31, 2024, with the analysis focused on the combined lending in those years.

Residential Real Estate Loans

During the evaluation period, the bank originated 41 residential real estate loans. The bank originated one, or 2.4 percent, of residential real estate loans to a low-income borrower. This is below the demographic measure of 20.4 percent of low-income families in the assessment area from 2021 to 2024. However, lending to low-income borrowers increased from zero loans between 2021 and 2023, to one loan in 2024. Although borrower distribution among low-income individuals remains limited, the bank's activity in 2024 reflects an effort to meet the credit needs of low-income borrowers in the assessment area. This level of lending is reasonable due to the bank's proximity to the low-to-moderate-income tracts in the assessment area and the limited lending activity of the bank.

The bank originated three loans, or 7.3 percent, of residential real estate loans to moderate-income borrowers. This is below the demographic measure of 18.3 percent of moderate-income families in the assessment area from 2021 to 2024. The bank originated, one loan in 2022 and two loans in 2023 to moderate-income borrowers in the assessment area. Although borrower distribution among moderate-income individuals was limited, the bank's activity in 2022 and 2023 reflects an effort to meet the credit needs of moderate-income borrowers in the assessment area. This level of lending is reasonable due to the bank's proximity to the low-to-moderate-income tracts in the assessment area and the limited lending activity of the bank. Overall, the lending activity demonstrates the bank is appropriately serving the credit needs of low-and moderate-income borrowers within the assessment area.

The following table summarizes the bank's residential real estate lending to borrowers of different income levels in the assessment area for years 2021 through 2024.

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.

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).

Distribution of 2021 and 2022 Residential Lending By Borrower Income Level									
Assessment Area: Elgin, IL MD 20994									
Borrower Income Level	Bank Loans By Year								Families by Family Income %
	2021				2022				
	#	##	\$(000)	\$%	#	##	\$(000)	\$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	20.4
Moderate	0	0.0	0	0.0	1	10.0	50	1.9	18.3
Middle	2	22.2	270	11.2	3	30.0	715	26.6	22.0
Upper	7	77.8	2,139	88.8	6	60.0	1,923	71.5	39.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	9	100.0	2,409	100.0	10	100.0	2,688	100.0	100.0
Source: 2022 FFIEC Census Data									
2016-2020 U.S. Census Bureau: American Community Survey									
Note: Percentages may not total 100.0 percent due to rounding.									

Distribution of 2023 and 2024 Residential Lending By Borrower Income Level									
Assessment Area: Elgin, IL MD 20994									
Borrower Income Level	Bank Loans By Year								Families by Family Income %
	2023				2024				
	#	##	\$(000)	\$%	#	##	\$(000)	\$%	
Low	0	0.0	0	0.0	1	7.7	200	5.7	20.4
Moderate	2	22.2	313	18.6	0	0.0	0	0.0	18.3
Middle	2	22.2	403	23.9	2	15.4	185	5.3	22.0
Upper	5	55.6	967	57.5	10	76.9	3,102	89.0	39.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	9	100.0	1,683	100.0	13	100.0	3,487	100.0	100.0
Source: 2024 FFIEC Census Data									
2016-2020 U.S. Census Bureau: American Community Survey									
Note: Percentages may not total 100.0 percent due to rounding.									

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. The bank originated 31 of its 36 total loans to businesses with gross revenues of \$1.0 million or less during the evaluation period. This represents 86.1 percent of the bank's small business lending in the period. This level of lending is slightly below the 2024 demographic measure of 88.2 percent of businesses in the assessment area having gross revenues of \$1.0 million or less. However, 10 of the 31 loans made to businesses with revenues of \$1.0 million or less, or 32.3 percent of the loans, were made in dollar amounts of \$100,000 or less, which is considered most beneficial to small businesses and demonstrates the bank's willingness to meet the credit needs of small businesses. The following table summarizes the bank's small business lending to businesses of different revenue sizes in the assessment area for years 2021 through 2024.

Distribution of 2021 and 2022 Small Business Lending By Revenue Size of Businesses Assessment Area: Elgin, IL MD 20994									
	Bank Loans By Year								Total Businesses %
	2021				2022				
	#	#%	\$ (000)	\$%	#	#%	\$ (000)	\$%	
By Revenue									
\$1 Million or Less	6	75.0	1,822	59.1	8	80.0	2,332	66.0	88.7
Over \$1 Million	2	25.0	1,263	40.9	2	20.0	1,200	34.0	10.6
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.8
Total	8	100.0	3,085	100.0	10	100.0	3,532	100.0	100.0
By Loan Size									
\$100,000 or Less	0	0.0	0	0.0	3	30.0	270	7.6	
\$100,001 - \$250,000	4	50.0	796	25.8	2	20.0	442	12.5	
\$250,001 - \$1 Million	4	50.0	2,289	74.2	5	50.0	2,820	79.8	
Total	8	100.0	3,085	100.0	10	100.0	3,532	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	0	0.0	0	0.0	3	37.5	270	11.6	
\$100,001 - \$250,000	4	66.7	796	43.7	1	12.5	192	8.2	
\$250,001 - \$1 Million	2	33.3	1,026	56.3	4	50.0	1,870	80.2	
Total	6	100.0	1,822	100.0	8	100.0	2,332	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 2023 and 2024 Small Business Lending By Revenue Size of Businesses Assessment Area: Elgin, IL MD 20994									
	Bank Loans By Year								Total Businesses %
	2023				2024				
	#	%	\$ (000)	\$%	#	%	\$ (000)	\$%	
By Revenue									
\$1 Million or Less	13	92.9	2,536	71.7	4	100.0	888	100.0	88.2
Over \$1 Million	1	7.1	1,000	28.3	0	0.0	0	0.0	11.1
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.7
Total	14	100.0	3,537	100.0	4	100.0	888	100.0	100.0
By Loan Size									
\$100,000 or Less	6	42.9	205	5.8	1	25.0	15	1.7	
\$100,001 - \$250,000	3	21.4	515	14.6	2	50.0	400	45.0	
\$250,001 - \$1 Million	5	35.7	2,816	79.6	1	25.0	473	53.3	
Total	14	100.0	3,537	100.0	4	100.0	888	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	6	46.2	205	8.1	1	25.0	15	1.7	
\$100,001 - \$250,000	3	23.1	515	20.3	2	50.0	400	45.0	
\$250,001 - \$1 Million	4	30.8	1,816	71.6	1	25.0	473	53.3	
Total	13	100.0	2,536	100.0	4	100.0	888	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

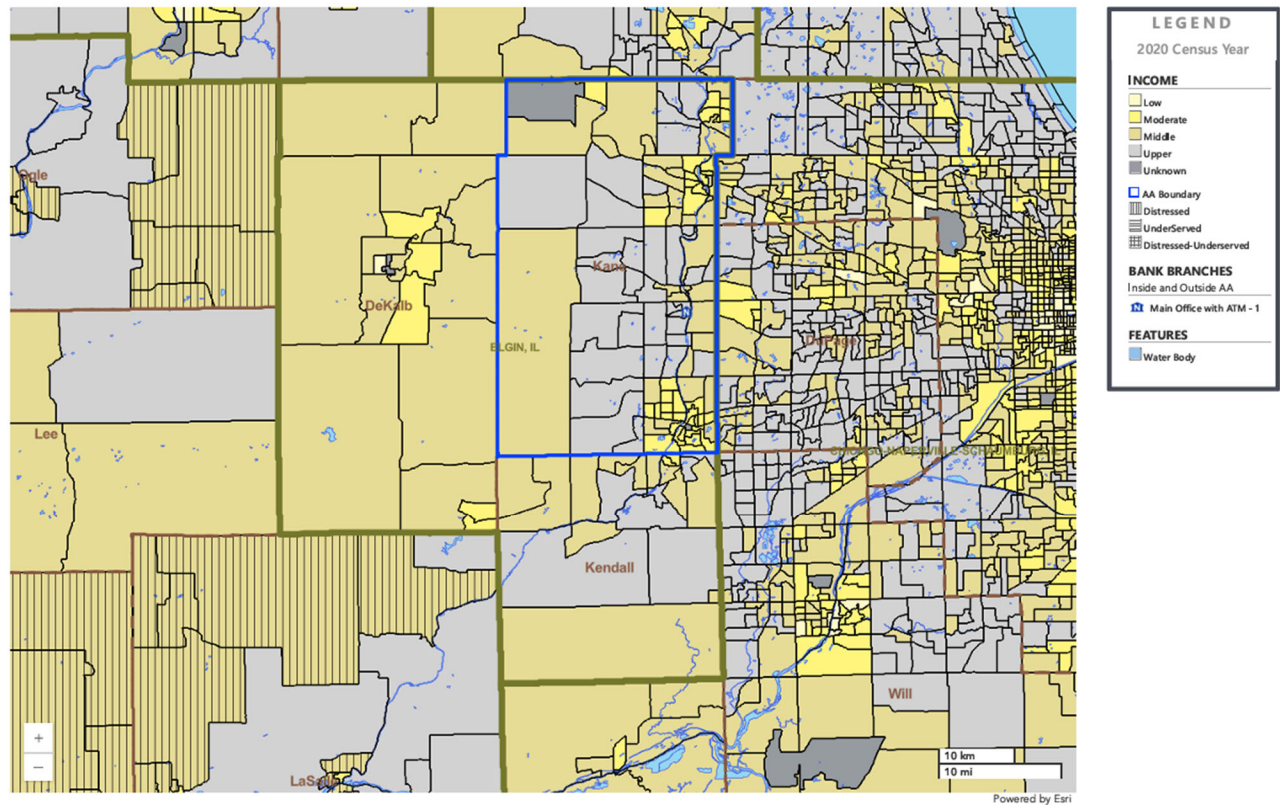
The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

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

The State Bank of Geneva 991135
Elgin, IL MD 20994



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		Loan-to-Deposit ratio will be evaluated over the 16 quarters from June 30, 2021, through March 31, 2025 Small business loans from April 26, 2021, to December 31, 2024 Residential real estate loans from April 26, 2021, to December 31, 2024	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED	
The State Bank of Geneva		Residential Real Estate Loans Small Business Loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
None	N/A	N/A	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Elgin, IL MD (#20994) Kane County only	Full scope	N/A	N/A

APPENDIX C – Additional Tables and Exhibits

2021 Elgin, IL MD 20994 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	4	4.9	2,941	2.3	891	30.3	27,393	21.2
Moderate	29	35.4	38,138	29.6	6,492	17.0	22,395	17.4
Middle	27	32.9	42,173	32.7	2,188	5.2	26,290	20.4
Upper	22	26.8	45,674	35.4	1,230	2.7	52,848	41.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	82	100.0	128,926	100.0	10,801	8.4	128,926	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	4,602	1,888	1.5	41.0	2,271	49.3	443	9.6
Moderate	56,005	29,649	23.4	52.9	21,472	38.3	4,884	8.7
Middle	62,005	44,591	35.1	71.9	14,044	22.6	3,370	5.4
Upper	60,772	50,775	40.0	83.5	7,789	12.8	2,208	3.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	183,384	126,903	100.0	69.2	45,576	24.9	10,905	5.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	566	3.0	490	2.9	74	3.7	2	1.4
Moderate	3,870	20.3	3,499	20.7	351	17.3	20	14.1
Middle	6,997	36.8	6,011	35.6	926	45.7	60	42.3
Upper	7,603	39.9	6,868	40.7	675	33.3	60	42.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	19,036	100.0	16,868	100.0	2,026	100.0	142	100.0
Percentage of Total Businesses:			88.6		10.6		0.7	
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	3	1.5	3	1.6	0	0.0	0	0.0
Moderate	11	5.6	10	5.4	1	10.0	0	0.0
Middle	111	56.6	105	56.5	6	60.0	0	0.0
Upper	71	36.2	68	36.6	3	30.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	196	100.0	186	100.0	10	100.0	0	0.0
Percentage of Total Farms:			94.9		5.1		0.0	
Source: 2021 FFIEC Census Data 2021 Data & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2022 Elgin, IL MD 20994 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	1.0	726	0.5	187	25.8	27,177	20.4
Moderate	38	36.5	44,093	33.1	5,456	12.4	24,384	18.3
Middle	30	28.8	40,672	30.6	1,493	3.7	29,233	22.0
Upper	33	31.7	46,151	34.7	949	2.1	52,223	39.3
Unknown	2	1.9	1,375	1.0	174	12.7	0	0.0
Total AA	104	100.0	133,017	100.0	8,259	6.2	133,017	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,243	566	0.4	45.5	587	47.2	90	7.2
Moderate	65,113	38,086	28.1	58.5	23,827	36.6	3,200	4.9
Middle	61,091	44,038	32.5	72.1	14,370	23.5	2,683	4.4
Upper	59,733	51,503	38.0	86.2	6,831	11.4	1,399	2.3
Unknown	2,121	1,430	1.1	67.4	607	28.6	84	4.0
Total AA	189,301	135,623	100.0	71.6	46,222	24.4	7,456	3.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	34	0.2	32	0.2	2	0.1	0	0.0
Moderate	4,639	24.0	4,155	24.3	460	22.6	24	16.6
Middle	6,924	35.9	5,944	34.7	924	45.3	56	38.6
Upper	7,552	39.1	6,848	40.0	640	31.4	64	44.1
Unknown	143	0.7	129	0.8	13	0.6	1	0.7
Total AA	19,292	100.0	17,108	100.0	2,039	100.0	145	100.0
Percentage of Total Businesses:			88.7		10.6		0.8	
	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	15	7.7	14	7.6	1	10.0	0	0.0
Middle	83	42.8	80	43.5	3	30.0	0	0.0
Upper	95	49.0	89	48.4	6	60.0	0	0.0
Unknown	1	0.5	1	0.5	0	0.0	0	0.0
Total AA	194	100.0	184	100.0	10	100.0	0	0.0
Percentage of Total Farms:			94.8		5.2		0.0	
Source: 2022 FFIEC Census Data 2022 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

2023 Elgin, IL MD 20994 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	1.0	726	0.5	187	25.8	27,177	20.4
Moderate	38	36.5	44,093	33.1	5,456	12.4	24,384	18.3
Middle	30	28.8	40,672	30.6	1,493	3.7	29,233	22.0
Upper	33	31.7	46,151	34.7	949	2.1	52,223	39.3
Unknown	2	1.9	1,375	1.0	174	12.7	0	0.0
Total AA	104	100.0	133,017	100.0	8,259	6.2	133,017	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,243	566	0.4	45.5	587	47.2	90	7.2
Moderate	65,113	38,086	28.1	58.5	23,827	36.6	3,200	4.9
Middle	61,091	44,038	32.5	72.1	14,370	23.5	2,683	4.4
Upper	59,733	51,503	38.0	86.2	6,831	11.4	1,399	2.3
Unknown	2,121	1,430	1.1	67.4	607	28.6	84	4.0
Total AA	189,301	135,623	100.0	71.6	46,222	24.4	7,456	3.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	37	0.2	35	0.2	2	0.1	0	0.0
Moderate	4,540	24.2	4,059	24.4	458	22.9	23	17.3
Middle	6,842	36.5	5,888	35.4	899	45.0	55	41.4
Upper	7,207	38.4	6,526	39.2	627	31.4	54	40.6
Unknown	133	0.7	119	0.7	13	0.7	1	0.8
Total AA	18,759	100.0	16,627	100.0	1,999	100.0	133	100.0
Percentage of Total Businesses:			88.6		10.7		0.7	
	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	17	8.7	16	8.6	1	9.1	0	0.0
Middle	83	42.3	79	42.7	4	36.4	0	0.0
Upper	95	48.5	89	48.1	6	54.5	0	0.0
Unknown	1	0.5	1	0.5	0	0.0	0	0.0
Total AA	196	100.0	185	100.0	11	100.0	0	0.0
Percentage of Total Farms:			94.4		5.6		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.								

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 people, 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 nonmetropolitan median income figure.

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

1. Affordable housing, including 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 are 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 people 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, 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 loans are 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).