

PUBLIC DISCLOSURE

April 14, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Connection Bank
RSSD# 624246

636 Avenue G
Fort Madison, Iowa 52627

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

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

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INSTITUTION'S CRA RATING

Connection Bank is rated: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

Connection Bank is meeting the credit needs of its assessment area based on an analysis of lending and community development activities.

The bank's loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of loans are originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area and lending activities reflect reasonable penetration among borrowers of different income levels and businesses of different revenue sizes. Neither Connection Bank nor the Federal Reserve Bank of Chicago have received any complaints related to the Community Reinvestment Act (CRA) since the previous evaluation.

The bank's community development performance demonstrates adequate responsiveness to the needs of its assessment area through community development loans, contributions, and services. This performance is appropriate considering the capacity, need, and availability of such opportunities within the assessment area.

SCOPE OF EXAMINATION

Connection Bank's CRA performance was evaluated using the Intermediate Small Institution Examination Procedures issued by the Federal Financial Institution Examination Council (FFIEC). Performance was evaluated in the context of information about the institution and its assessment area, including the bank's asset size, financial condition, competition, and the economic and demographic characteristics of the assessment area.

The evaluation was based on the bank's performance in its sole non-metropolitan statistical area (non-MSA) assessment area. The assessment area received a full-scope review. The institution's delineated assessment area is located within the Iowa-Illinois-Missouri non-MSA. The assessment area includes the contiguous counties of Des Moines (Iowa), Lee (Iowa), Hancock (Illinois), and Clark (Missouri) in their entireties. Refer to assessment area map in Appendix A for an illustration.

Performance within the designated assessment area was evaluated using intermediate-small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 12 quarter average loan-to-deposit ratio from March 31, 2022, to December 31, 2024, was calculated for the bank and compared to a sample of local competitors.

- ***Lending in the Assessment Area*** – A sample of the bank’s home mortgage and small business loans originated from January 1, 2024, to December 31, 2024, was reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank’s home mortgage and small business loans originated within the assessment area from January 1, 2024, to December 31, 2024, was analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.
- ***Lending to Borrowers of Different Incomes and to Businesses of Different Sizes*** – A sample of the bank’s home mortgage and small business loans originated within the assessment area from January 1, 2024, to December 31, 2024, was reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints received by the bank from April 5, 2022, to April 14, 2025, were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and the bank’s responses to any received were evaluated for appropriateness.
- ***Community Development Activities*** – The bank’s responsiveness to community development needs through community development loans, contributions, and community services, from April 5, 2022, to April 14, 2025, was reviewed considering the capacity, need, and availability of such opportunities within the assessment area.

In addition, three community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. The organizations contacted focused on affordable housing and economic development.

DESCRIPTION OF INSTITUTION

Connection Bank is wholly owned subsidiary of Fort Madison Financial Company, which is a one-bank holding company headquartered in Fort Madison, Iowa. The bank operates its main office in Fort Madison, Iowa, along with four branch locations and 15 automated teller machines (ATMs) throughout Des Moines County, Iowa and Lee County, Iowa. Of the 15 ATMs, seven are full-service and eight are cash-only. The assessment area is unchanged since the previous evaluation, and the bank has not opened or closed any branch offices or ATMs.

According to the Uniform Bank Performance Report, Connection Bank reported total assets of \$488.6 million as of December 31, 2024. While the bank is primarily a commercial and residential real estate lender, it also offers a range of agricultural and consumer loan products. Traditional deposit products are offered and include checking and savings accounts, money market deposit accounts, and certificates of deposit. Services are accessible to customers online via the bank's website at www.myconnectionbank.com and through mobile and internet banking applications.

As of June 30, 2024, according to the Federal Deposit Insurance Corporation (FDIC) Summary of Deposits Market Share Report, Connection Bank ranked third out of 23 financial institutions operating within its assessment area. The bank held \$416.1 million in total deposits which represents a market share of 11.3 percent. The financial institutions with the largest deposit market share in the assessment area are Two Rivers Bank & Trust and Pilot Grove Savings Bank, with 22.0 percent and 14.8 percent market shares, respectively.

Details of the composition of the bank's loan portfolio are provided in the following table.

Composition of Loan Portfolio as of December 31, 2024 (000's)		
Type	\$	%
Commercial	204,977	46.5
Residential Real Estate	152,837	34.7
Agriculture	67,044	15.2
Consumer	12,664	2.9
Other	3,533	0.8
Total	441,055	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

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

The bank was rated **satisfactory** under the CRA at its previous evaluation conducted on April 4, 2022.

DESCRIPTION OF ASSESSMENT AREA

Connection Bank operates in one interstate non-MSA assessment area. The assessment area consists of 32 census tracts in four contiguous counties across three states. This includes the entireties of Des Moines County and Lee County in Iowa, Clark County in Missouri, and Hancock County in Illinois. The bank does not maintain any physical presence in Missouri or Illinois, as the bank's main office, branches, and ATMs are located only in Des Moines and Lee counties in Iowa.

Of the 32 census tracts, seven are low- or moderate-income, with four of these tracts located in Des Moines County, Iowa, and the remaining three in Lee County, Iowa. The assessment area does not include any middle-income census tracts designated as distressed or underserved by the FFIEC. Changes to tract income levels, arising from income changes detailed in the 2016-2020 American Community Survey,¹ resulted in a change in the distribution of census tracts within the assessment area compared to the previous evaluation, as shown in the chart below. Beyond the tract income level changes, the assessment area footprint has not changed since the previous evaluation.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	Previous Evaluation (#)	Current Evaluation (#)	Net Change (#)
Low	1	3	+2
Moderate	6	4	-2
Middle	24	19	-5
Upper	1	6	+5
Unknown	0	0	0
Total	32	32	0

Additional assessment area demographic information for the combined assessment area is provided in the following table.

¹ Median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years. The income data used to calculate geographic income designations changed between 2021 and 2022.

2024 Iowa-Missouri-Illinois Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	3	9.4	2,337	8.8	646	27.6	5,663	21.4
Moderate	4	12.5	3,599	13.6	629	17.5	5,069	19.1
Middle	19	59.4	16,178	61.1	1,227	7.6	6,093	23.0
Upper	6	18.8	4,365	16.5	166	3.8	9,654	36.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	32	100.0	26,479	100.0	2,668	10.1	26,479	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	5,082	2,129	7.0	41.9	2,145	42.2	808	15.9
Moderate	6,925	3,904	12.8	56.4	2,145	31.0	876	12.6
Middle	27,943	19,341	63.4	69.2	5,134	18.4	3,468	12.4
Upper	7,649	5,132	16.8	67.1	1,433	18.7	1,084	14.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	47,599	30,506	100.0	64.1	10,857	22.8	6,236	13.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	457	10.9	408	10.9	48	13.6	1	1.2
Moderate	684	16.3	611	16.3	66	18.6	7	8.6
Middle	2,383	56.8	2,135	56.8	190	53.7	58	71.6
Upper	671	16.0	606	16.1	50	14.1	15	18.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,195	100.0	3,760	100.0	354	100.0	81	100.0
Percentage of Total Businesses:				89.6		8.4		1.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	3	0.5	3	0.5	0	0.0	0	0.0
Moderate	8	1.4	8	1.4	0	0.0	0	0.0
Middle	464	81.5	459	81.4	4	100.0	1	100.0
Upper	94	16.5	94	16.7	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	569	100.0	564	100.0	4	100.0	1	100.0
Percentage of Total Farms:				99.1		0.7		0.2
Source: 2024 FFIEC Census Data 2024 Data & Business Data 2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

The discussion that follows provides information on the demographic and economic composition of the assessment area. Of the 32 total census tracts, including all low- and moderate-income tracts, 68.8 percent are located in Des Moines and Lee counties within the state of Iowa and 74.9 percent of the assessment area population are in those counties. Therefore, the emphasis of the discussion will be on Des Moines and Lee counties and their performance relative to the state demographic and economic data.

Population Characteristics

According to the 2020 U.S. Census, the assessment area's population experienced a 4.5 percent decline between 2015 and 2020, as all assessment area counties lost population. The population loss exceeded the non-MSA Iowa average and contrasted with growth in the state of Iowa stemming from growth in metropolitan areas.

Community representatives stated that population loss is one of the greatest challenges facing the area, with the closure and relocation of employers being major contributing factors to the area's difficulty in retaining population. Additional factors contributing to population loss are individuals leaving rural areas for metropolitan areas due to increased employment opportunities and social services. The table below presents the population trends for the assessment area and its individual counties, non-MSA Iowa counties in aggregate, and the state of Iowa.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
Assessment Area	101,234	96,719	-4.5
Des Moines County, Iowa	40,208	38,910	-3.2
Lee County, Iowa	35,369	33,555	-5.1
Clark County, Missouri	6,919	6,634	-4.1
Hancock County, Illinois	18,738	17,620	-6.0
Non-MSA Iowa	1,250,756	1,232,642	-1.4
State of Iowa	3,093,526	3,190,369	3.1
State of Missouri	6,045,448	6,154,913	1.8
State of Illinois	12,873,761	12,812,508	-0.5
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey and 2020 U.S. Census Bureau Decennial Census</i>			

Income Characteristics

According to the 2020 U.S. Census, the assessment area is comprised of 26,479 families, of which 21.4 percent are designated as low-income and 19.1 percent as moderate-income. Families with incomes below the poverty level comprise 10.1 percent of families in the assessment area, which is

greater than the state of Iowa's poverty rate of 7.1 percent.

Median family income for the assessment area is \$65,613, which is below both the non-MSA Iowa average and the state of Iowa levels of \$71,763 and \$79,186, respectively. Median family income has grown 8.0 percent from 2015 to 2020; however, on an inflation adjusted basis, median family income grew faster than the non-MSA Iowa and state of Iowa growth rates of 6.5 percent and 7.4 percent, respectively.

Community representatives indicated that there is a heavy manufacturing presence in the area, but that there have also been employers that have closed or relocated from the area. Additionally, one community representative indicated that it is difficult to attract upper-income individuals that work in the area to also live there because of limited leisure amenities. The table below presents income trends for the assessment area and its individual counties, non-MSA Iowa counties in aggregate, and the state of Iowa.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
Assessment Area	60,739	65,613	8.0
Des Moines County, Iowa	60,416	67,693	12.0
Lee County, Iowa	60,850	64,578	6.1
Clark County, Missouri	60,634	59,792	-1.4
Hancock County, Illinois	62,227	70,063	12.6
Non-MSA Iowa	67,391	71,763	6.5
State of Iowa	73,712	79,186	7.4
State of Missouri	66,438	72,834	9.6
State of Illinois	78,169	86,251	10.3
<i>Source: 2011 - 2015 and 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

Housing Characteristics

The bank's assessment area includes 47,599 housing units. The majority of housing units are owner-occupied at 64.1 percent, while 22.8 percent are rental units and 13.1 percent are vacant. The median age of housing stock in the assessment area is 61 years, with older housing in Des Moines and Lee Counties in Iowa of 64 and 65 years, respectively. The median age of assessment area housing exceeds the median age of housing in non-MSA Iowa counties (56 years). The median housing value in the assessment area is \$99,714 which is well below the average value in non-MSA Iowa counties (\$118,721). Monthly rental rates in the assessment area of \$735 per month are above the non-MSA Iowa average of \$679 per month.

Housing cost burdened renters and owners are those that spend 30.0 percent or more of their income on housing costs. Data from the U.S. Department of Housing and Urban Development's 2017-2021 Comprehensive Housing Affordability Strategy indicates that 75.4 percent of assessment area low-income renters and 53.3 percent of low-income owners are housing cost burdened. In contrast, only 22.3 percent of assessment area moderate-income renters and 14.5 percent of moderate-income owners are housing cost burdened.

2023 Iowa-Missouri-Illinois Non MSA Housing Cost Burden						
Area	Cost Burden – Renters (%)			Cost Burden – Owners (%)		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	75.4	22.3	44.2	53.3	14.5	13.1
Des Moines County, Iowa	82.7	27.4	50.3	56.4	15.3	11.6
Lee County, Iowa	71.1	24.8	41.5	63.2	17.0	17.2
Clark County, Missouri	55.8	3.3	33.6	32.0	11.6	9.9
Hancock County, Illinois	65.1	1.6	31.3	39.0	8.4	9.9
Non-MSA Iowa	65.8	16.7	33.2	54.8	18.9	14.2
State of Iowa	71.9	21.4	37.9	58.7	23.5	14.9
State of Missouri	74.0	30.3	39.6	58.6	26.5	16.1
State of Illinois	73.6	34.6	41.8	67.0	34.3	20.8
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy</i>						

Community representatives indicated that the lack of affordable housing opportunities is one of the greatest challenges facing the assessment area. One community representative indicated that there is a sizable amount of older housing stock which, if rehabilitated and maintained, could be used to address the gaps in affordable housing, while new property developments are being priced at or above market rates. Another community representative indicated that any desirable housing generally sells quickly or is not considered affordable.

Employment Characteristics

After increasing notably during the 2020 COVID-19 pandemic, assessment area unemployment has since steadily decreased to an average of 4.1 percent in the year-to-date July 2024 period. Despite the decline, the assessment area rate is higher than both the non-MSA Iowa average and the state of Iowa's rates of 3.1 percent and 3.0 percent, respectively. The table below presents unemployment statistics for the assessment area and its individual counties, non-MSA Iowa counties in aggregate, and the state of Iowa.

Unemployment Rates (%)						
Area	2019	2020	2021	2022	2023	YTD July 2024
Assessment Area	3.9	6.9	5.3	4.3	4.1	4.1
Des Moines County, Iowa	3.8	7.3	5.7	4.3	4.2	4.1
Lee County, Iowa	3.8	6.4	5.4	4.7	4.1	3.6
Clark County, Missouri	3.5	6.1	4.5	3.3	3.8	4.7
Hancock County, Illinois	4.5	6.9	4.4	4.1	4.1	4.7
Non-MSA Iowa	2.8	4.8	3.7	2.9	3.0	3.1
State of Iowa	2.7	5.2	3.8	2.8	2.9	3.0
State of Missouri	3.2	6.2	4.2	2.6	3.1	3.9
State of Illinois	4.0	9.3	6.1	4.6	4.5	5.3
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>						

Community representatives indicated that employers are leaving the area. This includes the 2022 closures of Blessing Health’s hospital and ADM’s Milling plant, both in Keokuk, Iowa, and CNH Industrial’s announced plans to close its Burlington, Iowa plant in 2026. All of the aforementioned closures have impacted or will impact hundreds of employees. Community representatives noted that there are workforce development opportunities available for individuals within the community through educational training.

Industry Characteristics

The assessment area contains a diverse employment base and is most heavily impacted by employment in manufacturing, government, and retail trade based on data from the United States Bureau of Labor Statistics. Community representatives indicated that there has been a decline in manufacturing jobs in the area, which has negatively impacted population trends. Aside from the closures and relocations mentioned earlier, community representatives were not aware of any additional major employers closing or relocating at this time.

Community Representatives

Three community representatives were contacted in connection with the evaluation to provide information regarding local economic and demographic conditions. Community representatives stated that population loss and a lack of affordable housing are the two greatest challenges facing the community. Additionally, community representatives indicated that financial institutions in the area can help to address these issues by engaging more with affordable housing initiatives and by providing more information and education to low- and moderate-income individuals regarding their financial and credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Connection Bank's performance relative to the lending test is **Satisfactory**. Overall, the bank is meeting the credit needs of its assessment area based on an analysis of lending activities. The loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. The majority of the Connection Bank loans were originated in the assessment area. The geographic distribution of these loans reflects reasonable dispersion throughout the assessment area and lending activities reflect reasonable penetration among borrowers of different income levels and businesses of different revenue sizes. Neither Connection Bank nor the Federal Reserve Bank of Chicago have received any CRA-related complaints since the previous evaluation.

Loan-to-Deposit Ratio

Connection Bank had a more than reasonable loan-to-deposit ratio given the bank's size, financial condition, the credit needs of its assessment area, and considering, as appropriate, other lending-related activities such as loan originations for sale to the secondary market and community development loans. As of December 31, 2024, the loan-to-deposit ratio averaged 98.7 percent over a 12-quarter period. This is significantly above the local peer average of 78.5 percent over the same 12-quarter period and indicates that deposit funds are well utilized in loan generation.

The following table compares the bank's loan-to-deposit ratio to its local competitors of similar size and complexity that operate in Des Moines County and Lee County in Iowa.

Comparative Loan-to-Deposit Ratios as of December 31, 2024	
Comparative Data	12 Quarter Average (%)
Connection Bank	98.7
Peer Avg – Local	78.5
Competitors	
BANK	101.8
Farmers & Merchants Bank	54.2
Farmers Savings Bank	67.3
Pilot Grove Savings Bank	85.0
Two Rivers Bank & Trust	84.3

Assessment Area Concentration

Connection Bank made a majority of its loans, and as appropriate, other lending-related activities, in the bank's assessment area. Of the sample of home mortgage and small business loans originated during the evaluation period, the bank originated 82.5 percent of loans by number and 66.1 percent of loans by dollar volume inside the assessment area. Connection Bank originated 80.6 percent of home mortgage loans and 85.3 percent of small business loans by number inside the assessment area, and 66.5 percent of home mortgage loans and 65.5 percent of small business loans by dollar volume inside the assessment area. This level of lending indicates that the bank is actively serving the credit needs of its assessment area.

The following table summarizes Connection Bank's lending inside and outside its assessment area for a sample of home mortgage and small business loans originated from January 1, 2024, to December 31, 2024.

Assessment Area Concentration								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Mortgage	87	80.6	9,293	66.5	21	19.4	4,675	33.5
Small Business	64	85.3	7,147	65.5	11	14.7	3,760	34.5
Total Loans	151	82.5	16,440	66.1	32	17.5	8,435	33.9

Geographic and Borrower Distribution

Geographic Distribution of Lending in the Assessment Area

Connection Bank demonstrated a reasonable geographic distribution of loans given the bank's assessment area. A sample of the bank's home mortgage and small business loans originated from January 1, 2024, to December 31, 2024, was reviewed to determine the dispersion of loans among assessment area geographies, particularly in the seven low- to moderate-income census tracts in the assessment area. As there are no low- or moderate-income census tracts within the bank's Illinois and Missouri portions of the assessment area, geographic distribution is focused on the non-MSA Iowa assessment area only.

A gap analysis was completed as part of the evaluation. In 2024, Connection Bank originated loans in 26 of the 32 census tracts, or 81.3 percent of assessment area tracts. This includes two of the three low-income census tracts and all four of the moderate-income tracts. Based upon this analysis, there are no conspicuous geographic lending gaps.

Home Mortgage Lending

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area, including in low- and moderate-income census tracts. In 2024, Connection Bank originated 2.3 percent of its home mortgage loans in low-income census tracts, which is less than the percentage of owner-occupied units in low-income census tracts at 7.0 percent. However, the bank originated 12.6 percent of its home mortgage loans in moderate-income census tracts, which approximates the percentage of owner-occupied units in moderate-income census tracts at 12.8 percent.

The following table presents the bank's geographic distribution of home mortgage loans in 2024.

Distribution of 2024 Residential Lending By Income Level of Geography					
Assessment Area: Iowa-Missouri-Illinois Non MSA					
Geographic Income Level	Bank Loans				Owner Occupied Units %
	#	%	\$(000)	\$%	
Low	2	2.3	68	0.7	7.0
Moderate	11	12.6	639	6.9	12.8
Middle	63	72.4	7,220	77.7	63.4
Upper	11	12.6	1,366	14.7	16.8
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	87	100.0	9,293	100.0	100.0
Source: 2024 FFIEC Census Data					
2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Small Business Lending

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area, including in low- and moderate-income census tracts. In 2024, Connection Bank originated 12.5 percent of its small business loans in low-income census tracts, which is slightly higher than the percentage of total businesses in low-income census tracts of 10.9 percent. The bank originated 6.3 percent of its small business loans in moderate-income census tracts, which is below the percentage of small businesses in moderate-income census tracts at 16.3 percent.

The following table presents the bank's geographic distribution of small business loans in 2024.

Distribution of 2024 Small Business Lending By Income Level of Geography					
Assessment Area: Iowa-Missouri-Illinois Non MSA					
Geographic Income Level	Bank Loans				Total
	#	%	\$(000)	\$%	Businesses %
Low	8	12.5	747	10.5	10.9
Moderate	4	6.3	1,655	23.2	16.3
Middle	47	73.4	3,895	54.5	56.8
Upper	5	7.8	850	11.9	16.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	64	100.0	7,147	100.0	100.0
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Connection Bank's distribution of loans to individuals of different income levels, including low- and moderate-income individuals, and businesses of different sizes is reasonable given the demographics of the bank's assessment area. A sample of home mortgage and small business loans originated from January 1, 2024, to December 31, 2024, was reviewed to determine the dispersion of loans among borrowers of different income levels, particularly those designated as low- and moderate-income, and to businesses with gross annual revenues of \$1 million or less.

Home Mortgage Lending

The borrower distribution of home mortgage loans reflects reasonable dispersion to individuals across all income levels. In 2024, Connection Bank originated 5.7 percent of home mortgage loans to low-income borrowers, which is significantly below the percentage of low-income families in the assessment area at 21.4 percent. However, the bank originated 21.8 percent of home mortgage loans to moderate-income borrowers, which is slightly above the percentage of moderate-income families in the assessment area at 19.1 percent. The following table presents the Connection Bank's borrower distribution of home mortgage loans in 2024.

Distribution of 2024 Residential Lending By Borrower Income Level					
Assessment Area: Iowa-Missouri-Illinois Non MSA					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	\$(000)	\$%	
Low	5	5.7	206	2.2	21.4
Moderate	19	21.8	830	8.9	19.1
Middle	19	21.8	1,572	16.9	23.0
Upper	44	50.6	6,686	71.9	36.5
Unknown	0	0.0	0	0.0	0.0
Total	87	100.0	9,293	100.0	100.0
Source: 2024 FFIEC Census Data					
2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Small Business Lending

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. In 2024, Connection Bank originated 85.9 percent of small business loans to businesses with gross annual revenues of \$1 million or less. This approximates the percentage of total assessment area businesses with gross annual revenues of \$1 million or less of 89.6 percent. Of these loans to businesses with gross annual revenues of \$1 million or less, 78.2 percent were in amounts of \$100,000 or less. Loans of this size are generally considered the most beneficial to small businesses and demonstrates that Connection Bank is meeting the credit needs of its small business borrowers. The following table presents the distribution of small business loans in 2024.

Distribution of 2024 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Iowa-Missouri-Illinois Non MSA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	55	85.9	5,523	77.3	89.6
Over \$1 Million	9	14.1	1,623	22.7	8.4
Revenue Unknown	0	0.0	0	0.0	1.9
Total	64	100.0	7,147	100.0	100.0
By Loan Size					
\$100,000 or Less	49	76.6	2,193	30.7	
\$100,001 - \$250,000	7	10.9	1,420	19.9	
\$250,001 - \$1 Million	8	12.5	3,534	49.4	
Total	64	100.0	7,147	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	43	78.2	1,801	32.6	
\$100,001 - \$250,000	6	10.9	1,170	21.2	
\$250,001 - \$1 Million	6	10.9	2,552	46.2	
Total	55	100.0	5,523	100.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Response to Complaints

Neither the bank nor this Reserve Bank have received any CRA-related complaints since the previous examination.

COMMUNITY DEVELOPMENT TEST

The bank's performance relative to the community development test is **Satisfactory**.

Lending, Investment, and Services Activities

Connection Bank demonstrates adequate responsiveness to the needs of its assessment area through community development loans, contributions, and community services. This performance is appropriate considering the capacity, need, and availability of such opportunities within the assessment area during the evaluation period from April 5, 2022, to April 14, 2025.

Lending

Connection Bank originated 13 community development loans totaling approximately \$13.0 million during the evaluation period. This lending represents an increase in community development lending compared to the previous evaluation, when the bank originated six loans totaling approximately \$7.8 million. In addition to economic development loans that attract or retain low- or moderate-income jobs, the bank also extended affordable housing loans, including one loan which will add 40 units of affordable housing to the bank's assessment area, a critical assessment area need based on discussions with community representatives.

Investments

Connection Bank's community development investments are comprised solely of 124 contributions totaling \$209,983 to community organizations within the assessment area. At the previous evaluation, the bank made ten qualified contributions totaling \$805,939, which included a significant in-kind donation of two bank facilities to the city of Keokuk in Iowa. In the current evaluation period, one of the largest donations was to support the reconstruction of a local marina which will support the vitality of the assessment area, including its low- and moderate-income census tracts within the city of Fort Madison in Iowa.

Services

Connection Bank staff provided 1,882 community development service hours to 22 unique organizations within the assessment area. Sixty-two percent of the hours were provided in leadership roles to non-profit organizations, which is one of the most significant ways to support community development organizations. At the previous evaluation, the bank provided 1,688 hours of community development services within its assessment area.

The following table presents Connection Bank's qualified community development activities within the assessment area during the evaluation period.

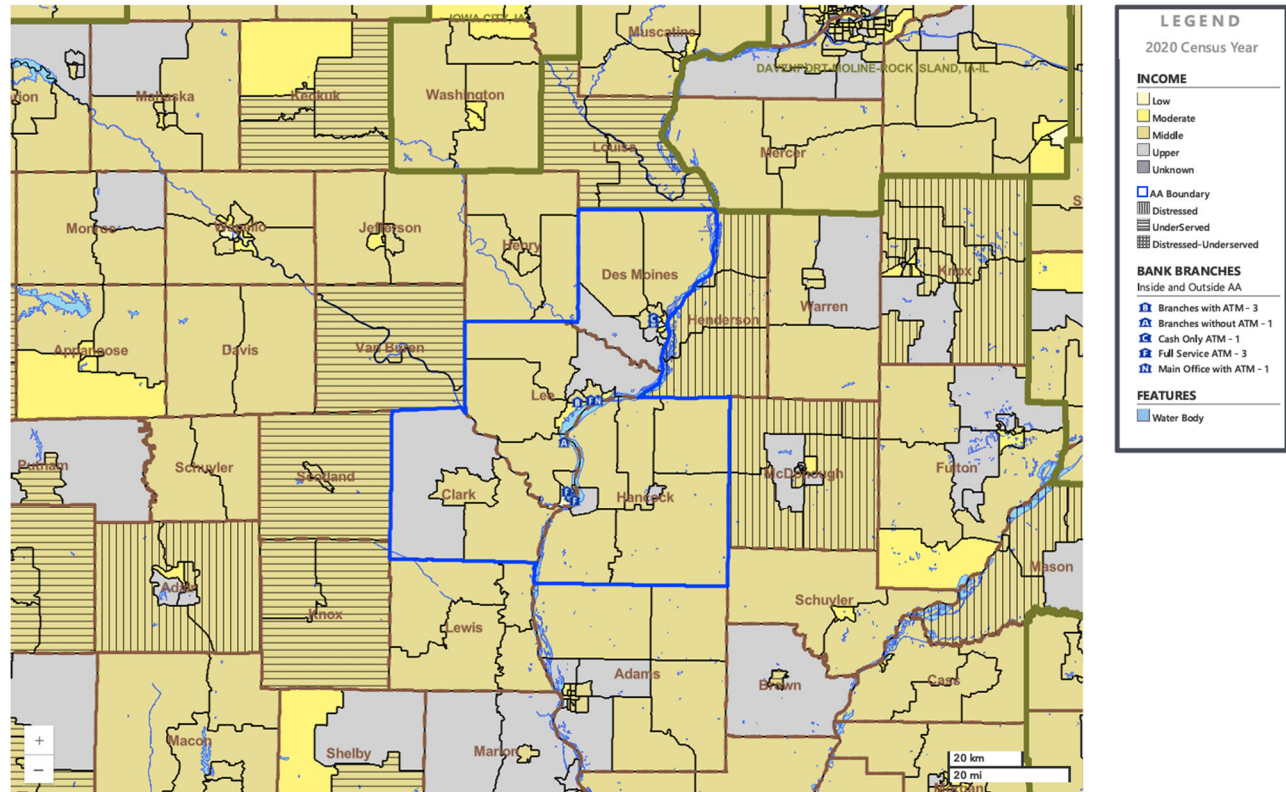
Summary of Qualified Community Development Activities by Purpose April 5, 2022, to April 14, 2025										
Type of Activity	Affordable Housing		Community Service		Economic Development		Revitalize and Stabilize		Total #	Total \$/Hours
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours		
Lending	4	\$5,192,190	2	\$185,666	5	\$6,070,000	2	\$1,550,000	13	\$12,997,856
Investments	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
Contributions	0	\$0	64	\$52,968	9	\$7,720	51	\$149,295	124	\$209,983
Services	2	42 hours	16	961 hours	12	867 hours	1	12 hours	31 hours	1,882 hours

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A – Map of Assessment Area

Connection Bank 624246
Iowa-Missouri-Illinois Non MSA



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		Lending Test: Loan to Deposit Ratio: March 31, 2022, to December 31, 2024 Home Mortgage/Small Business Loans: January 1, 2024, to December 31, 2024 Response to Substantiated Complaints: April 5, 2022, to April 14, 2025 Community Development Test: April 5, 2022, to April 14, 2025	
FINANCIAL INSTITUTION Connection Bank		PRODUCTS REVIEWED Home Mortgage Loans Small Business Loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
None	N/A	N/A	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Interstate Non-MSA consisting of: Des Moines and Lee counties in Iowa, Hancock County in Illinois, and Clark County in Missouri	Full Scope Review	N/A	N/A

APPENDIX C – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.²

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

² Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non-metropolitan median income figure.

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

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
 - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
 - b. Benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

Community Development Service: A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

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

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

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to

permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

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

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

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

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

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

Income Level: Income level means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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