

PUBLIC DISCLOSURE

September 16, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Marquette Bank
RSSD# 716833

6316 S. Western Avenue
Chicago, Illinois 60636

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

Marquette Bank Overall CRA Rating: Outstanding

Performance Test Rating Table

The following table indicates the performance level of Marquette Bank with respect to the lending, investment, and service test.

| Marquette Bank | | | |
|---------------------------|-------------------|-----------------|--------------|
| Performance Levels | Performance Tests | | |
| | Lending Test | Investment Test | Service Test |
| Outstanding | | ✓ | ✓ |
| High Satisfactory | ✓ | | |
| Low Satisfactory | | | |
| Needs to Improve | | | |
| Substantial Noncompliance | | | |

** Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating*

Summary of Major Factors that Support the Rating

Lending Test:

- Lending levels reflect good responsiveness to assessment area credit needs.
- A substantial majority of loans were made in the bank's assessment area.
- The geographic distribution of loans reflects excellent penetration throughout the bank's assessment area.
- The distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and businesses of different sizes.
- Lending exhibits an excellent record of serving the credit needs of low-income individuals and areas, and very small businesses.

- The bank makes a relatively high level of community development loans.
- The bank makes extensive use of innovative and/or flexible lending practices in serving assessment area credit needs.

Investment Test:

- The bank made an excellent level of qualified community development investments and grants, often in a leadership position, particularly those not routinely provided by investors.
- The bank makes extensive use of innovative and/or complex investments to support community development initiatives.
- The bank exhibits excellent responsiveness to credit and community development needs.

Service Test:

- Delivery systems are readily accessible to the bank's geographies and to individuals of different income levels in the assessment area.
- The bank's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or low- and moderate-income individuals.
- Services do not vary in a way that inconveniences the bank's assessment area, particularly low- and moderate-income geographies and/or individuals.
- The bank is a leader in providing community development services.

MARQUETTE BANK

DESCRIPTION OF INSTITUTION

Marquette Bank, with assets of \$2.1 billion as of March 31, 2024, is a wholly owned subsidiary of Marquette National Corporation, a one-bank holding company headquartered in Chicago, Illinois. Since the previous evaluation on August 22, 2022, the bank closed one branch office with one cash-only automatic teller machine (ATM) in a middle-income census tract in Will County and four cash-only ATMs in Cook County. One of the cash-only ATMs in Cook County was located in a low-income census tract, while the remaining closures occurred in middle- and upper-income census tracts. As of this evaluation, the bank operates its main office, 19 branch offices, and 23 cash-only ATMs.

Marquette Bank offers a variety of products and services to serve the demands of its assessment area. The bank's loan portfolio is primarily composed of commercial and residential loans. The bank's deposit portfolio is largely composed of checking accounts, Money Market Demand Accounts (MMDA), and savings accounts. Core commercial loan products include commercial real estate and Small Business Administration (SBA) loans. Since the previous evaluation, the bank has seen a material decrease in small business loans due to the end of the Paycheck Protection Program

(PPP), which had previously bolstered commercial lending numbers. Core residential loan products include both in-house and secondary market residential mortgages, which include fixed and variable rate home purchase, home equity, and home improvement loans. The bank participates in federally guaranteed loan programs with the Federal Housing Administration (FHA) and originates loans as an Illinois Housing Development Authority (IHDA) lender for down payment and closing cost assistance. Additionally, the bank offers the Northwest Home Equity and the Southwest Home Equity Assurance Programs, which subsidize home improvement loans in designated zip codes within the assessment area. The bank utilizes a variety of media including physical, digital, and outreach methods of marketing to promote products and services throughout its assessment area.

| Composition of Loan Portfolio as of March 31, 2024 | | |
|---|-----------------------------|----------------|
| Loan Type | Dollar Volume (\$ in 000's) | % of Portfolio |
| Commercial | 1,134,523 | 79.0 |
| Residential | 268,653 | 18.7 |
| Other | 649 | 0.0 |
| Agriculture | 0 | 0.0 |
| Consumer | 31,960 | 2.2 |
| Total | 1,435,785 | 100.0 |
| <i>Note: Percentages may not total 100.0 percent due to rounding.</i> | | |

Core deposit product and service offerings include, but are not limited to checking accounts, negotiable order of withdrawal (NOW) accounts, money market demand accounts, savings accounts and certificates of deposit. Alternative retail delivery services include internet and mobile banking, and bilingual staff are available to provide services in languages other than English. The bank maintains a website, www.emarquettebank.com, which allows for personal checking account and credit card account opening, bill payment, and account transfers. Multiple delivery channels and product offerings allow the bank to meet assessment area credit needs.

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

At its previous evaluation conducted on August 22, 2022, the bank was rated **Outstanding** under the CRA.

SCOPE OF THE EXAMINATION

Marquette Bank's CRA performance was evaluated under the Federal Financial Institutions Examination Council's Interagency Large Institution CRA Examination Procedures. The performance evaluation assesses the bank's responsiveness and effectiveness in meeting the credit and community development needs of its assessment area and considers the CRA performance context, including the bank's asset size, financial condition, market competition, and assessment

area demographics.

The evaluation included a full scope review of the bank's one assessment area which consists of Cook, DuPage, and Will Counties within the Chicago-Naperville-Evanston, Illinois Metropolitan Division (MD) #16984. Lending analysis was conducted based on 2022 and 2023 Home Mortgage Disclosure Act (HMDA)-reportable loans and CRA-reportable small business loans. Lending test conclusions gave additional weight to HMDA-reportable loan originations as they remain the primary focus of the institution. The bank's performance was evaluated using the following performance standards:

- *Lending Activity* – HMDA- and CRA-reportable small business loans were reviewed to determine the bank's responsiveness to assessment area credit needs from January 1, 2022, to December 31, 2023.
- *Lending in the Assessment Area* – HMDA- and CRA-reportable small business loans were reviewed to determine the percent of loans originated within the assessment area from January 1, 2022, to December 31, 2023.
- *Geographic Distribution of Lending in the Assessment Area* – HMDA- and CRA-reportable small business loans were reviewed to determine the extent to which the bank made loans in census tracts of different income levels, including low- and moderate-income tracts, from January 1, 2022, to December 31, 2023.
- *Lending to Borrowers of Different Incomes and Businesses of Different Sizes* – HMDA- and CRA-reportable small business loans were reviewed to determine the loan distribution among borrowers of different income levels and business of different sizes, from January 1, 2022, to December 31, 2023.
- *Community Development Lending* – The number, dollar volume, and complexity of community development loans originated from August 23, 2022, to September 16, 2024, were evaluated to determine the institution's responsiveness to community development needs.
- *Innovative or Flexible Lending Practices* – The degree to which the bank uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals, small businesses, and geographies was assessed.
- *Investments* – Qualified investments made from August 23, 2022, to September 16, 2024, were reviewed to determine the bank's responsiveness to community development needs. Qualified investments were also evaluated to determine whether they were deemed to be innovative or complex.

- *Services* – The distribution of the bank’s branch offices, banking services, hours of operation, availability of loan and deposit products, and the extent and innovativeness of community development services were reviewed from August 23, 2022, to September 16, 2024.

In addition, two representatives with respect to affordable housing and economic development activities were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ASSESSMENT AREA

Marquette Bank’s assessment area includes Cook, DuPage, and Will Counties in their entirety, which comprise three of five counties within the Chicago-Naperville-Evanston, IL MD #16984 (Chicago, IL MD). The bank excludes Grundy and McHenry Counties. The assessment area is comprised of 1,723 census tracts in the Chicago, IL MD. Of the total assessment area census tracts, 629 are designated as low- or moderate-income, which represent 98.1 percent of all low- and moderate-income census tracts within the entire Chicago, IL MD. Marquette Bank has not made any changes to its assessment area since the previous evaluation. However, census tract designation changes have occurred; please refer to the following *Census Tract Designation Changes* table. Within the bank’s assessment area, 36.5 percent of census tracts are designated as low- or moderate-income.

The bank operates its 20 offices, including its main office, in Cook and Will Counties. Of the 18 offices in Cook County, the main office is in a low-income census tract, while six branches are in moderate- income census tracts, nine branches are in middle-income census tracts, and two branches are in upper-income census tracts. The two branch offices in Will County are both in upper-income census tracts. All offices, including the main office, have drive-through facilities. The bank also operates 23 cash-only automated teller machines (ATMs), with the main branch and 18 of 19 branch offices equipped with cash-only ATMs. While the Hickory Hills branch office does not have an ATM, there is a standalone ATM nearby in Hickory Hills.

The bank operates in a highly competitive metropolitan area, with competitors including some of the largest financial institutions in the United States. Marquette Bank fell from being ranked 27th in 2022 to 29th out of 117 on the Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report, as of June 30, 2023, among FDIC-insured institutions with offices in the assessment area. The bank held 0.4 percent of total 2023 deposits in the assessment area compared to market leader JP Morgan Chase Bank, NA with a 22.9 percent market share, followed by BMO Harris Bank, NA with an 18.3 percent market share and Bank of America, NA with a 9.8 percent market share. Aggregate HMDA lending data for 2023 ranks Marquette Bank as 50th out of 804 HMDA-reporting

institutions with a total of 434¹ originations, compared to top competitor Guaranteed Rate, Inc. with 8,225 total originations and purchases. The 2022² CRA aggregate lending data ranks Marquette Bank 66th out of 254 CRA reporting institutions with 88 total CRA-reportable loan originations, compared to top market competitor JP Morgan Chase Bank, NA, with 58,171 originations.

Tract Designation Change Data

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). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.

| Census Tract Designation Changes American Community Survey Data (ACS) | | | |
|--|-----------------------|-----------------------|----------------|
| Tract Income Designation | 2021 Designations (#) | 2022 Designations (#) | Net Change (#) |
| Low | 263 | 232 | -31 |
| Moderate | 412 | 397 | -15 |
| Middle | 461 | 523 | +62 |
| Upper | 537 | 553 | +16 |
| Unknown | 14 | 18 | +4 |
| Total | 1687 | 1723 | +36 |
| Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020 | | | |

¹ Total of all HMDA Loan Purpose types. Loan Purpose data for "Other" and "Not Applicable" are excluded from the remainder of this CRA analysis.

² 2023 CRA Market Peer Data is unavailable at the time of this analysis.

| 2023 Chicago-Naperville-Evanston, IL MD 16984 AA Demographics | | | | | | | | |
|---|------------------------------|-----------------------|------------------------------------|--------------|---|--------------|------------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low | 232 | 13.5 | 150,075 | 9.4 | 41,715 | 27.8 | 383,968 | 24.0 |
| Moderate | 397 | 23.0 | 350,680 | 21.9 | 45,870 | 13.1 | 261,558 | 16.4 |
| Middle | 523 | 30.4 | 537,727 | 33.6 | 33,645 | 6.3 | 297,286 | 18.6 |
| Upper | 553 | 32.1 | 554,450 | 34.7 | 15,615 | 2.8 | 655,730 | 41.0 |
| Unknown | 18 | 1.0 | 5,610 | 0.4 | 1,541 | 27.5 | 0 | 0.0 |
| Total AA | 1,723 | 100.0 | 1,598,542 | 100.0 | 138,386 | 8.7 | 1,598,542 | 100.0 |
| | Housing Units by Tract | Housing Type by Tract | | | | | | |
| | | Owner-occupied | | | Rental | | Vacant | |
| | | # | % by tract | % by unit | # | % by unit | # | % by unit |
| Low | 300,972 | 85,447 | 5.4 | 28.4 | 164,883 | 54.8 | 50,642 | 16.8 |
| Moderate | 623,057 | 295,099 | 18.7 | 47.4 | 267,553 | 42.9 | 60,405 | 9.7 |
| Middle | 894,496 | 561,506 | 35.5 | 62.8 | 275,598 | 30.8 | 57,392 | 6.4 |
| Upper | 972,376 | 634,833 | 40.2 | 65.3 | 271,077 | 27.9 | 66,466 | 6.8 |
| Unknown | 14,055 | 3,476 | 0.2 | 24.7 | 8,711 | 62.0 | 1,868 | 13.3 |
| Total AA | 2,804,956 | 1,580,361 | 100.0 | 56.3 | 987,822 | 35.2 | 236,773 | 8.4 |
| | Total Businesses by Tract | | Businesses by Tract & Revenue Size | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | |
| | # | % | # | % | # | % | # | % |
| Low | 17,978 | 6.1 | 16,507 | 6.2 | 1,394 | 5.0 | 77 | 4.1 |
| Moderate | 48,056 | 16.2 | 43,943 | 16.5 | 3,870 | 13.8 | 243 | 12.8 |
| Middle | 91,937 | 31.0 | 82,342 | 30.8 | 9,067 | 32.4 | 528 | 27.9 |
| Upper | 137,497 | 46.3 | 122,899 | 46.0 | 13,559 | 48.5 | 1,039 | 54.8 |
| Unknown | 1,444 | 0.5 | 1,343 | 0.5 | 93 | 0.3 | 8 | 0.4 |
| Total AA | 296,912 | 100.0 | 267,034 | 100.0 | 27,983 | 100.0 | 1,895 | 100.0 |
| Percentage of Total Businesses: | | | | 89.9 | | 9.4 | | 0.6 |
| | Total Farms by Tract | | Farms by Tract & Revenue Size | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | |
| | # | % | # | % | # | % | # | % |
| Low | 42 | 4.2 | 40 | 4.1 | 2 | 7.7 | 0 | 0.0 |
| Moderate | 101 | 10.2 | 100 | 10.3 | 1 | 3.8 | 0 | 0.0 |
| Middle | 346 | 34.8 | 335 | 34.6 | 11 | 42.3 | 0 | 0.0 |
| Upper | 503 | 50.6 | 490 | 50.6 | 12 | 46.2 | 1 | 100.0 |
| Unknown | 3 | 0.3 | 3 | 0.3 | 0 | 0.0 | 0 | 0.0 |
| Total AA | 995 | 100.0 | 968 | 100.0 | 26 | 100.0 | 1 | 100.0 |
| Percentage of Total Farms: | | | | 97.3 | | 2.6 | | 0.1 |
| Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. | | | | | | | | |

Population Change

Cook County comprised the majority of the total population in the assessment area at 76.4 percent according to 2020 U.S. Census Bureau data. Population in all assessment area counties experienced minimal growth through 2020, which is comparable to the full metropolitan division. Community representatives noted that overall, low- and moderate-income persons have been pushed out of Cook County due to both housing affordability and availability of adequate housing stock, often moving farther south to areas that are more affordable.

| Population Change | | | |
|--|--------------------|--------------------|-----------------------|
| Area | 2015 Population | 2020 Population | Percent Change (%) |
| Assessment Area | 6,850,800 | 6,904,773 | 0.8 |
| Cook County, IL | 5,236,393 | 5,275,541 | 0.7 |
| DuPage County, IL | 930,412 | 932,877 | 0.3 |
| Will County, IL | 683,995 | 696,355 | 1.8 |
| Chicago-Naperville-Evanston, IL MD | 7,208,434 | 7,267,535 | 0.8 |
| State of Illinois | 12,873,761 | 12,812,508 | -0.5 |
| Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census | | | |

Income Characteristics

Median family income (MFI) varies noticeably across counties in the assessment area, from \$115,954 in DuPage County to \$84,500 in Cook County. All counties experienced an increase in MFI from 2015 to 2020. Community representatives noted that while these gains may have been seen across counties, low- and moderate-income persons have not seen the same rise in MFI. Additionally, community representatives stated that job opportunities for low- and moderate-income individuals without a college degree do not pay a sufficient living wage. Despite income increases, insufficient wages impact community members' ability to qualify for credit, afford housing, or withstand household economic emergencies.

| Median Family Income Change | | | |
|--|--------------------------------|--------------------------------|--------------------|
| Area | 2015 Median Family Income (\$) | 2020 Median Family Income (\$) | Percent Change (%) |
| Assessment Area | 80,910 | 91,016 | 12.5 |
| Cook County, IL | 73,557 | 84,500 | 14.9 |
| DuPage County, IL | 105,708 | 115,954 | 9.7 |
| Will County, IL | 96,092 | 105,658 | 10.0 |
| Chicago-Naperville-Evanston, IL MD | 81,969 | 92,622 | 13.0 |
| State of Illinois | 78,169 | 86,251 | 10.3 |
| <p>Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</p> | | | |

Housing Characteristics

The assessment area contains a total of 2,804,956 housing units. The majority of housing units are owner-occupied at 56.3 percent, while 35.2 percent are rental units. Vacant housing units account for 8.4 percent. Homeowners and renters are considered overburdened when housing costs equal 30.0 percent or more of household income. The following table shows the percentage of owners and renters spending greater than 30.0 percent of household income on housing costs. DuPage County had the highest percentage of overburdened low-income renters at 81.5 percent, slightly above Will County (79.0 percent). Moderate-income renters also experienced the highest housing cost burden in DuPage County at 47.8 percent, which is significantly above the state of Illinois' rate of 30.3 percent. In contrast, housing cost burden for low- and moderate-income homeowners is comparable across all counties and the MD, but is higher than the percentage for the state of Illinois. Community representatives reiterated the need for affordable homeownership and rental units, especially for low- and moderate-income persons in Cook County. Additionally, they stated that affordable rental units are often not well-maintained, leaving low- and moderate-income renters with few or no options for housing that is in good condition. Finally, community representatives also noted that for-profit housing and similar entities often have little incentive to provide affordable housing, further exacerbating the shortage of affordable housing units.

| 2023 Chicago-Naperville-Evanston, IL MD 16984 Housing Cost Burden | | | | | | |
|---|---------------------------|-----------------|-------------|--------------------------|-----------------|------------|
| Area | Cost Burden – Renters (%) | | | Cost Burden – Owners (%) | | |
| | Low Income | Moderate Income | All Renters | Low Income | Moderate Income | All Owners |
| Assessment Area | 75.1 | 34.9 | 42.7 | 71.9 | 40.3 | 25.5 |
| Cook County, IL | 74.5 | 33.4 | 42.9 | 71.4 | 39.9 | 27.0 |
| DuPage County, IL | 81.5 | 47.8 | 39.9 | 75.2 | 43.8 | 22.2 |
| Will County, IL | 79.0 | 32.5 | 45.1 | 72.3 | 39.0 | 21.5 |
| Chicago-Naperville-Evanston, IL MD | 75.2 | 34.9 | 42.7 | 71.8 | 40.2 | 25.2 |
| State of Illinois | 72.9 | 30.3 | 41.8 | 65.6 | 32.4 | 21.1 |
| <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), 2016-2020 Comprehensive Housing Affordability Strategy</i> | | | | | | |

Employment Characteristics

The following table presents the unemployment trends of the counties in the assessment area and the state of Illinois from 2018 to 2022. Unemployment rates were low across all geographies until the onset of the COVID-19 pandemic, which caused rates to rise sharply in 2020. However, all geographies saw a steady decline in unemployment rates in subsequent years. Community representatives indicated that low- and moderate-income individuals may lack the qualifications necessary to easily obtain jobs, resulting in disproportionate impact in terms of unemployment and adverse economic conditions.

| Unemployment Rates (%) | | | | | |
|---|------|------|------|------|------|
| Area | 2018 | 2019 | 2020 | 2021 | 2022 |
| Assessment Area | 4.1 | 3.8 | 10.1 | 6.5 | 4.8 |
| Cook County, IL | 4.2 | 3.9 | 10.6 | 6.9 | 5.0 |
| DuPage County, IL | 3.2 | 3.1 | 7.6 | 4.5 | 3.6 |
| Will County, IL | 4.2 | 4.0 | 9.2 | 5.7 | 4.6 |
| Chicago-Naperville-Evanston, IL MD | 4.0 | 3.8 | 10.0 | 6.4 | 4.8 |
| State of Illinois | 4.4 | 4.0 | 9.3 | 6.1 | 4.6 |
| <i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i> | | | | | |

Industry Characteristics

The assessment area has a large and diverse mix of public and private industry sectors. In the private sector, healthcare and social assistance, professional and technical services, retail trade, and accommodation and food services comprise the largest segments of employees by industry. Community representatives noted that several large layoffs have occurred in the food service, financial, and educational sectors within the assessment area.

Community Representatives

Two community representatives were contacted to obtain performance context regarding housing conditions and economic development conditions within the assessment area. Community representatives stressed the need for additional affordable housing units, as current demand from low- and moderate-income residents far exceeds supply. Additionally, current housing units that are affordable to those residents are often in less than adequate condition, and property owners of rental units are not responsive to residents' needs. The shortage of affordable housing has also caused low- and moderate-income individuals to exit the area for more affordable housing outside of the city of Chicago. With respect to economic conditions, community representatives have observed high demand for low-cost, flexible credit, especially from small businesses. Rising interest rates have exacerbated this need, as well as more rigid credit requirements for collateral, loan-to-value (LTV), and guarantors.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Marquette Bank's performance relative to the lending test is rated high satisfactory based on good responsiveness to assessment area credit needs, the origination of a substantial majority of loans in its assessment area, geographic distribution reflects excellent penetration of HMDA-reportable loans and good penetration of small business loans throughout the assessment area. Lastly, loan distribution of borrowers reflects excellent penetration among customers of different income levels given the product lines offered and good penetration among businesses of different sizes. Marquette Bank makes extensive 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. Marquette Bank exhibits an excellent record of serving the credit needs of low-income individuals and areas and very small businesses in its assessment area, consistent with safe and sound operations. The bank also makes a relatively high level of community development loans.

Level of Lending Activity

Marquette Bank's lending levels reflect good responsiveness to credit needs in its assessment area, taking into account the number and dollar amount of home mortgage and small business loans

originated in its assessment area. During the evaluation period, the bank originated 1,155 total loans, of which 997 were HMDA-reportable home improvement, home purchase, multi-family, and refinancing loans displayed in the following table. CRA small business loans totaled 158 during the evaluation period. While overall lending levels have decreased since the previous CRA examination, which included 3,534 total loans within these categories, the bank's performance demonstrates good responsiveness to assessment area credit needs due to the overall lending environment and in comparison to other lenders within the market. The previous CRA examination evaluated performance during 2020 and 2021, the period through the COVID-19 pandemic. Home mortgage rates fell to historic lows during the pandemic, which incentivized existing homeowners to seek lower rates on their mortgages through refinancing. As interest rates have risen, demand for refinance loans, and HMDA-reportable loans more broadly, has fallen. A comparison of Marquette Bank's HMDA-reportable refinance loans from the previous CRA evaluation to the current evaluation demonstrates a decrease from 1,851 loans to the current 156 refinance loans reflected in the following table. Proportionally, refinance loans comprised 52.4 percent of total loans analyzed in the previous CRA evaluation, while refinance loans are 13.5 percent of total loans in the current evaluation. The decrease in HMDA-related loans is not indicative of the bank's unwillingness to lend, but rather a loss of highly favorable economic conditions in recent years. Two strengths of the bank's lending activity performance are within HMDA-reportable home improvement lending and multifamily lending. Not only did the bank demonstrate high performance in comparison to aggregate lenders and demographics with respect to home improvement lending, but overall loan volume also increased in this category from 130 home improvement loans during the previous CRA examination, to 227 home improvement loans in the current evaluation. The bank's performance for home improvement lending is especially impactful as a community representative noted the deteriorating condition of housing stock in the assessment area, especially in low- and moderate-income areas. Home improvement loans work by providing funds to maintain, repair, or improve a home. In regard to multifamily lending, the bank ranked in the top ten HMDA peers for this product in 2023 and top five in 2022, providing loans for a housing type important to the assessment area, considering 35.2 percent of all housing units in the assessment area are rental units, which are most commonly within multifamily properties.

CRA-reportable small business lending during the previous CRA examination can be partially attributed to Marquette Bank's participation in the Paycheck Protection Program (PPP) by the U.S. Small Business Administration (SBA) in response to the COVID-19 pandemic. PPP lending ended in 2021, and as interest rates increased, small business lending experienced similar challenges to those previously stated. As a result, small business loan volume fell from the previous 762 loans to the current 158 loans in the following table. A community representative observed demand for flexible, low-cost credit for small businesses, rather than traditional small business loans, which now carry higher interest rates.

The following table presents the bank's level of lending activity across the assessment area during the review period.

| Summary of Lending Activity | | | | |
|-------------------------------------|--------------|-------------|----------------|-------------|
| Loan Type | # | % | \$(000s) | % |
| Total Consumer Related | 0 | 0.0 | 0 | 0.0 |
| Home Improvement | 227 | 19.7 | 8,317 | 1.8 |
| Home Purchase | 487 | 42.2 | 144,321 | 30.5 |
| Multi-Family Housing | 127 | 11.0 | 248,322 | 52.5 |
| Refinancing | 156 | 13.5 | 31,987 | 6.8 |
| Total HMDA related | 997 | 86.3 | 432,947 | 91.6 |
| Total Small Business related | 158 | 13.7 | 39,810 | 8.4 |
| TOTAL LOANS | 1,155 | 100 | 472,757 | 100 |

Assessment Area Concentration

Marquette Bank made a substantial majority of loans in its assessment area. The bank originated 90.5 percent of HMDA-reportable loans, and 92.4 percent of CRA small business loans, within the assessment area. The bank's ability to maintain the origination of a substantial majority of loans within the assessment area, considering current, less favorable economic conditions such as higher interest rates and rising business costs, supports its commitment to addressing credit needs within its assessment area.

| Lending Inside and Outside the Assessment Area | | | | | | | | |
|--|--------------|-------------|----------------|-------------|------------|------------|---------------|-------------|
| Loan Type | Inside | | | | Outside | | | |
| | # | % | \$(000s) | % | # | % | \$(000s) | % |
| Home Improvement | 223 | 98.2 | 8,037 | 96.6 | 4 | 1.8 | 280 | 3.4 |
| Home Purchase – Conventional | 353 | 84.7 | 107,572 | 83.9 | 64 | 15.3 | 20,594 | 16.1 |
| Home Purchase – FHA | 60 | 85.7 | 14,245 | 88.2 | 10 | 14.3 | 1,910 | 11.8 |
| Multi-Family Housing | 122 | 96.1 | 234,683 | 94.5 | 5 | 3.9 | 13,639 | 5.5 |
| Refinancing | 144 | 92.3 | 27,260 | 85.2 | 12 | 7.7 | 4,727 | 14.8 |
| Total HMDA related | 902 | 90.5 | 391,797 | 90.5 | 95 | 9.5 | 41,150 | 9.5 |
| Small Business | 146 | 92.4 | 33,562 | 84.3 | 12 | 7.6 | 6,248 | 15.7 |
| Total Small Bus. Related | 146 | 92.4 | 33,562 | 84.3 | 12 | 7.6 | 6,248 | 15.7 |
| Total Loans | 1,048 | 90.7 | 425,359 | 90.0 | 107 | 9.3 | 47,398 | 10.0 |
| <i>Note: Percentages may not add to 100.0 percent due to rounding.</i> | | | | | | | | |

Geographic Distribution of Loans

Marquette Bank's lending activities reflect excellent distribution throughout the assessment area. The bank's total 2023 HMDA-reportable originations, across all product types, in low-income

census tracts were comparable to aggregate lender performance and were above aggregate lenders in moderate-income census tracts. The bank's home improvement lending significantly exceeded aggregate lender percentages, while meeting or exceeding the percentage of owner-occupied units in low- and moderate-income census tracts. Lending performance was above the percentage of multifamily units in both low- and moderate-income census tracts, which is the predominant housing type within those areas. The bank's ability to meet area credit needs, especially considering heavy competition from larger financial institutions in a market where lending opportunities for low- and moderate-income geographies are scarce, demonstrates a commitment to supporting affordable housing and maintenance of housing stock in areas of greatest need. HMDA-reportable geographic distribution performance in 2023 is generally consistent with 2022.

CRA-reportable small business lending analysis will focus primarily on 2022 performance due to the existence of aggregate lenders as a comparison. CRA aggregate lender data for 2023 was not available at the time of this analysis. In 2022, the bank's small business loan originations in low-income census tracts exceeded both the aggregate lenders and the percentage of small businesses located in those census tracts, while substantially exceeding these comparators in moderate-income census tracts. Small business lending in 2023 strengthens the overall geographic distribution performance by exceeding the percentage of businesses in low- and moderate-income census tracts by even greater amounts than in 2022.

No conspicuous lending gaps in the assessment area were identified during the evaluation that could not be explained by the context of the market in which the bank operates. Due to the expansive size of the bank's assessment area, no loans were originated in many low- and moderate-income tracts, particularly those located a significant distance from branch locations. In 2023, the bank originated HMDA-reportable loans in 19 of 232 low-income census tracts (8.2 percent) and in 61 of 397 moderate-income census tracts (15.4 percent). The bank originated CRA-reportable loans in 7 of 232 low-income census tracts (3.0 percent) and in 12 of 397 moderate-income census tracts (3.0 percent). Gap analysis performance in 2022 is generally consistent with performance in 2023.

HMDA-Reportable Loans

HMDA-reportable lending reflects excellent dispersion throughout the assessment area, supported by significant outperformance of aggregate lenders in low- and moderate-income census tracts for home improvement loans, which are a critical need in the assessment area. The bank also exceeded or remained comparable to aggregate lender performance for 2022 home purchase lending in moderate-income census tracts and 2022 refinance lending in both low- and moderate-income census tracts. In addition, 2023 lending exceeded the percentage of owner-occupied/multifamily units in low-income census tracts with home purchase loans, home improvement loans, and multifamily loans.

Home Purchase Loans

The bank originated 5.6 percent of all 2023 home purchase loans in low-income census tracts, only slightly below the aggregate lender percentage of 6.3 percent. Lending opportunity in these census tracts is minimal, as only 5.4 percent of owner-occupied housing units in the assessment area are in low-income census tracts. The bank's performance in reaching a comparable percentage of home purchase loans in these census tracts is strong, given the size of the assessment area and the bank's relative size in the market.

In moderate-income census tracts, the bank originated 14.8 percent of its 2023 home purchase loans. Bank performance is below the aggregate lender percentage in these census tracts of 18.9 percent and below the 18.7 percent of owner-occupied units.

The bank made 31.1 percent of home purchase loans to middle-income census tracts, which was below aggregate lender activity (34.5 percent) and the percentage of owner-occupied units (35.5 percent). In upper-income census tracts, the bank originated 48.5 percent of home purchase loans, which is above both aggregate lender activity (40.1 percent) and percentage of owner-occupied units (40.2 percent). The bank did not originate any home purchase loans in census tracts with income designated as unknown, which comprised only 0.2 percent of owner-occupied units.

Performance of 2022 home purchase lending is consistent to overall 2023 performance. Although 2022 home purchase lending performance is slightly weaker than in 2023 in low-income census tracts, overall geographic distribution performance for home purchase loans is balanced by stronger lending in moderate-income census tracts. Specifically, home purchase lending in low-income census tracts at 1.8 percent, falls below aggregate lenders' percentage of 5.5 percent, as well as the 5.4 percent of owner-occupied units. However, the bank was comparable to aggregate lenders with 17.5 percent of 2022 home purchase loans in moderate-income tracts, on par with 17.6 percent by aggregate lenders. Both lenders were near the available owner-occupied units at 18.7 percent.

Home Refinance Loans

As previously discussed, following the extensive home refinance activity during the years evaluated during the previous CRA examination, rising home mortgage rates curbed refinance activity during this evaluation period. As a result, the bank originated 36 refinance loans in 2023, compared to 108 in 2022. In 2023, 2.8 percent of Marquette Bank's refinance loans were in low-income census tracts, which was below aggregate lender performance of 7.3 percent and below owner-occupied units in those census tracts of 5.4 percent. Refinance lending in moderate-income census tracts was stronger, with 16.7 percent of bank loans in those census tracts, compared to 19.8 percent by aggregate lenders and 18.7 percent of owner-occupied housing units.

The bank made 30.6 percent of home refinance loans in middle-income census tracts, which is slightly below both aggregate lenders (33.8 percent) and owner-occupied units (35.5 percent). In upper-income census tracts, the bank originated 50.0 percent of refinance loans, which is above both aggregate lenders (38.9 percent) and the percentage of owner-occupied units (40.2 percent). The bank did not originate any home refinance loans in census tracts with income designated as unknown, and these tracts included 0.2 percent of owner-occupied units.

Refinance loan performance in 2022 improves overall geographic distribution for this loan product. In low-income census tracts, the bank's performance was on par with aggregate lenders, at 4.6 percent and 4.9 percent, respectively, and comparable to the percentage of owner-occupied units at 5.4 percent. The bank originated 24.1 percent of 2022 refinance loans in moderate-income census tracts, significantly exceeding aggregate lenders at 17.7 percent, as well as the 18.7 percent of owner-occupied units in those tracts.

Home Improvement Loans

Home improvement lending performance by the bank was a notable strength across both years of the evaluation. With 5.8 percent of loans in low-income census tracts, the bank outperformed aggregate lenders which originated 2.8 percent in the same geographies. The bank's percentage was also just above the 5.4 percent of owner-occupied housing units in those census tracts. Home improvement lending in moderate-income census tracts, at 28.9 percent, significantly exceeded the 12.9 percent by aggregate lenders, as well as owner-occupied units in those census tracts of 18.7 percent.

The bank originated 36.4 percent of home improvement loans to middle-income census tracts, comparable to both the aggregate lenders (34.2 percent) and the percentage of owner-occupied units (35.5 percent). In upper-income census tracts, the bank made 28.9 percent of home improvement loans, which is significantly below aggregate lenders at 50.0 percent and the percentage of owner-occupied units at 40.2 percent. The bank did not originate any home improvement loans in census tracts with income designated as unknown, and these tracts included 0.2 percent of owner-occupied units.

Performance in 2022 is equally strong. In addition, during the increasingly challenging lending environment as interest rates increased and loan demand fell, the bank was able to increase home improvement loan volume during the evaluation period from 102 loans inside the assessment area in 2022 to 121 loans in 2023. This focus and increase demonstrate the bank's responsiveness to a credit need identified by community contacts who expressed the need for this particular loan product due to the deterioration of housing stock in low- and moderate-income portions of the assessment area.

Multi-Family Loans

Similar to refinance lending, multifamily lending volume fell during the evaluation period from 92 multifamily loans inside the assessment area in 2022 to 30 multifamily loans in 2023, which is consistent with the industry and reflective of broad lending challenges during the rising interest rate environment. The bank's 2023 multifamily lending in low-income census tracts of 16.7 percent fell below the percentage of aggregate lenders at 19.2 percent, but above the percentage of multifamily housing units in those census tracts at 10.2 percent. Likewise, 23.3 percent of the bank's multifamily loans were in moderate-income census tracts, below the 28.7 percent by aggregate lenders, but above the 20.7 percent of multifamily units.

The bank originated 36.7 percent of multi-family loans in middle-income census tracts, exceeding both aggregate lenders (27.0 percent) and the percentage of multi-family units (29.0 percent). In upper-income tracts, the bank originated 20.0 percent of multi-family loans, which was below aggregate lenders (23.9 percent) and multi-family units (39.1 percent). The bank originated one (3.3 percent) multi-family loan in census tracts with income designated as unknown, which was above both the aggregate lender activity (1.2 percent) and the 0.9 percent of multi-family units located in these tracts.

The bank fell a greater amount below aggregate lender percentages in low- and moderate-income census tracts in 2022. However, the bank maintained a slightly greater percentage of lending in low-income census tracts when compared to the percentage of multifamily housing units in the tracts. In moderate-income census tracts, the bank's multifamily lending was comparable to the percentage of multifamily housing units. Across both years, performance is balanced by the relative strength of 2023 multifamily lending.

The following table details the institution's geographic distribution of home mortgage lending by income level of geography from January 1, 2022, through December 31, 2023.

| Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography Assessment Area: Chicago-Naperville-Evanston, IL MD 16984 | | | | | | | | | | | | | |
|---|----------------------------------|-------|-------|----------|-------|-------|------|-------|-------|----------|-------|-------|---------------------------|
| Geographic Income Level | Bank And Aggregate Loans By Year | | | | | | | | | | | | Owner Occupied Units % |
| | 2022 | | | | | | 2023 | | | | | | |
| | Bank | | Agg | Bank | | Agg | Bank | | Agg | Bank | | Agg | |
| | # | # % | # % | \$ (000) | \$ % | \$ % | # | # % | # % | \$ (000) | \$ % | \$ % | |
| Home Purchase Loans | | | | | | | | | | | | | |
| Low | 4 | 1.8 | 5.5 | 639 | 1.1 | 3.8 | 11 | 5.6 | 6.3 | 2,663 | 4.2 | 4.5 | 5.4 |
| Moderate | 38 | 17.5 | 17.6 | 7,517 | 12.7 | 12.1 | 29 | 14.8 | 18.9 | 5,899 | 9.4 | 13.3 | 18.7 |
| Middle | 75 | 34.6 | 34.0 | 17,849 | 30.2 | 27.4 | 61 | 31.1 | 34.5 | 16,389 | 26.1 | 28.3 | 35.5 |
| Upper | 99 | 45.6 | 42.6 | 32,780 | 55.4 | 56.3 | 95 | 48.5 | 40.1 | 37,723 | 60.2 | 53.7 | 40.2 |
| Unknown | 1 | 0.5 | 0.3 | 358 | 0.6 | 0.3 | 0 | 0.0 | 0.3 | 0 | 0.0 | 0.3 | 0.2 |
| Tract-Unk | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| Total | 217 | 100.0 | 100.0 | 59,143 | 100.0 | 100.0 | 196 | 100.0 | 100.0 | 62,674 | 100.0 | 100.0 | 100.0 |
| Refinance Loans | | | | | | | | | | | | | |
| Low | 5 | 4.6 | 4.9 | 1,916 | 8.8 | 3.3 | 1 | 2.8 | 7.3 | 89 | 1.6 | 4.6 | 5.4 |
| Moderate | 26 | 24.1 | 17.7 | 3,963 | 18.3 | 12.0 | 6 | 16.7 | 19.8 | 902 | 16.1 | 12.6 | 18.7 |
| Middle | 44 | 40.7 | 35.5 | 7,169 | 33.1 | 27.7 | 11 | 30.6 | 33.8 | 1,621 | 29.0 | 23.3 | 35.5 |
| Upper | 33 | 30.6 | 41.7 | 8,616 | 39.8 | 56.9 | 18 | 50.0 | 38.9 | 2,984 | 53.3 | 59.2 | 40.2 |
| Unknown | 0 | 0.0 | 0.2 | 0 | 0.0 | 0.2 | 0 | 0.0 | 0.2 | 0 | 0.0 | 0.2 | 0.2 |
| Tract-Unk | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| Total | 108 | 100.0 | 100.0 | 21,664 | 100.0 | 100.0 | 36 | 100.0 | 100.0 | 5,596 | 100.0 | 100.0 | 100.0 |
| Home Improvement Loans | | | | | | | | | | | | | |
| Low | 5 | 4.9 | 2.8 | 46 | 1.6 | 1.9 | 7 | 5.8 | 2.8 | 517 | 10.2 | 2.3 | 5.4 |
| Moderate | 25 | 24.5 | 11.5 | 569 | 19.2 | 8.8 | 35 | 28.9 | 12.9 | 1,048 | 20.7 | 9.0 | 18.7 |
| Middle | 57 | 55.9 | 31.8 | 1,709 | 57.7 | 24.9 | 44 | 36.4 | 34.2 | 1,723 | 34.0 | 26.7 | 35.5 |
| Upper | 15 | 14.7 | 53.7 | 638 | 21.5 | 64.3 | 35 | 28.9 | 50.0 | 1,787 | 35.2 | 61.9 | 40.2 |
| Unknown | 0 | 0.0 | 0.2 | 0 | 0.0 | 0.1 | 0 | 0.0 | 0.1 | 0 | 0.0 | 0.1 | 0.2 |
| Tract-Unk | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| Total | 102 | 100.0 | 100.0 | 2,962 | 100.0 | 100.0 | 121 | 100.0 | 100.0 | 5,075 | 100.0 | 100.0 | 100.0 |
| Multifamily Loans | | | | | | | | | | | | | Multi-family Units % |
| Low | 10 | 10.9 | 16.7 | 12,675 | 6.7 | 12.3 | 5 | 16.7 | 19.2 | 2,196 | 4.9 | 9.7 | 10.2 |
| Moderate | 18 | 19.6 | 27.8 | 33,005 | 17.3 | 18.4 | 7 | 23.3 | 28.7 | 8,347 | 18.8 | 22.2 | 20.7 |
| Middle | 38 | 41.3 | 28.3 | 83,987 | 44.1 | 23.8 | 11 | 36.7 | 27.0 | 10,588 | 23.9 | 22.8 | 29.0 |
| Upper | 26 | 28.3 | 26.1 | 60,627 | 31.9 | 44.9 | 6 | 20.0 | 23.9 | 17,258 | 38.9 | 44.4 | 39.1 |
| Unknown | 0 | 0.0 | 1.1 | 0 | 0.0 | 0.7 | 1 | 3.3 | 1.2 | 6,000 | 13.5 | 0.8 | 0.9 |
| Tract-Unk | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| Total | 92 | 100.0 | 100.0 | 190,294 | 100.0 | 100.0 | 30 | 100.0 | 100.0 | 44,389 | 100.0 | 100.0 | 100.0 |
| Total Home Mortgage Loans | | | | | | | | | | | | | Owner Occupied Units % |
| Low | 24 | 4.6 | 5.3 | 15,276 | 5.6 | 4.7 | 24 | 6.3 | 6.1 | 5,465 | 4.6 | 5.0 | 5.4 |
| Moderate | 107 | 20.6 | 17.3 | 45,054 | 16.4 | 12.8 | 77 | 20.1 | 18.5 | 16,196 | 13.8 | 14.1 | 18.7 |
| Middle | 214 | 41.2 | 34.2 | 110,714 | 40.4 | 26.8 | 127 | 33.2 | 34.3 | 30,321 | 25.8 | 26.9 | 35.5 |
| Upper | 173 | 33.3 | 43.0 | 102,661 | 37.5 | 55.4 | 154 | 40.2 | 40.9 | 59,752 | 50.8 | 53.6 | 40.2 |
| Unknown | 1 | 0.2 | 0.3 | 358 | 0.1 | 0.3 | 1 | 0.3 | 0.2 | 6,000 | 5.1 | 0.4 | 0.2 |
| Tract-Unk | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| Total | 519 | 100.0 | 100.0 | 274,063 | 100.0 | 100.0 | 383 | 100.0 | 100.0 | 117,734 | 100.0 | 100.0 | 100.0 |
| Source: 2023 FFIEC Census Data | | | | | | | | | | | | | |
| 2016-2020 U.S. Census Bureau: American Community Survey | | | | | | | | | | | | | |
| Note: Percentages may not total 100.0 percent due to rounding. | | | | | | | | | | | | | |

Small Business Loans

The bank's geographic distribution of small business loans in the assessment area demonstrates excellent penetration among small businesses in low- and moderate-income tracts.

As previously stated, with a focus on 2022 lending due to the available comparison to aggregate lenders, the bank demonstrates strong performance. In low-income census tracts, the bank originated 6.8 percent of its small business loans, exceeding 5.3 percent by aggregate lenders and 6.1 percent of businesses operating in those census tracts. Performance exceeds comparisons by even greater amounts in moderate-income census tracts due to the bank's 23.9 percent versus 16.8 percent by aggregate lenders and 16.2 percent of businesses in moderate-income census tracts. Considering this comparison is to market leaders which originate tens of thousands of small business loans, Marquette Bank's performance is notable.

The bank made 40.9 percent of its small business loans in middle-income census tracts, surpassing aggregate lenders and the percentage of small businesses at 33.5 percent and 31.0 percent, respectively. Conversely, in upper-income census tracts, the bank originated 28.4 percent of its small business loans, which fell below aggregate lenders and businesses in those census tracts at 43.8 percent and 46.3 percent.

Small business lending in 2023 supports geographic distribution conclusions by reflecting even greater percentages above available businesses in low- and moderate-income census tracts than percentages in 2022.

The following table shows the bank's geographic distribution of small business loans from January 1, 2022, through December 31, 2023.

| Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography | | | | | | | | | | | |
|---|----------------------------------|-------|-------|---------|-------|-------|-------|-------|---------|-------|--------------------------|
| Assessment Area: Chicago-Naperville-Evanston, IL MD 16984 | | | | | | | | | | | |
| Geographic Income Level | Bank And Aggregate Loans By Year | | | | | | | | | | Total Businesses % |
| | 2022 | | | | | | 2023* | | | | |
| | Bank | | Agg | Bank | | Agg | Bank | | | | |
| | # | #% | #% | \$(000) | \$% | \$% | # | #% | \$(000) | \$% | |
| Low | 6 | 6.8 | 5.3 | 718 | 3.2 | 5.0 | 8 | 13.8 | 1,886 | 16.8 | 6.1 |
| Moderate | 21 | 23.9 | 16.8 | 4,263 | 19.1 | 15.1 | 15 | 25.9 | 1,888 | 16.8 | 16.2 |
| Middle | 36 | 40.9 | 33.5 | 9,786 | 43.9 | 33.8 | 19 | 32.8 | 5,056 | 44.9 | 31.0 |
| Upper | 25 | 28.4 | 43.8 | 7,538 | 33.8 | 45.7 | 16 | 27.6 | 2,427 | 21.6 | 46.3 |
| Unknown | 0 | 0.0 | 0.4 | 0 | 0.0 | 0.3 | 0 | 0.0 | 0 | 0.0 | 0.5 |
| Tract-Unk | 0 | 0.0 | 0.2 | 0 | 0.0 | 0.1 | 0 | 0.0 | 0 | 0.0 | 0.0 |
| Total | 88 | 100.0 | 100.0 | 22,305 | 100.0 | 100.0 | 58 | 100.0 | 11,257 | 100.0 | 100.0 |
| Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey | | | | | | | | | | | |
| Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available. | | | | | | | | | | | |

Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes

Marquette Bank's lending activities reflect excellent distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank. The bank's total HMDA-reportable lending within the assessment area to low- and moderate-income borrowers significantly exceeded aggregate lenders in both years of the analysis. In addition, lending to businesses with revenues of \$1.0 million or less significantly exceeded aggregate lenders in 2022. As stated in the "Scope of the Examination" section, HMDA-reportable lending carried greater weight than CRA-reportable small business lending in the analysis. Due to the absence of borrower income data collection for multifamily property loans, multifamily loans are not reflected in the following table.

HMDA-Reportable Loans

The borrower distribution of HMDA-reportable loans reflects excellent penetration among borrowers of different income levels, supported by outperformance of aggregate lenders to both low- and moderate-income borrowers in every loan product evaluated, which demonstrates the commitment to meeting the credit needs of these borrowers.

Home Purchase Loans

Marquette Bank's 2023 home purchase lending percentage to low-income borrowers was 13.8 percent, exceeding the percentage of loans to low-income borrowers by aggregate lenders of 8.1 percent. While neither the bank nor aggregate lenders met the percentage of low-income families in the assessment area at 24.0 percent, this income level of borrower maintains the greatest

challenges to saving for borrowing and homeownership costs, as well as meeting credit and repayment standards. In light of these challenges, the bank's favorable comparison to aggregate lenders is particularly notable. Similarly, the bank outperformed aggregate lenders in home purchase lending to moderate-income borrowers. With 26.5 percent of home purchase loans, the bank exceeded aggregate lenders' 24.1 percent to moderate-income borrowers. The bank and aggregate significantly exceeded the percentage of moderate-income families in the assessment area of 16.4 percent.

The bank made 23.0 percent of home purchase loans to middle-income borrowers, which was consistent with aggregate lender activity at 21.8 percent, and above the percentage of middle-income families at 18.6 percent. The bank originated 35.7 percent of home purchase loans to upper-income borrowers, which was above aggregate lenders at 30.2 percent, but below the percentage of upper-income families at 41.0 percent. The bank originated 1.0 percent of home purchase loans to borrowers of unknown income, which was below aggregate lending activity (15.8 percent) and consistent with the percentage of families with income designated as unknown.

Borrower distribution performance in 2022 for home purchase loans is even stronger than 2023. The bank outperformed aggregate lenders by greater percentage points, especially to low-income borrowers. Again, the bank's lending to moderate-income borrowers exceeded the percentage of moderate-income families in the assessment area.

Refinance Loans

In 2023, the bank originated 25.0 percent of refinance loans to low-income borrowers, which significantly exceeded aggregate lenders at 10.6 percent and was comparable to the percentage of low-income families at 24.0 percent. Considering the smaller proportion of low-income families who are already homeowners, Marquette Bank's ability to serve low-income borrowers with this product is particularly responsive. Refinance lending to moderate-income borrowers at 25.0 percent also exceeded aggregate lenders at 19.7 percent, as well as the 16.4 percent of families in the assessment area who are moderate-income.

The bank originated 25.0 percent of home refinance loans to middle-income borrowers, exceeding both the aggregate lender activity (20.6 percent) and the percentage of middle-income families (18.6 percent). Home refinance loans made to upper-income borrowers (19.4 percent) were significantly below aggregate lenders (30.7 percent) and percentage of upper-income families (41.0 percent). The bank originated 5.6 percent of home refinance loans to borrowers of unknown income, which was significantly below the aggregate lender activity (18.4 percent) and above the percentage of families with income designated as unknown.

Refinance lending by the bank in 2022 was consistently strong, with 25.0 percent of refinance loans to low-income borrowers, far surpassing aggregate lenders at 12.1 percent and comparable to the percentage of low-income families in the assessment area at 24.0 percent. The bank also exceeded

aggregate lenders in loans to moderate-income borrowers, as well as surpassing the percentage of moderate-income families in the assessment area.

Home Improvement Loans

Again, the bank's ability to reach low- and moderate-income homeowners through home improvement loans significantly exceeds aggregate lenders in the market. The bank originated 17.4 percent of its home improvement loans to low-income borrowers, significantly exceeding aggregate lenders at 7.6 percent. Among the 24.0 percent of low-income families in the assessment area, fewer will be homeowners, so it is appropriate that the bank would not reach the same percentage. Loans to moderate-income borrowers at 24.0 percent also exceeded aggregate lenders, and the percentage of moderate-income families, at 17.0 percent and 16.4 percent, respectively.

The bank originated 26.4 percent of home improvement loans to middle-income borrowers, which is consistent with the aggregate lender percentage of 23.8 percent and above the percentage of middle-income families (18.6 percent). The bank made 28.1 percent of home improvement loans to upper-income borrowers, which is significantly below the aggregate lender activity at 47.1 percent and the percentage of upper-income families at 41.0 percent. The bank originated 4.1 percent of home improvement loans to borrowers of unknown income, which was consistent with aggregate lender activity (4.5 percent).

Lending performance in 2022 also exceeds that of aggregate lenders. The bank's performance is below the percentage of low-income families, but exceeded the percentage of moderate-income families in the assessment area. As noted in the geographic distribution section, this performance is especially responsive considering community representative comments emphasizing the need for improved condition of housing stock for low- and moderate-income persons.

| Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level Assessment Area: Chicago-Naperville-Evanston, IL MD 16984 | | | | | | | | | | | | | |
|--|----------------------------------|-------|-------|---------|-------|-------|------|-------|-------|---------|-------|-------|--------------------------------|
| Borrower Income Level | Bank And Aggregate Loans By Year | | | | | | | | | | | | Families by Family Income % |
| | 2022 | | | | | | 2023 | | | | | | |
| | Bank | | Agg | Bank | | Agg | Bank | | Agg | Bank | | Agg | |
| | # | # % | # % | \$(000) | \$ % | \$ % | # | # % | # % | \$(000) | \$ % | \$ % | |
| Home Purchase Loans | | | | | | | | | | | | | |
| Low | 37 | 17.1 | 9.1 | 5,357 | 9.1 | 4.2 | 27 | 13.8 | 8.1 | 4,297 | 6.9 | 3.6 | 24.0 |
| Moderate | 53 | 24.4 | 21.9 | 10,725 | 18.1 | 14.5 | 52 | 26.5 | 24.1 | 10,636 | 17.0 | 15.5 | 16.4 |
| Middle | 56 | 25.8 | 19.6 | 16,255 | 27.5 | 17.0 | 45 | 23.0 | 21.8 | 13,200 | 21.1 | 18.5 | 18.6 |
| Upper | 68 | 31.3 | 31.9 | 26,494 | 44.8 | 47.5 | 70 | 35.7 | 30.2 | 33,431 | 53.3 | 46.0 | 41.0 |
| Unknown | 3 | 1.4 | 17.6 | 312 | 0.5 | 16.8 | 2 | 1.0 | 15.8 | 1,110 | 1.8 | 16.4 | 0.0 |
| Total | 217 | 100.0 | 100.0 | 59,143 | 100.0 | 100.0 | 196 | 100.0 | 100.0 | 62,674 | 100.0 | 100.0 | 100.0 |
| Refinance Loans | | | | | | | | | | | | | |
| Low | 27 | 25.0 | 12.1 | 3,415 | 15.8 | 6.2 | 9 | 25.0 | 10.6 | 608 | 10.9 | 4.7 | 24.0 |
| Moderate | 29 | 26.9 | 21.6 | 4,590 | 21.2 | 14.5 | 9 | 25.0 | 19.7 | 957 | 17.1 | 11.7 | 16.4 |
| Middle | 22 | 20.4 | 22.4 | 4,229 | 19.5 | 18.6 | 9 | 25.0 | 20.6 | 1,455 | 26.0 | 14.3 | 18.6 |
| Upper | 26 | 24.1 | 30.9 | 8,214 | 37.9 | 45.9 | 7 | 19.4 | 30.7 | 1,611 | 28.8 | 35.4 | 41.0 |
| Unknown | 4 | 3.7 | 13.0 | 1,216 | 5.6 | 14.8 | 2 | 5.6 | 18.4 | 965 | 17.2 | 33.9 | 0.0 |
| Total | 108 | 100.0 | 100.0 | 21,664 | 100.0 | 100.0 | 36 | 100.0 | 100.0 | 5,596 | 100.0 | 100.0 | 100.0 |
| Home Improvement Loans | | | | | | | | | | | | | |
| Low | 13 | 12.7 | 7.2 | 283 | 9.6 | 4.8 | 21 | 17.4 | 7.6 | 394 | 7.8 | 4.2 | 24.0 |
| Moderate | 22 | 21.6 | 16.0 | 390 | 13.2 | 11.7 | 29 | 24.0 | 17.0 | 758 | 14.9 | 10.8 | 16.4 |
| Middle | 38 | 37.3 | 24.0 | 759 | 25.6 | 18.3 | 32 | 26.4 | 23.8 | 921 | 18.1 | 18.0 | 18.6 |
| Upper | 26 | 25.5 | 49.4 | 998 | 33.7 | 61.8 | 34 | 28.1 | 47.1 | 2,080 | 41.0 | 61.3 | 41.0 |
| Unknown | 3 | 2.9 | 3.4 | 532 | 18.0 | 3.3 | 5 | 4.1 | 4.5 | 922 | 18.2 | 5.7 | 0.0 |
| Total | 102 | 100.0 | 100.0 | 2,962 | 100.0 | 100.0 | 121 | 100.0 | 100.0 | 5,075 | 100.0 | 100.0 | 100.0 |
| Total Home Mortgage Loans | | | | | | | | | | | | | |
| Low | 77 | 18.0 | 9.7 | 9,055 | 10.8 | 4.7 | 57 | 16.1 | 8.4 | 5,299 | 7.2 | 3.8 | 24.0 |
| Moderate | 104 | 24.4 | 21.1 | 15,705 | 18.7 | 14.3 | 90 | 25.5 | 22.4 | 12,351 | 16.8 | 14.7 | 16.4 |
| Middle | 116 | 27.2 | 20.5 | 21,243 | 25.4 | 17.3 | 86 | 24.4 | 21.7 | 15,576 | 21.2 | 17.8 | 18.6 |
| Upper | 120 | 28.1 | 32.9 | 35,706 | 42.6 | 47.6 | 111 | 31.4 | 31.7 | 37,122 | 50.6 | 44.9 | 41.0 |
| Unknown | 10 | 2.3 | 15.9 | 2,060 | 2.5 | 16.2 | 9 | 2.5 | 15.7 | 2,997 | 4.1 | 18.9 | 0.0 |
| Total | 427 | 100.0 | 100.0 | 83,769 | 100.0 | 100.0 | 353 | 100.0 | 100.0 | 73,345 | 100.0 | 100.0 | 100.0 |
| Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis. | | | | | | | | | | | | | |

Small Business Loans

Marquette Bank demonstrates good penetration among businesses of different sizes.

The bank originated 70, or 79.5 percent, of small business loans in 2022 to businesses with \$1 million or less in revenue, significantly exceeding aggregate lenders which originated 53.0 percent to businesses in the same revenue category. Neither the bank, nor aggregate lenders attained the percentage of total businesses in the assessment area with revenues of \$1 million or less at 89.9 percent. Of the 70 loans to businesses with revenues of \$1 million or less, 22 loans, or 31.4 percent,

were in loan amounts of \$100,000 or less, which are loan amounts often critical to small businesses.

Small business lending in 2023 does not have aggregate lender data as a comparison. In 2023, the bank originated 70.7 percent of small business loans to those with revenues of \$1 million or less, demonstrating slightly decreased performance when compared to 2022. However, of the 41 loans to small businesses, 17 of them, or 41.5 percent, were in amounts of \$100,000 or less, which is an increased percentage compared to 2022.

| Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses | | | | | | | | | | | |
|---|----------------------------------|-------|-------|---------|-------|-------|-------|-------|---------|-------|--------------------------|
| Assessment Area: Chicago-Naperville-Evanston, IL MD 16984 | | | | | | | | | | | |
| | Bank And Aggregate Loans By Year | | | | | | | | | | Total Businesses % |
| | 2022 | | | | | | 2023* | | | | |
| | Bank | | Agg | Bank | | Agg | Bank | | | | |
| | # | % | % | \$(000) | % | % | # | % | \$(000) | % | |
| By Revenue | | | | | | | | | | | |
| \$1 Million or Less | 70 | 79.5 | 53.0 | 17,607 | 78.9 | 29.7 | 41 | 70.7 | 7,749 | 68.8 | 89.9 |
| Over \$1 Million | 18 | 20.5 | | 4,698 | 21.1 | | 17 | 29.3 | 3,508 | 31.2 | 9.4 |
| Revenue Unknown | 0 | 0.0 | | 0 | 0.0 | | 0 | 0.0 | 0 | 0.0 | 0.6 |
| Total | 88 | 100.0 | | 22,305 | 100.0 | | 58 | 100.0 | 11,257 | 100.0 | 100.0 |
| By Loan Size | | | | | | | | | | | |
| \$100,000 or Less | 28 | 31.8 | 93.2 | 1,690 | 7.6 | 35.6 | 24 | 41.4 | 1,562 | 13.9 | |
| \$100,001 - \$250,000 | 37 | 42.0 | 3.6 | 7,320 | 32.8 | 16.2 | 22 | 37.9 | 4,322 | 38.4 | |
| \$250,001 - \$1 Million | 23 | 26.1 | 3.3 | 13,295 | 59.6 | 48.2 | 12 | 20.7 | 5,373 | 47.7 | |
| Total | 88 | 100.0 | 100.0 | 22,305 | 100.0 | 100.0 | 58 | 100.0 | 11,257 | 100.0 | |
| By Loan Size and Revenues \$1 Million or Less | | | | | | | | | | | |
| \$100,000 or Less | 22 | 31.4 | | 1,238 | 7.0 | | 17 | 41.5 | 1,044 | 13.5 | |
| \$100,001 - \$250,000 | 27 | 38.6 | | 5,074 | 28.8 | | 13 | 31.7 | 2,332 | 30.1 | |
| \$250,001 - \$1 Million | 21 | 30.0 | | 11,295 | 64.2 | | 11 | 26.8 | 4,373 | 56.4 | |
| Total | 70 | 100.0 | | 17,607 | 100.0 | | 41 | 100.0 | 7,749 | 100.0 | |
| Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey | | | | | | | | | | | |
| Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available. | | | | | | | | | | | |

Marquette Bank exhibits an excellent record of serving the credit needs of low-income individuals and areas and very small businesses in its assessment area, consistent with safe and sound operations.

Marquette Bank makes extensive use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies. Several of the bank's innovative lending products include partnerships with the Illinois Housing Development Authority, which provides down payment assistance to low- and moderate-income homebuyers; the Southwest and Northwest Home Equity Assurance Programs

(SWHEAP/NWHEAP), which offer subsidized home improvement loans to low- and moderate-income households; and the Marquette Bank Affordable Housing Foundation, which provides down payment and closing cost grants for low- and moderate income individuals.

Community Development Lending

Marquette Bank makes a relatively high level of community development loans. The bank originated 28 community development loans totaling \$25.3 million. While the bank's community development lending performance fell below performance of the previous evaluation (71 loans totaling \$117.5 million), the bank's community development loans are exclusively concentrated in multi-family loans that provide affordable housing to low- and moderate-income individuals. Community representatives emphasized the lack of affordable housing units for low- and moderate-income individuals in the assessment area and highlighted the deteriorating condition of affordable housing stock. While lending volume is noticeably lower than the previous evaluation, the bank originated responsive loans in a particularly high mortgage rate environment. Additionally, lending competition within the bank's assessment area is high with significantly larger competitors, in terms of both footprint and asset size, providing an additional obstacle for the bank. Finally, the bank's significant drop in community development lending performance is in alignment with a decrease in home mortgage originations across the assessment area and the state of Illinois from 2020 to 2022. From 2021 to 2022, the Chicago-Naperville-Evanston, IL MD experienced a 56.6 percent drop in home mortgage originations, representing over half of home mortgage loans made in 2020. Similarly, from 2021 to 2022, Cook, DuPage, and Will Counties saw a decrease of over 50.0 percent with DuPage, representing the largest decrease at 62.8 percent. The following tables detail home mortgage trends from 2018 to 2022, and the bank's community development lending figures for this evaluation.

| Home Mortgage Trends 2018 to 2022 | | | | | | |
|--|---------|---------|---------|---------|---------|------------------------|
| Area | 2018 | 2019 | 2020 | 2021 | 2022 | % Change 2021 -2022 |
| Assessment Area | 121,535 | 156,183 | 273,950 | 274,707 | 119,326 | -56.6 |
| Cook County, IL | 85,496 | 108,724 | 184,134 | 189,471 | 85,805 | -54.7 |
| DuPage County, IL | 20,127 | 26,547 | 51,750 | 48,058 | 17,870 | -62.8 |
| Will County, IL | 15,912 | 20,912 | 38,066 | 37,178 | 15,651 | -57.9 |
| Chicago-Naperville-Evanston, IL MD | 130,708 | 167,545 | 294,515 | 295,305 | 128,268 | -56.6 |
| State of Illinois | 228,293 | 282,816 | 494,822 | 489,830 | 228,925 | -53.3 |
| Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act Loan/Application Records | | | | | | |

| Community Development Loans (Dollars in 000s) | | | | | | | | | |
|--|----|--------------------|---|----------------------|---|------------------------------|---|--------|----|
| Affordable Housing | | Community Services | | Economic Development | | Revitalization/Stabilization | | Total | |
| \$ | # | \$ | # | \$ | # | \$ | # | \$ | # |
| 25,318 | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 25,318 | 28 |

INVESTMENT TEST

Marquette Bank's performance relative to the Investment Test is Outstanding.

Marquette Bank made an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, often in a leadership position. Marquette Bank makes extensive use of innovative and/or complex investments to support community initiatives. Overall, Marquette Bank exhibits excellent responsiveness to credit and community development needs.

Qualified community development investments for the review period totaled approximately \$12.5 million across eight investments. Investments are rooted in the ongoing leadership and commitment to affordable housing and post-secondary education for low- and moderate-income members of the assessment area via the Marquette Bank Affordable Housing Foundation and the Marquette Bank Education Foundation. Additional activities include responsive investments with certified community development financial institutions (CDFIs) offering such services as micro-enterprise programs, projects supporting job creation, and micro-loans to small businesses in low- and moderate-income neighborhoods. Community representatives stated that housing for low- and moderate-income individuals is often in disrepair or poor condition. Coupled with the lack of median family income gains seen in middle- and upper-income brackets and rising interest rates, these factors have only exacerbated the constant demand for more affordable housing units for both renters and owners. The bank's foundations and investments provide direct support to needs expressed by local community representatives.

The bank made an additional 154 community development grants and in-kind donations for approximately \$1.4 million during the evaluation period. While the dollar amount of grants and donations is below the previous evaluation's \$1.6 million, by number, the bank exceeded previous donations of 109. Significant donations made to the bank's housing and educational foundations, schools with primarily low- and moderate-income students, and local community organizations with designated community development purposes were especially impactful. A community representative stated that lack of education at the high school and college levels has hampered low- and moderate-income persons' opportunities for higher paying jobs that would allow them to afford better housing.

| Type | Community Development Investments (Dollars in 000s) | | | | | | | | | |
|----------------------|--|---|--------------------|-----|----------------------|----|----------------------------------|---|--------|-----|
| | Affordable Housing | | Community Services | | Economic Development | | Revitalization/ Stabilization | | Total | |
| | \$ | # | \$ | # | \$ | # | \$ | # | \$ | # |
| Investments | 5,282 | 1 | 5,664 | 1 | 750 | 4 | 800 | 2 | 12,496 | 8 |
| Grants and Donations | 253.5 | 6 | 1,039 | 131 | 31 | 10 | 62.5 | 7 | 1,386 | 154 |

SERVICE TEST

Marquette Bank's performance relative to the Service Test is Outstanding based on the bank's effective delivery systems, that are readily accessible to individuals of different income levels and geographies within the assessment area. Services, including business hours, are consistent and do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income individuals and low- and moderate-income census tracts. The bank's record of closing and opening branches has not adversely affected the accessibility of delivery systems, especially to low- and moderate-income geographies and low- and moderate-income individuals. Finally, the bank is a leader in providing community development services.

Retail Services

The distribution of the branch offices and ATMs is performed using current data (2023) and any changes in the median family income level of the geographies where the branches are located.

Marquette Bank's retail delivery services are readily accessible to geographies and individuals of different income levels in its assessment area. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Its services (including, where appropriate, business hours) are tailored to the convenience and needs of its assessment area(s), particularly low- or moderate-income geographies or low- or moderate-income individuals.

The bank closed one branch with a cash-only ATM in a middle-income census tract and closed two cash-only ATMs in middle-income census tracts, one cash-only ATM in an upper-income census tract, and one cash-only ATM in a low-income census tract. The impact of the ATM closure in the low-income census tract on CRA performance and low- and moderate-income geographies is minimal as the bank maintains a branch office with an ATM in close proximity to the closed ATM. Branch services do not vary in a way that inconveniences the assessment area, particularly low- or moderate-income geographies and individuals.

Retail banking hours do not vary across branch locations. Lobby hours are 9:00 am to 5:00 pm Monday through Thursday, with Friday hours extended to either 6:00 pm or 7:00 pm, and Saturday hours closing at either 1:00 pm or 2:00 pm. Lenders are also available to meet with loan applicants and borrowers at a time and location convenient for them, if a customer cannot easily travel to a branch. Marquette Bank offers mobile and internet banking services at no charge to customers. Customer service lines are offered in English, Spanish, and several other languages if a representative who speaks a specific language is available. These support options strengthen the bank's ability to meet area credit needs from diverse demographics in the bank's assessment area.

Community Development Services

Marquette Bank is a leader in providing community development services. Bank employees provided 2,090 hours of community development services to 41 organizations in the assessment area. Service hours were primarily concentrated in community services, which represent 86.8 percent of total service hours submitted. Many service hours were provided in a leadership capacity on organization boards and committees, and the volume and extent of services provided demonstrates a responsiveness in addressing the diverse community needs of the bank's assessment area. Qualified service hours represent a 7.6 percent increase from the 1,941.5 hours at the previous evaluation. The institution is proactive in identifying community needs and coordinating with local organizations, further supporting the bank's leadership in serving its assessment area.

| Community Development Services | | | | |
|--------------------------------|--------------------|----------------------|-------------------------------|-------|
| Affordable Housing | Community Services | Economic Development | Revitalization/ Stabilization | Total |
| Hours | Hours | Hours | Hours | Hours |
| 146 | 1814 | 126 | 4 | 2090 |

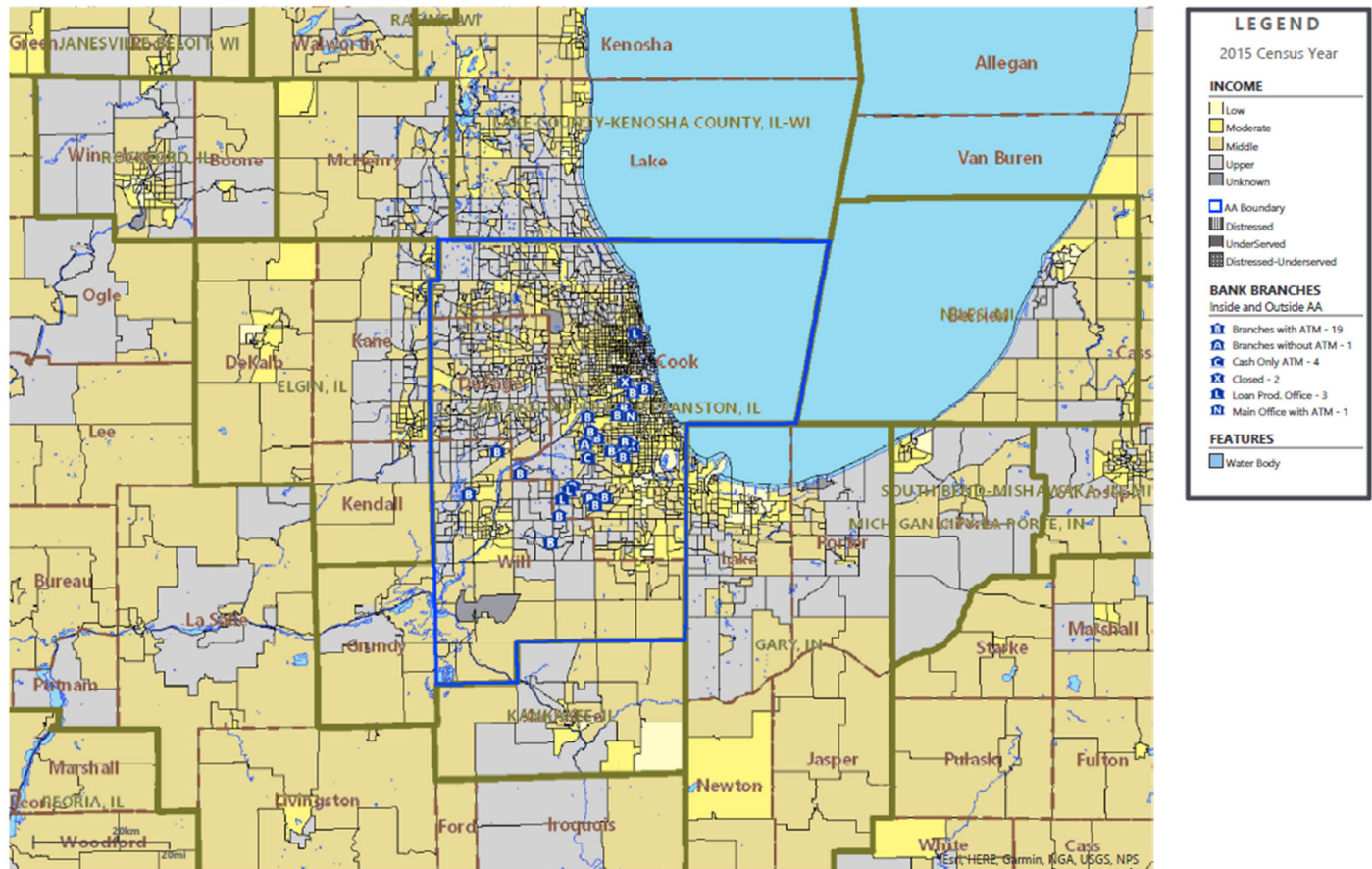
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

Marquette Bank 716833

Chicago-Naperville-Evanston, IL MD 16984



APPENDIX B – Scope of Examination

| SCOPE OF EXAMINATION | | | |
|--|--|------------------|--|
| | | | |
| TIME PERIOD REVIEWED | HMDA- and CRA-reportable small business loans: January 1, 2022, to December 31, 2023 Community Development Activities: August 23, 2022, to September 16, 2024 | | |
| | | | |
| FINANCIAL INSTITUTION Marquette Bank | | | PRODUCTS REVIEWED HMDA-Reportable Loans CRA-Reportable Loans – Small Business Community Development Activities |
| | | | |
| 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 |
| Cook, DuPage, and Will Counties within the Chicago-Naperville-Evanston, IL MD #16984 | Full scope | None | 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.³

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.

³ Source: FFIEC press release dated October 19, 2011.

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 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 (LPO): 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).