

PUBLIC DISCLOSURE

February 5, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Morton Community Bank
Certificate Number: 18429

721 West Jackson Street
Morton, Illinois 61550

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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	-	-	-
High Satisfactory	-	X	-
Low Satisfactory	X	-	X
Needs to Improve	-	-	-
Substantial Noncompliance	-	-	-
<i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i>			

The Lending Test is rated Low Satisfactory.

- Lending levels reflect adequate responsiveness to assessment area credit needs.
- A high percentage of loans are made in the institution's assessment areas.
- The geographic distribution of loans reflects adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects adequate penetration among individuals of different income levels and businesses and farms of different sizes.
- The institution uses innovative and flexible lending practices in a safe and sound manner in order to serve assessment area credit needs.
- The institution makes a relatively high level of community development loans.

The Investment Test is rated High Satisfactory.

- The institution has a significant level of qualified community development investments and grants, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and community development needs.
- The institution rarely uses innovative or complex investments to support community development initiatives.

The Service Test is rated Low Satisfactory.

- Delivery systems are reasonably accessible to essentially all portions of the institution's assessment areas.
- To the extent that changes have been made, the institution's record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Services (including where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and individuals.
- The institution provides an adequate level of community development services.

DESCRIPTION OF INSTITUTION

Background

Morton Community Bank (MCB) is a \$5.5 billion commercial bank, and a wholly owned subsidiary of Hometown Community Bancorp, Inc., a one-bank holding company. Both the bank and holding company are headquartered in Morton, Illinois. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated November 20, 2020, based on Interagency Large Bank CRA Examination Procedures.

Operations

As of the evaluation date, MCB operates 53 offices throughout 20 counties in Illinois. In addition, the bank operates two loan production offices (LPOs). One LPO is located in Bettendorf, IA and the other is located in Springfield, IL. Details regarding opening and closing of banking offices since the previous evaluation period are detailed within the description of operations for each respective assessment area.

MCB completed two acquisitions during this review period. The first acquisition involved the Peoria, IL branches of Associated Bank N.A., Green Bay, WI effective December 11, 2020. This merger involved five banking offices in Peoria; however, all but one location was closed on the day of the acquisition. MCB acquired Marine Bank, Springfield, IL effective June 9, 2023. This merger resulted in ten new banking offices in central Illinois and also involved the commercial lending LPO in Springfield.

MCB's business focus remains on commercial and residential home mortgage lending. Commercial credit products include term loans, commercial real estate loans, and lines of credit. The bank offers an array of home mortgage lending products and other consumer-purpose loans as well. Agricultural loan offerings include operating lines of credit, equipment loans, and farm real estate loans. A variety of deposit services are offered including checking with no minimum balance and no monthly fees, savings, money market, certificate of deposit, health savings accounts (HSA), and individual retirement accounts (IRA) accounts. The bank also offers investment advisory and trust services. Alternative delivery channels include automated teller machines (ATMs), internet

and mobile banking, electronic bill pay, mobile deposit, and telephone banking. Customers also have access to products and services, such as debit cards, direct deposit, and automatic withdrawals and transfers from deposit accounts. The bank’s website is <https://www.hometownbanks.com>. Business services include remote deposit capture, merchant services, and mobile banking.

Ability and Capacity

MCB reported total assets of \$5.5 billion as of September 30, 2023, total loans of \$3.5 billion, and total deposits of \$4.7 billion. The net loan-to-deposit ratio was 72.5 percent and net loan-to-asset ratio was 62.4 percent. The bank’s investment portfolio totaled \$1.6 billion, which represents 29.0 percent of total assets.

These figures represent growth in both assets and loans since the previous CRA evaluation, which is partially attributed to acquisition activity. Specifically, total assets increased approximately \$1 billion, or 21.2 percent. Total loans increased \$480.4 million, or 16.2 percent; however, the composition of the loan portfolio reflects limited changes. Examiners did not identify any financial or other legal impediments that hinder the bank's ability to provide credit within its assessment areas. Additional details regarding the loan portfolio are included in the following table.

Loan Portfolio Distribution as of 9/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	229,019	6.6
Secured by Farmland	214,628	6.2
Secured by 1-4 Family Residential Properties	530,202	15.4
Secured by Multifamily (5 or more) Residential Properties	619,791	17.9
Secured by Nonfarm Nonresidential Properties	1,064,313	30.8
Total Real Estate Loans	2,657,953	77.0
Commercial and Industrial Loans	474,246	13.7
Agricultural Production and Other Loans to Farmers	109,444	3.2
Consumer Loans	100,567	2.9
Obligations of State and Political Subdivisions in the U.S.	88,336	2.6
Other Loans	20,035	0.6
Lease Financing Receivable (net of unearned income)	2,708	0.1
Less: Unearned Income	-	0.0
Total Loans	3,453,289	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. MCB has designated six assessment areas. All of the bank’s branches are in Illinois; however, the Rock Island office is located in a multi-state

Metropolitan Statistical Area (MSA). The assessment areas do not arbitrarily exclude any low- or moderate-income census tracts, include the census tracts in which the bank operates its main and branch offices, and otherwise meet the requirements of the CRA regulation.

The following table outlines the assessment areas, including the respective counties, number of census tracts, and number of branches. The assessment areas have changed since the previous evaluation, largely due to acquisition activity. A more detailed discussion of each assessment area, including economic and demographic data, competition, and community contacts, can be found in the separate MSA and non-MSA sections of this evaluation.

Composition of Assessment Areas				
Assessment Area	Assessment Area Abbreviated Name	Counties in Assessment Area	# of CTs	# of Branches
Peoria, IL MSA	Peoria MSA	Fulton, Marshall, Peoria, Stark, Tazewell, Woodford	107	31
Bloomington, IL MSA	Bloomington MSA	McLean	57	2
Champaign - Urbana, IL MSA	Champaign MSA	Champaign	48	2
Davenport-Moline-Rock Island, IA-IL MSA	Rock Island MSA	Rock Island	43	1
Illinois Non-MSA	Illinois Non-MSA	McDonough, Warren, Knox, Mason, Douglas, Moultrie, Whiteside, Schuyler, Livingston	69	11
Springfield, IL MSA	Springfield MSA	Sangamon, Menard	57	6
<i>Source: Bank Records; CT = Census Tract</i>				

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated November 20, 2020 to the current evaluation dated February 5, 2024. Examiners used the Interagency Large Bank Examination Procedures to evaluate MCB’s CRA performance. These procedures include three tests: the Lending Test, Investment Test, and Service Test. The criteria for these procedures are listed in the Appendix. As previously mentioned, MCB designated six assessment areas. Full-scope reviews were selected for the Peoria, IL MSA and Illinois Non-MSA, as these areas are where the majority of the bank’s deposits are taken, loans originated, and branches are located. When performance is consistent across the non-MSA portions of a single state, performance for all non-MSA assessment areas is presented together, which is applicable for this evaluation. Examiners also analyzed performance in the Rock Island MSA using full-scope procedures. This area was added following the 2019 acquisition of First Trust & Savings Bank of Albany, Illinois and was not evaluated during the previous review period. Livingston County is part of a non-metropolitan area, but is adjacent to the Bloomington, IL MSA. Performance in Livingston County was consistent with the Bloomington, IL MSA, both of which are designated as part of the Bloomington-Pontiac, Combined Statistical Area (CSA); therefore, the combined area will be presented at the CSA level within the evaluation. This area is referred to as the Bloomington CSA within this evaluation. Limited-scope

reviews were utilized for the Bloomington CSA and the Champaign MSA assessment areas. Examiners did not review activity in the Springfield MSA or in Schuyler County (non-MSA) as these areas were recently added due to the June 2023 acquisition of Marine Bank. Community development activities in the recently added areas will be included in the community development lending, investments, and services overall performance tables from the acquisition date through year-to-date (YTD) 2024.

As of September 30, 2023, MCB originated the largest percentage of its loans, attracted the largest percentage of dollar volume of deposits, and possessed the largest percentage of branches in the Peoria MSA. As such, this area received substantially more weight when drawing conclusions. The following table presents details regarding assessment area activities, and a more detailed discussion of each of these assessment areas is included in the corresponding sections of this evaluation.

Assessment Area Weighting			
Assessment Area Name As Presented	Loans - 2022	Deposits as of 6/30/2023	Branches
	% of \$	% of \$	% of #
Peoria MSA	70.9	72.7	58.5
Illinois Non-MSA	19.7	13.2	18.9
Rock Island MSA	1.2	1.0	1.9
Bloomington CSA	7.4	2.6	5.7
Champaign MSA	0.6	1.1	3.8
<i>Source: Bank records.</i>			

Activities Reviewed

Examiners determined that the bank’s major product lines are small business and home mortgage loans and the bank also focuses on small farm lending. This conclusion considered the business strategy and the number and dollar volume of loans originated during the evaluation period. The number and dollar volume of originations for small business and home mortgage loans are greater during the evaluation period and received the greatest weight in this evaluation. Small farm loans are also included in this evaluation but received less weight in the overall rating due to the lower volume when compared to the primary product lines. Bank records indicated that the lending focus and product mix remained consistent throughout the evaluation period. Examiners did not analyze any other loan types, such as consumer loans, because they do not represent major product lines and would not provide material support for conclusions or ratings.

All home mortgage loans subject to Home Mortgage Disclosure Act (HMDA) reporting requirements in 2020, 2021, and 2022 were reviewed. In 2020, the bank reported 2,253 loans totaling \$394.4 million; in 2021, the bank reported 1,817 loans totaling \$364.2 million; and in 2022, the bank reported 1,249 loans totaling \$270.1 million. The bank’s home mortgage lending performance is measured against applicable aggregate lending data, as well as demographic data housing data obtained from the 2020 US Census. Examiners placed more weight on comparisons to aggregate data as it provides a more accurate assessment of lending opportunities within the assessment areas.

Small business and small farm loan data collected pursuant to the CRA data collection reporting requirements in 2020, 2021, and 2022 were also reviewed. Small business loan data included 4,386 loan originations totaling \$453.5 million in 2020, 3,416 loan originations totaling \$378.2 million in 2021, and 1,953 loan originations totaling \$279.7 million in 2022. Small farm loan data included 1,086 loan originations totaling \$144.8 million in 2020, 1,513 small farm loans totaling \$132.8 million in 2021, and 818 small farm loans totaling \$110.1 million in 2022. The bank's lending performance for both loan products is measured against D&B data and aggregate small business and small farm loan data, respectively. This information provides insights into lending opportunities within the assessment areas.

Although there were some fluctuations in overall loan volume from year to year, which is attributed to factors such as participating in various programs related to the COVID-19 pandemic and changes in the interest rate environment, there were no anomalies identified for any product lines during the review period. As a result, only the most recent year of lending performance with aggregate lending data is presented, which includes home mortgage performance for 2022 as well as small business and small farm performance for 2021. Management stated that this activity would be representative of activity throughout the review period. While examiners presented the number and dollar volume of loans, the performance by number of loans is emphasized because it is a better indicator of the number of individuals, businesses, and farms served.

Community development loans, investments, and services conducted since the prior CRA evaluation were also reviewed. These activities were initiated or maintained in the designated assessment areas, or benefited a broader statewide or regional area, which includes the assessment areas. MCB's community development lending and investment activities were assessed relative to various similarly situated banks using several quantitative performance measures. The Service Test included a review of delivery systems for providing retail banking services, the impact of any branch openings/closings during the evaluation period, and retail banking products and services targeted toward low- and moderate-income individuals or small businesses or small farms within the assessment area.

As part of the evaluation process, examiners contact third parties active in the assessment areas to assist in identifying the credit and community development needs and opportunities, and determine whether local financial institutions are responsive to those needs. One contact was performed during this evaluation and nine previously conducted contacts were reviewed. The prior community contacts were performed within the last 12 months of the current evaluation date. Comments from the community contacts are included in the appropriate sections of this evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated Low Satisfactory.

Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs. This conclusion is primarily supported by MCB's performance in the Peoria MSA and secondarily from within the Illinois Non-MSA areas. Please refer to the separate assessment area sections of this evaluation for additional information, including market share analysis.

Assessment Area Concentration

A high percentage of loans are made in the institution's assessment areas, among all three loan types, both number and dollar volume. As reflected in the following table, a substantial majority of small business, home mortgage, and small farm loans were made within the assessment area each year. The volume of loans for all three products, by number, is comparable to the previous review period; however, small business lending grew in 2020 and 2021. The increased volume is attributed to the bank's participation in the Small Business Administration (SBA) Paycheck Protection Program (PPP). This program was designed to assist businesses impacted by the COVID-19 pandemic to maintain and compensate their workforce during the crisis. Small business lending levels returned to more traditional levels in 2022 following the expiration of the PPP program.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				
	Inside		Outside			Inside	Outside		Total	
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2020	2,104	93.4	149	6.6	2,253	367,240	93.1	27,115	6.9	394,355
2021	1,702	93.7	115	6.3	1,817	335,346	92.1	28,849	7.9	364,194
2022	1,150	92.1	99	7.9	1,249	233,360	86.4	36,730	13.6	270,090
Subtotal	4,956	93.2	363	6.8	5,319	935,946	91.0	92,694	9.0	1,028,639
Small Business										
2020	4,078	93.0	308	7.0	4,386	414,421	91.4	39,080	8.6	453,501
2021	3,158	92.4	258	7.6	3,416	341,468	90.3	36,753	9.7	378,221
2022	1,806	92.5	147	7.5	1,953	259,438	92.8	20,222	7.2	279,660
Subtotal	9,042	92.7	713	7.3	9,755	1,015,327	91.4	96,055	8.6	1,111,382
Small Farm										
2020	1,005	92.5	81	7.5	1,086	132,483	91.5	12,285	8.5	144,768
2021	1,403	92.7	110	7.3	1,513	120,431	90.7	12,379	9.3	132,810
2022	757	92.5	61	7.5	818	101,562	92.3	8,499	7.7	110,061
Subtotal	3,165	92.6	252	7.4	3,417	354,476	91.4	33,163	8.6	387,639
Total	17,163	92.8	1,328	7.2	18,491	2,305,749	91.2	221,912	8.8	2,527,660
<i>Source: Bank Data. Due to rounding, totals may not equal 100.0%.</i>										

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the overall assessment area. While this conclusion is primarily derived by the bank’s distribution of loans in the Peoria MSA, this conclusion is supported by generally consistent performance in the remaining areas. Refer to the separate assessment area sections of this evaluation for more detailed information.

Borrower Profile

The distribution of borrowers reflects adequate penetration among retail customers of differing income levels and businesses and farms of different sizes. Performance was generally adequate throughout all of the assessment areas. Small business lending was good in the Peoria, IL MSA and small farm lending was good in most assessment areas. Please refer to the separate assessment area sections of this evaluation for further discussions of the bank’s performance under this criterion.

Innovative or Flexible Lending Practices

MCB uses innovative and flexible lending practices to serve assessment area credit needs. The bank originated or facilitated 473 loans totaling more than \$38.6 million during the evaluation period, which is very comparable to the activity levels from the previous review period. The following table provides a summary of the bank's flexible lending activity inside the assessment areas and in the broader statewide/regional areas since prior evaluation. Due to the temporary nature of the PPP program, this information is not in the following tables, but is detailed further below. The bank’s innovative and flexible loan product offerings include government-sponsored loan programs that help to meet the credit needs of low- and moderate-income borrowers. Additionally, the bank’s prompt responsiveness to implement the PPP program facilitated timely relief for many small businesses and farm, and is considered favorably under this criterion.

Innovative or Flexible Lending Programs – Overall Assessment Area												
Type of Program	11/20/2020 - 12/31/2020		2021		2022		2023		YTD 2024		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Possible	7	634	80	7,536	36	2,956	83	8,479	6	583	212	20,188
DPP	5	30	51	309	29	174	61	602	4	40	150	1,155
SBA*	-	-	10	1,505	7	1,610	6	1,853	-	-	23	4,968
FSA	-	-	4	340	5	1,641	7	2,291	-	-	16	4,272
FHA	-	-	11	1,371	9	946	15	2,043	-	-	35	4,360
USDA	-	-	13	1,066	10	1,036	12	1,198	-	-	35	3,300
VA	-	-	-	-	2	402	-	-	-	-	2	402
Totals	12	664	169	12,127	98	8,765	184	16,466	10	623	473	38,645

*Source: Bank Data; * Does not include loans originated under SBA PPP program.*

A brief description of the bank's flexible lending programs are detailed below:

- **Freddie Mac Home Possible (HP)** – This home mortgage program offers various flexibilities to assist low- and moderate-income borrowers attain homeownership. The program includes options for low down payments, reduced mortgage insurance coverage levels, closing cost funding options, and flexible underwriting standards.
- **Federal Home Loan Bank of Chicago Downpayment Plus Program (DPP)** - This program provides down payment and closing cost assistance for income-eligible homebuyers. The assistance is provided in the form of a forgivable grant paid on behalf of the borrower and forgiven on a monthly basis over a five-year retention period.
- **Small Business Administration (SBA) Loans** – The SBA offers small business loan guarantees that can help cover startup costs, working capital needs, expansions, and real estate purchases as examples. These loans generally provide lower terms and longer amortization periods for small businesses than they may be able to obtain with conventional financing. MCB participates in the SBA 7(a), Express, and 504 programs.
- **United States Department of Agriculture (USDA) Farm Service Agency (FSA)** – The USDA FSA offers guaranteed loan programs to help family farmers and ranchers obtain loans to buy farmland or finance agricultural production. MCB participates in the Beginning Farmer program, which is designed to help new entrants to the agricultural market and has specific eligibility requirements. The program has flexible terms, which can be especially beneficial for smaller farmers looking to establish their operations.
- **COVID-19 Hardship Relief Programs** - The bank implemented various methods of providing assistance to customers impacted by the COVID-19 pandemic. These options were designed to align with the CARES Act, assisting customers impacted by the pandemic who were struggling with the loss of income. Consumer customers were offered flexibility regarding loan payments and related fees were waived. Home mortgage customers were offered payment relief options for all types of home mortgage loans serviced by the bank. Additionally, options were provided for customers with deposit accounts that included waiving early withdrawal fees on CDs, not charging overdraft fees in some instances, and waiving various fees if the reason was or could have been related to COVID. MCB also paid the higher interest rate on rewards checking programs, even if the requirements were not met.

Commercial customers were provided with various options, including assistance securing funds under the SBA PPP loan assistance program. Bank management and staff proactively contacted business partners and organizations in the bank's market. Through these efforts, the bank originated 2,062 PPP loans totaling \$113.9 million during this review period and were especially impactful for many small businesses operations (by revenue). According to bank records, 68 percent of PPP loans were in an amount less than \$25,000.

MCB also partners with another financial institution with expertise on the following government loan programs. Through this partnership, the bank is able to provide their home mortgage customers with a variety of options that provide flexible down payment and other eligibility requirements not typically offered through traditional home mortgage products:

- **Federal Housing Administration (FHA)** - MCB offers various FHA loan products, with flexible underwriting guidelines and low down payments. The FHA guarantees the loans made through this program by participating lenders.
- **United States Department of Agriculture Rural Housing (USDA Rural Housing)** – This program assists approved lenders in providing low- and moderate-income households the opportunity to own their primary residence in eligible rural areas. The program provides a 90 percent loan note guarantee to approved lenders in order to reduce the risk of extending 100 percent loan-to-value loans to eligible rural homebuyers.
- **United States Department of Veteran's Affairs (VA)** - This mortgage loan program was established by the VA to help veterans and their families obtain home financing. The VA insures the loans made through this program by participating lenders. MCB offers VA loans, which have no private mortgage insurance and provide up to 100 percent financing.

A complete discussion of the bank's performance under this criterion is located in the separate assessment area sections of this evaluation.

Community Development Loans

The institution made a relatively high level of community development loans. During the evaluation period, MCB originated 153 qualifying community development loans totaling \$249.4 million within the bank's assessment areas, and an additional seven community development loans totaling \$5.6 million outside of the assessment areas but benefited the greater statewide or regional area. As the bank met the community development needs within the assessment areas, these loans were also considered. These lending activities include qualified loans originated in the newer portions of the assessment area that are not evaluated separately in this evaluation.

The bank's level of community development lending represents a significant increase since the previous evaluation. Specifically, there was a 113 percent increase by number and 345 percent by dollar volume above the bank's previous performance. The bank's total community development lending represented 8.9 percent of average total loans, 5.2 percent of average total assets, as well as 4.7 percent of total assets as of September 30, 2023. This level of activity represents an increase by percentage from the previous evaluation when the bank's community development lending comprised 1.9 percent of total assets and 2.6 percent of total loans. Performance was compared to four other similarly situated institutions operating in the area that were also reviewed under Interagency Large Bank Examination Procedures during the review period. The ratio of community development lending as a percentage of total loans for these institutions ranged from 6 to 12 percent and as a percentage of total assets ranged from 4 percent to 8 percent. MCB's performance is

consistent with other institutions with an adequate to relatively high volume of qualified community development lending.

MCB originated community development loans in all of its r assessment areas, generally commensurate with the overall activity in each area. As detailed in the following table, the community development loans met the needs of the bank’s assessment areas and included loans for affordable housing, community service, economic development, and to revitalize and stabilize low and moderate-income areas.

Community Development Lending – Overall Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Peoria MSA	53	14,783	19	36,770	17	58,517	27	68,891	116	178,961
IL Non-MSA	1	105	0	-	1	1,750	0	-	2	1,855
Rock Island MSA	2	586	0	-	0	-	2	16,222	4	16,808
Bloomington CSA	12	11,073	0	-	2	3,400	2	3,540	16	18,013
Champaign MSA	9	23,320	3	4,500	1	3,105	2	2,841	15	33,766
Statewide/Regional Activities	4	2,217	2	1,950	1	1,428	0	-	7	5,595
Total	81	52,084	24	43,220	22	68,200	33	91,494	160	254,998
<i>Source: Bank Data</i>										

The following table details community development lending by year and purpose. Refer to the separate assessment area sections of this evaluation for more specific information.

Community Development Lending – Overall Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
11/20/2020 - 12/31/2020	7	1,536	2	4,500	0	-	0	-	9	6,036
2021	31	18,336	6	10,200	1	1,500	8	15,545	46	45,581
2022	26	23,342	7	13,150	4	7,375	14	60,829	51	104,696
2023	16	8,530	9	15,370	15	49,573	11	15,120	51	88,593
YTD 2024	1	340	0	-	2	9,752	0	-	3	10,092
Total	81	52,084	24	43,220	22	68,200	33	91,494	160	254,998
<i>Source: Bank Data</i>										

Examples of the community development lending activity in the broader statewide or regional area include:

- A loan totaling almost \$1 million was extended to finance an affordable housing project located in Christian County. The project consists of 24 units specifically designed for low-income residents that either have disabilities or are senior citizens. The building was constructed under an agreement with the U.S. Department of Housing and Urban Development (HUD) specifically for low-income residents.
- A loan was originated to a local community service organization that provides various programs for individuals with disabilities that include home-based support services, residential services, work services training, job placement, and supported employment. The organization is largely funded through public support including state and federal programs. The \$1.75 million loan funded a revolving line of credit that the organization utilizes to sustain operations. This loan supported community services in a tri-county area in central Illinois.
- A \$200,000 loan was extended to an organization that provides a range of support for children in a school district in Springfield, IL with over half of the children qualify for free or reduced-price lunches. The line of credit helps the organization sustain operations while providing programs that youth leadership, summer learning, and after school sessions.

INVESTMENT TEST

The Investment Test rating is High Satisfactory. A significant level of investment and grant activity coupled with good responsiveness supports this rating.

Investment and Grant Activity

The institution has a significantly high level of qualified community development investments and grants, particularly those that are not routinely provided by private investors, though rarely in a leadership position. Overall, the bank's total investments and donations during the evaluation period was \$108.6 million, which is more than double the amount from the prior evaluation. The bank made or held 104 investments totaling \$108.5 million and made 74 donations totaling approximately \$173,000. The bank addressed needs within its assessment areas, so examiners also considered various investments made that benefitted broader statewide and regional areas. The bank made or held 16 qualified investments totaling nearly \$7.5 million outside of the assessment areas. All of these investments are mortgage-backed securities collateralized by home mortgage loans for low- and moderate-income borrowers, which supports affordable housing.

Total investments represented 6.6 percent of average total securities and 2.2 percent of average total assets throughout the evaluation period 2 percent of total assets. Examiners compared this performance against four similarly situated institutions with investments compared to total assets ratios ranging from 0.2 percent to 5.5 percent. MCB's performance was comparable to two of the banks with a significant level of community development investments. The bank's investments and

donations supported all four community development categories, with the largest number and dollar volume of investments in affordable housing initiatives. The following tables details the bank’s investments by year and purpose. Refer to the separate assessment area sections of this evaluation for more information.

Qualified Investments – Overall Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	53	14,414	11	12,716	-	-	2	2,980	66	30,110
11/21/20 – 12/31/20	-	-	1	835	-	-	-	-	1	835
2021	13	24,157	2	4,429	1	13,960	-	-	16	42,546
2022	4	7,100	4	2,074	-	-	-	-	8	9,174
2023	13	25,811	-	-	-	-	-	-	13	25,811
YTD 2024	-	-	-	-	-	-	-	-	-	-
Subtotal	83	71,482	18	20,054	1	13,960	2	2,980	104	108,476
Qualified Grants & Donations	-	-	68	140	4	23	2	10	74	173
Total	83	71,482	86	20,194	5	13,983	4	2,990	178	108,649

Source: Bank Data

As detailed in the following table, the bank’s activity by assessment area is generally consistent with overall operations in each area.

Qualified Investments by Assessment Area – Overall Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Peoria MSA	30	24,332	9	12,212	1	13,960	2	2,980	42	53,484
IL Non-MSA	8	6,562	5	1,886	-	-	-	-	13	8,448
Rock Island MSA	6	20,069	2	4,980	-	-	-	-	8	25,049
Bloomington CSA	20	8,089	-	-	-	-	-	-	20	8,089
Champaign MSA	3	4,893	2	976	-	-	-	-	5	5,869
Broader Statewide or Regional Area	16	7,537	-	-	-	-	-	-	16	7,537
Subtotal	83	71,482	18	20,054	1	13,960	2	2,980	104	108,476
Qualified Grants & Donations	-	-	68	140	4	23	2	10	74	173
Total	83	71,482	86	20,194	5	13,983	4	2,990	178	108,649

Source: Bank Data

Responsiveness to Credit and Community Development Needs

MCB exhibits good responsiveness to credit and community economic development needs. Investments were purchased and maintained with community development purposes pertinent to the needs of the assessment areas. The majority of qualified investments promoted affordable housing which is a primary need identified by community contacts in the assessment areas.

Community Development Initiatives

The bank rarely uses innovative or complex investments to support community development initiatives. The investments noted above are useful and help promote community development; however, they are generally not innovative or complex by nature.

SERVICE TEST

The Service Test rating is Low Satisfactory.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution's assessment areas. Performance under this criterion is generally consistent across all assessment areas. The bank's offices are not particularly well positioned to serve the needs of low- and moderate-income communities in some assessment areas; however, the additional locations added through the recent acquisition position the bank to better serve some of the low- and moderate-income geographies.

The bank's alternate delivery systems promote the availability of banking services to its entire customer base, including low- and moderate-income customers. Alternative delivery channels include ATMs, internet and mobile banking, electronic bill pay, mobile deposit, and telephone banking. Customers also have access to products or services, such as debit cards, direct deposit, and automatic withdrawals and transfers from deposit accounts. The bank's website provides customers the ability to conduct various banking transactions. Business services include remote deposit capture, merchant services, and mobile banking. The bank also participates in the MoneyPass ATM Network, which consists of a nationwide branch network encompassing approximately 40,000 surcharge-free ATMs. These methods of delivery systems are accessible from any location and help provide 24-hour access to customer accounts. . The bank also operates two loan production offices (LPO) that provide additional access to home mortgage and small business loans in the Bettendorf, IA and Springfield, IL portions of the assessment area, respectively.

Branch and ATM Distribution by Geography Income Level								
Overall Assessment Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	30	7.9	80,500	5.9	2	3.8	3	5.2
Moderate	80	21.0	260,408	19.0	7	13.2	7	12.1
Middle	180	47.2	655,961	47.8	31	58.5	30	51.7
Upper	81	21.3	342,146	24.9	13	24.5	17	29.3
NA	10	2.6	33,307	2.4	-	-	1	1.7
Totals	381	100.0	1,372,322	100.0	53	100.0	58	100.0

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

Changes in Branch Locations

The institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income census tracts, and to low- and moderate-income individuals. Besides the branches obtained through acquisitions, no new locations were opened during this review period. As previously mentioned, activity from branches added through the Marine Bank acquisition in 2023 were not evaluated separately during this review. This merger included 11 offices, including one branch in a low-income tract in Springfield and three branches in moderate-income tracts located in Normal (McLean County), Springfield (Sangamon County), and Rushville (Schuyler County). Additionally, there were two branches added in Champaign County that better position MCB to serve the low- and moderate-income geographies in the Champaign MSA assessment area due to being in closer proximity.

The bank closed some locations, largely related to acquisition activity and overlapping market coverage. One of the closures in the Peoria MSA involved a branch in a low-income tract, however, there are other financial institutions in close proximity to this area so the closure did not have a material impact on the area.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment areas, particularly low- and moderate-income census tracts and individuals. Operating hours and services for full-service branches do not vary significantly from branch-to-branch and are considered convenient and comparable to other local financial institutions.

Community Development Services

The institution provides an adequate level of community development services. Over the course of the evaluation period, bank employees provided 327 instances of financial expertise or technical assistance to community development-related organizations throughout the combined assessment areas. The performance is consistent with similarly-situated banks.

The following table details MCB’s community development services throughout each assessment area since the previous evaluation. Many of the qualified community development services involve extensive employee involvement, such as serving as an officer or director of a community development organization. These types of services are counted as one service per calendar year but receive greater qualitative weight when arriving at overall performance conclusions.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Peoria MSA	129	62	40	4	235
IL Non-MSA	17	34	15	0	66
Rock Island MSA	0	0	0	0	0
Bloomington CSA	18	0	0	0	18
Champaign MSA	0	0	0	0	0
Broader Statewide or Regional Area	6	1	1	0	8
Total	170	97	56	4	327
<i>Source: Bank Data</i>					

Bank employees provided eight instances of community development services that benefited areas in the broader statewide or regional area, including activities in newer assessment areas that were not evaluated during this review. Since MCB has demonstrated adequate responsiveness to the needs of the individual assessment areas, positive consideration is given for the community development services performed in the broader, statewide and regional areas, which enhances the bank’s overall performance under the Service Test. Examples of these services include:

- A bank employee provides financial expertise for an organization that is dedicated to advancing economic development efforts in Springfield and Sangamon County, which are part of the Springfield MSA. This organization works in a variety of ways to attract and retain local businesses, helps ensure that incentives are in place, and strives to identify areas that could benefit from redevelopment.
- A bank employee serves as a director and member of the Finance Committee for an organization that provides various forms of support for community service-related organizations, most of which primarily benefit low- and moderate-income individuals and areas.

The following table contains additional details regarding community development services during the review period.

Community Development Services – Overall Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
11/20/20 – 12/31/20	10	23	8	1	42
2021	56	24	8	1	89
2022	34	21	19	1	75
2023	66	24	20	1	111
YTD 2024	4	5	1	0	10
Total	170	97	56	4	327
<i>Source: Bank Data</i>					

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

PEORIA MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE PEORIA MSA

This assessment area is comprised of all six counties (Peoria, Fulton, Marshall, Stark, Tazewell, and Woodford) in the Peoria MSA. The bank operates 31 offices in this assessment area. As of June 30, 2023, this assessment area accounted for 72.7 percent of the bank’s deposits, which is the highest of all the assessment areas. From 2020-2022, an average of 73.3 percent of loans were originated in this assessment area annually. A majority of the bank’s branches, lending, and deposit activity are conducted in this assessment area. Additionally, the bank conducted a majority of its community development lending, investments, and service activities within this assessment area; therefore, it received the most weight in the overall CRA rating.

Economic and Demographic Data

This assessment area includes all 107 census tracts that comprise the Peoria MSA. According to 2020 Census data, these tracts reflect the following income designations:

- 9 low-income census tracts,
- 21 moderate-income census tracts,
- 58 middle-income census tracts, and
- 19 upper-income census tracts.

The following table details select economic and demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Peoria MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	107	8.4	19.6	54.2	17.8	0.0
Population by Geography	402,391	4.7	18.6	53.2	23.5	0.0
Housing Units by Geography	183,156	5.8	19.7	54.2	20.3	0.0
Owner-Occupied Units by Geography	117,806	2.1	17.9	57.0	23.0	0.0
Occupied Rental Units by Geography	45,660	12.2	22.7	48.7	16.5	0.0
Vacant Units by Geography	19,690	12.5	24.3	50.5	12.6	0.0
Businesses by Geography	24,706	10.0	13.8	47.2	29.0	0.0
Farms by Geography	1,643	1.6	8.9	61.5	28.0	0.0
Family Distribution by Income Level	102,838	19.7	18.9	21.3	40.1	0.0
Household Distribution by Income Level	163,466	23.9	15.9	18.5	41.6	0.0
Median Family Income MSA - 37900 Peoria, IL MSA		\$77,873	Median Housing Value			\$135,241
			Median Gross Rent			\$786
			Families Below Poverty Level			8.1%

Sources: 2020 U.S. Census 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 bank’s performance under the geographic distribution criterion was compared to the respective area demographics and aggregate lending data for each product line. For home mortgage lending, the bank’s performance was compared to the percentage of owner-occupied units located within geographies by income level and HMDA aggregate data. Small business and small farm lending was evaluated by comparing the bank’s performance to the percentage of each type of operation in the respective tract income categories based and CRA aggregate lending data. These characteristics provide some insight into the credit needs and demand in low- and moderate-income geographies, which are considered when evaluating geographic lending patterns. Please see the previous table for additional details.

Performance under the borrower profile criterion also compares the respective area demographics and aggregate lending data for each product line. The 2022 FFIEC-updated median family income levels are used to analyze home mortgage loans under this criterion. The following table illustrates how those figures translate to low-, moderate-, middle-, and upper-income bands for the purpose of determining the bank’s lending to borrowers of different income levels. The bank’s performance under this criterion is compared to the percentage of families by income level and to HMDA aggregate lending levels.

Median Family Income Ranges – Peoria MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$88,700)	<\$44,350	\$44,350 to <\$70,960	\$70,960 to <\$106,440	≥\$106,440
<i>Source: FFIEC</i>				

According to 2021 D&B data, the assessment area contains 24,706 non-farm businesses with the following revenue characteristics: 80percent have \$1 million or less, 5.7 percent have more than \$1 million, and 14.3 percent have unknown revenues. Farming operations are prevalent in the rural portions of the assessment area. The assessment area contains 1,643 farming operations, and 97.8 percent reported revenues of \$1 or less.

Service industries represent the largest portion of businesses in the assessment area at 36.9 percent; followed by retail trade (13.1 percent); finance, insurance, and real estate (9.6 percent); and construction (6.8 percent). Over 85 percent of businesses in the assessment area have less than ten employees. Specifically, 61.3 percent of businesses have four or fewer employees, and 25.1 percent have between five and nine employees. A majority of business (85.3 percent) operate from a single location. These demographics indicate the potential for the banks to participate in small business and small farm lending within the assessment area under the borrower profile criterion.

Public employment within the Federal, State, and Local governments is common in the area. The top private employers in the assessment area are in the healthcare sector (OSF Healthcare, UnityPoint Health), manufacturing (Caterpillar Inc.) and education (Illinois Central College, Bradley University). The economy is also highly dependent upon small businesses.

Unemployment rates in the assessment area increased during the review period, primarily due to the impact of the COVID-19 pandemic, but appear to be returning to normal levels. Data from the Bureau of Labor Statistics reflects the average unemployment rates in most counties in the assessment area, state, and national levels remain below the levels experienced in 2021. As detailed in the following table, in December 2023 unemployment rates in every county in the assessment area have increased from the 2022 levels suggesting a recent decrease in business activity.

Unemployment Rates – Peoria MSA			
	2021	2022	December 2023
Area	%	%	%
Fulton County, IL	5.8	4.8	5.2
Marshall County, IL	5.6	4.6	5.2
Peoria County, IL	7.2	5.0	5.2
Stark County, IL	5.6	4.9	5.7
Tazewell County, IL	5.1	4.1	4.4
Woodford County, IL	4.1	3.4	3.7
State of Illinois	6.1	4.6	4.2
National Average	5.3	3.6	3.5
<i>Source: U.S. Bureau of Labor Statistics</i>			

Competition

The assessment area has a competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2023, 44 financial institutions operated 145 offices within the assessment area. MCB leads the market with a 32.5 percent deposit market share.

According to 2022 HMDA aggregate lending data, MCB ranked second with a market share of 8 percent, by number of loans, among 312 lenders that reported home mortgage originations or purchases in the assessment area. According to 2021 CRA aggregate data, MCB ranked first in small business and small farm lending in the assessment area. For small business lending, the bank had a 33.0 percent market share among the 96 reporting lenders. For small farm lending, MCB had a 69 percent market share among the 20 reporting lenders.

Community Contacts

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 and opportunities. This information helps determine whether local financial institutions are responsive to those needs. Examiners performed one new contact and relied on three recently conducted contacts to assist in identifying credit needs and opportunities in the Peoria MSA.

One contact noted that all counties have at least one hospital and some retail establishments, but the bulk of the jobs are in Peoria County and the city of Peoria. Another contact noted that there are areas in Peoria and Pekin that have more concentrated levels of residents that are low-income or are living in persistent poverty. There are also some pockets of rural poverty. Over the last year, housing prices in the area have increased and the supply of housing has remained low. The contacts identified a need for first time homebuyer loans, since interest rates are higher and homes are currently more expensive.

The contacts noted that businesses in the community are doing well, but are struggling to find employees. According to one contact, the recent increase in interest rates has adversely impacted small businesses, so there is a need for more flexible and affordable small business loans. Another explained that economic conditions are generally favorable, especially for many of the local business owners. The contact stated that business development and rehabilitation areas need more advances. Building stock is also low, which makes it challenging for companies to come to the Peoria area. A contact noted that due to the better than average crop yields in the past couple of years, many farmers have not needed to borrow as much money from banks; however, there is a need for programs to help new farmers enter the market.

The contacts generally expressed that there is a solid dispersion of local banks and larger banks in the assessment area. The local banks service the smaller credit needs while the larger institutions cover the larger credit needs and provide more complex financial services. The contacts stated that the banks in the area are responsive to local credit needs overall.

Credit and Community Development Needs and Opportunities

Considering information from community contacts, bank management, and demographic and economic data, examiners determined that loans for small businesses and low- and moderate-income individuals are important needs in the area. A total of 38.6 percent of the families in the area are classified as low- or moderate-income and 8.1 percent are living below the poverty level. Additionally, 28 percent of the geographies in the area are designated as low- or moderate-income.

The need for affordable housing was identified by the contacts and supported through a review of local assistance programs and projects throughout the area. The need for small business loans is also prominent in the area, which is supported by the high percentage of businesses with gross annual revenues of \$1 million or less at 80 percent. Numerous opportunities were identified for economic development in the area that involve various grant programs to spur involvement. These areas utilize tools such as Tax Increment Financing (TIF) districts, which is a public financing method that is used as a subsidy for redevelopment, infrastructure, and other community-improvement projects. Enterprise Zones, which are also a tool designed to stimulate economic growth and neighborhood revitalization in economically challenged areas, are also present in the area. There are adequate opportunities for financial institutions to become involved in credit and community development activities.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE PEORIA MSA ASSESSMENT AREA

LENDING TEST

MCB demonstrated adequate performance under the Lending Test in the Peoria MSA.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs. This conclusion is mainly supported by performance under the borrower profile criterion and the significant increase in community development lending during this review period. MCB is a market leader among all small business and small farm lenders in the assessment area, and ranks second among home mortgage lenders. The bank also ranked first in deposit share among 44 institutions in the area.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment area. Performance among all three product lines supports this conclusion. For this criterion, examiners focused on the percentage of loans by number in the low- and moderate-income census tracts. As noted in the tables below, aggregate lending data trailed area demographics in both low- and moderate-income tracts for all three product lines. Lower aggregate lending levels may be indicative of factors such as limited demand, which impacts the ability of all lenders to penetrate these areas. MCB does not operate any branches in the low-income census tracts in the assessment

area. There are three branches in moderate-income geographies in the assessment area, two in Peoria County and one in Tazewell County.

Small Business Lending

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. The level of lending in low-income tracts is comparable to, but slightly trails aggregate performance by 2.4 percent. As detailed in the following table, lending levels in moderate-income geographies were more consistent with aggregate lending levels.

Geographic Distribution of Small Business Loans						
Assessment Area: Peoria MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	10.0	9.6	168	7.2	26,859	10.4
Moderate	13.8	11.4	238	10.2	26,272	10.2
Middle	47.2	47.8	1,213	51.8	118,674	45.9
Upper	29.0	31.3	722	30.8	86,983	33.6
Totals	100.0	100.0	2,341	100.0	258,788	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.

Home Mortgage Lending

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. MCB’s lending levels in low- and moderate-income tracts are comparable to aggregate lending levels and area demographics. As detailed in the following table, performance in low-income geographies slightly exceeded aggregate, while levels in moderate-income tracts were slightly lower. Lending in both low-and moderate-income tracts trails the percentage of owner-occupied housing units, but aggregate lending levels are generally a better indicator of demand.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Peoria MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	2.1	0.9	12	1.4	793	0.7
Moderate	17.9	17.4	131	14.8	10,234	8.8
Middle	57.0	58.1	567	64.2	77,542	67.0
Upper	23.0	23.6	173	19.6	27,104	23.4
Totals	100.0	100.0	883	100.0	115,673	100.0

Sources: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.

Small Farm Lending

The geographic distribution of small farm loans reflects adequate penetration throughout the assessment area. Lending in low-income geographies is comparable to aggregate lending. MCB’s lending in moderate-income tracts is also comparable aggregate, but trails by two percent. As detailed in the following table, only 10.5 percent of all farms are located in these tracts. This small percentage of farming operations hinders lending opportunities as evidenced by the limited ability of aggregate lenders to penetrate these areas. The majority of the low- and moderate-income tracts are located within the downtown area of Peoria, which would be more indicative of hobby farms with limited lending needs. Given the limited opportunities to lend to farming operations in the low- and moderate-income geographies, the bank’s lending performance is considered reasonable.

Geographic Distribution of Small Farm Loans						
Assessment Area: Peoria MSA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low	1.6	0.3	1	0.1	250	0.3
Moderate	8.9	2.2	2	0.2	126	0.2
Middle	61.5	76.8	742	80.3	65,385	79.1
Upper	28.0	20.7	179	19.4	16,874	20.4
Totals	100.0	100.0	924	100.0	82,635	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.

Borrower Profile

The distribution of borrowers reflects good penetration among borrowers of different income levels and businesses and farms of different sizes in the assessment area. This conclusion is primarily supported by small business and small farm lending performance, and home mortgage lending provided additional support.

Small Business Lending

The distribution of small business loans reflects good penetration among businesses of different sizes. As detailed in the following table, 59.6 percent of MCB’s loans were to businesses with revenues of \$1 million or less, which exceeds aggregate lending levels by 8.6 percent. This level of lending evidences a commitment to identifying and meeting the needs of small businesses in the area, which was identified by community contacts. Although the bank’s performance lags the percentage of businesses in the assessment area that reported GARs of \$1 million or less, it is important to point out that the demographic data includes all businesses in the assessment area, and not necessarily those businesses that have a need for financing. As such, aggregate data is considered the best comparative factor, as it reflects the actual level of lending by all reporting lenders operating in the assessment area.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Peoria MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	80.0	51.0	1,395	59.6	93,906	36.3
>\$1,000,000	5.7	--	623	26.6	138,695	53.6
Revenue Not Available	14.3	--	323	13.8	26,187	10.1
Totals	100.0	100.0	2,341	100.0	258,788	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.

Home Mortgage Lending

The distribution of home mortgage loans to borrowers of different income levels, particularly low- and moderate-incomes, reflects adequate penetration. As detailed in the following table, lending levels to low- and moderate-income borrowers were both comparable to aggregate lending data. According to the 2020 U.S. Census, a total of 8.1 percent of families in the assessment area live below the poverty level. The ability to qualify for a home mortgage loan, particularly under conventional financing would be challenging, which limits the demand and opportunity to lend to these lower-income families. Despite the challenges penetrating this market segment, MCB's lending levels exceeded aggregate performance. Lending to moderate-income borrowers is comparable to, but slightly lower than aggregate. The bank's performance was partially attributed to the use of flexible lending programs, which can be particularly beneficial to low- and moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Peoria MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	19.7	15.2	154	17.4	10,661	9.2
Moderate	18.9	21.1	169	19.1	14,534	12.6
Middle	21.3	18.0	196	22.2	22,380	19.3
Upper	40.1	22.0	254	28.8	37,850	32.7
Revenue Not Available	0.0	23.8	110	12.5	30,249	26.2
Totals	100.0	100.0	883	100.0	115,673	100.0

Sources: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.

Small Farm Lending

The distribution of small farm loans to borrowers reflects good penetration among farms of different sizes. As reflected in the following table, MCB's lending to farming operations with

revenues of \$1 million or less significantly exceeded aggregate performance. Lending performance is below the 97.7 percent of farms in the area that reported revenue of \$1 million or less; however, it is noted that the demographic data includes all farms in the assessment area, and not necessarily those farming operations that have a need for financing. Therefore, aggregate performance data is considered the best comparative factor as it reflects the actual penetration of small farm lending by all lenders in the assessment area.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Peoria MSA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	97.7	77.5	806	87.2	70,496	85.3
>\$1,000,000	1.2	--	75	8.1	8,745	10.6
Revenue Not Available	1.1	--	43	4.7	3,394	4.1
Totals	100.0	100.0	924	100.0	82,635	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.

Innovative or Flexible Lending Practices

MCB uses flexible lending practices to serve assessment area credit needs. As reflected in the following table, MCB originated 339 flexible loans totaling \$25.2 million. This is an increase from the previous review period when the bank made 288 flexible loans totaling \$17.6 million. The majority of the loans by dollar amount were made through the Freddie Mac’s Home Possible loan program, which offers flexibilities such as low down payments. Additionally, MCB helped facilitate 38 government-guaranteed home mortgage loans through a third party relationship totaling \$4.3 million. All of these programs primarily benefit low- and moderate-income individuals and small businesses and farms throughout the assessment area.

Innovative or Flexible Lending Programs – Peoria MSA												
Type of Program	11/20/2020 - 12/31/2020		2021		2022		2023		YTD 2024		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Possible	5	421	69	6,718	29	2,419	48	4,551	3	268	154	14,377
DPP	4	24	45	269	22	132	43	424	3	30	117	879
SBA*	-	-	9	1,380	5	528	3	454	-	-	17	2,362
FSA	-	-	4	340	4	1,346	5	1,528	-	-	13	3,214
FHA	-	-	6	670	9	946	8	1,153	-	-	23	2,769
USDA	-	-	7	621	4	367	3	343	-	-	14	1,331
VA	-	-	-	-	1	240	-	-	-	-	1	240
Totals	9	445	140	9,998	74	5,978	110	8,453	6	298	339	25,172

*Source: Bank Data; * Does not include loans originated under SBA PPP program*

Community Development Loans

MCB has made a relatively high level of community development loans in this assessment area. As reflected in the following table, the bank made 116 community development loans totaling \$178.9 million in this assessment area during the evaluation period. This represents 72.5 percent of the bank’s total qualified lending, by number, and 70.2 percent by dollar volume. This level of lending reflects a significant increase since the previous evaluation when the bank made 52 loans totaling \$36.9 million. The volume during this review period is double the number of loans and quadruple the dollar volume reported during the previous review period.

Community Development Lending - Peoria MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
11/20/2020 - 12/31/2020	6	997	1	3,000	0	-	0	-	7	3,997
2021	25	7,377	5	8,700	1	1,500	6	11,090	37	28,667
2022	13	3,972	6	11,650	3	4,270	12	43,611	34	63,503
2023	8	2,097	7	13,420	11	42,996	9	14,190	35	72,703
YTD 2024	1	340	0	-	2	9,751	0	-	3	10,091
Total	53	14,783	19	36,770	17	58,517	27	68,891	116	178,961

Source: Bank Data

Notable examples of the bank’s community development loans in the assessment area include:

- MCB made a series of loans totaling over \$15 million to an organization that opened a healthcare facility in the area. The organization serves the needs of the entire community, but has a sliding fee schedule and specifically targeted services identified through community needs’ assessments. The assessments identified a need for general medical services and primary care for recipients of Medicaid and other public assistance programs for low- and moderate-income individuals. The facility is located in a geography that is in close proximity to a majority of the low- and moderate-income geographies in the area, several of which are classified as medically underserved.
- The bank extended a series of loans to a 501(c)(3) non-profit that has a specific mission to hire and train people with a variety of disabilities. A majority of the staff is comprised of individuals earning low- and moderate-income wages. The loans were to help sustain operations for the organization, which is located in a designated Enterprise Zone.
- A community service-related organization obtained loans for sustaining operations. The organization serves children from numerous schools in the MSA where a majority of students qualify for free and reduced-price lunches. Children are provided with various programs supporting education and life skills. The organization is located in an area comprised of the low- and moderate-income geographies in the Peoria MSA.

INVESTMENT TEST

MCB demonstrated good performance under the Investment Test in the Peoria MSA assessment area. The bank’s level of qualified investments and good responsiveness to community development needs supports this conclusion.

Investment and Grant Activity

MCB has an adequate level of qualified community investments and grants in this assessment area. As detailed in the following table, there were 83 qualified investments, grants, and donations totaling \$53.6 million. This level of activity, by dollar amount, represents 49.4 percent of the bank’s total community development investment activity, by dollar amount. The investment and donation activity during this review period reflects roughly a 45 percent increase since the previous evaluation period. Further, the bank made more investments throughout this review period to help address ongoing needs compared to when a substantial majority activity was from prior review periods. A majority of the bank’s investments remain in mortgage-backed securities that help support affordable housing, which was identified as a prominent need in the area.

Qualified Investments – Peoria MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	22	8,895	5	10,130	-	-	2	2,980	29	22,005
11/21/20 – 12/31/20	-	-	-	-	-	-	-	-	0	0
2021	3	3,883	1	149	1	13,960	-	-	5	17,992
2022	2	6,115	3	1,933	-	-	-	-	5	8,048
2023	3	5,439	-	-	-	-	-	-	3	5,439
YTD 2024	-	-	-	-	-	-	-	-	0	0
Subtotal	30	24,332	9	12,212	1	13,960	2	2,980	42	53,484
Qualified Grants & Donations	-	-	37	113	4	23	-	-	41	136
Total	30	24,332	46	12,325	5	13,983	2	2,980	83	53,620
<i>Source: Bank Data;</i>										

Notable examples of community development investments made or maintained by the bank during the current review period include:

- Almost half (45.5 percent) of the investments made in this area were to support affordable housing through mortgage-backed securities collateralized by loans made to low- and moderate-income borrowers. Most of these bonds remain outstanding from prior review periods, but a portion was purchased during this review period to support ongoing needs.
- The bank invested in approximately \$5 million in bonds to support improvement projects at various schools in the area where a majority of students qualify for free or reduced-price lunches.

- General obligation bonds were used to provide funds to attract and maintain businesses in tracts set apart for revitalization efforts. One project included a major retailer that entered the market and attracted other retail establishments, all of which added permanent low- and moderate-income employment positions.

Responsiveness to Credit and Community Development Needs

MCB exhibits good responsiveness to credit and community economic development needs in the assessment area. Investments and grants made were consistent with the needs of the assessment area. A majority of the qualified investments and grants, by number and dollar volume, have supported community services and affordable housing, which are needs identified by community contacts during the current evaluation period.

Community Development Initiatives

The bank rarely uses innovative or complex investments to support community development initiatives. The investments and grants noted above are useful and help promote community development; however, they are generally not innovative or complex by nature.

SERVICE TEST

The service performance reflects adequate responsiveness to the credit and community development needs in the Peoria MSA.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essential all portions of this assessment area. As reflected in the following table, MCB operates 31 offices and 34 ATMs in the Peoria MSA. Based on both 2015 ACS data and 2020 Census data, all of the low-income tracts are located in Peoria County. The bank does not operate any branches in these geographies, but there are two ATMs. According to 2020 Census data, there are three branches in the moderate-income geographies; two in Peoria County (tracts 38 and 42) and one in Tazewell County (tract 208). As previously mentioned, there were new income designations assigned to census tracts with 2020 Census data. Prior to these changes, there were two branches in moderate-income geographies in Tazewell County. The branch dispersion is relatively consistent with the population in the respective income segments. There are also branches located within very close proximity to low-income tracts in Peoria County and moderate-income geographies throughout the area, which helps the bank serve the banking needs of those residents.

The bank also continues to offer a variety of alternative delivery systems that increase the availability of its loan and deposit products. Most of these delivery systems utilize technology to provide customers with 24-hour access to bank accounts and product information. The bank offers an internet and mobile banking service to pay bills and transfer funds. It is also a member of the Money Pass ATM network that provides customers with a broad base of surcharge-free ATM locations, including in low- and moderate-income census tracts throughout the area.

Branch and ATM Distribution by Geography Income Level								
Peoria MSA Assessment Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	9	8.4	18,957	4.7	-	-	2	5.9
Moderate	21	19.6	74,667	18.6	3	9.7	3	8.8
Middle	58	54.2	214,006	53.2	23	74.2	21	61.8
Upper	19	17.8	94,761	23.5	5	16.1	8	23.5
Totals	107	100.0	402,391	100.0	31	100.0	34	100.0

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

Changes in Branch Locations

MCB’s record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. As previously mentioned, in December 2020, MCB acquired the deposits held by Associated Bank in this assessment area. This acquisition included five branch locations, four of which were closed on the day of purchase. The acquired branches were located in tracts with the following income designations, one low-, two middle-, and two upper-income tracts. The only branch that remained open is in an upper-income tract. Although one of the closures was in a low-income tract, it did not adversely impact residents in that area as there were other banking options located within close proximity. An additional branch office was closed effective October 29, 2021 in an upper-income tract.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income census tracts and/or individuals. Business hours are generally comparable to the market, including extended hours at most offices. Most branch locations are equipped with ATMs, and a majority of branches have drive-up facilities with extended banking hours. While there are slight differences noted among the lobby hours, drive up capabilities, and ATM access at a limited number of locations, none of them are located in low- or moderate-income geographies and do not vary in a way that inconveniences any portions of the assessment area.

Community Development Services

MCB provides an adequate level of community development services. As detailed in the following table, 235 community development services were provided in this assessment area. The services in this assessment area account for 71.9 percent of the institution’s total qualified activities. Similar to the previous evaluation, about half of the services (49.8 percent) are related to technical expertise provided to customers applying for the DPP program. As affordable housing for low- and moderate-income individuals is an identified need in this area, this reflects responsiveness to assessment area needs. Overall, home purchase activity declined throughout the period, which

contributed to fewer grants than the previous period. Management explained that all grant funds allotted to the bank were utilized, which demonstrates an ongoing commitment to helping low- and moderate-income borrowers. Additionally, the grant amount increased from \$6,000 to \$10,000, which may have resulted in fewer grants being awarded.

Community Development Services – Peoria MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
11/20/20 – 12/31/20	7	16	4	1	28
2021	48	16	4	1	69
2022	25	14	16	1	56
2023	46	15	16	1	78
2024	3	1	0	0	4
Total	129	62	40	4	235
<i>Source: Bank Data</i>					

The level of qualified services performed by bank staff outside of providing expertise related to the grant program increased significantly during this review period. Specifically, there were 114 qualified activities not related to the grant program during this review period compared to the 66 identified last period. Bank staff have been involved in various community organizations that focus on addressing community needs such as food insecurity and affordable housing, as well as economic development. These services have involved serving on the Boards of Directors and providing classes related to financial literacy. Some notable examples include:

- The bank’s president serves on the Board of Directors for two prominent economic development organizations in the area. The organizations focus on business development and promoting growth for the Greater Peoria area and the broader regional area. One organization consists of over 50 business chief executive officers (CEO) and community leaders who work on initiatives to develop the Greater Peoria Region. The other organization is an economic development and planning organization for the MSA that has core programs focusing on attracting new businesses, innovation and startups, rural development, the Greater Peoria Manufacturing Network, and various forms of business assistance, among others.
- One of the bank’s commercial loan officers routinely provides financial literacy classes in conjunction with a small business development center at a local university. The officer provides technical expertise for aspiring entrepreneurs who want to learn all the components of how to start a successful business in Illinois. MCB also helps sponsor the classes, which are offered monthly, providing ongoing financial literacy to those looking to start small businesses, which was identified as a need in the area.
- A member of the MCB Directorate serves as a Board member providing financial expertise to a local organization that helps with food insecurity in the assessment area. The

organization stores and distributes food to front-line non-profit agencies such as food pantries, soup kitchens, homeless shelters, and churches for distribution within the community. Additionally, the organization provides aid during times of disaster and has a program for school-age children facing food instability that provides them with a bag of food to take home every weekend during the school year.

ILLINOIS NON-MSA ASSESSMENT AREA – Full-Scope Review

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

MCB’s designated assessment area includes nine counties in nonmetropolitan areas of Illinois. These counties are not contiguous, but are adjacent to other MSA assessment areas. Collectively, the bank operates 10 branches and 11 ATMs in the Illinois Non-MSA.

The current Illinois Non-MSA designated areas include:

McDonough, Warren, and Knox Counties: This three county area is located west of the Peoria MSA. MCB operates four branches in this area. Three branches are located in Macomb (McDonough County) and another branch is located in Roseville (Warren County). Knox County was included in the assessment area during the previous review period, but was not reviewed due to the limited amount of time since it had been added.

Mason County: Mason County is located south of the Peoria MSA and north of the newly added Springfield MSA. MCB operates one branch in Manito. A majority of the tracts in the county have been designated as distressed for many years due to population loss.

Douglas and Moultrie Counties: This two county area is located near the Champaign assessment area. Douglas County is located south of Champaign County. Moultrie County is located west of Douglas County. MCB operates two offices in Arthur (Moultrie County).

Whiteside County: Whiteside County is located east of Rock Island County. MCB operates two branches in this area, in Albany and Erie. Whiteside County was included in the assessment area during the previous review period, but was not reviewed due to the limited amount of time since it had been added.

Schuyler County: Schuyler County is located south of McDonough County and West of Mason County. The county was added to the assessment area in mid-2023 in relation to the Marine Bank acquisition. One branch is located in Rushville. Activity in this area was not reviewed during this evaluation due to the limited time since it was added. Any community development-related activities are included with other activities in the greater statewide or regional areas.

Livingston County: Livingston County is located north of McLean County and is home to the bank’s Fairbury branch. Both Livingston and McLean Counties are part of the Bloomington-

Pontiac CSA. Performance was similar in both counties; therefore, they are presented separately as the Bloomington CSA assessment area. Please see the limited-scope assessment area review portion of this evaluation for additional details.

These areas were separately analyzed and generally consistent performance was observed; therefore, demographic information and details of the bank's performance were combined and presented collectively as the Illinois Non-MSA assessment area. As of June 30, 2023, this assessment area accounted for 13.2 percent of the bank’s deposits, which is the second highest of all the bank’s assessment areas. From 2020-2022, an average of 17 percent of loans were originated in this assessment area annually.

Economic and Demographic Data

This assessment area includes all 69 census tracts that comprise the IL Non-MSA assessment area. According to 2020 Census data, these tracts reflect the following income designations:

- 9 moderate-income,
- 44 middle-income,
- 14 upper-income, and
- 2 tracts with no income designation (NA).

Demographic Information of the Assessment Area						
Assessment Area: Illinois Non- MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	69	0.0	13.0	63.8	20.3	2.9
Population by Geography	203,985	0.0	11.3	67.5	19.0	2.2
Housing Units by Geography	97,252	0.0	12.3	66.6	19.9	1.2
Owner-Occupied Units by Geography	60,348	0.0	10.1	69.8	19.9	0.1
Occupied Rental Units by Geography	23,957	0.0	16.2	61.0	19.2	3.6
Vacant Units by Geography	12,947	0.0	15.4	62.1	20.7	1.9
Businesses by Geography	12,020	6.0	16.3	65.2	12.4	0.0
Farms by Geography	1,388	0.4	6.2	81.0	12.4	0.0
Family Distribution by Income Level	51,105	18.7	18.6	22.2	40.5	0.0
Household Distribution by Income Level	84,305	25.2	16.6	17.4	40.8	0.0
Median Family Income Non-MSAs – IL		\$68,958	Median Housing Value			\$102,472
			Median Gross Rent			\$689
			Families Below Poverty Level			8.7%

Sources: 2020 U.S. Census 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 bank’s performance under the geographic distribution criterion was compared to the respective area demographics and aggregate lending data for each product line. For home mortgage lending, the bank’s lending performance was compared to the percentage of owner-occupied units located within geographies by income level and to HMDA aggregate lending. Small business and small farm lending was evaluated by comparing the bank’s lending to the percentage of each type of operation in the respective tract income categories based on D&B data and aggregate lending data. These characteristics provide some insight into the credit needs and demand in low- and moderate-income geographies, which are considered when evaluating geographic lending patterns. Please see the previous table for additional details.

Performance under the borrower profile criterion also compares the respective area demographics and aggregate lending data for each product line. The 2022 FFIEC-updated median family income levels are used to analyze home mortgage loans under this criterion. The following table illustrates how those figures translate to low-, moderate-, middle-, and upper-income bands for the purpose of determining the bank's lending to borrowers of different income levels. The bank’s performance under this criterion is compared to the percentage of families by income level and to HMDA aggregate lending levels.

Median Family Income Ranges – Illinois Non-MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$76,100)	<\$38,050	\$38,050 to <\$60,880	\$60,880 to <\$91,320	≥\$91,320
<i>Source: FFIEC</i>				

According to 2021 D&B data, the assessment area contains 12,020 non-farm businesses with the following gross annual revenues: 77.1 percent reported \$1 million or less, 5.4 percent have more than \$1 million, and 17.5 percent have unknown revenues. Farming operations are also prevalent in the more rural portions of the assessment area. The assessment area contains 1,388 farming operations, and 97.3 percent reported revenues of \$1 million or less.

Service industries represent the largest portion of businesses in the assessment area at 33.5 percent; followed by retail trade (14.0 percent); agriculture, forestry, and fishing (10.4 percent), and finance, insurance, and real estate (8.0 percent). In addition, 64.1 percent of assessment area businesses have four or fewer employees, and 83.7 percent operate from a single location.

Unemployment rates increased throughout the assessment area during the review period, but appear to be returning to pre-pandemic levels. Unemployment rates in most of the counties in the assessment area remain below the levels experienced in 2021, which is similar to the state and national unemployment rates. As detailed in the following table, in December 2023, unemployment rates in several counties reflected slight increases from the 2022 levels.

Unemployment Rates –Illinois Non-MSA			
	2021	2022	December 2023
Area	%	%	%
Douglas County	3.8	3.3	3.2
Knox County	6.6	5.2	5.3
Mason County	5.4	4.5	4.9
McDonough County	5.1	4.1	4.1
Moultrie County	3.7	3.2	3.5
Schuyler County	4.2	4.1	5.1
Warren County	4.8	3.9	4.1
Whiteside County	5.0	4.0	4.3
State of Illinois	6.1	4.6	4.2
National Average	5.3	3.6	3.5
<i>Source: U.S. Bureau of Labor Statistics</i>			

Major employers vary throughout the assessment area. Most of the counties in this assessment area are located west of the Peoria MSA. Agriculture is prevalent in a majority of these counties, with the exception of Macomb, which is located in McDonough County and is more urban. Western Illinois University, NTN Bower (manufacturing), and McDonough District Hospital are the primary employers in Macomb, which is where many area residents travel for employment. Agriculture is prevalent in the Douglas and Moultrie County portions of the assessment area.

Competition

The assessment area has a competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2023, there were 48 financial institutions operating 104 offices within the assessment area. MCB maintains a 9.6 percent deposit market share in the combined area, ranking first among all institutions. According to 2022 HMDA aggregate lending data, MCB ranked fourth with a market share of 4.5 percent by number of loans among 258 lenders that reported home mortgage originations or purchases in the assessment area. According to 2021 CRA aggregate data, MCB ranked first in small business and small farm lending in the assessment area. For small business lending, the bank had a 17 percent market share among the 137 reporting lenders. For small farm lending, MCB had a 41.5 percent market share among the 30 reporting lenders.

Community Contacts

Examiners reviewed three recently conducted contacts to assist in identifying credit needs and opportunities in the Illinois Non-MSA. Two contacts were from economic development organizations in the area and the other focused primarily on agricultural conditions in the area. In addition to the primary focus areas noted, the contacts also discussed local economic conditions, housing trends, and local credit needs. All of the contacts explained that in general, the local economies seem to be recovering from a downturn during the pandemic. One contact noted that areas with large employers, such as universities and manufacturing facilities, were less impacted;

however, a shortage of workers is present throughout the area. A contact noted that the supply of low- and moderately-priced housing is limited, and that many of the homes need updates. The need for affordable housing and home improvement loans was also mentioned.

The contacts noted that businesses in the community are generally doing well. One contact noted that many small business owners need assistance securing financing to sustain and expand operations. A contact noted that many of the farming operations are owner-operated and that consolidation has continued to occur. The last few years have presented good economic conditions for farmers, but recent changes might increase the need for lending. The contacts stated that the banks in the area are responsive to local credit needs overall. One contact noted that many of the banks have staff that are involved on the boards of various community organizations and assist in projects throughout the area.

Credit and Community Development Needs and Opportunities

Considering information from community contacts, bank management, and demographic and economic data, examiners determined that loans for small businesses and low- and moderate-income individuals are important needs in the area. The need for affordable housing was identified by the contacts. Financial literacy for individuals and small business owners was an additional need identified. Opportunities were identified for small business lending and economic development in the area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE ILLINOIS NON-MSA ASSESSMENT AREA

LENDING TEST

MCB demonstrated adequate performance under the Lending Test in the Illinois Non-MSA.

Lending Activity

MCB's lending performance reflects adequate responsiveness to area credit needs. This area accounted for 19.7 percent of all reported lending in 2022, but the share of deposits is lower at 12.6 percent as of June 30, 2023. MCB ranked first for small business and small farm lending in this assessment area, and ranked fourth among all reporting home mortgage lenders. Lending volume in this area has increased slightly since the previous review. Community development lending in this assessment area is still very limited.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment area. Performance among small farm and home mortgage lending primarily support this conclusion. For this criterion, examiners focused on the percentage of loans by number in the low- and moderate-income census tracts. As noted in the geographic distribution and borrower profile tables below, aggregate lending data trailed area demographics in both low- and moderate-income tracts for small

business and small farm lending. Lower aggregate lending levels can be indicative of factors such as limited demand or challenges penetrating market segments, which impacts the ability of all lenders to reach these areas.

There were several changes to the income designations in this area between the 2015 ACS and 2020 Census data, which are reflected in the following table. The table does not include data for Schuyler County as performance in this area was not reviewed during this evaluation.

Census Tract Changes - Illinois Non-MSA				
County	2015 ACS - Tract Income Levels	2020 Census - Tract Income Levels	Branches	Additional Context
Douglas	Middle (5)	Middle (4), Upper (1)	0	
Knox	Low (3), Moderate (3), Middle (7), Upper (3)	Moderate (3), Middle (11), Upper (1), NA (1)	0	
McDonough	Low (1), Moderate (2), Middle (4), Upper (3)	Moderate (1), Middle (5), Upper (4), NA (1)	3	The low-income tract in McDonough is home to Western Illinois University. One branch is in a moderate-income tract based on 2020 Census data.
Mason	Moderate (1), Middle (5)	Middle (5), Upper (1)	1	
Moultrie	Moderate (1), Middle (3)	Middle (3), Upper (1)	2	
Warren	Moderate (1), Middle (4)	Middle (4), Upper (1)	1	
Whiteside	Moderate (4), Middle (12), Upper (2)	Moderate (4), Middle (10), Upper (5)	2	
<i>Sources: Bank records, 2015 ACS data, 2020 Census data.</i>				

Based on 2015 ACS data, there were four low-income census tracts; three tracts in Knox County and one tract in McDonough County. All of the low-income tracts were reclassified based on 2020 US Census data and there are currently none in the assessment area. There were also several changes among moderate-income tracts that resulted in an overall decrease from 12 tracts based on 2015 ACS data to nine tracts based on 2020 Census data. These changes were taken into consideration under the geographic distribution criterion, which uses comparisons based on applicable demographic data including 2015 ACS designations for small business and small farm lending and 2020 US Census data for 2022 home mortgage lending.

Small Business Lending

The geographic distribution of small business loans reflects poor penetration throughout the assessment area, including low- and moderate-income census tracts. Although performance in both low- and moderate-income tracts trails comparative data, the dispersion of originated loans was generally reflective of where the bank’s offices are located. The level of lending in low-income tracts trails aggregate performance by 3.7 percent.

Lending in moderate-income geographies was also lower than aggregate lending levels. D&B data reflects that in 2021, approximately half of all businesses in the assessment area were split between two counties, Whiteside (25.3 percent) and Knox (24.0 percent). These are the two counties with the most moderate-income geographies; Whiteside County with four tracts and Knox County with three tracts. The moderate-income tracts in Whiteside are near the eastern border of the county. MCB operates two branches in the western portion of Whiteside County, which is over 17 miles away. MCB does not operate any branches in Knox County.

These factors contribute somewhat to the bank’s poor performance under this criterion, however, it did not impact the bank’s overall CRA rating as less weight was placed on lending activity in this assessment area.

Geographic Distribution of Small Business Loans						
Assessment Area: Illinois Non-MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	6.2	4.7	5	1.0	1,351	4.9
Moderate	16.9	14.9	24	4.9	2,247	8.1
Middle	64.0	67.8	421	85.4	21,874	78.6
Upper	12.9	12.6	43	8.7	2,342	8.4
Totals	100.0	100.0	493	100.0	27,814	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.

Home Mortgage Lending

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. As previously mentioned, there are no low-income tracts in the assessment area based on 2020 Census data. Throughout the moderate-income tracts in the assessment area, just under half of the homes (49.7) are owner-occupied, 33.5 percent are rental, and 16.8 percent are vacant; however, aggregate lending performance remained in line with area demographics for owner occupied housing units. MCB’s lending in moderate-income geographies is less than both aggregate and demographic data. All of the bank’s originations in moderate-income geographies were in McDonough County census tract 106, which is where one of the bank’s Macomb offices is located. Performance is not considered unreasonable when considering the bank’s office locations and the competing financial institutions operating in closer proximity to the moderate-income geographies.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Illinois Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate	9.2	9.3	7	4.2	709	4.0
Middle	70.0	69.3	110	65.9	11,349	63.3
Upper	20.7	21.0	48	28.7	5,752	32.1
Not Available	0.1	0.3	2	1.2	128	0.7
Totals	100.0	100.0	167	100.0	17,937	100.0

Sources: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.

Small Farm Lending

The geographic distribution of small farm loans reflects adequate penetration throughout the assessment area. As detailed in the following table, less than one percent of farms are located in low-income geographies and similar to MCB, aggregate lending data reflects no activities in these areas. MCB’s lending in moderate-income tracts is also comparable to, and slightly exceeds aggregate by 1.5 percent. A small number of farming operations are located in moderate-income geographies, and over 22 percent of these farms are located in Knox County, where the bank does not operate any offices. Despite the lack of physical locations, the bank still penetrated these areas. Given the limited opportunities to lend to farming operations in the low- and moderate-income geographies, the bank’s lending performance is considered reasonable. The bank ranks first in lending in moderate-income geographies with a 63.2 percent market share, which further supports this conclusion.

Geographic Distribution of Small Farm Loans						
Assessment Area: Illinois Non-MSA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.5	0.0	0	0.0	0	0.0
Moderate	6.5	2.1	12	3.6	1,956	8.1
Middle	80.1	88.5	284	86.1	18,925	78.8
Upper	13.0	9.4	34	10.3	3,126	13.0
Totals	100.0	100.0	330	100.0	24,007	100.0

Source: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.

Borrower Profile

The distribution of borrowers reflects adequate penetration among borrowers of different income levels and businesses and farms of different sizes in the assessment area. This conclusion is

primarily supported by small business and small farm lending performance, but home mortgage lending provided additional support.

Small Business Lending

The distribution of small business loans reflects adequate penetration among businesses of different sizes. As detailed in the following table, 59.8 percent of MCB’s loans were to businesses with revenues of \$1 million or less, which is comparable to, and slightly exceeds, aggregate lending levels. Although the bank's performance lags the percentage of businesses in the assessment area that reported gross annual revenues of \$1 million or less, it is important to point out that the demographic data includes all businesses in the assessment area, and not necessarily those businesses that have a need for financing. As such, aggregate data is considered the best comparative factor, as it reflects the actual level of lending by all reporting lenders operating in the assessment area.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Illinois Non-MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	77.2	56.3	295	59.8	9,311	33.5
>\$1,000,000	5.4	--	86	17.4	15,068	54.2
Revenue Not Available	17.4	--	112	22.7	3,435	12.4
Totals	100.0	100.0	493	100.0	27,814	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.

Home Mortgage Lending

The distribution of home mortgage loans to borrowers of different income levels, particularly low- and moderate-incomes, reflects adequate penetration. Lending levels to low- and moderate-income borrowers were both comparable to aggregate lending data and area demographics. According to the 2020 U.S. Census, a total of 8.7 percent of families in the assessment area live below the poverty level. The ability to qualify for a home mortgage loan, particularly under conventional financing would be challenging, which limits the demand and opportunity to lend to these lower-income families. This is a factor considered when analyzing the bank’s lending performance in the assessment area and may be partially responsible for the difference between aggregate lending levels and area demographics. Despite these factors, MCB’s performance exceeded aggregate lending levels to low-income borrowers. As detailed in the following table, lending to moderate-income borrowers is slightly lower than, but comparable to aggregate; however, it is in line with area demographics.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Illinois Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	19.0	13.9	25	15.0	1,463	8.2
Moderate	18.4	23.0	30	18.0	2,737	15.3
Middle	22.1	21.0	35	21.0	3,452	19.2
Upper	40.5	25.0	64	38.3	8,061	44.9
Revenue Not Available	0.0	17.0	13	7.8	2,224	12.4
Totals	100.0	100.0	167	100.0	17,937	100.0

Sources: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.

Small Farm Lending

The distribution of small farm loans to borrowers reflects good penetration among farms of different sizes. As reflected in the following table, MCB’s lending to farming operations with gross annual revenues of \$1 million or less exceeded aggregate performance by 7.3 percent. Lending performance is below the 97.2 percent of farms in the assessment area that reported revenues of \$1 million or less; however, it is noted that the demographic data includes all farms in the assessment area, and not necessarily those farming operations that have a need for financing.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Illinois Non-MSA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	97.2	67.9	248	75.2	17,661	73.6
>\$1,000,000	1.1	--	40	12.1	5,091	21.2
Revenue Not Available	1.7	--	42	12.7	1,255	5.2
Totals	100.0	100.0	330	100.0	24,007	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.

Innovative or Flexible Lending Practices

MCB uses innovative and/or flexible lending practices in order to serve assessment area credit needs. As reflected in the following table, MCB made or facilitated 65 flexible loans totaling \$4.9 million in this assessment area during the current evaluation period. Both the number and dollar volume of loans reflect increases since the previous evaluation. All of the activities in this assessment area helped promote affordable homeownership for low- and moderate -income individuals, which is an identified need in the assessment area.

Innovative or Flexible Lending Programs – IL Non-MSA												
Type of Program	11/20/2020 - 12/31/2020		2021		2022		2023		YTD 2024		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Possible	-	-	7	460	6	498	9	574	1	67	23	1,599
DPP	-	-	4	24	6	36	7	68	-	-	17	128
SBA*	-	-	-	-	-	-	-	-	-	-	-	-
FSA	-	-	-	-	1	295	2	763	-	-	3	1,058
FHA	-	-	2	215	-	-	2	143	-	-	4	358
USDA	-	-	6	444	6	669	5	450	-	-	17	1,563
VA	-	-	-	-	1	162	-	-	-	-	1	162
Totals	-	-	19	1,143	20	1,660	25	1,998	1	67	65	4,868

*Source: Bank Data; * Does not include loans originated under SBA PPP program*

Community Development Loans

MCB made a low level of community development loans in this assessment area, which include two community development loans totaling \$1.9 million. This represents 1.3 percent of the bank's total qualified lending by number and 0.7 percent by dollar volume. This activity is lower than overall activity and some of the other assessment areas. It reflects a decrease in the number of loans since the previous review period, but an increase in the dollar volume. One of the loans supported economic development totaling \$1.75 million. The loan helped sustain operations for a business located in a distressed geography. The other loan supported affordable housing by financing the purchase of a multifamily property that charges rent below fair market values for the area. Both loans supported needs identified for the area.

INVESTMENT TEST

The bank's investment performance reflects adequate responsiveness to credit and community development needs in the IL Non-MSA assessment area.

Investment and Grant Activity

MCB has an adequate level of qualified community investments and grants in this assessment area. Specifically, there were 13 qualified investments and grants totaling nearly \$8.5 million and 17 donations totaling \$8,000. This volume of activity, by dollar amount, represents 16.9 percent of the community development investment activity, by number, originated by the bank during the evaluation period. A significant increase in activity was noted since the previous evaluation when the bank reported 24 qualified activities totaling \$1.7 million. The bank reported more current period activity than during the last evaluation when all investments remained outstanding from prior periods. The table below provides additional details.

Qualified Investments – IL Non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	5	404	5	1,886	-	-	-	-	10	2,290
11/21/20 – 12/31/20	-	-	-	-	-	-	-	-	0	0
2021	3	230	-	-	-	-	-	-	1	230
2022	-	-	-	-	-	-	-	-	0	0
2023	3	5,928	-	-	-	-	-	-	2	5,928
YTD 2024	-	-	-	-	-	-	-	-	0	0
Subtotal	8	6,562	5	1,886	-	-	-	-	13	8,448
Qualified Grants & Donations	-	-	17	8	-	-	-	-	17	8
Total	8	6,562	22	1,894	-	-	-	-	30	8,456
<i>Source: Bank Data</i>										

Examples of qualified investments in the area include:

- Investment in an affordable housing project totaling \$5.7 million. All of the units have income or rent restrictions under programs specifically targeted for affordable housing including Low Income Housing Tax Credits and subsidy programs through the Department of Housing and Urban Development. This investment targets low- and moderate-income residents and supports affordable housing in the assessment area.
- MCB purchased a bond that was issued to restore and make improvements for buildings in a school district where approximately 97 percent of students qualify for the free and reduced lunch program.

Responsiveness to Credit and Community Development Needs

MCB exhibits adequate responsiveness to credit and community economic development needs in the assessment area. Investments and grants are higher by number and dollar volume than noted at the previous evaluation. Additionally, there were a number of donations that support community services such as annual support for an after school program for children that are primarily from families with low- and moderate-incomes.

Community Development Initiatives

MCB rarely uses innovative or complex investments to support community development initiatives. The investments and grants noted above are useful and help promote community development; however, they are generally not innovative or complex by nature.

SERVICE TEST

MCB demonstrated adequate performance under the Service Test within the IL Non-MSA.

Accessibility of Delivery Systems

Delivery systems are accessible to limited portions of the institution's assessment area. As detailed in the following table, MCB currently operates 10 offices and 11 ATMs throughout the assessment area. This includes one office and corresponding ATM that were added in Schuyler County in mid-2023 through acquisition activity. As previously mentioned, MCB does not operate any offices in Knox County, which is where one-third of the moderate-income geographies are located. There are four moderate-income geographies in Whiteside County, but the bank's offices are not in close proximity. Despite the geographic location of branches and changes to census tract income designations, the distribution of branches, including in the moderate-income geographies, was relatively consistent with the dispersion of the population throughout the review period. MCB also offers alternative delivery systems such as telephone banking, mobile banking, online banking, and participates in an ATM network that gives customer access to ATMs not owned by the bank.

Branch and ATM Distribution by Geography Income Level								
IL Non-MSA MSA Assessment Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Moderate	9	13.0	23,092	11.3	2	20.0	2	18.2
Middle	44	63.8	137,674	37.5	5	50.0	4	36.4
Upper	14	20.3	38,785	19.0	3	30.0	4	36.4
NA	2	2.9	4,434	2.2	-	-	1	9.1
Totals	69	100.0	203,985	100.0	10	100.0	11	100.0

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

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly for low- and moderate-income geographies and/or individuals. There were no branches closed in this assessment area during the review period. As previously mentioned, MCB added one office in Rushville (Schuyler County) as a result of the mid-2023 acquisition. The acquired branch is located in a moderate-income tract.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly for low- and moderate-income geographies and individuals. Most branch locations are equipped with ATMs, and a majority of branches have drive-up facilities with

extended banking hours. Any variations in services or hours are minor and do not predominantly affect low- and moderate-income areas.

Community Development Services

MCB provides an adequate level of community development services. As detailed in the following table, 66 community development services were provided in this assessment area, representing 20.2 percent of the institution’s total qualified activities. Similar to the previous evaluation, a portion of the services (25.7 percent) are related to technical expertise provided to customers applying for mortgage down payment grants. The number of services has increased since the previous review period when 53 qualified activities were performed. Additionally, the type of services has reflected more involvement with financial literacy and bank staff serving on the Boards of Directors for various community organizations. As financial literacy and affordable housing for low- and moderate-income individuals is an identified need in this area, this evidences appropriate responsiveness to assessment area needs.

Community Development Services – IL Non-MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
11/20/20 – 12/31/20	-	7	4	-	11
2021	5	8	4	-	17
2022	6	7	3	-	16
2023	6	8	3	-	17
YTD 2024	-	4	1	-	5
Total	17	34	15	-	66
<i>Source: Bank Data</i>					

Examples of Community Development Services in the area include:

- A commercial lender serves on the Board of Directors and provides professional and technical assistance to a local organization that promotes economic development in McDonough County.
- A commercial lender helps administer a rural business enterprise grant program for low interest loans to local businesses. Grant funds may be used to increase business capital for new businesses or working capital for improvements or job retention for existing operations. A majority of the county has been designated as distressed for many years and a portion was classified as moderate-income during part of this review period.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ROCK ISLAND ASSESSMENT AREA

MCB has designated Rock Island County in the Davenport-Moline-Rock Island, IA-IL MSA (Rock Island MSA) as an assessment area. As of June 30, 2023, this assessment area accounted for 1 percent of the bank's deposits, which is the lowest of all of the bank's assessment areas. From 2020-2022, an average of 1.3 percent of loans were originated in this assessment area annually. This assessment area was added in 2019 due to the acquisition of First Trust & Savings Bank of Albany, IL. This assessment area has not yet been reviewed using full-scope procedures. The current delineation reflects a change from the previous review period when the assessment area included Henry and Rock Island, IL and Scott County, IA. Clinton County, IA, which is in a nonmetropolitan area of IA was included as well, as these areas were included in the Davenport-Moline, IL-IA CSA. Management reduced the size of the assessment area to only include Rock Island County, IL where the bank's two branches are located. An LPO was opened in Bettendorf, IA (Scott County) in February 2022, and it remains open, but is located outside of the bank's assessment area.

Very limited lending and deposit activity are conducted in this assessment area. Additionally, the bank conducted a limited portion of community development lending, investments, and service activities within this assessment area; therefore, it carries limited weight in the overall CRA rating. The bank operated two offices in the assessment area during most of the review period, in Hillsdale and Port Byron. The Hillsdale office was closed in mid-2023, but the ATM at that location remains open. As a result, MCB currently operates one branch in Port Byron, and two ATMS in this assessment area.

Economic and Demographic Data

This assessment area includes all 43 census tracts in Rock Island County. These census tracts reflect the following income designations according to the 2020 Census:

- 3 low-income census tracts,
- 14 moderate-income census tracts,
- 21 middle-income census tracts, and
- 5 upper-income census tracts.

Demographic Information of the Assessment Area						
Assessment Area: Rock Island MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	43	7.0	32.6	48.8	11.6	0.0
Population by Geography	144,672	3.9	26.3	56.1	13.7	0.0
Housing Units by Geography	66,183	4.5	25.8	56.6	13.1	0.0
Owner-Occupied Units by Geography	41,169	2.4	19.0	61.5	17.1	0.0
Occupied Rental Units by Geography	19,438	7.6	36.9	49.7	5.8	0.0
Vacant Units by Geography	5,576	9.3	38.0	43.8	8.8	0.0
Businesses by Geography	8,627	5.7	36.8	52.5	5.0	0.0
Farms by Geography	360	0.5	16.4	80.3	2.8	0.0
Family Distribution by Income Level	37,282	21.9	19.5	22.2	36.3	0.0
Household Distribution by Income Level	60,607	25.7	16.4	19.3	38.5	0.0
Median Family Income MSA - 19340 Davenport-Moline-Rock Island, IA-IL MSA		\$76,902	Median Housing Value			\$122,848
			Median Gross Rent			\$756
			Families Below Poverty Level			10.9%

Sources: 2020 U.S. Census 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 bank's performance under the geographic distribution criterion was compared to the respective area demographics and aggregate lending data for each product line. For home mortgage lending, the bank's lending performance was compared to the percentage of owner-occupied units located within geographies by income level and to HMDA aggregate lending. Small business and small farm lending was evaluated by comparing the bank's lending to the percentage of each type of operation in the respective tract income categories based on D&B data and aggregate lending data. These characteristics provide some insight into the credit needs and demand in low- and moderate-income geographies, which are considered when evaluating geographic lending patterns. Please see the previous table for additional details.

Performance under the borrower profile criterion also compares the respective area demographics and aggregate lending data for each product line. The 2022 FFIEC-updated median family income levels are used to analyze home mortgage loans under this criterion. The following table illustrates how those figures translate to low-, moderate-, middle-, and upper-income bands for the purpose of determining the bank's lending to borrowers of different income levels. The bank's performance under this criterion is compared to the percentage of families by income level and to HMDA aggregate lending levels.

Median Family Income Ranges – Rock Island MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$87,200)	<\$43,600	\$43,600 to <\$69,760	\$69,760 to <\$104,640	≥\$104,640
<i>Source: FFIEC</i>				

According to 2021 D&B data, the assessment area contains 8,627 non-farm businesses with the following revenue characteristics: 79.4 percent have \$1 million or less, 5.7 percent have more than \$1 million, and 14.9 percent have unknown revenues. Farming operations are also present in the more rural portions of the assessment area. The assessment area contains 360 farming operations, and 98.3 percent reported revenues of \$1 million or less.

Service industries represent the largest portion of businesses in the assessment area at 38.7 percent; followed by retail trade (13.9 percent); finance, insurance, and real estate (10.0 percent); and construction (6.7 percent). In addition, 60.5 percent of assessment area businesses have four or fewer employees, and 84.5 percent operate from a single location.

Public employment within the Federal, State, and Local governments is common in the area. The top private employers in the MSA are in the manufacturing sector (John Deere & Co., Rock Island Arsenal) and the healthcare sector (UnityPoint Health, Genesis Health Systems). The economy is also highly dependent upon small businesses. As detailed in the following table, unemployment levels in Rock Island County were comparable to state and national levels during the review period.

Unemployment Rates – Rock Island MSA			
	2021	2022	December 2023
Area	%	%	%
Rock Island County, IL	5.7	4.3	4.7
State of Illinois	6.1	4.6	4.2
National Average	5.3	3.6	3.5
<i>Source: U.S. Bureau of Labor Statistics</i>			

Competition

The assessment area has a competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2023, there were 17 financial institutions operating 44 offices within Rock Island County. MCB ranked 12th in the market with a 1.8 percent deposit market share. Lending competition is present from banks, credit unions, and non-depository mortgage lenders in the area. The 2022 HMDA aggregate lending data reflects 4,338 residential mortgage loans from 175 reporting lenders. MCB ranked 57th with a 0.2 percent market share. According to 2021 CRA aggregate CRA, MCB ranked 12th for reported small business loans with a 2.4 percent market share and second for reported small farm loans with a 25.0 percent market share.

Community Contacts

Examiners relied on a recently conducted contact to assist in identifying credit needs and opportunities in this assessment area. The contact primarily focused on economic development in the area, but also shared comments related to local economic conditions, housing trends, and local credit needs. The contact explained that the local economy was impacted by the pandemic, but limited closures were observed. Local businesses are challenged with finding employees. A need for small business loans was identified. The contact explained that many residents commute to nearby communities for employment and that affordable housing is needed in the area. Farm leasing is common in the area, and the contact noted that many farmers have outside employment to supplement their income. The contact further stated that there is strong competition among local financial institutions and that they appear to be responsive to local credit needs.

Credit and Community Development Needs and Opportunities

As noted by the community contact, examiners determined that affordable housing and small business lending are needs in this assessment area. The need for affordable housing was supported through a review of local assistance programs throughout the area. Additionally, opportunities were identified for economic development in the area that involve various grant programs to spur involvement.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE ROCK ISLAND ASSESSMENT AREA

LENDING TEST

MCB demonstrated adequate performance under the Lending Test in the Rock Island MSA assessment area.

Lending Activity

MCB's lending performance reflects adequate responsiveness to assessment area credit needs during the current evaluation period. This conclusion is primarily supported by the bank's borrower profile performance. The bank holds limited market share in this assessment area across all three product lines and deposits, as discussed previously. From 2020-2022, an average of 1.3 percent of loans were originated in this assessment area annually. Additionally, this area accounts for only 1 percent of the bank's overall deposits, which is the lowest of all the assessment areas.

Geographic Distribution

The geographic distribution of loans reflects poor penetration throughout the assessment area. Small business lending performance primarily supports this conclusion as this is a primary product line and the one with the most lending volume. For this criterion, examiners focused on the percentage of loans by number in the low- and moderate-income census tracts. MCB does not operate any branches in the low- or moderate-income census tracts in the assessment area, which

impacts their ability to penetrate these areas. The bank’s Port Byron office is approximately six miles away from the nearest moderate-income tract, and eleven miles away from the nearest low-income tract. Competing financial institutions are located in closer proximity.

Small Business Lending

The geographic distribution of small business loans reflects poor penetration throughout the assessment area, including low- and moderate-income census tracts. The level of lending in low-income tracts is comparable to, but trails aggregate performance by 1.5 percent. Lending in moderate-income geographies was significantly lower than aggregate lending levels, trailing by 24.5 percent.

Geographic Distribution of Small Business Loans						
Assessment Area: Rock Island MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	5.7	5.2	2	3.7	190	1.8
Moderate	36.8	37.5	7	13.0	1,301	12.5
Middle	52.5	54.0	45	83.3	8,925	85.7
Upper	5.0	3.2	0	0.0	0	0.0
Totals	100.0	100.0	54	100.0	10,416	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.

Home Mortgage Lending

Due to the low volume of home mortgage lending in the assessment area, no meaningful conclusions can be drawn regarding the bank’s lending performance. As detailed in the following table, MCB did not originate any loans in low- or moderate-income geographies.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Rock Island MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	2.4	1.5	0	0.0	0	0.0
Moderate	19.0	19.3	0	0.0	0	0.0
Middle	61.5	64.2	7	70.0	601	85.4
Upper	17.1	15.1	3	30.0	103	14.6
Totals	100.0	100.0	10	100.0	703	100.0

Sources: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.

Small Farm Lending

The geographic distribution of small farm loans is adequate. As detailed in the following table, less than one percent of the farms in the assessment area are located in low-income geographies. Farms are more prevalent in the moderate-income tracts; however, aggregate lending data reveals very little loan volume in these geographies among all reporting lenders. Although the bank did not originate any loans in low- or moderate-income geographies, this performance is not considered unreasonable when factoring in the bank’s location and limited performance among other reporting lenders.

Geographic Distribution of Small Farm Loans						
Assessment Area: Rock Island MSA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.6	0.0	0	0.0	0	0.0
Moderate	16.4	3.6	0	0.0	0	0.0
Middle	80.3	96.4	21	100.0	1,638	100.0
Upper	2.8	0.0	0	0.0	0	0.0
Totals	100.0	100.0	21	100.0	1,638	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.

Borrower Profile

The distribution of borrowers reflects adequate penetration among borrowers of different income levels and businesses and farms of different sizes in the assessment area. This conclusion is primarily supported by small business and small farm lending performance.

Small Business Lending

The distribution of small business loans reflects adequate penetration among businesses of different sizes. As detailed in the following table, half of MCB’s loans were to businesses with revenues of \$1 million or less, which exceeds aggregate lending levels. This performance demonstrates the bank’s commitment to meeting credit needs for small businesses in the area, which was identified as a need.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Rock Island MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	79.4	46.5	27	50.0	2,189	21.0
>\$1,000,000	5.7	--	23	42.6	7,190	69.0
Revenue Not Available	14.9	--	4	7.4	1,037	10.0
Totals	100.0	100.0	54	100.0	10,416	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.

Home Mortgage Lending

Due to the low volume of home mortgage lending in the assessment area, no meaningful conclusions can be drawn regarding the bank’s lending performance. As reflected in the following table, there was no lending to low-income borrowers, and there were two loans to moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Rock Island MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	21.9	16.3	0	0.0	0	0.0
Moderate	19.5	26.5	2	20.0	175	24.9
Middle	22.2	19.6	5	50.0	364	51.7
Upper	36.4	18.4	3	30.0	165	23.4
Not Available	0.0	19.2	0	0.0	0	0.0
Totals	100.0	100.0	10	100.0	703	100.0

Sources: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.

Small Farm Lending

The distribution of small farm loans to borrowers reflects good penetration among farms of different sizes. As reflected in the following table, MCB’s lending to farming operations with gross annual revenues at \$1 million or less significantly aggregate lending levels; however, it is noted that the demographic data includes all farms in the assessment area, and not necessarily those farming operations that have a need for financing.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Rock Island MSA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	98.3	66.7	19	90.5	1,428	87.2
>\$1,000,000	1.1	--	1	4.8	200	12.2
Revenue Not Available	0.6	--	1	4.8	10	0.6
Totals	100.0	100.0	21	100.0	1,638	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.

Innovative or Flexible Lending Practices

MCB made no use of innovative or flexible lending practices in order to serve the credit needs in this assessment area. As noted, overall lending volume was very limited in this area.

Community Development Loans

MCB has made an adequate level of community development loans in this assessment area, commensurate with its operations. As reflected in the following table, the bank made four community development loans totaling \$16.8 million in this assessment area during the evaluation period. This represents 2.5 percent of the bank's total qualified lending by number and 6.6 percent by dollar volume, which is comparable to the proportion of overall bank operations in this assessment area.

Community Development Lending - Rock Island MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
11/20/2020 - 12/31/2020	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	1	1,415	1	1,415
2022	1	451	-	-	-	-	1	14,807	2	15,258
2023	1	135	-	-	-	-	-	-	1	135
YTD 2024	-	-	-	-	-	-	-	-	-	-
Total	2	586	-	-	-	-	2	16,222	4	16,808

Source: Bank Data

The bank's community development loans in the assessment area include two loans were made in moderate-income census tracts that support revitalization and stabilization efforts. Both of these

loans supported the purchase of buildings that will result in the permanent creation of jobs, including those that pay low- and moderate-income wages. There were also two loans made to support affordable housing in the area. Each loan is collateralized by multi-family apartment buildings that have rents below the HUD fair market rent rates for the area.

INVESTMENT TEST

The bank demonstrated adequate performance under the Investment Test in the Rock Island MSA assessment area. The bank's level of qualified investments reflects adequate responsiveness to credit and community development needs and primarily supports this rating.

Investment and Grant Activity

The institution made an adequate level of community development investments. Investments in this assessment area represented 4.5 percent of the bank's total investment activity by number and 23.1 percent by dollar volume. Nearly all of the investments in this assessment area were new since the previous evaluation. During the review period, MCB invested over \$20 million in mortgage-backed securities collateralized by loans made to low- and moderate-income borrowers. In 2021, MCB purchased a bond for \$4.2 million that helps support essential community services with offices located in and primarily serving an area with a majority of the low- and moderate-income geographies. The following table details the qualified investments and donations in this assessment area by year and purpose.

Qualified Investments – Rock Island MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	1	700	-	-	-	-	1	700
11/20/20 – 12/31/20	-	-	-	-	-	-	-	-	-	-
2021	3	9,363	1	4,280	-	-	-	-	4	13,643
2022	-	-	-	-	-	-	-	-	-	-
2023	3	10,706	-	-	-	-	-	-	3	10,706
YTD 2024	-	-	-	-	-	-	-	-	-	-
Subtotal	6	20,069	2	4,980	-	-	-	-	8	25,049
Qualified Grants & Donations	-	-	-	-	-	-	-	-	-	-
Total	6	20,069	2	4,980	-	-	-	-	8	25,049

Source: Bank Data

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and community development needs. Examiners identified affordable housing and community services for low- and moderate-income individuals as needs in this assessment area, and the bank's investments supported these types of initiatives.

Community Development Initiatives

MCB rarely uses innovative or complex investments to support community development initiatives. The investments and grants noted above are useful and help promote community development; however, they are generally not innovative or complex by nature.

SERVICE TEST

The bank demonstrated poor performance under the Service Test within the Rock Island, MSA assessment area.

Accessibility of Delivery Systems

Delivery systems are only accessible to residents in limited portions of the assessment area. During most of the review period, the bank operated two offices with ATMs in this assessment area, which were not in low- or moderate-income tracts. Both locations were in the same tract, which has since been split into three geographies based on the 2020 Census. The Hillsdale office was closed in June 2023, but the bank still operates the ATM at that location. The bank's remaining office is approximately six miles away from the nearest moderate-income tract, and eleven miles away from the nearest low-income tract. MCB also offers alternative delivery systems such as telephone banking, mobile banking, and online banking, and participates in an ATM network that gives customer access to ATMs not owned by the bank. The following table provides more detailed information on the distribution of delivery systems.

Branch and ATM Distribution by Geography Income Level								
Rock Island MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	3	7.0	5,586	3.9	--	--	--	--
Moderate	14	32.6	38,039	26.3	--	--	--	--
Middle	21	48.8	81,157	56.1	--	--	1	50.0
Upper	5	11.6	19,890	13.7	1	100.0	1	50.0
Totals	43	100.0	144,672	100.0	1	100.0	2	100.0

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

Changes in Branch Locations

To the extent that changes were made, the institution's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly for low- and moderate-income geographies or individuals. As previously mentioned, MCB expanded into this market during the previous review period through an acquisition that included two branches in the same census tract in Rock Island County. The Hillsdale location was subsequently closed in June

2023. Neither location was in a low- or moderate-income geography based on either 2015 ACS data or 2020 Census data.

Reasonableness of Business Hours and Services

Services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. ATMs are located at each office in this assessment area, including the Hillside branch, which was closed in June 2023. The Port Byron location, which remains open, has drive-up facilities with extended banking hours.

Community Development Services

MCB did not provide any community development services in this assessment area during this review period.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE REVIEW ASSESSMENT AREAS

The following table summarizes the conclusion for the assessment areas reviewed using limited-scope examination procedures. Examiners drew conclusions regarding the institution’s CRA performance from reviewing available facts and data, including performance figures, aggregate lending data comparisons, and demographic information. Performance in the limited-scope assessment areas were generally consistent with the bank’s performance noted in the full-scope reviews of the other assessment areas located in Illinois.

Assessment Area	Lending Test	Investment Test	Service Test
Bloomington CSA	Consistent	Exceeds	Consistent
Champaign MSA	Consistent	Consistent	Below

Facts and data that support conclusions for the limited-scope assessment area is included in this section, beginning with a summary of MCB’s operations and activities in each area. Additional demographic data and information on the geographic and borrower distributions on small business, home mortgage, and small farm loans for each of these assessment areas is located in the appendix.

Bloomington CSA Assessment Area

The Bloomington CSA assessment area includes all of McLean County (Bloomington, IL MSA) and Livingston County (Illinois Non-MSA). MCB operates three branches and three ATMs in this assessment area. These figures reflect an increase since the previous evaluation period due to one branch (and ATM) being added through the Marine Bank acquisition. This office is located in a moderate-income geography. As of June 30, 2023, 2.6 percent of deposits were from this

assessment area. From 2020 – 2022, the annual average loan volume generated in this assessment area was approximately 7.6 percent. The table below summarizes the bank’s lending and community development activities in this assessment area during the evaluation period.

CRA Activity – Bloomington CSA		
Activity	#	\$ (000s)
Small Business Loans (2021)	238	37,186
Home Mortgage Loans (2022)	76	28,593
Small Farm Loans (2021)	127	12,130
Community Development Loans	16	18,013
Investments (New)	5	6,688
Investments (Prior Period)	15	1,401
Donations	8	11
Community Development Services	18	-
<i>Source: Bank Data</i>		

Champaign MSA Assessment Area

The Champaign MSA assessment area is comprised of Champaign County, which is part of the Champaign-Urbana, IL MSA #16580. MCB operates two branches and two ATMs in this assessment area. As of June 30, 2023, 1.1 percent of deposits were from this assessment area. From 2020 – 2022, the annual average loan volume generated in this assessment area was approximately 0.83 percent. During most of the review period, MCB operated one office in this assessment area. The office was previously an LPO, but was converted to a branch in 2020. This office is located within a relatively close proximity to the low- and moderate-income geographies. The 2023 Marine Bank acquisition included two offices in this assessment area, and the existing MCB branch was subsequently closed. The two recently added offices are in much closer proximity to most of the low- and moderate-income geographies. One of the offices is in a tract adjacent to a low-income tract and the other office is within one mile of a moderate-income tract. These branch changes will help MCB more effectively serve the low- and moderate-income portions of the assessment area. The table below summarizes the bank’s lending and community development activities in this assessment area during the evaluation period.

CRA Activity – Champaign MSA		
Activity	#	\$ (000s)
Small Business Loans (2021)	32	7,264
Home Mortgage Loans (2022)	12	69,843
Small Farm Loans (2021)	1	21
Community Development Loans	15	33,766
Investments (New)	5	5,869
Investments (Prior Period)	-	-
Donations	3	2
Community Development Services	-	-
<i>Source: Bank Data</i>		

APPENDICES

LARGE 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) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

Morton Community Bank	
Scope of Examination: Full scope reviews were performed on the following assessment areas: State of Illinois: Peoria, IL MSA Illinois Non-MSA Davenport-Moline-Rock Island, IA-IL MSA	
Time Period Reviewed:	11/20/2020 to 2/5/2024
Products Reviewed: <u>State of Illinois</u> Small Business: 01/01/2020 – 12/31/2022 Home Mortgage: 01/01/2020 – 12/31/2022 Small Farm: 01/01/2020 – 12/31/2022	

List of Assessment Areas and Type of Evaluation			
Rated Area: Assessment Area (as presented)	Type of Evaluation	Branches Visited	Other Information
STATE OF ILLINOIS:			
Peoria, IL MSA	Full-scope	Morton	
Illinois Nonmetropolitan	Full-Scope	None	When performance is consistent across the non-MSA portions of a single state, performance for all non-MSA assessment areas will be presented together.
Davenport-Moline-Rock Island, IA-IL MSA	Full-Scope	None	
Bloomington-Pontiac, IL CSA <i>Bloomington, IL MSA Livingston County – part of IL Non-MSA</i>	Limited-Scope	None	Livingston County is contiguous to the Bloomington, IL MSA and was included in the review of the Bloomington, IL CSA at prior evaluation. When performance is consistent across the MSA and non-MSA portions of the CSA, performance presented at the CSA level.
Champaign-Urbana, IL MSA	Limited-Scope	None	
Springfield, IL MSA	Not included in evaluation	None	MSA added as new assessment area with acquisition of Marine Bank in June 2023.

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

Bloomington CSA

The Bloomington CSA assessment area includes all of McLean County (Bloomington, IL MSA) and Livingston County (Illinois Non-MSA). The following table details select demographic and economic information for the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Bloomington CSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	57	1.8	24.6	52.6	15.8	5.3
Population by Geography	206,769	1.1	20.8	52.4	19.0	6.7
Housing Units by Geography	88,464	1.2	23.4	54.3	15.7	5.3
Owner-Occupied Units by Geography	53,338	0.7	20.3	56.3	21.2	1.5
Occupied Rental Units by Geography	27,253	2.0	28.5	50.3	7.8	11.3
Vacant Units by Geography	7,873	2.3	26.6	55.1	5.5	10.5
Businesses by Geography	12,628	7.0	13.3	56.1	23.6	0.0
Farms by Geography	1,033	1.1	5.3	77.6	16.0	0.0
Family Distribution by Income Level	49,132	20.6	16.6	22.3	40.5	0.0
Household Distribution by Income Level	80,591	26.2	14.6	16.6	42.6	0.0
Median Family Income MSA - 14010 Bloomington, IL MSA		\$93,882	Median Housing Value			\$152,614
Median Family Income Non-MSAs - IL		\$68,958	Median Gross Rent			\$832
			Families Below Poverty Level			8.3%

Source: 2020 U.S. Census 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.*

According to Moody's Analytics, the Bloomington MSA has seen a stagnant economy. The area is anchored by Illinois State University, state and local government, and State Farm Insurance. While unemployment has declined from pandemic highs, job growth has been flat.

With respect to market share, MCB is ranked 12th in deposit market share, accounting for 2.5 percent of area deposits according to FDIC Deposit Market Share data as of June 30, 2023. The deposit market consists of 31 banks operating 72 offices within the assessment area. According to 2022 HMDA aggregate data, MCB was ranked 23rd out of 277 HMDA reporting lenders, with 1.3 percent of the market share. According to 2021 CRA aggregate data, the bank was fourth in small

business lending out of 83 reporting lenders, with 7.1 percent of the market share. MCB ranked third out of 21 lenders reporting small farm loans with a 14.7 percent market share.

Geographic Distribution of Small Business Loans						
Assessment Area: Bloomington CSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	7.0	7.2	17	7.1	4,156	11.2
Moderate	13.3	11.9	36	15.1	5,790	15.6
Middle	56.1	55.0	114	47.9	16,206	43.6
Upper	23.6	25.9	71	29.8	11,034	29.7
Totals	100.0	100.0	238	100.0	37,186	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Bloomington CSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.7	1.2	2	2.6	275	1.0
Moderate	20.3	21.1	14	18.4	4,576	16.0
Middle	56.3	54.9	41	53.9	20,534	71.8
Upper	21.2	21.1	16	21.1	2,547	8.9
Not Available	1.5	1.7	3	3.9	661	2.3
Totals	100.0	100.0	76	100.0	28,593	100.0

Sources: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.

Geographic Distribution of Small Farm Loans						
Assessment Area: Bloomington CSA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low	1.1	0.2	0	0.0	0	0.0
Moderate	5.3	0.9	1	0.8	11	0.1
Middle	77.6	86.8	119	93.7	11,408	94.0
Upper	16.0	12.0	7	5.5	711	5.9
Totals	100.0	100.0	127	100.0	12,130	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Bloomington CSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	80.8	44.1	123	51.7	12,130	32.6
>\$1,000,000	5.1	--	88	37.0	21,363	57.4
Revenue Not Available	14.1	--	27	11.3	3,693	9.9
Totals	100.0	100.0	238	100.0	37,186	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Bloomington CSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	20.6	15.0	6	7.9	333	1.2
Moderate	16.6	22.1	18	23.7	1,941	6.8
Middle	22.3	21.2	19	25.0	2,716	9.5
Upper	40.5	21.3	17	22.4	2,513	8.8
Not Available	0.0	20.3	16	21.1	21,090	73.8
Totals	100.0	100.0	76	100.0	28,593	100.0

Sources: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Bloomington CSA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	97.7	63.7	115	90.6	10,374	85.5
>\$1,000,000	1.2	--	12	9.4	1,756	14.5
Revenue Not Available	1.2	--	0	0.0	0	0.0
Totals	100.0	100.0	127	100.0	12,130	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.

Champaign MSA

The Champaign MSA assessment area is comprised of Champaign County, which is one of two counties comprising the Champaign-Urbana, IL MSA. The following table details select demographic and economic information for the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Champaign MSA						
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	13,446	10.9	18.3	42.0	26.4	2.3
Farms by Geography	7158	3.1	6.9	67.0	22.9	0.1
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
			Median Gross Rent			\$878
			Families Below Poverty Level			8.8%

Sources: 2020 U.S. Census 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.*

According to Moody's Analytics, the Champaign MSA has had one of the best performing economies in the state recently. The area is anchored by the University of Illinois, state and local government, healthcare, and the leisure and hospitality markets. Employment levels and the housing market are leveling off.

With respect to market share, MCB is ranked 18th in deposit market share, accounting for 0.8 percent of area deposits according to FDIC Deposit Market Share data as of June 30, 2023. The deposit market consists of 29 banks operating 71 offices within the assessment area. According to 2022 HMDA aggregate data, MCB was ranked 46th out of 248 HMDA reporting lenders, with 0.3 percent of the market share. According to 2021 CRA aggregate data, the bank was 19th out of 78 reporting lenders, with 1.0 percent of the market share. MCB ranked 16th out of 17 lenders reporting small farm loans with a 0.5 percent market share.

Geographic Distribution of Small Business Loans						
Assessment Area: Champaign MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	10.9	11.4	5	15.6	1,093	15.0
Moderate	18.3	16.1	1	3.1	4	0.1
Middle	42.0	45.1	21	65.6	5,405	74.4
Upper	26.4	26.5	5	15.6	762	10.5
Not Available	2.3	1.0	0	0.0	0	0.0
Totals	100.0	100.0	32	100.0	7,264	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Champaign MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	5.0	5.3	2	16.7	5,658	8.1
Moderate	21.3	22.8	2	16.7	7,667	11.0
Middle	28.4	25.7	4	33.3	8,824	12.6
Upper	44.7	45.0	4	33.3	47,695	68.3
Not Available	0.7	1.2	0	0.0	0	0.0
Totals	100.0	100.0	12	100.0	69,843	100.0

Sources: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.

Geographic Distribution of Small Farm Loans						
Assessment Area: Champaign MSA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low	3.1	0.5	0	0.0	0	0.0
Moderate	6.9	4.3	0	0.0	0	0.0
Middle	67.0	72.2	1	100.0	21	100.0
Upper	22.9	23.0	0	0.0	0	0.0
Not Available	0.1	0.0	0	0.0	0	0.0
Totals	100.0	100.0	1	100.0	21	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Champaign MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	81.8	44.6	16	50.0	2,616	36.0
>\$1,000,000	4.3	--	13	40.6	3,682	50.7
Revenue Not Available	13.9	--	3	9.4	966	13.3
Totals	100.0	100.0	32	100.0	7,264	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Champaign MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	23.4	10.8	0	0.0	0	0.0
Moderate	16.4	21.0	0	0.0	0	0.0
Middle	19.8	19.7	1	8.3	74	0.1
Upper	40.4	28.7	2	16.7	609	0.9
Not Available	0.0	19.8	9	75.0	69,160	99.0
Totals	100.0	100.0	12	100.0	69,843	100.0

Sources: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Champaign MSA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	96.1	48.3	1	100.0	21	100.0
>\$1,000,000	1.3	--	0	0.0	0	0.0
Revenue Not Available	2.7	--	0	0.0	0	0.0
Totals	100.0	100.0	1	100.0	21	100.0

Sources: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.

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 bank 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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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 Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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.