

PUBLIC DISCLOSURE

August 16, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Gifford State Bank
Certificate Number: 10467

304 South Main Street
Gifford, Illinois 61847

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

This document is an evaluation of this institution'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 institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The Gifford State Bank's (GSB) satisfactory Community Reinvestment Act (CRA) performance under the Small Bank Lending Test supports the overall rating. The following points summarize the bank's performance under the Interagency Small Institution Examination Procedures.

- The loan-to-deposit (LTD) ratio is reasonable, given the institution's size, financial condition, and assessment area (AA) credit needs.
- The bank granted a majority of its small farm and home mortgage loans in the AAs.
- The geographic distribution of loans reflects poor dispersion throughout the AAs.
- The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration of loans to farms of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

GSB is a \$196 million community bank headquartered in Gifford, Illinois (Champaign County) and is wholly-owned by Gifford Bancorp, Inc., a one bank holding company also headquartered in Gifford. GSB received a "Satisfactory" rating at its previous FDIC CRA Performance Evaluation, dated August 21, 2017, based on Interagency Small Institution Examination Procedures.

GSB operates four full-service branches in Illinois. Three branches are located in Champaign County, Illinois, and one branch is in Vermilion County, Illinois. GSB has not opened or closed any branches since the previous evaluation. In addition, GSB did not merge or acquire any institutions during the evaluation period.

GSB offers a variety of banking products and services. Deposit products include business and personal checking and savings accounts, certificates of deposit, and individual retirement accounts. Lending products include agricultural, commercial, home mortgage, and consumer loans. The bank's primary focus is small farm and home mortgage lending. Alternative services include internet, mobile, and telephone banking, as well as electronic bill pay and automated teller machines (ATMs).

The President signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) into law on March 27, 2020, and authorized the Small Business Administration (SBA) to guarantee \$349 billion in loans under a new Paycheck Protection Program (PPP). The intent of the CARES Act was for the SBA to provide relief to America's small businesses expeditiously by giving all lenders delegated authority and streamlining the requirements of the regular 7(a) loan program. In addition, the PPP and HealthCare Enhancement Act became law on April 24, 2020, and authorized an

additional \$310 billion for guarantees of PPP loans. In 2020, GSB originated 95 PPP loans totaling approximately \$2.8 million. In 2021, GSB originated 255 PPP loans totaling approximately \$4.8 million. The bank's PPP lending demonstrates its willingness to meet the credit needs of its community by moving quickly to provide small businesses relief during the COVID-19 pandemic.

As reported in the Jun 30, 2023 Consolidated Reports of Condition and Income (Call Report), bank assets totaled \$196.4 million, loans totaled \$120.1 million, and deposits totaled \$175.1 million. The following table depicts the bank's loan portfolio composition.

Loan Portfolio Distribution as of 06/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	3,458	2.9
Secured by Farmland	22,657	18.9
Secured by 1-4 Family Residential Properties	49,263	41.0
Secured by Multifamily (5 or more) Residential Properties	26	0.0
Secured by Nonfarm Nonresidential Properties	5,095	4.2
Total Real Estate Loans	80,499	67.0
Commercial and Industrial Loans	10,839	9.0
Agricultural Production and Other Loans to Farmers	22,065	18.4
Consumer Loans	4,601	3.8
Obligations of State and Political Subdivisions in the U.S.	791	0.7
Other Loans	15	0.0
Lease Financing Receivable (net of unearned income)	1,293	1.1
Less: Unearned Income	--	0.0
Total Loans	120,103	100.0
<i>Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0%.</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs within which examiners will evaluate its CRA performance. GSB continues to designate two separate AAs, which are comprised of the Champaign-Urbana, Illinois Metropolitan Statistical Area (MSA) AA and the Danville, Illinois MSA AA in the State of Illinois. The Champaign-Urbana, Illinois MSA AA consists of the entirety of Champaign County. The Danville, Illinois MSA AA consists of the entirety of Vermilion County. There has been no change to the bank's AAs since the previous CRA evaluation. The AAs conform to the CRA requirements. They include the census tracts where the bank's offices are located, consist of contiguous whole census tracts, and do not arbitrarily exclude any low- or moderate -income census tracts. Subsequent sections of this evaluation contain demographic and economic information for each AA.

Examiners considered unemployment data when evaluating the bank's ability to lend within the AAs. Data obtained from the U.S. Bureau of Labor Statistics indicates the annualized unemployment rates for Champaign County were typically similar to the national averages and slightly lower than the State of Illinois. The unemployment rates in Vermillion County were generally higher than both the state and national averages. This could indicate potential difficulties and weaknesses in the labor forces and lending opportunities. The COVID-19 pandemic contributed to the increased unemployment levels in 2020. The following table depicts relevant unemployment rates from 2019 through 2022.

Unemployment Rates				
Area	2019	2020	2021	2022
	%	%	%	%
Champaign-Urbana MSA AA	3.6	6.6	5.0	3.8
Danville MSA AA	5.0	9.4	6.7	5.0
State of Illinois	4.0	9.3	6.1	4.6
National Average	3.7	8.1	5.3	3.6
<i>Source: Bureau of Labor Statistics</i>				

SCOPE OF EVALUATION

General Information

This evaluation uses the Interagency Small Institution Examination Procedures and covers the period from the previous evaluation, dated August 21, 2017, to the current evaluation as of August 16, 2023. Examiners used the Interagency Small Institution Examination Procedures to evaluate the bank's performance under the Lending Test. The first Appendix provides details on the Lending Test criteria.

The following table details the relative scope of the bank's lending and deposit levels between the two AAs. Examiners considered this information in the determination of the emphasis on each area within the overall CRA rating. Examiners placed greater weight on the Champaign-Urbana, Illinois MSA AA performance in the overall conclusions. Examiners performed full-scope reviews of both AAs.

AA Breakdown of Loans, Deposits, and Branches						
AA	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Champaign-Urbana, Illinois MSA	24,616	83.4	168,683	93.9	3	75.0
Danville, Illinois MSA	4,908	16.6	10,970	6.1	1	25.0
Total	29,524	100.0	179,653	100.0	4	100.0
<i>Source: 2022 Bank Data; FDIC Summary of Deposits (06/30/2022)</i>						

Activities Reviewed

Based on the bank's business strategy, the number and dollar volume of loans originated during the evaluation period, and data from the June 30, 2023 Call Report, examiners determined GSB's major product lines are small farm and home mortgage loans. Examiners did not consider any additional loan types, such as small business or consumer loans, as they did not represent a major product line and did not provide material support for conclusions or ratings.

Call Report data from June 30, 2023 shows that agriculture and farmland loans represent 37.2 percent and home mortgage loans represent 41.0 percent of the loan portfolio. Examiners gave equal weight to small farm loans and home mortgage loans.

Examiners sampled loans originated or renewed in the period from January 1, 2022 through December 31, 2022 and considered this representative of the bank's performance during the entire evaluation period.

GSB is not required to collect or report small farm loan data pursuant to CRA and has elected not to do so. In 2022, the bank originated 162 loans totaling \$20.2 million, of which examiners reviewed a sample of 115 loans totaling \$15.6 million. The 2020 Census data and 2022 D&B data served as standards of comparison in analyzing small farm lending under the Geographic Distribution and Borrower Profile criteria.

GSB is not required to collect or report home mortgage data pursuant to the Home Mortgage Disclosure Act (HMDA), and has elected not to do so. In 2022, the bank originated 131 loans totaling \$15.7 million, of which examiners reviewed a sample of 97 loans totaling \$11.5 million. The 2020 Census data served as standards of comparison in analyzing home mortgage lending under the Geographic Distribution and Borrower Profile criteria.

Examiners analyzed and presented both the number and dollar volume of small farm and home mortgage loans; however, examiners emphasized performance by the number of loans, as this is a better indicator of the number of farms and individuals served by the institution. In evaluating the Geographic Distribution and Borrower Profile criteria, examiners only evaluated loans extended within the AAs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, GSB demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily support this conclusion. The following sections contain summary conclusions for each aspect of the Lending Test. Separate sections later in this evaluation contain additional information specific to each AA for the Geographic Distribution and Borrower Profile criteria.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the bank's size, financial condition, and AA credit needs. The LTD ratio, calculated from the Call Report data, averaged 81.4 percent over the past 24 quarters, from September 30, 2017 to June 30, 2023. The bank's ratio fluctuated from a low of 62.8 percent in June 2022 to a high of 105.7 percent in September 2017; however, the ratio remained consistent with the previous evaluation.

Examiners compared the bank's average net LTD ratio to three similarly-situated institutions, selected primarily based on asset size, lending focus, and geographic location. As shown in the following table, GSB's performance was generally within the range of the similarly-situated institutions.

LTD Ratio Comparison		
Bank	Total Assets as of 06/30/2023 (\$000s)	Average Net LTD Ratio (%)
GSB	196,437	81.4
Similarly-Situated Institution #1	256,301	83.3
Similarly-Situated Institution #2	281,881	94.7
Similarly-Situated Institution #3	267,015	60.6
<i>Source: Reports of Condition and Income 09/30/2017- 06/30/2023</i>		

Assessment Area Concentration

GSB originated a majority of the sampled small farm and home mortgage loans, by number and dollar volume, inside the AAs, as shown in the following table.

Lending Inside and Outside of the AA										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	98	85.2	17	14.8	115	12,836	82.5	2,722	17.5	15,558
Home Mortgage	86	88.7	11	11.3	97	10,178	88.6	1,310	11.4	11,488
<i>Source: 2022 Bank Data</i>										

Geographic Distribution

Overall, the geographic distribution of loans reflects poor dispersion throughout the AAs. This conclusion is supported by the bank's poor small farm and home mortgage performance in the Champaign-Urbana MSA AA and reasonable performance in the Danville MSA AA. The separate sections for each AA contain additional details.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms of different sizes and individuals of different income levels throughout the AAs. This conclusion is supported by the bank's reasonable small farm and home mortgage performance within the two AAs. The separate sections for each AA contain additional details.

Response to Complaints

GSB did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

CHAMPAIGN-URBANA, ILLINOIS MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN CHAMPAIGN-URBANA, ILLINOIS MSA AA

The Champaign-Urbana, Illinois MSA AA consists of all census tracts in Champaign County, Illinois. GSB operates three offices, including the main office, within this AA. The Gifford Branch (main office) and the Thomasboro Branch are both located in a middle-income census tract, while the Saint Joseph Branch is located in an upper-income census tract. GSB did not open or close any branches in this AA since the previous evaluation. The Champaign-Urbana, Illinois MSA AA accounts for 60.0 percent of all small farm loans and 58.8 percent of all home mortgage loans sampled in 2022, as well as 75.0 percent of all branches and 93.9 percent of all deposits.

Economic and Demographic Data

Based on 2020 Census Data, the Champaign-Urbana, Illinois MSA AA is comprised of 48 census tracts with the following designations: seven low-, eight moderate-, ten middle-, eighteen upper-income tract, and five with no income designation. According to 2020 Census Data, the number of census tracts has increased from the previous evaluation, where this AA was comprised of only 43 census tracts. At the previous evaluation, there were six low-, eight moderate-, eighteen middle-, nine upper-, and two with no income designation. The following table illustrates relevant demographic characteristics of the AA considered within the evaluation.

Demographic Information of the Champaign-Urbana, Illinois MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	48	14.6	16.7	20.8	37.5	10.4
Population by Geography	205,865	13.6	19.8	22.2	37.1	7.3
Housing Units by Geography	93,679	14.8	22.2	23.9	33.4	5.7
Owner-Occupied Units by Geography	44,088	5.0	21.3	28.4	44.7	0.7
Occupied Rental Units by Geography	38,971	23.1	23.6	18.5	24.1	10.7
Vacant Units by Geography	10,620	25.3	20.7	25.1	20.9	8.0
Businesses by Geography	15,573	11.0	18.9	24.5	39.8	5.8
Farms by Geography	768	3.4	9.9	43.6	42.1	1.0
Family Distribution by Income Level	42,618	23.4	16.4	19.8	40.4	0.0
Household Distribution by Income Level	83,059	28.0	14.5	15.6	41.8	0.0
Median Family Income MSA - 16580 Champaign-Urbana, IL MSA		\$83,169	Median Housing Value			\$141,762
Families Below Poverty Level		8.8%	Median Gross Rent			\$878

Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0%. () The NA category consists of geographies that have not been assigned an income classification.*

According to 2022 D&B data, 768 farms operate in the AA, of which 96.7 percent have gross annual revenues (GARs) of \$1 million or less, 0.9 percent have more than \$1 million, and 2.3 percent did not provide revenue information. The analysis of small farm loans under the Borrower Profile criterion compares the distribution of loans by the relative GAR levels. The analysis of small farm loans under the Geographic Distribution criterion compares the bank's small farm lending to the distribution of farms by tract income category.

With regard to mortgage lending, the AA contains 93,679 housing units, with 47.1 percent owner-occupied, 41.6 percent occupied rental units, and 11.3 percent vacant based on the 2020 US Census Data. Under the Geographic Distribution criterion, examiners compare the sample of home mortgage loans to the relative percentages of owner-occupied housing units by census tract income level. For the Borrower Profile criterion, examiners reviewed the dispersion of the sample of loans by borrower income level, based on the 2022 Federal Financial Institutions Examination Council (FFIEC) Median Family Income (MFI) levels. The following table illustrates the income categories for the AA.

MFI Ranges in Champaign-Urbana MSA AA				
MFI	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Champaign-Urbana, IL MSA Median Family Income (16580)				
2022 (\$91,300)	<\$45,650	\$45,650 to <\$73,040	\$73,040 to <\$109,560	≥\$109,560
<i>Source: FFIEC</i>				

Competition

Overall, GSB operates in a highly competitive environment in this AA. According to June 30, 2022 FDIC Deposit Market Share data, 30 financial institutions operate 73 branches within the AA. Of these institutions, GSB ranked 10th with only 2.3 percent of the deposit market share.

Although GSB is not subject to CRA data collection and reporting requirements for small farm loans, aggregate data provides an indication of the level of competition in the AA. Aggregate data for 2021, the most recent year available, reflects 17 lenders originated or purchased 211 small farm loans, with the top five lenders originating 77.3 percent of those loans. This indicates a high level of competition.

GSB is also not subject to HMDA data collection and reporting requirements for home mortgage loans. However, aggregate HMDA data provides an indication of the level of competition in the AA. Aggregate data for 2022, the most recent year available, reflects 248 lenders originated or purchased 4,288 home mortgage loans, with the top five lenders originating 37.1 percent of those loans. This indicates a moderate level of home mortgage competition.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying credit needs and opportunities, including local banks' responsiveness to those needs. Examiners contacted a representative from a local economic development organization in

Champaign County, Illinois. The contact stated that a housing shortage in the county is driving up costs. Further, there is a shortage of single-family housing. The contact stated that sixty percent of people in Rantoul Village, which is located in the county, rent their homes. The contact stated local banks are highly involved in the community and provide essential services to meet the credit needs of local businesses, farms, and community members.

Credit Needs

Considering information from the community contact, bank management, and economic and demographic data, examiners determined that home mortgage lending represents the primary credit need of the AA.

**CONCLUSIONS ON PERFORMANCE CRITERIA IN
CHAMPAIGN-URBANA, ILLINOIS MSA AA**

LENDING TEST

GSB demonstrated reasonable performance in the Champaign-Urbana, Illinois MSA AA. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the Champaign-Urbana, Illinois MSA AA. Poor small farm and home mortgage performance support this conclusion. Examiners focused on the comparison to demographic data.

Small Farm Loans

The geographic distribution of small farm loans reflects poor dispersion in the Champaign-Urbana, Illinois MSA AA. Based on the sample of small farm loans, GSB did not originate any loans in the low-income CTs and only one loan in the moderate-income census tracts, which was well below the percentages of farms in both categories. The following table depicts the dispersion of the sample of small farm loans.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	3.4	--	0.0	--	0.0
Moderate	9.9	1	1.4	75	0.8
Middle	43.6	46	66.7	6,625	72.6
Upper	42.1	22	31.9	2,420	26.5
Not Available	1.0	--	0.0	--	0.0
Total	100.0	69	100.0	9,120	100.0
<i>Source: 2022 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor dispersion in the Champaign-Urbana, Illinois MSA AA, based on the sample of home mortgage loans. As shown in the following table, GSB did not originate any loans in the low-income tracts. In addition, the bank's lending in moderate-income tracts was also well below the percentage of owner-occupied housing units.

Geographic Distribution of Home Mortgage Loans Champaign-Urbana MSA AA					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	5.0	--	0.0	--	0.0
Moderate	21.3	8	14.0	745	9.1
Middle	28.4	26	45.6	3,357	40.8
Upper	44.7	23	40.3	4,117	50.1
Not Available	0.7	--	0.0	--	0.0
Totals	100.0	57	100.0	8,219	100.0

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

Borrower Profile

GSB's distribution of loans to farms of different sizes and borrowers of different income levels reflects reasonable penetration throughout the Champaign-Urbana, Illinois MSA AA. Reasonable small farm performance and excellent home mortgage performance support this conclusion. Examiners focused on the percentages by number of loans to farms with GARs of \$1 million or less and home mortgage loans to low- and moderate-income borrowers.

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different sizes in the Champaign-Urbana, Illinois MSA AA. As shown in the following table, GSB's level of lending to farms with GARs of \$1 million or less is reasonable in comparison to the relative percentage of farms.

Distribution of Small Farm Loans by GAR Category for Champaign-Urbana MSA AA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
≤ \$1,000,000	96.7	61	88.4	7,023	77.0
> \$1,000,000	0.9	8	11.6	2,097	23.0
Revenue Not Available	2.3	--	0.0	--	0.0
Total	100.0	69	100.0	9,120	100.0

Source: 2022 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%

Home Mortgage Loans

The distribution of home mortgage loans reflects excellent penetration among individuals of different income levels in the Champaign-Urbana, Illinois MSA AA.

The 2020 U.S. Census data shows that 8.8 percent of all families in the AA have incomes at or below poverty level. Due to their limited financial resources, these families generally do not have the capacity to support a home mortgage, thus limiting demand from families in the low-income category. The bank’s level of lending to low-income borrowers is reasonable, when adjusting for this issue. GSB’s lending to moderate-income borrowers significantly exceeded the percentage of families. Taken together, the bank’s performance is excellent.

Distribution of Home Mortgage Loans by Borrower Income Level Champaign-Urbana MSA AA					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	*23.4	9	15.8	704	8.6
Moderate	16.4	17	29.8	1,681	20.4
Middle	19.8	15	26.3	2,808	34.2
Upper	40.4	16	28.1	3,026	36.8
Total	100.0	57	100.0	8,219	100.0
<i>Source: 2020 U.S. Census; Bank Data; Due to rounding, totals may not equal 100.0%. *Families Below Poverty Level is 8.8%</i>					

DANVILLE, ILLINOIS MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN DANVILLE, ILLINOIS MSA AA

The Danville, Illinois MSA AA consists of all census tracts in Vermilion County, Illinois. GSB operates one office within this AA, which is located in an upper-income census tract. GSB did not open or close any branches in this AA since the previous evaluation. The Danville MSA AA accounts for 40.0 percent of small farm loans and 41.2 percent of all home mortgage loans sampled in 2022, as well as 25.0 percent of all branches and 6.1 percent of all deposits.

Economic and Demographic Data

Based on 2020 Census data, the Danville, Illinois MSA AA is comprised of twenty-four census tracts with the following designations: three low-, two moderate-, twelve middle-, six upper-income tract, and one with no income designation. There has been no change in the number of census tracts since the previous CRA evaluation; however, the income level designations changed. At the previous CRA evaluation, there were one low-, seven moderate-, eleven middle-, and five upper-income census tracts in the AA. The following table illustrates relevant demographic characteristics of the AA considered within the evaluation, based on the 2020 US Census data.

Demographic Information of the Danville, Illinois MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	24	12.5	8.3	50.0	25.0	4.2
Population by Geography	74,188	8.9	10.1	51.1	28.1	1.8
Housing Units by Geography	36,035	9.9	9.0	52.1	26.9	2.1
Owner-Occupied Units by Geography	21,964	5.6	6.2	54.4	32.1	1.7
Occupied Rental Units by Geography	9,049	17.3	13.1	48.5	18.5	2.5
Vacant Units by Geography	5,022	14.9	14.0	48.7	19.2	3.2
Businesses by Geography	4,410	14.8	10.1	47.1	25.3	2.7
Farms by Geography	348	1.4	3.4	46.6	48.6	0.0
Family Distribution by Income Level	19,041	22.7	18.4	18.5	40.4	0.0
Household Distribution by Income Level	31,013	23.5	16.6	17.3	42.5	0.0
Median Family Income MSA - 19180 Danville, IL MSA		\$60,958	Median Housing Value			\$80,259
Families Below Poverty Level		14.7%	Median Gross Rent			\$660

Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0%. () The NA category consists of geographies that have not been assigned an income classification.*

According to 2022 D&B data, 348 farms operate in the AA, of which 97.7 percent have GARs of \$1 million or less, 1.4 percent have more than \$1 million, and 0.9 percent did not provide revenue information. The analysis of small farm loans under the Borrower Profile criterion compares the

distribution of loans by the relative GAR levels. The analysis of small farm loans under the Geographic Distribution criterion compares the bank’s small farm lending to the distribution of farms by tract income category.

With regard to mortgage lending, the AA contains 36,035 housing units, with 61.0 percent owner-occupied, 25.1 percent occupied rental units, and 13.9 percent vacant based on the 2020 US Census Data. Under the Geographic Distribution criterion, examiners compare the sample of home mortgage loans to the relative percentages of owner-occupied housing units by census tract income level. For the Borrower Profile Criterion, examiners reviewed the dispersion of the sample of loans by borrower income level, based on the 2022 FFIEC MFI levels. The following table illustrates the income categories for the AA.

MFI Ranges in Danville, Illinois MSA AA				
MFI	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Danville, Illinois MSA Median Family Income (19180)				
2022 (\$62,500)	<\$31,250	\$31,250 to <\$50,000	\$50,000 to <\$75,000	≥\$75,000
<i>Source: FFIEC</i>				

Competition

Overall, GSB operates in a highly competitive environment in this AA. According to June 30, 2022 FDIC Deposit Market Share data, 15 financial institutions operate 26 branches within the AA. Of these institutions, GSB ranked 14th with only 0.7 percent of the deposit market share.

Although GSB is not subject to CRA data collection and reporting requirements for small farm loans, aggregate data provides an indication of the level of competition in the AA. Aggregate data for 2021, the most recent year available, reflects 12 lenders originated or purchased 137 small farm loans, with the top five lenders originating 89.1 percent of these loans. This indicates a high level of competition for small farm loans.

GSB is also not subject to HMDA data collection and reporting requirements for home mortgage loans. However, aggregate HMDA data provides an indication of the level of competition in the AA. Aggregate data for 2022, the most recent year available, reflects 117 lenders originated or purchased 1,214 home mortgage loans in the AA, with the top five lenders originating 39.4 percent of those loans. In addition, reporting lenders made only 36 loans in low-income census tracts and 39 loans in moderate-income tracts in the Danville MSA, representing 3.0 percent and 3.2 percent of total loans in the area, respectively. This indicates a high level of home mortgage competition in the AA.

Community Contact

Examiners contacted a representative from the local government familiar with the economic and demographic conditions of Rossville Village and greater Vermilion County, Illinois. The contact described the area as “very rural” and added that it was “blighted.” The contact stated that between 20.0 and 25.0 percent of residents in Rossville are low- or moderate-income, and added that many

people were unemployed or on public assistance. In addition, many Rossville residents are senior citizens. The contact indicated that many people have immigrated to Rossville recently because they are leaving big cities for more quiet lifestyles. The contact stated that home improvement and rural development loans are needed; however, many people do not have the funds to access the credit markets due to incomes at or below the poverty line.

Credit Needs

Considering information from the community contact, bank management, and economic and demographic data, examiners determined that small farm and home mortgage lending represent the primary credit needs of the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN DANVILLE, ILLINOIS MSA AA

LENDING TEST

GSB demonstrated reasonable performance in the Danville, Illinois MSA AA. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Danville, Illinois MSA AA. Reasonable small farm and home mortgage performance support this conclusion. Examiners focused on the comparison to demographic data.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion in the Danville, Illinois MSA AA. As previously stated, the bank operates in a highly competitive market. In addition, GSB has a limited presence in this AA. GSB only operates one branch in this AA and ranks 14th out of 15 total institutions in this area with only 0.7 percent of the deposit market share. In addition, based on the information provided by the community contact and as indicated by demographics in the following table, small farm lending opportunities in the low- and moderate-income census tracts are limited. When taking these factors into account, GSB's performance is considered reasonable. As shown in the following table, GSB did not originate any loans in the low- or moderate-income census tracts trailing demographic data.

Geographic Distribution of Small Farm Loans for Danville, Illinois MSA AA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	1.4	--	0.0	--	0.0
Moderate	3.4	--	0.0	--	0.0
Middle	46.6	2	6.9	235	6.3
Upper	48.6	27	93.1	3,481	93.7
Total	100.0	29	100.0	3,716	100.0

Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion in the Danville, Illinois MSA AA. As previously stated, the bank operates in a highly competitive market and lenders in the AA have limited opportunities to lend in the low- and moderate-income census tracts. GSB only operates one branch in this AA and ranks 14th out of 15 total institutions in this area with only 0.7 percent of the deposit market share. In addition, the community contact noted the rural and blighted nature of the AA, and the difficulties residents face in the low- and moderate-income areas. The performance remains unchanged from the last evaluation. When taking these factors into account, GSB's performance is considered reasonable. As shown in the following table, GSB did not originate any loans to borrowers in the low- or moderate-income census tracts.

Geographic Distribution of Home Mortgage Loans for Danville, Illinois MSA AA					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	5.6	--	0.0	--	0.0
Moderate	6.2	--	0.0	--	0.0
Middle	54.4	1	3.4	66	3.4
Upper	32.1	28	96.6	1,893	96.6
Not Available	1.7	--	0.0	--	0.0
Totals	100.0	29	100.0	1,959	100.0

Source: 2020 Census Data; Bank Data. Due to rounding, totals may not equal 100.0%.

Borrower Profile

GSB's distribution of loans to farms of different sizes and borrowers of different income levels reflects reasonable penetration throughout the Danville, Illinois MSA AA. Reasonable small farm performance and excellent home mortgage performance support this conclusion. Examiners focused on the percentages by number of loans to farms with GARs of \$1 million or less and home mortgage loans to low- and moderate-income borrowers.

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different sizes in the Danville MSA AA. As shown in the following table, GSB's level of lending to farms with GARs of \$1 million or less is reasonable in comparison to the relative percentage of farms.

Distribution of Small Farm Loans by GAR Category for Danville, Illinois MSA AA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
≤ \$1,000,000	97.7	26	89.7	3,416	91.9
> \$1,000,000	1.4	3	10.3	300	8.1
Revenue Not Available	0.9	--	0.0	--	0.0
Total	100.0	29	100.0	3,716	100.0
<i>Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Home Mortgage Loans

The distribution of home mortgage loans reflects excellent penetration among individuals of different income levels in the Danville, Illinois MSA AA.

The 2020 U.S. Census data shows that 14.7 percent of all families in the AA have incomes at or below the poverty level. Due to their limited financial resources, these families generally do not have the capacity to support a home mortgage, thus limiting demand from families in the low-income category. The bank's level of lending to low-income borrowers is reasonable, when adjusting for this issue. GSB's lending to moderate-income borrowers significantly exceed the percentage of families. Taken together, the bank's performance is excellent.

Distribution of Home Mortgage Loans by Borrower Income Level for Danville MSA AA					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	22.7*	2	6.9	124	6.3
Moderate	18.4	9	31.0	581	29.7
Middle	18.5	5	17.2	338	17.2
Upper	40.4	13	44.8	916	46.8
Total	100.0	29	100.0	1,959	100.0
<i>Source: 2020 Census Data; Bank Data. Due to rounding, totals may not equal 100.0%. *Families Below Poverty Level is 14.7%</i>					

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The institution's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the institution under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

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

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

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

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 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.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.