

CRA Public File

Farmers State Bank of Hoffman

As of

4/1/25

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Community Reinvestment Act (CRA) Public File Information

Farmers State Bank of Hoffman is committed to meeting the financial needs of all the communities that we serve, including families, and small businesses.

The objective of this policy is to communicate our commitment to the requirements of the Community Reinvestment Act and to detail the proactive CRA Program in place at Farmers State Bank of Hoffman. We believe that doing so is basic good business practice and to the Bank's future vitality.

Public Information Available for Inspection

The federal government established the Community Reinvestment Act (CRA) in 1977 to encourage banks to meet the credit needs of the communities where they do business, including low- and moderate-income neighborhoods. Banks must also make their CRA files available to the general public through their website and update the files to be current as of April 1 of each year, updated periodically as needed.

Public Comments

All written comments received from the public for the current year and each of the two prior calendar years that specifically relate to the bank's performance in helping to meet community credit needs and any response to the comments by the bank.

- 2023 – Trinity Lutheran Church

April 14, 2023

Farmers State Bank
PO Box 380
Hoffman, IL 62250

Bank Directors & Officers:

THANK YOU for assisting Trinity Lutheran Church this past year with our current loan. Having you as our home town community bank, we are grateful and thankful for everything that you have done to help with our church and school.

This kind of generous support from Farmers State Bank is very much appreciated.

Thank you. God's Blessings to you.

Sincerely,



Lola Zimmermann
Secretary
On behalf of Trinity Lutheran Church

- 2024 – Veterans Tribute KC

Steering Committee

Honorary Chairs

Jim Wham (deceased)
Mace Carpenter (retired)
George Evans

Chair

Jim Beasley

KC President

George Evans

Community Members

Wanda Arnold
Don Berdeaux
Donna Dodson
Tim Erno
Louis Fogleman
Marlene Fox
Sarah Knaak
Bob Netemeyer
Yvonne Pruitt
Neely Reed
Harold Rood
Robert Shehorn
Doris Simpson
Dean Skambraks
Jim Stedelin
Frank Richards
Jeannine Richards
Greg Riechman
Stephanie Waggoner
TJ Boyd

College Members:

Levi Cross
Carrie Hancock
Craig Roper
Tina Winkler

27210 College Road
Centralia, Illinois 62801
www.veterantributeatkc.com



June 6, 2024

Farmers State Bank of Hoffman
ATTN: Phil Palm
P.O. Box 380
Hoffman, IL 62250

Dear Phil,

On behalf of the Veterans Tribute Committee, I would like to express our sincerest gratitude for Farmers State Bank of Hoffman's generous donation. Your support means a great deal to us, and we are truly honored to receive such a thoughtful contribution.

Your donation will play a vital role in our mission to honor our Veterans. With your help, we will be able to continue our work on our Veterans Tribute.

The Veterans Tribute Committee deeply values the support of community partners like Farmers State Bank of Hoffman. Your commitment demonstrates a shared dedication to recognizing and honoring Veterans' sacrifices.

Please accept our heartfelt thanks for your generosity and support. Your contribution will have a great impact for our committee, and we are grateful for your partnership in this endeavor.

Thank you once again for your generosity and for standing with us in support of our Veterans.

Jim Beasley

Jim Beasley
Chairperson
Veterans Tribute Committee

Honor Country Patriotism Service Education

CRA Performance Evaluation

A copy of the bank's most recent CRA Performance Evaluation.

- CRA Performance Evaluation-Federal Deposit Insurance Corporation

PUBLIC DISCLOSURE

March 2, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Farmers State Bank of Hoffman
Certificate Number: 9259

100 West 4th Street
Hoffman, Illinois 62250

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 IS 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 loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment areas (AAs) credit needs.
- A substantial majority of the institution's loans are in the AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs areas.
- The distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

Background

Farmers State Bank of Hoffman (FSB) is headquartered in Hoffman, Illinois, and operated in Clinton, Marion, and Washington counties in Southern Illinois. FSB is wholly owned by Farmers State Bancorporation, Inc., a one-bank holding company also in Hoffman, Illinois. FSB received a Satisfactory rating at its December 3, 2015 FDIC Performance Evaluation based on Interagency Small Institution Examination Procedures.

Operations

FSB operates three full-service branches in its assessment areas. The bank offers loan products including agricultural, home mortgage, commercial, and consumer loans, primarily focusing on agricultural and home mortgage lending and provides a variety of deposit services including checking, savings, money market deposit accounts, and certificates of deposit. FSB closed its insurance department in July 2021. Other products offered include e-Banking, bill pay, mobile banking, merchant card services, and remote deposits, and owns and operates three automated teller machines (ATMs) within its assessment areas. Products and services are appropriate to meet the needs of the community. FSB did not open or close any branches or participate in any merger or acquisition services since the previous evaluation.

Ability and Capacity

As of December 31, 2021, FSB's assets totaled \$187.4 million with total deposits of \$151.6 million and total loans of \$64.4 million. The loan portfolio is summarized in the following table. Fixed-rate mortgages are sold on the secondary market; therefore, they are not included in the loan portfolio distribution below. Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

Loan Portfolio Distribution as of 12/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	2,045	3.2
Secured by Farmland	24,843	38.6
Secured by 1-4 Family Residential Properties	16,552	25.7
Secured by Multifamily (5 or more) Residential Properties	846	1.3
Secured by Nonfarm Nonresidential Properties	5,503	8.5
Total Real Estate Loans	49,789	77.3
Commercial and Industrial Loans	6,815	10.6
Agricultural Production and Other Loans to Farmers	5,837	9.1
Consumer Loans	1,848	2.9
Obligations of State and Political Subdivisions in the U.S.	88	0.1
Other Loans	6	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Total Loans	64,383	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. FSB designated two assessment areas in the state of Illinois: one in the metropolitan (MSA) area of St. Louis, MO-IL consisting of Clinton County, and one in the nonmetropolitan (Non-MSA) area of Illinois consisting of Marion and Washington County. The assessment area has not changed since the previous evaluation. The bank's assessment areas conform to the CRA regulation, as they do not arbitrarily exclude any low- or moderate-income census tracts, do not reflect illegal discrimination, and otherwise meet the requirements of the CRA regulation.

Complete discussions of each assessment area are located in the St. Louis, MO-IL MSA and Illinois Non-MSA sections of the evaluation. Details regarding the assessment area composition by county, number of census tracts, and number of branches are illustrated in the table below.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
St. Louis, MO-IL MSA	Clinton	8	1
Illinois Non-MSA	Marion and Washington	16	2
<i>Source: Bank Data</i>			

SCOPE OF EVALUATION

General Information

This evaluation covers the period from FSB's prior performance evaluation dated December 3, 2015 conducted by FDIC using the Interagency Small Institution Examination Procedures to the current evaluation dated February 28, 2022, to evaluate the bank's CRA performance. Examiners conducted a full scope review of both assessment areas. These procedures focused on the bank's lending performance according to the following criteria under the Lending Test:

- LTD ratio,
- Assessment area concentration,
- Borrower profile,
- Geographic distribution, and
- Response to CRA-related complaints.

Activities Reviewed

Examiners determined that the bank's major product lines are small farm, small business, and home mortgage loans. This conclusion considered the bank's business strategy using number and dollar volume of loans originated during the evaluation period. The bank's record of originating home mortgage, small business, and small farm loans were given equal weight in the overall conclusions. In addition, no other loan types, such as consumer loans, represent a major product line. Therefore, those loans provided no material support for conclusions or ratings and are not presented or analyzed.

Bank records and Call Report data indicated that the lending focus and product offerings remained consistent throughout the evaluation period. Discussions with bank management indicates that the bank continues to focus on agricultural lending products, as well as home mortgage loans, however, commercial loan activity has increased in 2021. Examiners analyzed lending trends since the prior evaluation and determined that the trends in 2020 and 2021 were largely impacted by the Small Business Administration (SBA) Paycheck Protection Program (PPP), which resulted in a significant increase in the volume of small farm and small business lending activity. Otherwise, the volume of the bank's traditional lending activity remained consistent for 2020 and 2021. As such, this evaluation presents information for loans originated in 2021 for each lending category but also makes mention of the PPP loan originations for both years.

FSB is no longer required to report home mortgage loans according to Home Mortgage Disclosure Act changes and has not elected to do so. Similarly, the bank is not required and does not report small business or small farm data. As such, examiners compared the bank's performance to demographic data. With respect to home mortgage lending, the bank originated 34 loans totaling \$2.7 million in 2021. The bank also originated 118 small business loans totaling \$9.6 million and 204 small farm loans totaling \$12.9 million in 2021.

The tables below reflect the number and dollar volume of small business and small farm loans originated within the AAs in 2021. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans because it is a better indicator of the number of businesses, farms, and individuals served. The entire universe of loans originated in the bank's AAs were reviewed and presented in the Geographic Distribution portion. A sample of small farm and small business loans inside the AAs were reviewed and presented for analysis under the Borrower Profile portion. The Assessment Area Concentration portion includes the universe of loans both inside and outside of the AAs. Dun & Bradstreet (D&B) data for 2021 provided a standard of comparison for the small business and small farm loans, and 2015 American Community Survey (ACS) data was used as a standard of comparison for the bank's home mortgage lending.

Small Business Loans Reviewed for 1/1/2021 to 12/31/2021				
Assessment Area	Universe		Sample Reviewed	
	#	\$(000s)	#	\$(000s)
Illinois Non-MSA	45	2,209	15	883
St. Louis MO-IL MSA	57	5,436	26	1,902
Source: Bank Records				

Small Farm Loans Reviewed for 1/1/2021 to 12/31/2021				
Assessment Area	Universe		Sample Reviewed	
	#	\$(000s)	#	\$(000s)
Illinois Non-MSA	83	4,761	28	1,112
St. Louis MO-IL MSA	97	6,321	23	1,811
Source: Bank Records				

Additionally, FSB engaged in and was very active in the SBA PPP for both small farm and small business loans. In 2020, the bank originated 77 PPP small business loans totaling \$1.7 million. In 2021, FSB originated 254 PPP loans in 2021, 110 of which were small business loans totaling \$2.5 million, while the remaining 144 were small farm loans totaling \$2.4 million. These loans are reflected in the small business and small farm tables in the analysis that follows, if they meet CRA requirements and qualifications.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FSB demonstrated reasonable performance under the Lending Test. Reasonable performance regarding the LTD ratio, geographic distribution, and borrower profile, as well as a majority of loans originated inside the AAs support this conclusion.

Loan-to-Deposit Ratio

The Loan-to-Deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AAs credit needs. The LTD ratio calculated from Call Report data averaged 50 percent over the past 25 calendar quarters from December 31, 2015 to December 31, 2021. The ratio ranged from a low of 42 percent as of December 31, 2021, to a high of 55.3 percent as of December 31, 2018.

Examiners evaluated FSB's LTD ratio by comparing it to similarly situated banks. Examiners selected these banks based on asset size, geographic location, and lending focus. As shown in the table below, FSB's ratio was lower than three, and higher than one of the similarly-situated institutions.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 12/31/2021 (\$000s)	Average Net LTD Ratio (%)
Farmers State Bank of Hoffman	187,456	50.0
Similarly-Situated Institution #1	242,401	72.2
Similarly-Situated Institution #2	79,287	42.8
Similarly-Situated Institution #3	461,859	66.3
Similarly-Situated Institution #4	265,729	70.0
<i>Source: Reports of Condition and Income 12/31/2015 – 12/31/2021</i>		

Assessment Area Concentration

All home mortgage, small business, and small farm loans throughout 2021 were analyzed to determine the portion of loans extended inside and outside the assessment area. FSB originated a substantial majority of all three product types inside of the assessment areas in 2021. This represents reasonable performance.

The following table details lending inside and outside the combined assessment area by loan product and year.

Lending Inside and Outside of the Combined Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2021	33	97.1	1	2.9	34	2,638	97.1	79	2.9	2,717
Small Farm										
2021	180	88.2	24	11.8	204	11,082	85.6	1,857	14.4	12,939
Small Business										
2021	99	83.9	19	16.1	118	6,872	71.9	2,687	28.1	9,559
Total	312	87.6	44	12.4	356	20,592	81.7	4,623	18.3	25,215
Source: Bank Data Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. This conclusion is supported by reasonable performance of home mortgage, small farm, and small business lending in each AA. Please refer to the separate assessment area section of this evaluation for further discussion of the bank's performance under this criterion.

Borrower Profile

The distribution of loans to borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income and business and farms of different sizes. This conclusion is supported by reasonable borrower distributions in each AA. Please refer to the separate assessment area sections of this evaluation for further discussion of the bank's performance under this criterion.

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal practices therefore; this consideration did not affect the overall CRA rating.

ST. LOUIS, MO-IL MSA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ST. LOUIS, MO-IL MSA ASSESSMENT AREA

The St. Louis, MO-IL MSA AA area consists of all eight census tracts in Clinton County, which is one of eight counties in the Illinois portion of the MSA. FSB’s main office is in Hoffman in the southeastern corner of Clinton County. This is FSB’s only branch in Clinton County, which is located in a middle-income census tract. As of June 30, 2021, the bank had \$93.9 million in deposits in this AA, which represents 60.7 percent of the bank’s total deposits as of the same date.

Economic and Demographic Data

The eight census tracts in Clinton County reflect the following income designations according to the 2015 ACS data:

- One moderate-income tract,
- Four middle-income tracts, and
- Three upper-income tracts.

The moderate-income tract is described as the northeastern corner of Clinton County, including the town of Huey and a portion of Centralia. The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Assessment Area: St. Louis, MO-IL MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	8	0.0	12.5	50.0	37.5	0.0
Population by Geography	37,929	0.0	3.4	68.2	28.4	0.0
Housing Units by Geography	15,504	0.0	4.2	68.5	27.3	0.0
Owner-Occupied Units by Geography	11,517	0.0	4.7	66.8	28.5	0.0
Occupied Rental Units by Geography	2,349	0.0	2.0	69.3	28.7	0.0
Vacant Units by Geography	1,638	0.0	4.0	79.1	16.9	0.0
Businesses by Geography	2,029	0.0	2.6	70.3	27.1	0.0
Farms by Geography	263	0.0	6.1	58.2	35.7	0.0
Family Distribution by Income Level	9,542	14.4	15.7	23.6	46.3	0.0
Household Distribution by Income Level	13,866	19.5	15.3	16.5	48.6	0.0
Median Family Income MSA - 41180 St. Louis, MO-IL MSA		\$70,718	Median Housing Value			\$133,237
			Median Gross Rent			\$778
			Families Below Poverty Level			6.2%
Sources: 2015 ACS and 2020 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.						

The FFIEC-updated median family income levels are used to analyze home mortgage loans under the borrower profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
St. Louis, MO-IL MSA Median Family Income (41180)				
2021 (\$84,700)	<\$42,350	\$42,350 to <\$67,760	\$67,760 to <\$101,640	≥\$101,640
<i>Source: FFIEC</i>				

The analysis of small farm loans under the Borrower Profile criterion compares the distribution of farms by gross annual revenue level (GAR). D&B data shows the following for the GARs of the farms in the assessment area:

- 97.2 percent have \$1 million or less,
- 1.7 percent have more than \$1 million, and
- 1.0 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR. D&B data shows the following for the GARs of the businesses in the assessment area.

- 79.8 percent have \$1 million or less,
- 6.2 percent have more than \$1 million, and
- 14.0 percent have unknown revenues.

Among all farm and non-farm businesses, service industries represent the largest portion of businesses (31.7 percent), followed by non-classifiable establishments (13.5 percent), and retail trade (12.3 percent). In addition, 87.6 percent of assessment area businesses have nine or fewer employees and 86.9 percent operate from a single location.

Data obtained from the U.S Bureau of Labor and Statistics displayed in the table below indicates that the unemployment rate for Clinton County remains lower than both the state and national unemployment rates as of December 2021.

Unemployment Rates	
County or Area	January 2022
	%
Clinton County	3.5
State of Illinois	5.2
National Average	4.1
<i>Source: Bureau of Labor Statistics</i>	

Competition

The assessment area exhibits a moderately competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2021, 11 financial institutions operated 21 full-service branches throughout the assessment area. FSB ranked fourth out of 11 banks with \$93.9 million in deposits or 7.3 percent deposit market share. The top three banks made up 63.1 percent of the deposit market share. Although, the bank is not subject to HMDA, aggregate lending data indicates significant competition with 133 other lenders originating or purchasing 1,721 home mortgage loans in 2020. In addition, aggregate CRA data shows that 12 lenders originated 145 small farm loans in the AA area in 2020.

Community Contact and Credit Needs

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

Examiners used an existing community contact with knowledge of the credit needs and opportunities in the area. The contact was a representative of an economic development agency in the AA. The contact discussed population trends, housing, and economic and business conditions. The contact stated there was a need for new housing to replace aging stock. The cost of living in the areas is generally lower and more favorable. Agricultural lending is steady in the rural parts of the area. Employment has picked up again since the height of the Covid-19 pandemic. The contact stated that business conditions were favorable in the region, and many farms and businesses benefited from PPP lending. Overall, the contact felt that local financial institutions are responsive to credit and community development needs in the area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN ST. LOUIS, MO-IL MSA AA

LENDING TEST

The bank's lending performance reflects reasonable responsiveness to the credit needs in the St. Louis, MO-IL MSA AA. This conclusion was determined by evaluating the geographic distribution of loans and borrower profile for home mortgage, small business, and small farm loans.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA for the loan types reviewed. For this criterion, examiners focused on the percentage by number of loans in low- and moderate- income census tracts. As previously noted, there are no low-income tracts in this AA. This analysis only presents loans originated inside the assessment area.

Home Mortgage

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Examiners compared the bank's performance to the percentage of owner-occupied housing units by tract income category.

As shown in the table below, the bank's lending in moderate-income tracts exceeds the percentage of owner-occupied housing units by loan volume and dollar amount, however, the overall number of originations is nominal.

Geographic Distribution of Home Mortgage Loans					
Assessment Area: ST. LOUIS, MO-IL MSA AA					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate					
2021	4.7	2	15.4	179	9.6
Middle					
2021	66.8	10	76.9	1,251	67.4
Upper					
2021	28.5	1	7.7	425	22.9
Totals					
2021	100.0	13	100.0	1,855	100.0
Sources: 2015 ACS; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%					

Small Business

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Examiners compared the bank's small business lending to the distribution of businesses by tract income level throughout the assessment area. As shown in the following table, the bank's small business lending in 2021 was higher than the percentage of moderate-income tract businesses for loan volume, and similar in dollar amount.

Geographic Distribution of Small Business Loans					
Assessment Area: ST. LOUIS, MO-IL MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2021	2.5	7	13.0	89	1.9
Middle					
2021	69.5	43	79.6	3,771	80.9
Upper					
2021	28.0	4	7.4	802	17.2
Totals					
2021	100.0	54	100.0	4,662	100.0
Sources: 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

Small Farm

The geographic distribution of small farm loans reflects excellent dispersion throughout the assessment area. Examiners compared the bank's small farm lending to the distribution of farms by tract income level throughout the assessment area.

As shown in the following table, the bank's small farm lending in 2021 was significantly higher than the percentage of farms in moderate-income area for both loan volume and dollar amount.

Geographic Distribution of Small Farm Loans					
Assessment Area: ST. LOUIS, MO-IL MSA AA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate					
2021	7.6	35	36.1	2,017	31.9
Middle					
2021	54.1	56	57.7	3,603	57.0
Upper					
2021	38.3	6	6.2	701	11.1
Totals					
2021	100.0	97	100.0	6,321	100.0
<i>Sources: 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels. Examiners focused on the percentage by number of small farm and small business loans to farms and businesses with GARs of \$1 million or less. In addition, examiners focused on the percentage by number of home mortgage loans to low- and moderate- income borrowers. This analysis only presents loans originated inside the assessment area.

Home Mortgage

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers is reasonable. Examiners compared the bank's performance to the percentage of families by income levels.

The following table shows the percentage of low-income borrowers in this AA (demographic) was 14.4 percent. Additionally, 6.2 percent of the AA's families had income below the poverty level. These families typically do not possess the financial means to qualify for or afford a home mortgage loan due to financial constraints. Lending performance for low-income borrowers exceeds the percentage of families for both loan volume and dollar amount. However, the lending performance for moderate-income borrowers is lower for both factors. Nonetheless, as previously mentioned, the overall volume of loans originated in the AA is nominal.

Distribution of Home Mortgage Loans by Borrower Income Level					
Assessment Area: ST. LOUIS, MO-IL MSA AA					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2021	14.4	3	23.1	279	15.1
Moderate					
2021	15.7	1	7.7	51	2.7
Middle					
2021	23.6	2	15.4	553	29.8
Upper					
2021	46.3	7	53.8	972	52.4
Totals					
2021	100.0	13	100.0	1,855	100.0
Sources: 2015 ACS; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%					

Small Business

The distribution of small business loans reflects reasonable penetration of loans to businesses of different sizes. As shown in the following table, FSB originated 88.5 percent of its small business loans in this AA to businesses with GARs of \$1 million or less, which exceeds the percentage of businesses in operation at 79.8 percent.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: ST. LOUIS, MO-IL MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	79.8	23	88.5	1,278	67.2
>\$1,000,000					
2021	6.2	3	11.5	625	32.8
Revenue Not Available					
2021	14.0	--	--	--	--
Totals					
2021	100.0	26	100.0	1,902	100.0
Sources: 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

Small Farm

The distribution of small farm loans reflects poor penetration of loans to farms of different sizes. As shown in the following table, FSB originated 69.6 percent of its small farm loans in this AA to farms with GARs of \$1 million or less, which is significantly lower than the percentage of farms (97.2 percent). However, as previously stated, FSB ranked fourth out of 11 banks with a 7.3 percent deposit market share in the AA. Although, FSB is not subject to CRA data collection and

reporting, aggregate CRA data shows that 12 lenders originated 145 small farm loans in the AA area in 2020, which indicates a fair level of competition it faces.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: ST. LOUIS, MO-IL MSA AA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2021	97.2	16	69.6	1,129	62.3
>\$1,000,000					
2021	1.7	7	30.4	683	37.7
Revenue Not Available					
2021	1.0	--	--	--	--
Totals					
2021	100.0	23	100.0	1,812	100.0
Sources: 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

ILLINOIS NON-MSA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN ILLINOIS NON-MSA ASSESSMENT AREA

The Illinois Non-MSA assessment area consists of all 16 census tracts in Marion and Washington Counties, which are located in southwestern Illinois. FSB’s two branch offices are in Central City in the southwestern corner of Marion County and in Hoyleton in the northeastern corner of Washington County. The Central City branch is located in a moderate-income tract and the Hoyleton branch is located in a middle-income tract. As of June 30, 2021, the bank had \$60.7 million in deposits in this AA, which represents 38.3 percent of the bank’s total deposits as of the same date.

Economic and Demographic Data

The 16 census tracts in Marion and Washington County reflect the following income designations according to the 2015 ACS: five moderate- and eleven middle-income tracts.

The moderate-income tracts are described as the southwestern corner of Marion County, including the towns of Sandoval, Junction, Central City, Wamac, and a portion of Centralia.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: ILLINOIS NON-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	16	0.0	31.3	68.8	0.0	0.0
Population by Geography	53,122	0.0	25.9	74.1	0.0	0.0
Housing Units by Geography	24,770	0.0	28.4	71.6	0.0	0.0
Owner-Occupied Units by Geography	16,330	0.0	21.5	78.5	0.0	0.0
Occupied Rental Units by Geography	5,230	0.0	43.0	57.0	0.0	0.0
Vacant Units by Geography	3,210	0.0	39.4	60.6	0.0	0.0
Businesses by Geography	3,096	0.0	37.7	62.3	0.0	0.0
Farms by Geography	357	0.0	6.7	93.3	0.0	0.0
Family Distribution by Income Level	14,278	22.6	17.8	21.4	38.2	0.0
Household Distribution by Income Level	21,560	25.6	16.0	17.5	40.9	0.0
Median Family Income Non-MSAs - IL		\$59,323	Median Housing Value			\$79,519
			Median Gross Rent			\$621
			Families Below Poverty Level			13.4%
Sources: 2015 ACS and 2021 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.						

The FFIEC-updated median family income levels are used to analyze home mortgage loans under the borrower profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
IL NA Median Family Income (99999)				
2020 (\$65,800)	<\$32,900	\$32,900 to <\$52,640	\$52,640 to <\$78,960	≥\$78,960
2021 (\$66,700)	<\$33,350	\$33,350 to <\$53,360	\$53,360 to <\$80,040	≥\$80,040
Source: FFIEC				

The analysis of small farm loans under the Borrower Profile criterion compares the distribution of farms by gross annual revenue level. D&B data shows the following for the gross annual revenues of the farms in the assessment area:

- 97.2 percent have \$1 million or less,
- 1.4 percent have more than \$1 million, and
- 1.4 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR. D&B data shows the following for the GARs of the businesses in the assessment area:

- 78.1 percent have \$1 million or less,
- 5.9 percent have more than \$1 million, and
- 16.0 percent have unknown revenues.

Among all farm and non-farm businesses, service industries represent the largest portion of businesses (34.7 percent), followed by retail trade (13.1 percent), and non-classifiable establishments (12.8 percent). In addition, 87.2 percent of assessment area businesses have nine or fewer employees and 84.4 percent operate from a single location.

Data obtained from the U.S Bureau of Labor and Statistics displayed in the table below indicates that the unemployment rate for Washington County remains lower than both the state and national unemployment rates as of December 2021. However, the Marion County unemployment rate is slightly higher than both the state and national unemployment rates.

Unemployment Rates	
County or Area	January 2022
	%
Marion County	5.5
Washington County	2.8
State of Illinois	5.3
National Average	4.1
<i>Source: Bureau of Labor Statistics</i>	

Competition

The assessment area exhibits a moderately competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2021, 18 financial institutions operated 32 full-service branches throughout the AA. FSB ranked 12th out of 18 banks with \$60.7 million in deposits or 4.0 percent deposit market share. As previously mentioned, the bank is not subject to HMDA reporting requirements, however, 2020 aggregate lending data indicates significant competition with 117 other lenders originating or purchasing 1,391 home mortgage loans. Aggregate CRA data showed that 18 lenders originated 77 small farm loans in the assessment area in 2020.

Community Contact and Credit Needs

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to those needs. It also shows what credit and community development opportunities are available.

For this evaluation, examiners contacted a representative of a realty firm in the AA. The contact stated that the economic conditions have remained relatively stable despite the coronavirus pandemic. The housing market is also holding steady and homes continue to sell quickly. The contact noted that there remains a high supply of lending opportunities for financial institutions

regarding the housing market and small business lending. Local financial institutions were receptive and helpful to small businesses within the assessment area in regards to PPP lending during the pandemic. The contact also noted that there is a shortage of workers in the area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN ILLINOIS NON-MSA

LENDING TEST

The bank's lending performance reflects reasonable responsiveness to the credit needs in the Illinois Non-MSA AA. This conclusion was determined by evaluating the geographic distribution and borrower profile for home mortgage and small business loans.

Geographic Distribution

The geographic distribution of loans reflects reasonable penetration throughout the AA. For this criterion, examiners focused on the percentage by number of loans in low- and moderate- income census tracts. As previously noted, there are no low- or upper-income tracts in this AA. This analysis only presents loans originated inside the AA.

Home Mortgage

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. Examiners compared the bank's performance to the percentage of owner-occupied housing units by income tract category.

As shown in the following table, the bank's lending in moderate-income tracts exceeds the percentage of owner-occupied housing units by loan volume and dollar amount.

Geographic Distribution of Home Mortgage Loans					
Assessment Area: ILLINOIS NON-MSA AA					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate					
2021	21.5	7	35.0	223	28.5
Middle					
2021	78.5	13	65.0	560	71.5
Totals					
2021	100.0	20	100.0	783	100.0
Sources: 2015 ACS; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%					

Small Business

The geographic distribution of small business loans represents reasonable dispersion throughout the assessment area. Examiners compared the bank's small business lending to the distribution of businesses by income tract level throughout the assessment area. As shown in the following table, the bank's small business lending in moderate-income tracts was slightly above the percentage of businesses by loan volume, but lower by dollar amount.

Geographic Distribution of Small Business Loans					
Assessment Area: ILLINOIS NON-MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2021	37.7	18	40.0	526	23.8
Middle					
2021	62.3	27	60.0	1,683	76.2
Totals					
2021	100.0	45	100.0	2,209	100.0
<i>Sources: 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Small Farm

The geographic distribution of small farm loans represents reasonable dispersion throughout the assessment area. Examiners compared the bank's small farm lending to the distribution of farms by tract income level throughout the AA.

As shown in the following table, the bank's small farm lending in moderate-income tracts was very similar to the percentage of farms by loan volume, but below by dollar amount.

Geographic Distribution of Small Farm Loans					
Assessment Area: ILLINOIS NON-MSA AA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate					
2021	6.7	6	7.2	114	2.4
Middle					
2021	93.3	77	92.8	4,647	97.6
Totals					
2021	100.0	83	100.0	4,761	100.0
<i>Sources: 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels. Examiners focused on the percentage

by number of small farm and small business loans to farms and businesses with GARs of \$1 million or less. In addition, examiners focused on the percentage by number of home mortgage loans to low- and moderate- income borrowers. This analysis only presents loans originated inside the AA.

Home Mortgage

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers is reasonable. Examiners compared the bank's performance to the percentage of families.

The following table shows the percentage of low-income borrowers in this AA (demographic) was 22.6 percent. Additionally, 13.4 percent of the AA's families had income below the poverty level. These families typically do not possess the financial means to qualify for or afford a home mortgage loan due to financial constraints. Lending performance for low-income borrowers is less than the percentage of families by both number and dollar amount. However, when adjusting for the poverty level, the performance is consistent with the demographics. In addition, the lending performance for moderate-income borrowers is significantly higher for both factors.

Distribution of Home Mortgage Loans by Borrower Income Level					
Assessment Area: ILLINOIS NON-MSA AA					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2021	22.6	3	15.0	67	8.5
Moderate					
2021	17.8	6	30.0	252	32.2
Middle					
2021	21.4	5	25.0	206	26.3
Upper					
2021	38.2	6	30.0	258	33.0
Not Available					
2021	0.0	--	--	--	--
Totals					
2021	100.0	20	100.0	783	100.0
Sources: 2015 ACS; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%					

Small Business

The distribution of small business loans reflects excellent penetration of loans to businesses of different sizes. As shown in the following table, FSB originated 100 percent of its small business loans in this AA to businesses with GARs of \$1 million or less, which exceeds the percentage of businesses (78.1 percent).

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: ILLINOIS NON-MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	78.1	15	100.0	883	--
>\$1,000,000					
2021	5.9	--	--	--	--
Revenue Not Available					
2021	16.1	--	--	--	--
Totals					
2021	100.0	15	100.0	--	100.0
Source: 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

Small Farms

The distribution of small farm loans reflect reasonable penetration of loans to farms of different sizes. As shown in the following table, FSB originated 100 percent of its small farm loans in this AA to farms with GARs of \$1 million or less, which slightly exceeds the percentage of farms in operation at 97.2 percent.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: ILLINOIS NON-MSA AA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2021	97.2	28	100.0	400	100.0
>\$1,000,000					
2021	1.4	--	--	--	--
Revenue Not Available					
2021	1.4	--	--	--	--
Totals					
2021	100.0	28	--	400	--
Source: 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

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.

Branch Information

A list of the bank's branches, street addresses, and geographies, including hours of operation.

FARMERS STATE BANK OF HOFFMAN

Three Locations to Serve You

www.fsbhoffman.com

HOFFMAN

100 West 4th Street
Hoffman, IL 62250
Phone: 618-495-2225
Fax: 618-495-2910

Census Tract 9005.00

Lobby Hours

Monday-Friday
8:30am - 4:30pm

Saturday
8:30am - 12:00pm

Drive-up Hours

Monday-Thursday
8:15am - 4:30pm

Friday
8:15am - 5:00pm

Saturday
8:15am - 12:00pm

CENTRAL CITY

255 South Commercial
Central City, IL 62801
Phone: 618-532-2265
Fax: 618-495-2910

Census Tract 9527.00

Lobby Hours

Monday-Friday
8:30 am - 4:30pm

Saturday
8:30am - 12:00pm

Drive-up Hours

Monday-Friday
8:00am - 5:00pm

Saturday
8:00am - 12:00pm

HOYLETON

85 E. St Louis Street
Hoyleton, IL 62803
Phone: 618-493-6510
Fax: 618-532-0874

Census Tract 9501.00

Lobby Hours

Monday-Friday
8:30am - 4:30pm

Saturday
8:30am - 12:00pm

Drive-up Hours

Monday-Friday
8:15am - 4:30pm

Saturday
8:15am - 12:00pm

Opened and Closed Branches

List of branches opened or closed by the bank during the current year and each of the prior two calendar years, their street addresses, and geographies.

- The bank has not had any.

Retail Banking Services

A list of retail banking services generally offered at the bank's branches including hours of operation, available loan and deposit products, and transaction fees.

DDA Account Overview

Checking Account (Personal or Business)

- **Minimum Balance Requirements** – You must deposit \$100.00 to open this account. A minimum balance fee of \$5.00 will be imposed every statement cycle if the average daily balance for the statement cycle falls below \$300.00. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period.

Savings Account

- **Variable Rate Information** – Your interest rate and annual percentage yield may change.
- **Determination of Rate** – At our discretion, we may change the interest rate on your account.
- **Frequency of Rate Changes** – We may change the interest rate of your account at any time.
- **Limitations on Rate Changes** – There are no maximum or minimum interest rate limits for this account.
- **Compounding and Crediting** – Interest will be compounded quarterly and will be credited to your account quarterly. If you close your account before interest is credited, you will not receive the accrued interest.
- **Minimum Balance Requirements** – You must deposit \$50.00 to open this account. A minimum balance fee of \$5.00 will be imposed every quarter if the average daily balance for the quarter falls below \$50.00. You must maintain a minimum daily balance of \$25.00 in the account each day to obtain the disclosed annual percentage yield. You will earn interest for every day during the period that your account equals or exceeds the minimum daily balance requirement.
- **Balance Computation Method** – We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account every day.
- **Accrual of Interest on Noncash Deposits** – Interest begins to accrue on the business day you deposit noncash items (for example, checks).
- **Transaction Limitations** – Transfers from a savings account to another account or to third parties by preauthorized, automatic, or telephone transfer are limited to six

per month with no transfers by check, draft, debit card, or similar order to third parties.

NOW Account

- **Variable Rate Information** – Your interest rate and annual percentage yield may change.
- **Determination of Rate** – At our discretion, we may change the interest rate on your account.
- **Frequency of Rate Changes** – We may change the interest rate on your account at any time.
- **Limitations on Rate Changes** – There are no maximum or minimum interest rate limits for this account.
- **Compounding and Crediting** – Interest will be compounded monthly and will be credited to your account monthly. If you close your account before interest is credited, you will not receive the accrued interest.
- **Minimum Balance Requirements** – You must deposit \$500.00 to open this account. A minimum balance fee of \$5.00 will be imposed every statement cycle if the average daily balance for the statement cycle falls below \$500.00. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period. You must maintain a minimum daily balance of \$500.00 in the account each day to obtain the disclosed annual percentage yield. You will earn interest for every day during the period that your account equals or exceeds the minimum daily balance requirement.
- **Balance Computation Method** – We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.
- **Accrual of Interest on Noncash Deposits** – Interest begins to accrue on the business day you deposit noncash items (for example, checks).

Seniority Club 55 Account

- **Eligibility Requirements** – You must be 55 or older to open this account.
- **Variable Rate Information** – Your interest rate and annual percentage yield may change.
- **Determination of Rate** – At our discretion, we may change the interest rate on your account.
- **Frequency of Rate Changes** – We may change the interest rate of your account at any time.
- **Limitations on Rate Changes** – There are no maximum or minimum interest rate limits for this account.
- **Compounding and Crediting** – Interest will be compounded monthly and will be credited to your account monthly. If you close your account before interest is credited, you will not receive the accrued interest.
- **Minimum Balance Requirements** – You must deposit \$100.00 to open this account.
- **Balance Computation Method** – We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account every day.

- **Accrual of Interest on Noncash Deposits** – Interest begins to accrue on the business day you deposit noncash items (for example, checks).

Money Market Account

- **Variable Rate Information** – Your interest rate and annual percentage yield may change.
- **Determination of Rate** – At our discretion, we may change the interest rate on your account.
- **Frequency of Rate Changes** – We may change the interest rate of your account at any time.
- **Limitations on Rate Changes** – There are no maximum or minimum interest rate limits for this account.
- **Compounding and Crediting** – Interest will be compounded monthly and will be credited to your account monthly. If you close your account before interest is credited, you will not receive the accrued interest.
- **Minimum Balance Requirements** – You must deposit \$2,500.00 to open this account. A minimum balance fee of \$5.00 will be imposed every statement cycle if the average daily balance for the statement cycle falls below \$500.00. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period. You must maintain a minimum daily balance of \$1,000.00 in the account each day to obtain the disclosed annual percentage yield. You will earn interest for every day during the period that your account equals or exceeds the minimum daily balance requirement.
- **Balance Computation Method** – We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account every day.
- **Accrual of Interest on Noncash Deposits** – Interest begins to accrue on the business day you deposit noncash items (for example, checks).
- **Transaction Limitations** – Transfers from a Money Market Deposit account to another account or to third parties by preauthorized, automatic, or telephone transfer are limited to six per month.

Super NOW Account

- **Variable Rate Information** – Your interest rate and annual percentage yield may change.
- **Determination of Rate** – At our discretion, we may change the interest rate on your account.
- **Frequency of Rate Changes** – We may change the interest rate on your account at any time.
- **Limitations on Rate Changes** – There are no maximum or minimum interest rate limits for this account.
- **Compounding and Crediting** – Interest will be compounded monthly and will be credited to your account monthly. If you close your account before interest is credited, you will not receive the accrued interest.
- **Minimum Balance Requirements** – You must deposit \$2,500.00 to open this account. A minimum balance fee of \$5.00 will be imposed every statement cycle if

the average daily balance for the statement cycle falls below \$500.00. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period. You must maintain a minimum daily balance of \$1,000.00 in the account each day to obtain the disclosed annual percentage yield. You will earn interest for every day during the period that your account equals or exceeds the minimum daily balance requirement.

- **Balance Computation Method** – We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account every day.
- **Accrual of Interest on Noncash Deposits** – Interest begins to accrue on the business day you deposit noncash items (for example, checks).

Christmas Club Requirements:

- **Rate Information** – Your interest rate and annual percentage yield may change.
- **Minimum Balance Requirements** - The minimum balance requirement to open an account is \$1.00.
- **Transaction Limitations** Partial withdrawals are not allowed.

Fees and Charges

The following fees and charges may be assessed against your account:

Debit Card Replacement Fee -----	\$15.00
ATM Foreign Transaction -----	\$5.00
Account Balancing Assistance -----	\$20.00 per hour, minimum \$10.00
Account Closed (within 90 days of opening) -----	\$30.00
Account Printouts -----	\$3.00
Account Research -----	\$30.00 per hour, minimum \$15.00
ACH Origination Set Up Fee -----	\$25.00
Check printing fees vary by the style of check ordered.	
Non-Customer Check Cashing -----	2% of amount, minimum \$5.00
Non-Customer Coin Counting -----	10% of amount counted
Dormant Account Fee \$5.00 monthly with balances below \$500.00	
Money Service Business (MSB) Currency Fee -----	\$2.50 per every \$1,000 cash deposited or withdrawn
Escrow Accounts:	
Set-up Charge -	\$50.00
Annual Charge -	\$50.00
Each Payment -	\$5.00
Fax Fee -----	\$2.00/page
Garnishments -----	\$100.00
Incorrect Address Fee -----	\$1.00 per item of returned mail

Indemnity Bond-----	\$20.00
Certificate of Deposit – Early Closing -----	\$25.00
IRA Early Closing (Before age 59 ½) -----	\$30.00
IRA Transfer Fee -----	\$25.00
Levies & Legal Processes -----	\$100.00
Photocopies/Microfilm copies -----	\$0.25/ea.
Cashier's Check (Customers only) -----	\$5.00
Non-Sufficient Fund Return Item Fee (NSF) -----	No Charge per item per presentation for payment
Notary (Non-Customer)-----	\$1.00
Overdraft-----	\$45.00 for - \$5.01 or more (limited to 4 items per day-caused by check, in person withdrawal, atm withdrawal, or other electronic means)
Overdraft (after every seven continuous calendar days) OD Amount - \$5.01 or more -----	\$50.00

Safe Deposit Box Rentals-Customers with other accounts: Customers without other accounts:

3x5 - \$20.00 per year	3x5 - \$30.00 per year
5x5 - \$30.00 per year	5x5 - \$40.00 per year
3x10 - \$35.00 per year	3x10 - \$45.00 per year
5x10 - \$45.00 per year	5x10 - \$55.00 per year
10x10 - \$75.00 per year	10x10 - \$85.00 per year

Safe Deposit Box Lost Key Charge -----	\$15.00
Safe Deposit Box Closed w/One Key -----	\$50.00
Safe Deposit Box No Keys -----	Drilling Cost plus \$50.00
Safe Deposit Box Late Fee -----	\$10.00/annually
Small Estate Settlement -----	\$20.00/Check (\$50.00 Min.)
Stop Payments (Check) -----	\$25.00
Stop Payments (Range of Checks) -----	\$35.00
Stop Payments (ACH) -----	\$35.00
Temporary Checks (per 20) -----	\$10.00
Wire Transfer Fee:	
Incoming - \$15.00	
Outgoing - \$25.00	
International - \$50.00	

Bank Fees May Cause Continuous Overdraft Fees. **Fees Effective as of 8/14/2024**

Loan Services

Consumer Lending Services:

In today's economy, most of us have to borrow money from time to time. Farmers State Bank of Hoffman offers you several options. We make loan decisions locally.

Our Loan Officers will meet with you one-on-one to discuss your individual needs.

Automobile Loans:

Let us steer you in the right direction with our competitive new and used automobile loan programs. We offer many repayment options and low interest rates for qualified applicants. Take a dealer's rebate and let FARMERS STATE BANK OF HOFFMAN finance your new car or truck!

Installment Loans:

If you are planning a purchase, but are a little short on cash, an installment loan could be just what you need. We will arrange a payback schedule that fits your monthly budget. See one of our Loan Officers today.

Home Equity Loans:

The equity in your home is a great resource for making dreams come true. We offer home equity loans for home improvements, debt consolidation or even your dream vacation.

Mortgage Loans:

If you're in the market for a new home, come in and talk with one of our mortgage loan officers. They can help you decide how much you can afford and offer some very helpful and experienced mortgage advice. Ask our mortgage officers about a Secondary Market Loan.

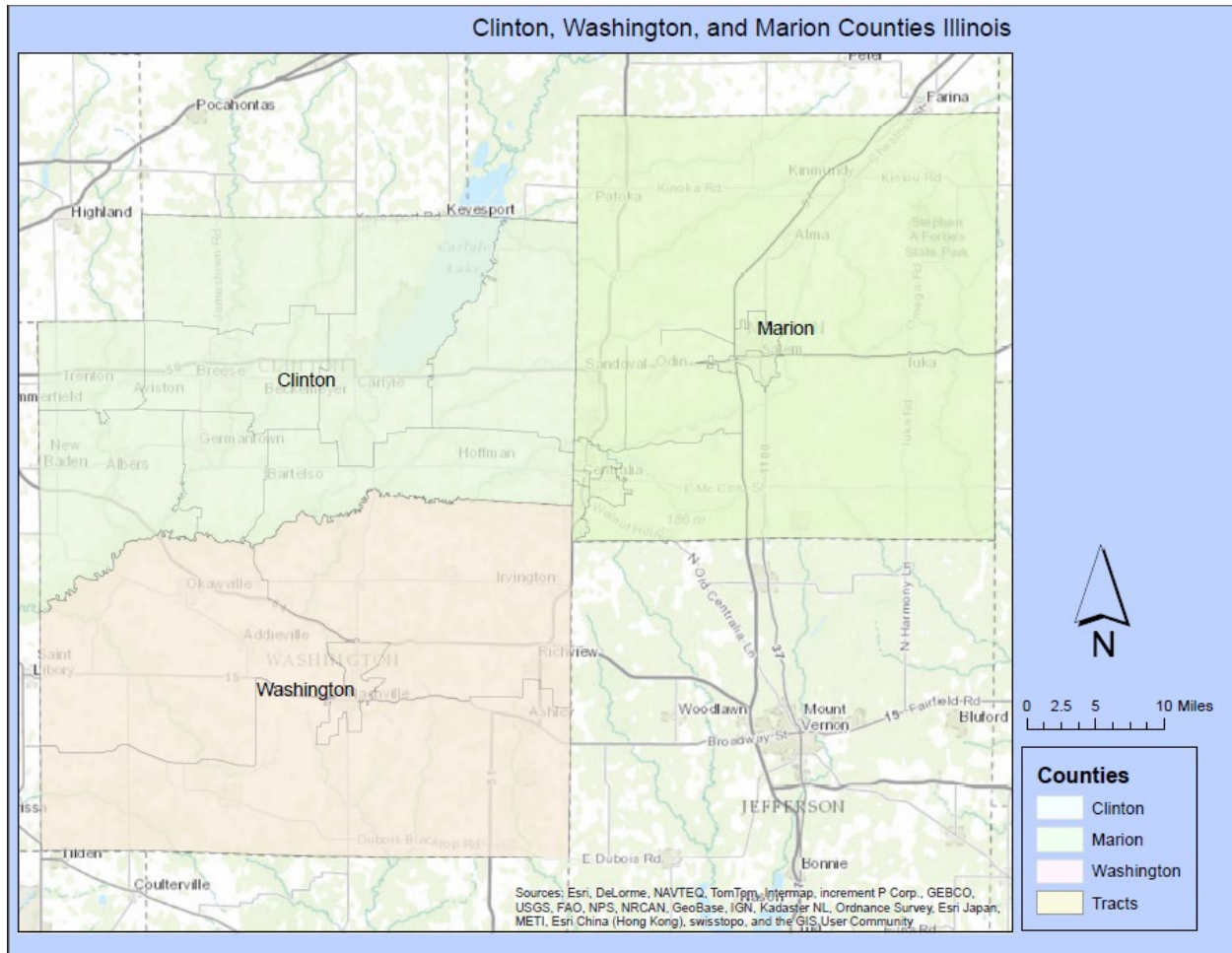
Agricultural / Commercial Loans:

We are proud to serve the financial needs of area businesses and farms. Our commercial loan officers take the time to learn about each client's individual business needs.

Assessment Areas

A map of each facility-based assessment area showing the boundaries of the area and a map of the census tracts contained in the area.

- County Assessment Area Map



Census Codes for each County Serviced

2024 FFIEC Census Report - Summary Census Overview Information

State: ILLINOIS

County: 027 - CLINTON COUNTY

All Tracts: 9



State Abbr	County Name	Tract code	Tract Income Level	Tract Median Family Income %	Distressed or Underserved Tract	2024 FFIEC Est. MSA/MD/non-MSA/MD Median Family Income	2020 Tract Median Family Income	Tract Population	Minority Population	Tract Minority %	Owner Occupied Units	1- to 4- Family Units
IL	CLINTON COUNTY	9001.00	4 - Upper	121.50	No	\$103,200	\$102,984	6512	460	7.06	1785	2247
IL	CLINTON COUNTY	9002.00	3 - Middle	117.66	No	\$103,200	\$99,728	1910	88	4.61	643	765
IL	CLINTON COUNTY	9003.00	3 - Middle	97.52	No	\$103,200	\$82,661	6928	466	6.73	2363	2803
IL	CLINTON COUNTY	9004.01	2 - Moderate	79.72	No	\$103,200	\$67,576	1201	68	5.66	483	651
IL	CLINTON COUNTY	9004.03	3 - Middle	87.01	No	\$103,200	\$73,750	3921	480	12.24	977	1720
IL	CLINTON COUNTY	9004.04	2 - Moderate	64.98	No	\$103,200	\$55,081	1403	88	6.27	478	884
IL	CLINTON COUNTY	9005.00	2 - Moderate	74.40	No	\$103,200	\$63,065	5664	1431	25.26	1777	2304
IL	CLINTON COUNTY	9006.01	3 - Middle	102.25	No	\$103,200	\$86,667	2460	117	4.76	1045	1153
IL	CLINTON COUNTY	9006.02	3 - Middle	115.07	No	\$103,200	\$97,532	6900	856	12.41	2070	2724

2024 FFIEC Census Report - Summary Census Overview Information

State: ILLINOIS

County: 121 - MARION COUNTY

All Tracts: 12



State Abbr	County Name	Tract code	Tract Income Level	Tract Median Family Income %	Distressed or Underserved Tract	2024 FFIEC Est. MSA/MD/non-MSA/MD Median Family Income	2020 Tract Median Family Income	Tract Population	Minority Population	Tract Minority %	Owner Occupied Units	1- to 4- Family Units
IL	MARION COUNTY	9516.00	3 - Middle	98.53	No	\$82,800	\$66,840	3371	164	4.87	1270	1660
IL	MARION COUNTY	9517.00	3 - Middle	111.48	No	\$82,800	\$75,625	2478	148	5.97	978	1297
IL	MARION COUNTY	9518.00	2 - Moderate	78.11	No	\$82,800	\$52,989	2288	200	8.74	778	1057
IL	MARION COUNTY	9519.00	3 - Middle	106.26	No	\$82,800	\$72,083	2817	205	7.28	886	1311
IL	MARION COUNTY	9520.00	3 - Middle	92.06	No	\$82,800	\$62,452	4413	393	8.91	1373	1809
IL	MARION COUNTY	9521.00	2 - Moderate	71.49	No	\$82,800	\$48,500	3175	380	11.97	740	1430
IL	MARION COUNTY	9522.00	3 - Middle	111.45	No	\$82,800	\$75,605	3985	153	3.84	1435	1820
IL	MARION COUNTY	9523.00	3 - Middle	106.87	No	\$82,800	\$72,500	3454	255	7.38	1328	1722
IL	MARION COUNTY	9524.00	3 - Middle	114.27	No	\$82,800	\$77,518	3717	629	16.92	1423	1738
IL	MARION COUNTY	9525.00	2 - Moderate	59.88	No	\$82,800	\$40,625	2538	422	16.63	601	1154
IL	MARION COUNTY	9526.00	2 - Moderate	69.26	No	\$82,800	\$46,987	2148	702	32.68	446	891
IL	MARION COUNTY	9527.00	2 - Moderate	56.38	No	\$82,800	\$38,250	3345	928	27.74	764	1581

2024 FFIEC Census Report - Summary Census Overview Information

State: ILLINOIS

County: 189 - WASHINGTON COUNTY

All Tracts: 4



State Abbr	County Name	Tract code	Tract Income Level	Tract Median Family Income %	Distressed or Underserved Tract	2024 FFIEC Est. MSA/MD/non-MSA/MD Median Family Income	2020 Tract Median Family Income	Tract Population	Minority Population	Tract Minority %	Owner Occupied Units	1- to 4- Family Units
IL	WASHINGTON COUNTY	9501.00	3 - Middle	118.30	No	\$82,800	\$80,250	3082	185	6.00	1045	1405
IL	WASHINGTON COUNTY	9502.00	4 - Upper	124.44	No	\$82,800	\$84,420	3684	196	5.32	1255	1763
IL	WASHINGTON COUNTY	9503.00	3 - Middle	108.10	No	\$82,800	\$73,333	3077	222	7.21	954	1347
IL	WASHINGTON COUNTY	9504.00	4 - Upper	141.51	No	\$82,800	\$96,000	3918	182	4.65	1493	1987
IL	WASHINGTON COUNTY	9999.99	4 - Upper	122.04	No	\$82,800	\$82,788	13761	785	5.70	4747	6502

Home Mortgage Disclosure (HMDA) Notice

The Home Mortgage Disclosure Act (HMDA) data about our residential mortgage lending is available online for review. This data is available online at the Consumer Financial Protection Bureau's website at <https://www.consumerfinance.gov/data-research/hmda/> , HMDA data for many other financial institutions are also available at this website.

Home Mortgage Disclosure Act Notice

The HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age and income of applicants and borrowers; and information about loan approvals and denials. These data are available online at the Consumer Financial Protection Bureau's Web site (www.consumerfinance.gov/hmda). HMDA data for many other financial institutions are also available at this Web site.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio for each quarter of the prior calendar year.

- Loan-to-Deposit Ratio

	\$000 Omitted	\$000 Omitted	
Date	Loans	Deposits	Ratio
3/31/2024	81,128	150,610	53.87%
6/30/2024	83,812	150,848	55.56%
9/30/2024	92,023	145,122	63.41%
12/31/2024	94,084	144,319	65.19%