PUBLIC DISCLOSURE

November 17, 2025

COMMUNITY REINVESTMENT ACT

PERFORMANCE EVALUATION

Grundy Bank
RSSD# 715144

201 Liberty Street
Morris, Illinois 60450

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

Grundy Bank is rated Satisfactory.

Grundy Bank is meeting the credit needs of its community based on an analysis of the bank's lending activities. The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of the bank's loans were originated inside the bank's assessment area. The geographic distribution of loans reflects a reasonable distribution throughout the assessment area. Additionally, lending among low- and moderate-income borrowers and to businesses of different sizes is reasonable given the assessment area's demographic composition. There were no CRA-related complaints received by Grundy Bank nor this Reserve Bank since the previous evaluation.

SCOPE OF EXAMINATION

Grundy Bank was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Small Institution CRA Examination Procedures. The evaluation considered information about the bank such as asset size, financial condition and competition, and the economic and demographic characteristics of the assessment area. The bank's primary product line; small business loans, as well as HMDA-reportable lending was reviewed. The evaluation included a full scope review of the bank's assessment area consisting of the entirety of Grundy County and 12 census tracts in Will County, which comprises a portion of the Chicago-Naperville-Schaumburg, Illinois (IL) Metropolitan Division (MD).

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

- ***Loan-to-Deposit Ratio*** – A 15-quarter average loan-to-deposit ratio from December 31, 2021 to June 30, 2025, was calculated for the bank and compared to a sample of local competitors.

- ***Lending in the Assessment Area*** – The bank's HMDA-reportable loans originated from January 1, 2023 to December 31, 2024, and a statistical sample of small business loans originated from January 1, 2024 to December 31, 2024, were reviewed to determine the percentage of loans originated in the assessment area.

- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's HMDA-reportable loans originated from January 1, 2023 to December 31, 2024, and a statistical sample of small business loans originated from January 1, 2024 to 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*** – The bank's HMDA-reportable loans originated from January 1, 2023 to December 31, 2024, and a statistical sample of small business loans originated from January 1, 2024 to 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 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 affordable housing.

DESCRIPTION OF INSTITUTION

Grundy Bank is an intrastate bank headquartered in Morris, Illinois, serving a portion of the Chicago-Naperville-Schaumburg, IL MD, just west of the larger suburbs located southwest of Chicago. As of June 30, 2025, the bank had total assets of $470.3 million; however, the bank's total assets vary substantially over the course of a year due to fluctuations in deposit holdings from a key banking relationship. As of December 31, 2024, for example, total assets were $348.6 million. The bank maintains a main office in Morris, Illinois, as well as two additional branch offices in Morris, and Wilmington, Illinois. A drive-up location, near the main office, is considered an extension of the main office. The main office and each branch location have a full-service ATM. Online and mobile banking applications are also offered by the bank. There have been no acquisitions, branch openings or closures since the previous evaluation.

Grundy Bank offers a full range of traditional loan and deposit products and services. As detailed in the following table, the bank's loan portfolio, by dollar, is primarily comprised of commercial loans at 47.0 percent. Other significant lending products include residential real estate loans (29.3 percent) and agriculture loans (16.6 percent). Deposit products include traditional checking, savings, money market deposit accounts, certificates of deposits, and negotiable orders of withdrawal (NOW). Additional information about the bank's products and services, as well as access to basic online banking capabilities, can be found on the bank's website located at www.grundy.bank.

Composition of Loan Portfolio As of June 30, 2025		
Type	**$ in 000's**	**% of Portfolio**
Commercial	121,360	47.0
Residential Real Estate	75,549	29.3
Agriculture	42,876	16.6
Consumer	14,939	5.8
Other	3,487	1.3
Total	258,211	100.0
Note: Percentage may not total 100.0 percent due to rounding		

According to the June 30, 2024 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Grundy Bank ranked 13th among 36 FDIC-insured institutions operating in the bank's assessment area. The bank held approximately $309.1 million in deposits, representing a market share of 1.3 percent. The market leaders were Old National Bank and JPMorgan Chase, with 25.0 and 17.0 percent of the market share, respectively. From a 2024 lending perspective, which is the most recent data available for all institutions, Grundy Bank ranks 2nd among all 203 HMDA reporters in the assessment area. Other leading HMDA reporters include first-ranked Guaranteed Rate, Inc., followed by U.S. Bank National Association, Old National Bank and Rocket Mortgage, LLC. Overall, Grundy Bank is a leading financial services participant in the assessment area and maintains the resources to adequately serve its assessment area.

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 October 25, 2021.

DESCRIPTION OF ASSESSMENT AREA

Grundy Bank's assessment area is comprised of 22 contiguous census tracts within the Chicago-Naperville-Schaumburg, IL MD #16984. The Chicago-Naperville-Schaumburg MD is one of four MDs in the Chicago-Naperville-Elgin, IL-IN MSA #16980 (Chicago MSA). In 2023, following updates by the Office of Management and Budget (OMB), the Chicago-Naperville-Schaumburg MD and larger Chicago MSA experienced formal renaming. The Chicago-Naperville-Schaumburg MD changed its name from Chicago-Naperville-Evanston, IL MD, but still encompasses Cook, DuPage, Grundy, McHenry, and Will counties and the MD number remains unchanged. The Chicago-Naperville-Schaumburg MD was formally part of the MSA known as Chicago-Naperville-Elgin, IL-IN-WI MSA; however, due to OMB changes as of 2023, the MSA is now known as the Chicago-Naperville-Elgin, IL-IN MSA, excluding Kenosha County, Wisconsin from the MSA, but maintaining the same MSA number (16980). The bank's assessment area includes the entirety of Grundy County and 12 of 172 census tracts in Will County. The assessment area consists of three moderate-income census tracts, 17 middle-income census tracts, one upper-income census tract, and one unknown-income census tract (comprised entirely of the Abraham Lincoln National

Cemetery).

Demographic information about the bank's assessment area is provided in the following table, along with a summary of key economic characteristics of the assessment area.

2024 Chicago-Naperville-Schaumburg, IL MD 16984 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	4,533	19.6
Moderate	3	13.6	2,317	10.0	103	4.4	4,380	19.0
Middle	17	77.3	19,753	85.5	1,140	5.8	5,412	23.4
Upper	1	4.5	1,025	4.4	18	1.8	8,770	38.0
Unknown	1	4.5	0	0.0	0	0.0	0	0.0
Total AA	**22**	**100.0**	**23,095**	**100.0**	**1,261**	**5.5**	**23,095**	**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	3,921	2,312	9.3	59.0	953	24.3	656	16.7
Middle	29,574	21,309	86.1	72.1	6,664	22.5	1,601	5.4
Upper	1,203	1,129	4.6	93.8	49	4.1	25	2.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**34,698**	**24,750**	**100.0**	**71.3**	**7,666**	**22.1**	**2,282**	**6.6**
	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	254	9.4	232	9.5	18	9.3	4	7.4
Middle	2,368	87.7	2,143	87.4	175	90.2	50	92.6
Upper	77	2.9	76	3.1	1	0.5	0	0.0
Unknown	2	0.1	2	0.1	0	0.0	0	0.0
Total AA	**2,701**	**100.0**	**2,453**	**100.0**	**194**	**100.0**	**54**	**100.0**
Percentage of Total Businesses:				**90.8**		**7.2**		**2.0**
	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	8	4.8	8	4.9	0	0.0	0	0.0
Middle	154	93.3	152	93.3	2	100.0	0	0.0
Upper	2	1.2	2	1.2	0	0.0	0	0.0
Unknown	1	0.6	1	0.6	0	0.0	0	0.0
Total AA	**165**	**100.0**	**163**	**100.0**	**2**	**100.0**	**0**	**0.0**
Percentage of Total Farms:				**98.8**		**1.2**		**0.0**

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Population Characteristics

The following table presents the population trends for the counties within the bank's assessment area, the Chicago-Naperville-Schaumburg IL MD, and the state of Illinois from 2015 to 2020. Will County's population in the assessment area is significantly larger at 696,355 according to the 2020 U.S. Census. Alternatively, Grundy County experienced a larger population increase, at 4.5 percent, from 2015 to 2020. The state of Illinois has experienced a minimal decrease in population of 0.5 percent during the same period. Community representatives attributed the rise in population in Grundy County to the affordability of living there as surrounding counties in the southwest suburbs of Chicago tend to have high cost of living. One representative also attributed population growth in Grundy County to the presence of available job opportunities.

Population Change			
Area	**2015 Population**	**2020 Population**	**Percentage Change**
Grundy County, IL	50,277	52,533	4.5%
Will County, IL	683,995	696,355	1.8%
Chicago-Naperville-Schaumburg, IL MD	7,208,434	7,267,535	0.8%
Illinois	12,873,761	12,812,508	-0.5%
Source: 2011 – 2015 U.S. Census Bureau American Community Survey Data 2020 U.S. Census Bureau Decennial Census			

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 23,095 families, with 19.6 percent of families designated as low-income, 19.0 percent designated as moderate-income, 23.4 percent designated as middle-income, and 38.0 percent designated as upper-income. The following table compares the median family income (MFI) for the counties that make up the assessment area, the Chicago-Naperville-Schaumburg, IL MD, and the state of Illinois. MFI levels vary substantially between the assessment area's counties from a low of $88,732 in Grundy Count to a high of $105,658 in Will County, as of 2020. Will County experienced a 10.0 percent increase in MFI from 2015 to 2020, which is consistent with the percentage increase for the state of Illinois during the same period, while the Chicago-Naperville-Schaumburg, IL MD experienced a 13.0 percent increase. In contrast, Grundy County experienced a lower 1.3 percent increase in MFI during this period. Community representatives noted that the MFI increases outside Grundy County are likely a result of the impact of inflation and cost-of-living increases. According to one community representative, Grundy County has not experienced as much inflation and cost of living has remained relatively stable.

Regarding assessment area poverty levels, 7.3 percent of families have incomes that are below the poverty level. Both Grundy and Will counties are consistent with this figure, however the state of Illinois and Chicago-Naperville-Schaumburg, IL MD poverty levels are higher at 12.0 percent and 11.6 percent, respectively.

Median Family Income Change 2015 and 2020			
Area	2015 Median Family Income	2020 Median Family Income	Percentage Change (%)
Grundy County, IL	$87,606	$88,732	1.3
Will County, IL	$96,092	$105,658	10.0
Chicago-Naperville-Schaumburg, IL MD	$81,969	$92,622	13.0
Illinois	$78,169	$86,251	10.3
Source: 2011 – 2015 U.S. Census Bureau American Community Survey Data *2016 - 2020 U.S. Census Bureau American Community Survey* *Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars*			

Housing Characteristics

There are 34,698 housing units within the assessment area. Owner-occupied units represent 71.3 percent of the total units in the assessment area, while rental units represent 22.1 percent. Housing units reported as vacant represent 6.6 percent, which is below the vacancy rate for the state of Illinois at 9.1 percent.

The assessment area's median housing value and median gross rent equaled $199,763 and $975, respectively, based on the 2024 FFIEC Census Data. Grundy County has a substantially lower median housing value at $199,800 when compared to Will County, whose median housing value is $239,400, illustrating the significant difference in cost of living and economic opportunity between the two counties. Median housing value in all counties that comprise the assessment area are below the Chicago-Naperville- Schaumburg, IL MD, which has a median housing cost of $260,272.

The following table presents the housing cost burden for individuals in Grund County, Will County, the Chicago-Naperville-Schaumburg, IL MD, and the state of Illinois. Low-income renters have housing cost burdens that are substantially higher than those of all renters across all areas. Similarly, low-income homeowners' cost burdens are substantially higher than those of all owners across all areas.

One community representative indicated that low- and moderate- income individuals rely on the local efforts, such as food pantries and coat drives, as their cost of living is increasing. Another community representative noted that the housing demands in the area include affordable apartments, senior living, and in general, small homes for first time home buyers.

Housing Cost Burden (%)						
Area	Cost Burden – Renters			Const Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Grundy County, IL	78.9	21.6	31.3	65.5	29.2	17.4
Will County, IL	78.7	37.4	44.4	72.8	41.4	21.0
Chicago-Naperville-Schaumburg, IL MD	75.8	39.4	42.7	72.9	42.3	24.8
Illinois	73.6	34.6	41.8	67.0	34.3	20.8
Cost Burden Is housing cost that equal 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

The following table presents the unemployment trends for the counties that make up the assessment area, the Chicago-Naperville-Schaumburg, IL MD, and the state of Illinois from 2020-2024. The unemployment rates in Grundy and Will counties and the Chicago-Naperville-Schaumburg, IL MD are consistent with the statewide rates over the period. Unemployment throughout the two counties in the assessment area has generally returned to pre-COVID-19 levels after significantly increasing in 2020 during the pandemic, with a slight increase in 2024.

Unemployment Rates (%)					
Area	2020	2021	2022	2023	2024
Grundy County, IL	8.4	5.1	4.6	4.3	5.3
Will County, IL	9.3	5.7	4.5	4.2	5.1
Chicago-Naperville-Schaumburg, IL MD	10.1	6.4	4.7	4.3	5.2
Illinois	9.3	6.1	4.6	4.5	5.0
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics					

Industry Characteristics

Bureau of Labor Statistics data indicates that employment in the counties that comprise the assessment area is concentrated in the areas of transportation and warehousing, retail trade, and healthcare and social assistance. One community representative mentioned that the transportation industry has provided many job and economic growth opportunities in the area. Meanwhile there also have not been any major employer closures or relocations, according to the community representatives.

Community Representatives

The performance evaluation included discussions with representatives of two community organizations with specialization in assisting small businesses, low- and moderate-income individuals, and economic and community development in the assessment area. Both representatives attributed the growth in population in Grundy County to affordability in comparison to the suburbs closer to the city of Chicago. Both representatives acknowledged local banks' efforts to support those in need in the community through financial programs or aid to low- and moderate-income individuals. One community representative noted that while some local institutions offer aid to first-time home buyers, all banks should offer this assistance. The representative also suggested advertising of such programs would further help build awareness. One community representative also stated that a new initiative called "Advancing Grundy," where banks offer help to small businesses with financing, will continue to provide more opportunities to area small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

LENDING TEST

Grundy Bank's performance relative to the lending test is rated Satisfactory. This is based on a reasonable loan-to-deposit ratio, a majority of lending occurring within the bank's assessment area, a reasonable geographic dispersion of HMDA-reportable and small business lending throughout the assessment area, and lending among low- and moderate-income borrowers and to businesses of different sizes that is reasonable. No CRA-related complaints were received by the bank or the Reserve Bank during the evaluation period.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and credit needs of the assessment area. In the 15-quarter period from December 31, 2021 to June 30, 2025, Grundy Bank's loan-to-deposit ratio averaged 66.5 percent, compared to the 81.4 percent average of the bank's local competitors. The bank's loan-to-deposit ratio for this evaluation period is comparable to the previous evaluation's ratio of 68.7 percent. The current level of lending in relation to the bank's deposits indicates that the bank actively meets the credit needs of its assessment area. Notwithstanding this fact, because of a key banking relationship with a large depositor, the loan-to-deposit ratio skews significantly lower in certain quarters. The following table compares the bank's loan-to-deposit ratio to its local competitors, which were selected based on their asset size, branch network, and market share within the bank's assessment area.

Comparative Loan-to-Deposit Ratios	
Institution	**Loan-to-Deposit Ratio (%) 15 – Quarter Average**
Grundy Bank	66.5
Per Avg – Local	81.4
Competitors	
First Bank of Manhattan	56.8
First Federal Savings Bank	83.1
First Secure Bank & Trust Co.	89.5
First Secure Community Bank	68.6
OSB Community Bank	105.9
People First Bank	84.7

Assessment Area Concentration

A majority of the bank's loans were originated in the assessment area. Based on the bank's lending activities during the evaluation period, 62.0 percent of the bank's HMDA-reportable and small business loans, by number, and 54.0 percent of HMDA-reportable and small business loans, by dollar, were within the assessment area. The bank's lending within its assessment area is below by number, compared to the previous evaluation period, where the bank originated 70.3 percent, as well as by dollar, at 66.5 percent.

The percentage of loans originated within the assessment area indicates the bank is actively serving the credit needs of the local community. However, the bank originated a majority (73.6 percent) of its small business loans, by dollar, outside the assessment area. This is attributable to a few large loans made to customers in Kendall County, just north of the border with Grundy County, whose residents often visit Morris for their business needs. While compared to the previous evaluation this is an increase by dollar (the bank originated 42.1 percent outside the assessment area). The previous evaluation's percentage was impacted by demand associated with the SBA Paycheck Protection Program.

The following table summarizes Grundy Bank's lending inside and outside the assessment area during the review period.

Loan Types	Inside				Outside			
	#	%	$(000s)	%	#	%	$(000s)	%
Home Improvement	29	76.3	$1,390	80.5	9	23.7	$337	19.5
Home Purchase - Conventional	159	61.4	$32,642	60.2	100	38.6	$21,585	39.8
Home Purchase - FHA	2	100.0	$206	100.0	0	0.0	$0	0.0
Multi-Family Housing	4	40.0	$2,015	26.3	6	60.0	$5,635	73.7
Refinancing	76	63.9	$13,668	56.2	43	36.1	$10,671	43.8
Total HMDA related	**270**	**63.1**	**$49,921**	**56.6**	**158**	**36.9**	**$38,228**	**43.4**
Small Business	34	54.8	$2,223	26.4	28	45.2	$6,204	73.6
Total Small Bus. related	**34**	**54.8**	**$2,223**	**26.4**	**28**	**45.2**	**$6,204**	**73.6**
TOTAL LOANS	**304**	**62.0**	**$52,144**	**54.0**	**186**	**38.0**	**$44,432**	**46.0**

Geographic Distribution of Loans

Grundy Bank demonstrates a reasonable geographic distribution of loans throughout the assessment area. A gap analysis was completed as part of the evaluation. During the two-year period including 2023 and 2024, Grundy Bank originated HMDA-reportable loans in all but two census tracts (90.9 percent) comprising the assessment area, including in all moderate-income census tracts. In 2024, the bank originated small business loans in 45.5 percent of census tracts comprising the assessment area, all of which were middle-income tracts. However, only 9.4 percent of small businesses in the assessment area are in moderate-income census tracts, limiting the ability for the bank to lend in these tracts. Based upon this analysis, there are no conspicuous gaps within the assessment area.

HMDA-Reportable Lending

HMDA-reportable lending reflects reasonable dispersion throughout the assessment area. In 2024, Grundy Bank originated 8.1 percent of home mortgage loans to borrowers within moderate-income census tracts, below the aggregate at 9.9 percent and the percentage of owner-occupied units of 9.3 percent. The bank originated 90.3 percent of its loans to borrowers located in middle-income census tracts, which is above the aggregate at 86.2 percent and percentage of owner-occupied units at 86.1 percent. The bank originated 1.6 percent of home mortgage loans to borrowers in upper-income census tracts, which was below the aggregate at 3.8 percent and the percentage of owner-occupied units at 4.6 percent. While the bank's lending to borrowers in 2023 was comparable to 2024 in upper income census tracts, lending to borrowers in moderate income census tracts exceeded that in 2024 but was below that to borrowers in middle income census tracts. Grundy Bank originated 14.4 percent of home mortgage loans to borrowers within moderate-income census tracts, which was above the aggregate at 8.7 percent and the percentage of owner-occupied units of 9.3 percent. The bank originated 83.6 percent of its loans to borrowers located in middle-income census tracts, which is below the aggregate at 87.9 percent and percentage of owner-occupied units at 86.1 percent.

The following table summarizes the bank's geographic distribution of 2024 home mortgage lending in the assessment area. Refer to Appendix B for the 2023 HMDA geographic distribution table.

Distribution of 2024 Home Mortgage Lending By Income Level of Geography Assessment Area: Chicago-Naperville-Schaumburg, IL MD 16984							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	8	10.0	10.6	1,275	7.5	8.5	9.3
Middle	71	88.8	86.5	15,610	91.5	87.7	86.1
Upper	1	1.3	2.9	182	1.1	3.8	4.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	80	100.0	100.0	17,067	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	3.2	10.2	145	2.4	8.5	9.3
Middle	29	93.5	83.8	5,576	94.0	84.5	86.1
Upper	1	3.2	6.0	214	3.6	7.0	4.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	31	100.0	100.0	5,935	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	8.3	6.6	9	1.2	4.6	9.3
Middle	11	91.7	88.7	754	98.8	92.1	86.1
Upper	0	0.0	4.6	0	0.0	3.3	4.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	12	100.0	100.0	763	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	6.0
Middle	1	100.0	100.0	695	100.0	100.0	94.0
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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	695	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	10	8.1	9.9	1,429	5.8	8.0	9.3
Middle	112	90.3	86.2	22,635	92.5	87.7	86.1
Upper	2	1.6	3.8	396	1.6	4.3	4.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	124	100.0	100.0	24,460	100.0	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 Lending

Grundy Bank's small business lending reflects reasonable dispersion throughout the assessment area. In 2024, the bank originated all its small business loans (100.0 percent) to borrowers in middle-income census tracts. The bank attributed this to the moderate-income census tracts being primarily residential, limiting opportunities for lending to small businesses. As noted previously, only 9.4 percent of small businesses in the assessment area are located in moderate-income census tracts. Considering this fact, as well as the limited volume of small business lending (34 loans) by the bank overall, this supports the reasonable assessment.

The following table summarizes the bank's geographic distribution of 2024 small business lending in the assessment area.

Distribution of 2024 Small Business Lending By Income Level of Geography Assessment Area: Chicago-Naperville-Schaumburg, IL MD 16984					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	$(000)	$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	9.4
Middle	34	100.0	2,223	100.0	87.7
Upper	0	0.0	0	0.0	2.9
Unknown	0	0.0	0	0.0	0.1
Tract-Unk	0	0.0	0	0.0	
Total	34	100.0	2,223	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

Grundy Bank's loan distribution reflects reasonable penetration of lending among individuals of different income levels (including low- and moderate- income individuals), and to businesses of different sizes.

HMDA-Reportable Lending

HMDA-reportable lending reflects a reasonable penetration among borrowers of different income levels. In 2024, Grundy Bank originated 14.6 percent of home mortgage loans to low-income borrowers, which was below the assessment area's demographic of low-income families in the assessment area at 19.6 percent but above aggregate at 8.9 percent. Among moderate-income borrowers, the bank originated 22.0 percent of home mortgage loans, which was above the 19.0 percent of moderate-income families within the assessment area but below aggregate at 26.7 percent. The bank originated 23.6 percent of its home mortgage loans to middle- income borrowers, which is comparable to the percentage of middle-income families within the assessment area at 23.4 percent but below the aggregate at 26.3 percent. The bank originated 37.4 percent of home mortgage loans to upper-income borrowers, which is also comparable with the percentage of families withing the assessment area that are upper-income at 38.0 percent but significantly above aggregate at 22.6 percent. Finally, the bank originated 2.4 percent of home mortgage loans to borrowers of unknown income, which is significantly below aggregate at 15.5 percent. The bank's lending to borrowers of different income levels in 2023 was comparable to the percentages in 2024.

The following table summarizes the bank's borrower distribution of 2024 home mortgage lending in the assessment area. Refer to Appendix B for the 2023 HMDA borrower distribution table.

Distribution of 2024 Home Mortgage Lending By Borrower Income Level Assessment Area: Chicago-Naperville-Schaumburg, IL MD 16984							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans							
Low	11	13.8	8.9	1,569	9.2	4.8	19.6
Moderate	18	22.5	29.0	3,637	21.3	23.8	19.0
Middle	21	26.3	26.0	4,583	26.9	26.4	23.4
Upper	27	33.8	19.4	6,249	36.6	25.8	38.0
Unknown	3	3.8	16.7	1,029	6.0	19.1	0.0
Total	80	100.0	100.0	17,067	100.0	100.0	100.0
Refinance Loans							
Low	5	16.1	8.8	485	8.2	4.9	19.6
Moderate	6	19.4	22.5	1,172	19.7	18.7	19.0
Middle	5	16.1	25.2	883	14.9	23.3	23.4
Upper	15	48.4	24.6	3,395	57.2	28.1	38.0
Unknown	0	0.0	19.0	0	0.0	25.0	0.0
Total	31	100.0	100.0	5,935	100.0	100.0	100.0
Home Improvement Loans							
Low	2	16.7	6.0	132	17.3	5.6	19.6
Moderate	3	25.0	25.2	182	23.9	20.9	19.0
Middle	3	25.0	27.8	160	21.0	24.5	23.4
Upper	4	33.3	37.1	289	37.9	44.1	38.0
Unknown	0	0.0	4.0	0	0.0	5.0	0.0
Total	12	100.0	100.0	763	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	18	14.6	8.9	2,186	9.2	5.0	19.6
Moderate	27	22.0	26.7	4,991	21.0	22.5	19.0
Middle	29	23.6	26.3	5,626	23.7	25.8	23.4
Upper	46	37.4	22.6	9,933	41.8	27.0	38.0
Unknown	3	2.4	15.5	1,029	4.3	19.7	0.0
Total	123	100.0	100.0	23,765	100.0	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.
Multifamily loans are not included in the borrower distribution analysis.

Small Business Lending

Grundy Bank's small business lending reflects reasonable penetration to businesses of different sizes in 2024. Of the small business loans originated in 2024 that were reviewed, 76.5 percent by number were to businesses with gross revenues equal to or less than $1 million. The bank's performance was below the percentage of small businesses operating in the assessment area at 90.8 percent; however, 84.6 percent of the bank's loans to businesses with annual revenues of $1 million or less are in amounts of $100,000 or less. These loans are considered the most beneficial to small businesses and demonstrate the bank's willingness to meet the credit needs of small businesses in the assessment area.

The following table summarizes the bank's borrower distribution of 2024 small business lending in the assessment area.

Distribution of 2024 Small Business Lending By Revenue Size of Businesses Assessment Area: Chicago-Naperville-Schaumburg, IL MD 16984					
	Bank Loans				Total Businesses %
	#	#%	$(000)	$%	
By Revenue					
$1 Million or Less	26	76.5	1,448	65.1	90.8
Over $1 Million	8	23.5	776	34.9	7.2
Revenue Unknown	0	0.0	0	0.0	2.0
Total	34	100.0	2,223	100.0	100.0
By Loan Size					
$100,000 or Less	27	79.4	929	41.8	
$100,001 - $250,000	7	20.6	1,294	58.2	
$250,001 - $1 Million	0	0.0	0	0.0	
Total	34	100.0	2,223	100.0	
By Loan Size and Revenues $1 Million or Less					
$100,000 or Less	22	84.6	719	49.7	
$100,001 - $250,000	4	15.4	729	50.3	
$250,001 - $1 Million	0	0.0	0	0.0	
Total	26	100.0	1,448	100.0	

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Response to Complaints

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

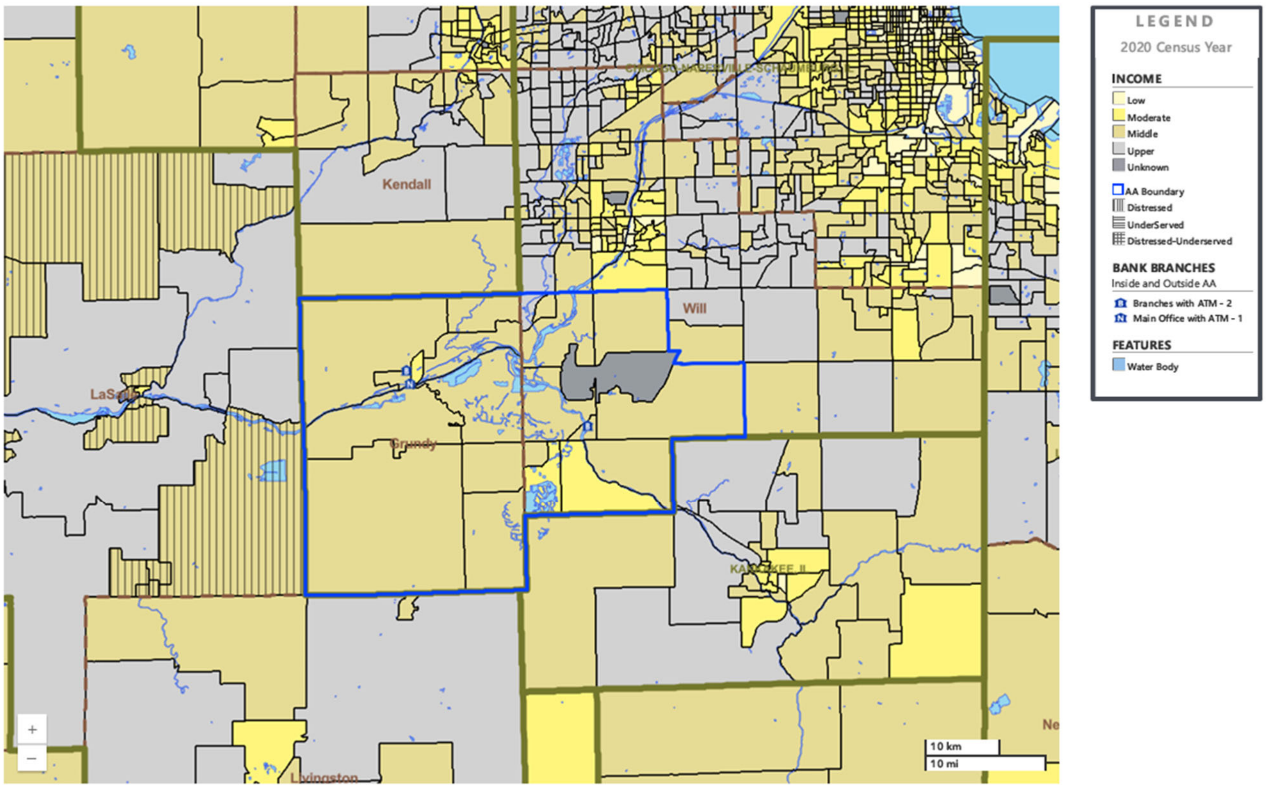
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A – Map of Assessment Area

Grundy Bank 715144

Chicago-Naperville-Schaumburg, IL MD 16984



APPENDIX B – 2023 Demographics Table

2023 Chicago-Naperville-Evanston, IL MD 16984 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	4,533	19.6			
Moderate	3	13.6	2,317	10.0	103	4.4	4,380	19.0			
Middle	17	77.3	19,753	85.5	1,140	5.8	5,412	23.4			
Upper	1	4.5	1,025	4.4	18	1.8	8,770	38.0			
Unknown	1	4.5	0	0.0	0	0.0	0	0.0			
Total AA	22	100.0	23,095	100.0	1,261	5.5	23,095	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	3,921	2,312	9.3	59.0	953	24.3	656	16.7
Middle	29,574	21,309	86.1	72.1	6,664	22.5	1,601	5.4
Upper	1,203	1,129	4.6	93.8	49	4.1	25	2.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	34,698	24,750	100.0	71.3	7,666	22.1	2,282	6.6

	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	261	9.3	240	9.5	18	8.8	3	5.4
Middle	2,447	87.6	2,209	87.2	185	90.7	53	94.6
Upper	84	3.0	83	3.3	1	0.5	0	0.0
Unknown	2	0.1	2	0.1	0	0.0	0	0.0
Total AA	2,794	100.0	2,534	100.0	204	100.0	56	100.0
Percentage of Total Businesses:				90.7		7.3		2.0

	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	8	4.8	8	4.9	0	0.0	0	0.0
Middle	155	93.4	153	93.3	2	100.0	0	0.0
Upper	2	1.2	2	1.2	0	0.0	0	0.0
Unknown	1	0.6	1	0.6	0	0.0	0	0.0
Total AA	166	100.0	164	100.0	2	100.0	0	0.0
Percentage of Total Farms:				98.8		1.2		0.0

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

APPENDIX C – 2023 Distribution Tables

Distribution of 2023 Home Mortgage Lending By Income Level of Geography Assessment Area: Chicago-Naperville-Evanston, IL MD 16984							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	15	18.5	9.3	2,157	13.7	7.2	9.3
Middle	63	77.8	87.4	12,698	80.5	88.6	86.1
Upper	3	3.7	3.3	926	5.9	4.2	4.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	81	100.0	100.0	15,781	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	4	8.9	8.5	626	8.1	7.8	9.3
Middle	41	91.1	88.4	7,107	91.9	87.8	86.1
Upper	0	0.0	3.1	0	0.0	4.5	4.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	45	100.0	100.0	7,733	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	11.8	7.6	86	13.7	8.3	9.3
Middle	15	88.2	87.1	541	86.3	85.2	86.1
Upper	0	0.0	5.3	0	0.0	6.6	4.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	17	100.0	100.0	627	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	6.0
Middle	3	100.0	100.0	1,320	100.0	100.0	94.0
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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	1,320	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	21	14.4	8.7	2,869	11.3	7.2	9.3
Middle	122	83.6	87.9	21,666	85.1	88.6	86.1
Upper	3	2.1	3.5	926	3.6	4.2	4.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	146	100.0	100.0	25,461	100.0	100.0	100.0

Source: 2023 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 Home Mortgage Lending By Borrower Income Level Assessment Area: Chicago-Naperville-Evanston, IL MD 16984							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans							
Low	11	13.6	11.0	1,496	9.5	6.6	19.6
Moderate	25	30.9	30.1	3,993	25.3	24.9	19.0
Middle	15	18.5	26.8	3,086	19.6	28.9	23.4
Upper	27	33.3	18.5	6,646	42.1	24.6	38.0
Unknown	3	3.7	13.6	560	3.5	15.0	0.0
Total	81	100.0	100.0	15,781	100.0	100.0	100.0
Refinance Loans							
Low	7	15.6	15.0	471	6.1	8.8	19.6
Moderate	13	28.9	24.8	1,604	20.7	22.6	19.0
Middle	10	22.2	26.3	2,410	31.2	28.1	23.4
Upper	14	31.1	24.8	3,038	39.3	31.3	38.0
Unknown	1	2.2	9.1	210	2.7	9.2	0.0
Total	45	100.0	100.0	7,733	100.0	100.0	100.0
Home Improvement Loans							
Low	3	17.6	12.1	94	15.0	8.6	19.6
Moderate	3	17.6	18.9	91	14.5	15.8	19.0
Middle	6	35.3	22.0	286	45.6	21.1	23.4
Upper	5	29.4	38.6	156	24.9	39.7	38.0
Unknown	0	0.0	8.3	0	0.0	14.9	0.0
Total	17	100.0	100.0	627	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	21	14.7	11.4	2,061	8.5	6.9	19.6
Moderate	41	28.7	27.7	5,688	23.6	24.1	19.0
Middle	31	21.7	26.6	5,782	24.0	28.6	23.4
Upper	46	32.2	21.8	9,840	40.8	26.1	38.0
Unknown	4	2.8	12.4	770	3.2	14.3	0.0
Total	143	100.0	100.0	24,141	100.0	100.0	100.0

Source: 2023 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

APPENDIX D – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	HMDA-reportable loans: January 1, 2023 to December 31, 2024 Small business loans: January 1, 2024 to December 31, 2024		
FINANCIAL INSTITUTION Grundy Bank Morris, Illinois			**PRODUCTS REVIEWED** HMDA-reportable 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**
Chicago-Naperville-Schaumburg, IL MD, including all of Grundy County and a portion of Will County	Full scope review	None	None

APPENDIX E – 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, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

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

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

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

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

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

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

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

Income Level: Income level means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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