

PUBLIC DISCLOSURE

June 16, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Quad City Bank & Trust Company
RSSD# 2142155

2118 Middle Road
Bettendorf, Iowa 52722

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

Quad City Bank & Trust Company's Overall CRA Rating: Outstanding

Performance Test Rating Table

The following table indicates the performance level of Quad City Bank & Trust Company with respect to the lending, investment, and service tests.

Quad City Bank & Trust			
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:

- The bank's lending levels reflect good responsiveness to credit needs in its assessment area.
- A high percentage of loans were made in the bank's assessment area.
- The geographic distribution of loans reflects good penetration throughout the bank's assessment area.
- The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes.
- Lending exhibits a good record of serving the credit needs of highly economically

disadvantaged areas in its assessment area, low-income individuals, and businesses with gross annual revenues of \$1.0 million or less, consistent with safe and sound operations.

- The bank makes a relatively high level of community development loans.
- The bank makes use of innovative and flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals and geographies.

Investment Test:

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

Service Test:

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

Quad City Bank & Trust Company

DESCRIPTION OF INSTITUTION

Quad City Bank & Trust Company (QCBT) is a subsidiary of QCR Holdings, Inc., a four-bank holding company based in Moline, Illinois. The bank operates within the Davenport-Moline-Rock Island, Iowa-Illinois multi-state Metropolitan Statistical Area #19340 (Quad Cities Multistate MSA). Within the Quad Cities Multistate MSA, the bank's assessment area encompasses Scott County, Iowa and Rock Island County, Illinois, in their entirety.

QCBT's branch network remains unchanged from the previous evaluation, although one cash-only automated teller machine (ATM) was closed in August 2024. The ATM was located in an unknown income census tract that includes a large park and a minor league baseball stadium. The closure did not have an impact on the bank's retail service delivery analysis. The bank operates a main office located in Bettendorf, Iowa; three branches located in Davenport, Iowa; and one branch located in Moline, Illinois. In addition, QCBT operates five full-service and nine cash-only ATMs throughout the assessment area, with full-service ATMs at the main office and at all branches. Two of the cash-only ATMs are located in Iowa and seven in Illinois. Products and services do not vary by branch location.

QCBT remains engaged in a joint venture arrangement through Ruhl Mortgage LLC (Ruhl) to expand the bank's mortgage product and service offerings. Ruhl offers purchase and refinance loans, including Federal Housing Administration (FHA), Veterans Administration (VA), and Rural Development loans; second home loans; loans for investment properties and relocations; as well as down payment and closing cost assistance programs. The Pathway Home Mortgage Program provided directly through QCBT is also offered for low- and moderate-income qualified applicants seeking home purchase opportunities within Scott County and Rock Island County.

With total assets of approximately \$2.6 billion as of December 31, 2024, QCBT has a loan portfolio comprised primarily of commercial loans at 75.2 percent of total lent dollars, as illustrated in the table below. Following commercial lending, residential real estate lending is 12.0 percent of the bank's overall loan portfolio. Deposit products include a traditional array of personal and business checking and savings accounts, as well as money market accounts, health savings accounts, and certificates of deposit. To supplement in-person services, mobile and online banking are also available. Remote deposit capture and Zelle person-to-person digital payment capabilities extend the alternative retail services offered by QCBT.

Composition of Loan Portfolio As of December 31, 2024		
Type	Dollar Volume (\$ in 000s)	% of Portfolio
Commercial	1,539,998	75.2
Residential Real Estate	246,263	12.0
Other	203,540	9.9
Agriculture	16,625	0.8
Consumer	42,500	2.1
Total	2,048,926	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding</i>		

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

At its previous evaluation conducted on February 27, 2023, the bank was rated **Outstanding** under the CRA.

SCOPE OF THE EXAMINATION

QCBT's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Interagency Large Institution CRA Examination Procedures. The evaluation was performed in the context of information about the bank and its assessment area, such as asset size, financial condition, market presence of other financial institutions, the combined record of aggregate lenders in the assessment area, and economic and demographic characteristics. The evaluation included a full-scope review of the bank's assessment area comprising Scott County, Iowa and Rock Island County, Illinois located in the Davenport-Moline-Rock Island, Iowa-Illinois multistate Metropolitan Statistical Area #19340 (Quad Cities Multistate MSA). Aggregate lending data comparisons consist of lending activity for all institutions within the assessment area who originated loans reported under the Home Mortgage Disclosure Act (HMDA) in 2023 and 2024 and the Community Reinvestment Act (CRA) in 2023. Aggregate lender CRA data was not available for 2024 for this analysis.

The retail lending analysis was based on 2023 and 2024 HMDA-reportable loans—specifically home purchase, home refinance, and home improvement. Multifamily loans were not analyzed due to low volume. The review also included an analysis of 2023 and 2024 CRA-reportable small business loans. As the bank is predominantly a commercial lender, CRA-reportable small business loan activity is weighted more than HMDA-reportable lending in the evaluation's retail lending analysis.

Performance in the assessment area was evaluated using the following performance standards:

- ***Lending Activity*** - HMDA-reportable loans originated from January 1, 2023 through December 31, 2024 and CRA-reportable small business loans originated from January 1, 2023 through December 31, 2024, were reviewed to determine the bank's responsiveness to credit needs in the assessment area.
- ***Lending in the Assessment Area*** - HMDA-reportable loans originated from January 1, 2023 through December 31, 2024 and CRA-reportable small business loans originated from January 1, 2023 through December 31, 2024, were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** - HMDA-reportable loans originated from January 1, 2023 through December 31, 2024 and CRA-reportable small business loans originated from January 1, 2023 through December 31, 2024, were analyzed to determine the extent to which the bank is making loans in census tracts of different income levels, including those designated as low- and moderate-income.
- ***Lending to Borrowers of Different Incomes and Businesses of Different Sizes*** – HMDA-reportable loans originated from January 1, 2023 through December 31, 2024 and CRA-reportable small business loans originated from January 1, 2023 through December 31, 2024, were analyzed to determine the loan distribution among borrowers of different income levels, particularly those considered low- and moderate-income, and to businesses of different revenue sizes.
- ***Community Development Lending*** - The number volume, dollar volume, responsiveness, and complexity of community development loans were reviewed from February 28, 2023 through June 16, 2025.
- ***Innovative or Flexible Lending Practices*** - The degree to which the bank uses innovative and flexible lending practices to address the credit needs of LMI individuals and geographies, as well as of small businesses.
- ***Investments*** - Qualified investments from February 28, 2023 through June 16, 2025 were reviewed to determine the bank's responsiveness to community development needs. Qualified investments were also evaluated to determine the bank's use of innovative or complex investments.
- ***Services*** - The distribution of the bank's branch offices and ATMs, its record of opening and closing 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 February 28, 2023 through June 16, 2025.

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

QUAD CITIES MULTISTATE MSA

CRA RATING FOR THE DAVENPORT-MOLINE-ROCK ISLAND, IA-IL MSA #19340:

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Outstanding

The Service Test is rated: Outstanding

QCBT is meeting the credit needs of its community, consistent with its locations, asset size, and local economic conditions within its delineated assessment area. Lending levels reflect good responsiveness to assessment area credit needs, and a high percentage of loans were originated within the assessment area during the review period. The bank also makes a relatively high level of community development loans. Investment activities demonstrate an excellent level of qualified community development investments and grants, and the bank is a leader in providing community development services. Finally, the bank's delivery systems are accessible to the geographies and individuals of different income levels within the assessment area and businesses of different sizes.

SCOPE OF EXAMINATION

QCBT's operations in the Davenport-Moline-Rock Island, IA-IL Multistate MSA #19340 (Quad Cities Multistate MSA) received a full-scope review consistent with the overall scope of the examination described within the institution summary. For further information refer to the "Scope of Examination" section for details.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE QUAD CITIES MULTISTATE MSA #19340

The assessment area comprised of Scott County, Iowa and Rock Island County, Illinois, which are divided by the Mississippi River, includes all bank operations, including the main office and four branch offices, all with full-service ATMs, and nine cash-only ATMs. Consistent with the following discussion of census tract designation changes, one branch location is in a census tract that was designated as middle-income during the previous CRA examination but is now designated as a moderate-income census tract. In total, two of the branches with full-service ATMs are in moderate-income census tracts.

The assessment area includes the principal cities of Davenport, Iowa; Moline, Illinois; and Rock Island, Illinois with a total population of over 319,000 people across 91 census tracts. Of the 91 census tracts, 3.3 percent are designated low-income, and 30.8 percent are designated moderate-income. As a percentage of families within the area, 19.7 percent are low-income, and 18.6 percent are moderate-income.

Although the bank did not change its assessment area, the composition changed due to updates from the American Community Survey (ACS). Census tract changes are noted in the following table:

Tract Designation Change Data¹

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	4	3	-1
Moderate	26	28	+2
Middle	43	44	+1
Upper	14	15	+1
Unknown	0	1	+1
Total	87	91	+4
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			

The bank holds a considerable presence in the assessment area. Among the 23 financial institutions in the 2024 FDIC Deposit Market Share Report covering the assessment area, QCBT leads the market with 26.5 percent of deposits, outpacing second-ranked Blackhawk Bank & Trust with 14.2 percent. From a 2023 lending perspective, which is the most recent data available for all institutions, QCBT ranks 17th among 251 HMDA reporters and sixth among 91 CRA loan reporters in the assessment area. Leading HMDA reporters include top-ranked Greenstate Credit Union, followed by I.H. Mississippi Valley Credit Union, and Ascentra Credit Union. The leading CRA loan reporters in the market are headed by JP Morgan Chase Bank, American Express, and Blackhawk Bank & Trust.

The following presentation of key demographics used to help inform the evaluation of bank activity in its assessment area is based on ACS data 2016-2020. Demographic data for 2023 can be found in the appendix.

¹ ¹ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

2024 Davenport-Moline-Rock Island, IA-IL MSA 19340 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	3	3.3	1,357	1.7	515	38.0	15,800	19.7
Moderate	28	30.8	17,530	21.9	2,963	16.9	14,879	18.6
Middle	44	48.4	42,197	52.7	3,388	8.0	16,937	21.2
Upper	15	16.5	18,822	23.5	704	3.7	32,410	40.5
Unknown	1	1.1	120	0.1	29	24.2	0	0.0
Total AA	91	100.0	80,026	100.0	7,599	9.5	80,026	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	2,980	972	1.1	32.6	1,487	49.9	521	17.5
Moderate	35,223	16,779	19.0	47.6	14,172	40.2	4,272	12.1
Middle	72,864	48,953	55.3	67.2	18,185	25.0	5,726	7.9
Upper	28,590	21,680	24.5	75.8	4,892	17.1	2,018	7.1
Unknown	1,188	74	0.1	6.2	850	71.5	264	22.2
Total AA	140,845	88,458	100.0	62.8	39,586	28.1	12,801	9.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	309	2.6	250	2.4	56	5.3	3	2.1
Moderate	2,799	23.9	2,467	23.5	304	28.8	28	19.7
Middle	5,310	45.4	4,796	45.7	449	42.5	65	45.8
Upper	2,882	24.6	2,643	25.2	201	19.0	38	26.8
Unknown	397	3.4	343	3.3	46	4.4	8	5.6
Total AA	11,697	100.0	10,499	100.0	1,056	100.0	142	100.0
Percentage of Total Businesses				89.8		9.0		1.2
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	2	0.6	2	0.6	0	0.0	0	0.0
Moderate	6	1.7	6	1.8	0	0.0	0	0.0
Middle	174	50.6	173	51.2	1	16.7	0	0.0
Upper	161	46.8	156	46.2	5	83.3	0	0.0
Unknown	1	0.3	1	0.3	0	0.0	0	0.0
Total AA	344	100.0	338	100.0	6	100.0	0	0.0
Percentage of Total Farms				98.3		1.7		0.0
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

Population Characteristics

Population data overall show a stable population, with the assessment area increasing in population by 0.7 percent compared to the entire Davenport-Moline-Rock Island, IA-IL MSA increasing by only 0.3 percent, according to 2015 to 2020 U.S. Census data. In addition to the counties included in the bank's assessment area, the Davenport-Moline-Rock Island, IA-IL MSA includes Mercer County, Illinois and Henry County, Illinois. A community representative noted that area residents leave to other parts of the United States, while those who move to the area are emigrating from international locations. The region is home to various industries with an international workforce, including John Deere World Headquarters in particular.

As noted in the table below, subtle differences between Rock Island County and Scott County population shifts, however, are reflective of differences in housing, infrastructure, and economic development growth opportunities between the two as noted below. Scott County population growth of 2.8 percent is, in part, driven by available farmland that is being developed, according to community representatives. Such available land is not present in Rock Island County, as that side of the Mississippi River is fully developed with much older infrastructure. In addition, a central portion of land between the cities of Rock Island and Moline, Illinois is an island in the river, prohibiting outward growth in that section.

Population Change 2015 to 2020			
Area	2015 Population	2020 Population	Percent Change (%)
Assessment Area	317,155	319,341	0.7
Rock Island County, IL	147,161	144,672	-1.7
Scott County, IA	169,994	174,669	2.8
Davenport-Moline-Rock Island, IA-IL MSA	383,145	384,324	0.3
State of Illinois	12,873,761	12,812,508	-0.5
State of Iowa	3,093,526	3,190,369	3.1
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

Income Characteristics

According to the 2024 FFIEC Census Data, the assessment area is comprised of 80,026 families, of which 19.7 percent are designated as low-income, 18.6 percent are designated as moderate-income, 21.2 percent are designated as middle-income, and 40.5 percent are designated as upper-income. A total of 9.5 percent of families residing within the assessment area live below the poverty line, which is above the rate for the state of Iowa and the state of Illinois at 7.1 and 8.5 percent, respectively.

State-level economic structures impact the assessment area in interesting ways, as illustrated in the table below. While Rock Island County has a lower 2020 median family income (MFI) at \$72,445 compared to Scott County's MFI of \$82,256, Rock Island County MFI has increased by 7.1 percent from 2015 to 2020 while Scott County increased by 4.3 percent over the same time period. Community representatives attributed the different minimum wages of Illinois and Iowa as contributors to the difference in MFI growth. Supported by minimum wage trends from the U.S. Department of Labor and analyzed by the Federal Reserve Bank of St. Louis's Federal Reserve Economic Data (FRED), the Illinois minimum wage in 2015 was \$8.25 per hour, compared to Iowa's minimum wage, which is set at the federal level of \$7.25 per hour. The Illinois minimum wage increased to \$10.00 per hour in 2020 and has increased by one dollar per hour each year to the current \$15.00 per hour minimum wage for 2025. Iowa remains at \$7.25 per hour. Nevertheless, as one economic region spread through two states, employers on the Iowa side of the river raise wages to attract Illinois residents, according to community representatives. Even with such wage matching and some higher entry-level wages at employers such as Amazon, current incomes in the assessment area are insufficient to fully cover living costs, resulting in one community representative sharing that families take on second jobs like Amazon's "flex driving," which offers higher hourly wages, but no employee benefits.

Median Family Income 2015 to 2020			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change (%)
Assessment Area	\$72,613	\$76,972	6.0
Rock Island County, IL	\$67,625	\$72,445	7.1
Scott County, IA	\$78,879	\$82,256	4.3
Davenport-Moline-Rock Island, IA-IL MSA	\$72,766	\$76,902	5.7
Illinois	\$78,169	\$86,251	10.3
Iowa	\$73,712	\$79,186	7.4
<i>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.</i>			

Housing Characteristics

The assessment area holds nearly 141,000 housing units, of which 62.8 percent are owner-occupied, 28.1 percent are rental, and 9.1 percent are vacant. Dividing owner-occupied housing by census tract income level, 1.1 percent are located in low-income census tracts and 19.0 percent are located in moderate-income census tracts. One community representative noted that an increasing amount of previously owner-occupied units are being purchased by out-of-town owners, increasing rents to unsustainable levels and limiting available housing stock for residents.

A method in understanding poverty and housing outcomes is calculating housing cost burden, which is outlined in the following table. The housing cost burden is the ratio of a household's gross monthly housing costs to the household's gross monthly income. Housing cost burden, as defined by the Department of Housing and Urban Development (HUD), takes these quantitative ratios, and assigns qualitative values to them. If a household's housing cost is above 30.0 percent of its income, then that household is considered housing cost burdened.

As noted in the table below, while MFI was higher in Scott County in 2020, a greater portion of low-income renters, at 75.1 percent, are cost burdened compared to 69.3 percent of low-income renters in Rock Island County. The disparity is seen for homeowners, as well, with 64.2 percent of Scott County low-income homeowners spending 30.0 percent or more of income on housing, versus 58.0 percent of Rock Island County low-income homeowners. Similarly, a lower percentage of moderate-income renters and owners are cost burdened in Rock Island County compared to those in Scott County.

Community representatives pointed to data from the Quad Cities Housing Council's "Silos to Solutions: Vision by 2030" study, which identified a gap of over 6,600 affordable units needed to address assessment area demand. The plan identifies the need for new construction, rehabilitation of existing properties, and rental subsidies to address the housing gap. Community representatives also noted portions of the assessment area existed with very low-quality housing and vacant housing.

Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	72.1	26.8	40.1	60.9	22.8	14.4
Rock Island County, IL	69.3	26.1	40.4	58.0	19.7	14.4
Scott County, IA	75.1	27.4	39.9	64.2	25.8	14.4
Davenport-Moline-Rock Island, IA-IL MSA	71.0	24.7	39.4	58.5	20.9	14.0
Illinois	73.6	34.6	41.8	67.0	34.3	20.8
Iowa	71.9	21.4	37.9	58.7	23.5	14.9
<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), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

Employment Conditions

Unemployment rates stabilized in the immediate post-pandemic period of 2022, but with rates increasing in more recent years, as illustrated in the table below. One community representative stated that many pandemic-specific small business capital funding streams and flexible funding programs continued for a time after the pandemic ended. However, with over ten percent of the

area's workforce in the nonprofit sector, more recent effects from those funding streams ending is being experienced, thus raising unemployment levels. Also contributing to the rise in unemployment is layoffs from primary area employer, John Deere. Over 500 workers were impacted in 2024, with announcements for more in 2025. One community representative stated that additional impact is anticipated due to more recent reductions in the federal government workforce, which could impact those currently employed at the Rock Island Arsenal.

Unemployment Rates (%)				
Area	2021	2022	2023	2024*
Assessment Area	5.3	3.8	4.2	4.8
Rock Island County, IL	5.7	4.5	5.1	6.0
Scott County, IA	4.9	3.3	3.5	3.8
Davenport-Moline-Rock Island, IA-IL MSA	5.2	3.9	4.3	4.9
Illinois	6.1	4.6	4.5	5.2
Iowa	3.8	2.8	2.9	3.0
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics				
*2024 year-to-date average based on monthly data from January through November.				

Industry Characteristics

Bureau of Labor Statistics quarterly data show industry sectors in the assessment area that employ the greatest number of workers include manufacturing, health care and social assistance, and retail trade. Government jobs are fifth in size of workforce as of the second quarter of 2024, driven by the presence of the Rock Island Arsenal, which is an active U.S. Army facility. The manufacturing workforce is attributed to the John Deere World Headquarters, makers of agricultural machinery and heavy equipment. One community representative noted that there are more commercial districts and restaurants on the Iowa side of the river, resulting in more service sector job opportunities. In addition, a 2.3 million square foot Amazon fulfillment center opened in Scott County in 2023.

Community Representatives

Two community representatives were contacted to provide information regarding local economic, housing, and demographic conditions within the assessment area. Both representatives cited the notable differences between the portions of the community based on the state they are located in. While Scott County has room to grow through the development of farmland, Rock Island County has aging infrastructure, with no land for additional development. Also noted was that thousands of affordable housing units are needed to fill the housing gap, with long waitlists for home improvement and repair programs that are available. Representatives note wages across both states are driven by the rising Illinois minimum wage as Iowa's minimum wage remains at the federal level; however, working families seek second jobs to afford the cost of living. Also noted was that some very large employers, both private and government, are able to impact worker opportunities during periods of economic change.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE QUAD CITIES MULTISTATE MSA #19340

LENDING TEST

QCBT's performance relative to the Lending Test in the Davenport-Moline-Rock Island, Iowa-Illinois Multistate MSA #19340 is High Satisfactory based on lending levels that reflect good responsiveness to credit needs, a high percentage of loans inside the bank's assessment area, good geographic distribution of loans and penetration of loans to customers of different income levels and businesses of different sizes. Finally, the bank makes a relatively high level of community development loans to meet assessment area credit needs.

Level of Lending Activity

QCBT's lending levels reflect good responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage and small business loans in its assessment area. The following table reflects HMDA-reportable loans and CRA-reportable loans across all geographies from January 1, 2023 to December 31, 2024. During that time period, the bank originated or purchased 992 loans totaling over \$292.6 million. Comparison to lending activity during the previous CRA examination, when loan volume was 1,994 loans for \$477.7 million, shows a total loan volume decrease of 50.3 percent and a 38.7 percent decline in lent dollars. However, loan volume trends in general for the aggregate show broad declines across the assessment area, the full MSA, and both states for HMDA-reportable and CRA-reportable loans.

When evaluated by separate product lines, QCBT originated or purchased 409 HMDA-reportable loans for \$169.1 million, a decline of 23.8 percent by volume and a decline of 25.1 percent by dollar from HMDA lending activity during the previous CRA examination. QCBT HMDA lending declines are much less than those by aggregate HMDA lenders across the assessment area, which declined by 62.7 percent from 2021 compared to 2023 loan volumes.

QCBT's CRA-reportable small business lending also declined to 568 loans for \$120.7 million from 1,443 loans for \$249.3 million during the previous CRA public evaluation, or a 60.6 percent loan volume decline. In comparison, market data from aggregate CRA reporters in the assessment area declined by 17.2 percent from 2021 to 2023. However, over 800 of the 1,443 loans evaluated during the previous examination for QCBT were Paycheck Protection Program (PPP) loans, which are no longer available for the bank to offer. When comparing loan volume after accounting for PPP lending, the decline is 9.8 percent by volume and 21.5 percent by dollar.

Summary of Lending Activity January 1, 2023 to December 31, 2024				
Loan Type	#	%	\$(000s)	%
Home Improvement	59	--	8,839	--
Home Purchase	258	--	90,739	--
Multi-Family Housing	13	--	49,527	--
Refinancing	79	--	19,978	--
Total HMDA Reportable	409	41.2%	169,083	57.8%
Total Small Business Reportable	568	57.3%	120,698	41.2%
Total Small Farm Reportable	15	1.5%	2,851	1.0%
Total Loans	992	100.0%	292,632	100.0%
<i>Note: Percentages may not total to 100.0 percent due to rounding.</i>				

The tables below show market data from HMDA reporters and CRA reporters, respectively, in the assessment area from 2021 through 2023.

Home Mortgage Trends				
Area	2021	2022	2023	% Change 2021 vs 2023
Assessment Area	13,355	7,903	4,978	-62.7
Rock Island County, IL	5,127	3,245	2,042	-60.2
Scott County, IA	8,228	4,658	2,936	-64.3
Davenport-Moline-Rock Island, IA-IL MSA	15,400	9,232	5,883	-61.8
Illinois	489,876	228,513	156,124	-68.1
Iowa	123,573	72,005	49,854	-59.7
<i>Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act Loan/Application Records</i>				

Small Business Loan Trends					
Area	2020	2021	2022	2023	% Change 2021 vs 2023
Assessment Area	5,234	5,427	5,046	4,495	-17.2
Rock Island County, IL	2,283	2,250	2,043	1,752	-22.1
Scott County, IA	2,951	3,177	3,003	2,743	-13.7
Davenport-Moline-Rock Island, IA-IL MSA	5,834	6,135	5,668	5,021	-18.2
Illinois	304,427	345,651	299,618	280,906	-18.7
Iowa	44,000	57,918	50,220	45,630	-21.2
<i>Source: Federal Financial Institutions Examination Council (FFIEC) Community Reinvestment Act Aggregate Data</i>					

Assessment Area Concentration

QCBT made a high percentage of loans inside its assessment area. With 75.3 percent of HMDA-reportable loans and 91.2 percent of CRA-reportable small business loans inside the assessment area, the bank demonstrates its efforts to address the lending needs within its community.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	52	88.1	7,973	90.2	7	11.9	866	9.8
Home Purchase – Conventional	192	74.4	58,216	64.2	66	25.6	32,523	35.8
Multi-Family Housing	3	23.1	766	1.5	10	76.9	48,761	98.5
Refinancing	61	77.2	12,230	61.2	18	22.8	7,748	38.8
Total HMDA Reportable	308	75.3	79,185	46.8	101	24.7	89,898	53.2
Total Small Business Reportable	518	91.2	104,259	86.4	50	8.8	16,439	13.6
Total Loans	826	84.5	183,444	63.3	151	15.5	106,337	36.7
<i>Note: Percentages may not total to 100.0 percent due to rounding.</i>								

Geographic Distribution of Loans

QCBT's lending activities reflect good distribution throughout the assessment area.

Originations of the bank's 2023 HMDA-reportable and CRA-reportable loans reached 87.9 percent of the 91 census tracts within the assessment area. Lending occurred in two of the three low-income census tracts and 25 of the 28 moderate-income census tracts. The dispersion of loans in 2024 is similar, reaching 89.0 percent of all census tracts in the assessment area. Across both years, the bank originated loans in all three low-income census tracts and 92.9 percent of all moderate-income census tracts. There are no conspicuous gaps in HMDA- and CRA-reportable lending across the assessment area.

The following discussion is primarily based on 2023 lending performance, detailing the individual HMDA-reportable products of home purchase loans, refinance loans, and home improvement loans. Multifamily loans will not be discussed due to low volume. CRA-reportable products include small business loans only. Due to the lack of available aggregate lender data at the time of this report, 2024 loan tables will only include a comparison to demographic data.

HMDA-Reportable Lending

Home Purchase Loans

The percentage of QCBT's 2023 home purchase loans in low-income census tracts exceeded the percentage of loans made by aggregate lenders in those tracts and the percentage of owner-occupied housing units in low-income census tracts. Of all home purchase loans in the assessment

area, 2.1 percent of the bank's home purchase loans were in low-income census tracts compared to aggregate lender activity of 0.8 percent and 1.1 percent of the assessment area's owner-occupied housing units.

Home purchase lending in moderate-income census tracts also exceeded the aggregate and demographic comparators in 2023. With 27.8 percent of home purchase loans in moderate-income census tracts, the bank exceeded aggregate lenders' lending in those tracts at 21.3 percent and owner-occupied units at 19.0 percent.

Lending in higher income areas includes 32.0 percent of bank loans in middle-income census tracts, significantly below when compared to 54.8 percent by aggregate lenders and 55.3 percent of owner-occupied housing units in those tracts. The bank originated 38.1 percent of home purchase loans in upper-income census tracts, significantly exceeding aggregate lender originations of 23.0 percent and the 24.5 percent of owner-occupied units.

Lending performance in 2024 is slightly weaker than 2023 performance due to the absence of home purchase lending in low-income census tracts and a lower percentage of lending in moderate-income census tracts. However, this is relative to strong 2023 performance that exceeded aggregate lenders and demographics, whereas 2024 performance is in closer alignment to demographics.

Refinance Loans

The bank did not originate any refinance loans in low-income census tracts in either 2023 or 2024. However, aggregate lenders originated only 0.6 percent of 2023 refinance loans in those census tracts. These are both slightly below the 1.1 percent of owner-occupied housing units in these tracts.

Out of 11 total reported refinance loans in 2023, one, or 9.1 percent, was originated in a moderate-income census tract. While bank performance is significantly below that of aggregate lenders at 21.0 percent and below the 19.0 percent of owner-occupied housing located here, the bank's reported volume of loans is low, resulting in significant impact to percentages based on minimal changes to loan volume.

Refinance lending in middle-income census tracts of 54.5 percent was on par with aggregate lenders at the same percentage and comparable to demographics at 55.3 percent. Four of the bank's refinance loans, or 36.4 percent, were in upper-income census tracts, significantly exceeding aggregate lenders at 23.7 percent and the 24.5 percent of owner-occupied housing units in those tracts.

Refinance lending in 2024 cannot reasonably be compared to 2023 due to a change in loan reporting requirements for QCBT. The change resulted in an increase in reported loans under HMDA, as the bank began reporting home equity lines of credit, and does not reflect a significant

increase in originations from 2023.

Home Improvement

Of the five reported home improvement loans in 2023, none were originated in low-income census tracts, comparable to aggregate lenders at 0.2 percent and slightly below the percentage of owner-occupied units at 1.1 percent. Within moderate-income census tracts, the bank originated two of the five, or 40.0 percent, of 2023 reported home improvement loans, significantly exceeding aggregate lenders at 19.3 percent and owner-occupied units at 19.0 percent. The bank's reported volume of loans is low, resulting in significant impact to percentages based on minimal changes to loan volume. Community representatives cited the need for housing repair and rehabilitation, particularly in southwest portions of the city of Rock Island and in the central city portion of Davenport. These areas are the locations of clusters of LMI census tracts. However, the assessment area only has three low-income census tracts, resulting in a 3.3 percent opportunity to lend in these tracts as a percentage of tract distribution in the assessment area. With 28 moderate-income census tracts, the availability of these tracts is greater when compared to three low-income census tracts.

The remaining three home improvement loans were originated in middle-income census tracts, resulting in a comparison of 60.0 percent of loans by the bank in those census tracts, exceeding the 54.1 percent by aggregate lenders and 55.3 percent owner-occupied units in these tracts. No home improvement loans were reported in upper-income census tracts in 2023.

As noted for refinance loans, significantly more home improvement loans were reported in 2024, which is not reflective of an increase in lending, but instead a change in loan reporting requirements. Nevertheless, the bank demonstrates the ability to originate home improvement loans in low-income and moderate-income census tracts with 4.3 percent and 8.5 percent, respectively, of all 2024 home improvement loans. These loans are important to areas of the community in the greatest need for housing repair and rehabilitation.

The following table presents the 2023 and 2024 geographic distribution of HMDA-reportable loans in the assessment area.

Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography Assessment Area: Davenport-Moline-Rock Island, IA-IL MSA 19340											
Geographic Income Level	Bank And Aggregate Loans By Year										Owner Occupied Units %
	2023						2024*				
	Bank		Agg	Bank		Agg	Bank				
	#	%	%	\$(000)	\$%	\$%	#	%	\$(000)	\$%	
Home Purchase Loans											
Low	2	2.1	0.8	145	0.6	0.4	0	0.0	0	0.0	1.1
Moderate	27	27.8	21.3	3,012	11.9	13.7	17	17.9	1,590	4.8	19.0
Middle	31	32.0	54.8	4,824	19.0	49.2	37	38.9	8,532	26.0	55.3
Upper	37	38.1	23.0	17,397	68.6	36.7	41	43.2	22,716	69.2	24.5
Unknown	0	0.0	0.1	0	0.0	0.0	0	0.0	0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	97	100.0	100.0	25,378	100.0	100.0	95	100.0	32,838	100.0	100.0
Refinance Loans											
Low	0	0.0	0.6	0	0.0	0.4	0	0.0	0	0.0	1.1
Moderate	1	9.1	21.0	85	4.1	14.0	7	14.0	739	7.3	19.0
Middle	6	54.5	54.5	938	45.6	49.8	22	44.0	3,197	31.4	55.3
Upper	4	36.4	23.7	1,032	50.2	35.2	21	42.0	6,239	61.3	24.5
Unknown	0	0.0	0.3	0	0.0	0.6	0	0.0	0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	11	100.0	100.0	2,055	100.0	100.0	50	100.0	10,175	100.0	100.0
Home Improvement Loans											
Low	0	0.0	0.2	0	0.0	0.2	2	4.3	92	1.2	1.1
Moderate	2	40.0	19.3	132	34.0	17.3	4	8.5	236	3.1	19.0
Middle	3	60.0	54.1	256	66.0	48.9	18	38.3	2,593	34.2	55.3
Upper	0	0.0	26.1	0	0.0	33.6	23	48.9	4,664	61.5	24.5
Unknown	0	0.0	0.2	0	0.0	0.1	0	0.0	0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	5	100.0	100.0	388	100.0	100.0	47	100.0	7,585	100.0	100.0
Multifamily Loans											Multi-family Units %
Low	0	0.0	3.7	0	0.0	3.8	0	0.0	0	0.0	4.6
Moderate	2	100.0	39.5	420	100.0	34.1	0	0.0	0	0.0	30.5
Middle	0	0.0	43.2	0	0.0	50.8	1	100.0	346	100.0	45.1
Upper	0	0.0	9.9	0	0.0	8.5	0	0.0	0	0.0	16.2
Unknown	0	0.0	3.7	0	0.0	2.7	0	0.0	0	0.0	3.6
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	2	100.0	100.0	420	100.0	100.0	1	100.0	346	100.0	100.0
Total Home Mortgage Loans											Owner Occupied Units %
Low	2	1.7	0.7	145	0.5	0.5	2	1.0	92	0.2	1.1
Moderate	32	27.8	21.3	3,649	12.9	14.7	28	14.5	2,565	5.0	19.0
Middle	40	34.8	54.3	6,018	21.3	49.3	78	40.4	14,668	28.8	55.3
Upper	41	35.7	23.5	18,429	65.3	35.3	85	44.0	33,619	66.0	24.5
Unknown	0	0.0	0.2	0	0.0	0.2	0	0.0	0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	
Total	115	100.0	100.0	28,241	100.0	100.0	193	100.0	50,944	100.0	100.0
Source: 2024 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

CRA-Reportable Lending

Small Business Loans

QCBT originated 1.9 percent of its 2023 small business loans in low-income census tracts. This performance is slightly below both aggregate lender originations in the same census tracts at 2.1 percent and to the 2.6 percent of businesses operating in those tracts. Within moderate-income census tracts, the bank originated 17.9 percent of its small business loans, below aggregate lenders at 24.2 percent and demographics at 23.9 percent. Small business lending in middle-income census tracts resulted in 50.0 percent of the bank's loans, exceeding aggregate lenders' percentage in those tracts of 42.8 percent and exceeding the 45.4 percent of businesses in the same census tracts. Finally, the bank originated 28.0 percent of loans to small businesses, comparable to the 28.3 percent by aggregate lenders, but above the percentage of businesses at 24.6 percent.

The 2024 geographic distribution performance of small business lending is slightly stronger than 2023 due to greater percentages of lending in low- and moderate-income census tracts.

The following table presents the geographic distribution of CRA-reportable small business loans in the assessment area in 2023 and 2024.

Distribution of 2023 and 2024 Small Business Lending By Income Level of Geography										
Assessment Area: Davenport-Moline-Rock Island, IA-IL MSA 19340										
Geographic Income Level	Bank And Aggregate Loans By Year									
	2023						2024*			
	Bank		Agg	Bank		Agg	Bank			
	#	%	%	\$(000)	\$%	\$%	#	%	\$(000)	\$%
Low	5	1.9	2.1	541	1.0	1.7	6	2.4	265	0.5
Moderate	48	17.9	24.2	9,609	18.3	25.2	63	25.2	13,670	26.3
Middle	134	50.0	42.8	25,078	47.9	44.5	85	34.0	17,336	33.4
Upper	75	28.0	28.3	16,877	32.2	26.2	88	35.2	19,479	37.5
Unknown	6	2.2	2.2	269	0.5	2.3	8	3.2	1,135	2.2
Tract-Unk	0	0.0	0.4	0	0.0	0.1	0	0.0	0	0.0
Total	268	100.0	100.0	52,374	100.0	100.0	250	100.0	51,885	100.0
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.										

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

QCBT's lending activities reflect good 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 also exhibits a good record of serving the credit needs of low-

income individuals and very small businesses, consistent with safe and sound operations.

The following narrative is primarily based on 2023 lending performance, detailing the individual HMDA-reportable products of home purchase loans, refinance loans, and home improvement loans. CRA-reportable products include small business loans only. Due to the lack of available aggregate lender data at the time of this report, 2024 loan tables will only include a comparison to demographic data.

HMDA-Reportable Lending

Home Purchase Loans

In 2023, the bank originated 11.3 percent of home purchase loans to low-income borrowers in the assessment area, comparable to aggregate lenders at 11.4 percent, but below the 19.7 percent of low-income families in the assessment area. Low-income families who are financially positioned for homeownership is reduced when considering that 9.5 percent of families in the area live below the poverty level. The portion of home purchase loans to moderate-income families was 25.8 percent, exceeding the aggregate lender percentage of 22.6 percent and the demographic comparator of 18.6 percent of moderate-income families. On the whole, the bank demonstrates a commitment to moving low- and moderate-income families into homeownership through this performance. This is further demonstrated by the bank's offering of Pathway Home Mortgage Program, a home lending program with flexible criteria designed to increase homeownership for low- and moderate-income borrowers.

Home purchase loans to middle-income families were 10.3 percent of all loans in this category, below the 19.3 percent by the aggregate and significantly below the demographic at 21.2 percent. Upper-income borrowers received the greatest percentage of home purchase loans at 40.2 percent, significantly exceeding the 24.9 percent by aggregate lenders, but comparable to the percentage of upper-income families in the assessment area at 40.5 percent.

Lending performance in 2024 is slightly weaker than 2023 performance due to the decreased volume and smaller relative percentages of lending to low- and moderate-income borrowers.

Refinance Loans

Of the limited number of refinance loans reported in 2023, 9.1 percent, or one loan, went to a low-income borrower, slightly below the 11.4 percent of lending by the aggregate, but below the percentage of low-income families at 19.7 percent. However, reaching 19.7 percent is not reasonably expected considering refinance loans are products available to current home mortgage holders, which are likely fewer in numbers among low-income families. In contrast, 27.3 percent of the bank's refinance loans were to moderate-income families, exceeding aggregate lenders at 19.5 percent, as well as the 18.6 percent of moderate-income families who live in the assessment area.

One refinance loan went to a middle-income borrower, or 9.1 percent, significantly below the 21.5 percent by aggregate lenders and the 21.2 percent of families who are middle-income. Six of the 11 reported refinance loans, or 54.5 percent, went to upper-income borrowers. This percentage significantly exceeds aggregate lenders at 30.1 percent and the 40.5 percent of upper-income families in the assessment area.

Although comparison to 2024 performance is not reliable due to changes in reported loans, the bank increased reported refinance loans from 11 in 2023 to 50 in 2024, while only increasing loans to low- and moderate-income families by one, reflecting weaker performance.

Home Improvement

Out of five home improvement loans reported in 2023, none went to low- or moderate-income borrowers, nor to upper-income borrowers. This is significantly below aggregate lenders at 9.8 percent, 19.1 percent, and 35.7 percent, respectively. One loan in this category was originated to a middle-income borrower, for 20.0 percent of home improvement loans comparable to 22.3 percent by aggregate lenders and 21.2 percent of demographics. The remaining four home improvement loans were originated to borrowers of unknown income.

Distribution to low- and moderate-income borrowers shows improved performance in 2024, when the bank reported a greater number of loans due to changed reporting requirements. Of 47 home improvement loans reported, 6.4 percent were to low-income borrowers and 10.6 percent were to moderate-income borrowers, which was significantly below demographics for low-income borrowers at 19.7 percent and below demographics for moderate-income borrowers at 18.6 percent, respectively.

The following table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2023 and 2024.

Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level											
Assessment Area: Davenport-Moline-Rock Island, IA-IL MSA 19340											
Borrower Income Level	Bank And Aggregate Loans By Year										Families by Family Income %
	2023						2024*				
	Bank		Agg	Bank		Agg	Bank				
	#	#%	#%	\$(000)	\$%	\$%	#	#%	\$(000)	\$%	
Home Purchase Loans											
Low	11	11.3	11.4	933	3.7	5.7	9	9.5	913	2.8	19.7
Moderate	25	25.8	22.6	3,255	12.8	15.9	13	13.7	1,776	5.4	18.6
Middle	10	10.3	19.3	1,602	6.3	18.4	8	8.4	1,092	3.3	21.2
Upper	39	40.2	24.9	14,756	58.1	38.6	52	54.7	25,196	76.7	40.5
Unknown	12	12.4	21.8	4,832	19.0	21.5	13	13.7	3,861	11.8	0.0
Total	97	100.0	100.0	25,378	100.0	100.0	95	100.0	32,838	100.0	100.0
Refinance Loans											
Low	1	9.1	11.4	20	1.0	6.4	2	4.0	110	1.1	19.7
Moderate	3	27.3	19.5	267	13.0	13.9	3	6.0	190	1.9	18.6
Middle	1	9.1	21.5	75	3.6	19.7	8	16.0	663	6.5	21.2
Upper	6	54.5	30.1	1,693	82.4	41.0	28	56.0	7,097	69.7	40.5
Unknown	0	0.0	17.7	0	0.0	19.0	9	18.0	2,115	20.8	0.0
Total	11	100.0	100.0	2,055	100.0	100.0	50	100.0	10,175	100.0	100.0
Home Improvement Loans											
Low	0	0.0	9.8	0	0.0	7.1	3	6.4	120	1.6	19.7
Moderate	0	0.0	19.1	0	0.0	12.8	5	10.6	381	5.0	18.6
Middle	1	20.0	22.3	20	5.2	18.4	6	12.8	706	9.3	21.2
Upper	0	0.0	35.7	0	0.0	39.9	28	59.6	5,909	77.9	40.5
Unknown	4	80.0	13.2	368	94.8	21.8	5	10.6	469	6.2	0.0
Total	5	100.0	100.0	388	100.0	100.0	47	100.0	7,585	100.0	100.0
Total Home Mortgage Loans											
Low	12	10.6	11.2	953	3.4	5.8	14	7.3	1,143	2.3	19.7
Moderate	28	24.8	21.8	3,522	12.7	15.6	21	10.9	2,347	4.6	18.6
Middle	12	10.6	20.2	1,697	6.1	18.6	22	11.5	2,461	4.9	21.2
Upper	45	39.8	27.1	16,449	59.1	39.0	108	56.3	38,202	75.5	40.5
Unknown	16	14.2	19.7	5,200	18.7	21.1	27	14.1	6,445	12.7	0.0
Total	113	100.0	100.0	27,821	100.0	100.0	192	100.0	50,598	100.0	100.0
Source: 2024 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available. Multifamily loans are not included in the borrower distribution analysis.											

CRA-Reportable Lending

Small Business Loans

Of 268 small business loans originated in 2023, 32.1 percent were to businesses with gross annual revenues of \$1.0 million or less. While significantly below aggregate lenders' 56.6 percent of loans to this same category of small businesses, an additional 62 loans, or 23.1 percent, of small business loans were to businesses with revenue unknown. Notably, however, of the 86 loans to businesses

with revenues of \$1.0 million or less, 74.4 percent were in the smallest loan amount category of \$100,000 or less. These smaller loans are viewed as most responsive to the smallest businesses.

Small business lending performance in 2024 was comparable to that of 2023.

The following table below presents the borrower distribution of small business loans in the assessment area in 2023 and 2024.

Distribution of 2023 and 2024 Small Business Lending By Revenue Size of Businesses											
Assessment Area: Davenport-Moline-Rock Island, IA-IL MSA 19340											
	Bank And Aggregate Loans By Year										Total Businesses %
	2023						2024*				
	Bank		Agg	Bank		Agg	Bank				
	#	%	%	\$(000)	\$%	\$%	#	%	\$(000)	\$%	
By Revenue											
\$1 Million or Less	86	32.1	56.6	11,970	22.9	36.5	94	37.6	10,274	19.8	89.8
Over \$1 Million	120	44.8		37,670	71.9		123	49.2	39,211	75.6	9.0
Revenue Unknown	62	23.1		2,734	5.2		33	13.2	2,400	4.6	1.2
Total	268	100.0		52,374	100.0		250	100.0	51,885	100.0	100.0
By Loan Size											
\$100,000 or Less	165	61.6	89.9	6,557	12.5	27.8	151	60.4	6,399	12.3	
\$100,001 - \$250,000	35	13.1	4.6	6,754	12.9	15.1	34	13.6	6,501	12.5	
\$250,001 - \$1 Million	68	25.4	5.5	39,063	74.6	57.1	65	26.0	38,985	75.1	
Total	268	100.0	100.0	52,374	100.0	100.0	250	100.0	51,885	100.0	
By Loan Size and Revenues \$1 Million or Less											
\$100,000 or Less	64	74.4		2,361	19.7		75	79.8	2,926	28.5	
\$100,001 - \$250,000	9	10.5		1,661	13.9		10	10.6	1,880	18.3	
\$250,001 - \$1 Million	13	15.1		7,948	66.4		9	9.6	5,468	53.2	
Total	86	100.0		11,970	100.0		94	100.0	10,274	100.0	
Source: 2024 FFIEC Census Data											
2024 Dun & Bradstreet Data											
2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

QCBT exhibits a good record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations. In addition, the bank makes 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. One demonstration of these qualitative elements of the bank's performance is the Pathway Home Mortgage Program, a home lending program with flexible criteria designed to increase lending in low- and moderate-income census tracts within the assessment area, as well as to increase homeownership for low- and moderate-income borrowers. The program works in conjunction with the "Live-Work Rock Island Program," which offers downpayment assistance and decreased closing costs for eligible homebuyers.

Community Development Lending

QCBT makes a relatively high level of community development loans, which is a downgrade from its performance as a leader in making community development loans during the previous CRA examination. As reflected in the following table, 31 community development loans totaling \$52.1 million in the assessment area address primary purposes under CRA. This level of lending is a decrease from the previous CRA public evaluation, which had 55 loans totaling \$119.6 million – a loan decline of 41.8 percent and dollar decline of 56.4 percent. As previously discussed, lending across the assessment area and in all categories of loan products declined across all lenders since the previous examination. However, the 56.4 percent decline is greater than that demonstrated by other lenders in the assessment area, when considering the combination of multifamily home mortgage loans and commercial loans within the community development loan table. Details of the 31 loans demonstrate elements of responsiveness through loans for affordable housing, of which the largest loan of the 31 was made to a low-income housing tax credit (LIHTC) property, providing dollars to address a critical need. Other loans supported mass transit through lower-income portions of the assessment area, which is particularly useful to residents in need of reliable, low-cost transportation without having to own a personal automobile.

Community Development Loans February 28, 2023 through June 16, 2025										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Davenport-Moline-Rock Island, IA-IL MSA	4	11,588	23	25,256	0	0	4	\$15,250	31	52,094

INVESTMENT TEST

QCBT's performance relative to the Investment Test in the Davenport-Moline-Rock Island, Iowa-Illinois Multistate MSA #19340 is Outstanding based on the dollar amount invested, as well as the complexity and responsiveness of investments. The bank made an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, occasionally in a leadership position. Total dollars invested, as shown in the following tables, include nearly \$33.5 million, along with almost \$507,000 in grants and donations.

Of the total dollars invested, 12 investments were maintained from previous CRA examination periods, while four investments were new, increasing invested dollars by over 36.3 percent from the previous public evaluation's \$24.5 million. While grants and donation dollars totaled approximately \$545,000 previously, decreasing to the current \$506,525, the overall quantitative strength of the investment test is greater.

QCBT makes significant use of innovative and/or complex investments to support community initiatives, evidenced by four projects eligible for Low-Income Housing Tax Credits and a total of seven investments that supported affordable housing in the assessment area, exceeding previous affordable housing investment dollars. Affordable housing is a specified need, according to community representatives, and these investments directly address such assessment area needs.

Finally, the bank exhibits excellent responsiveness to credit and community development needs. Investments supporting a certified minority depository institution (MDI) under the U.S. Treasury's Minority Bank Deposit Program, and a U.S. Department of Treasury-certified, nationwide Community Development Financial Institution (CDFI) dedicated to closing the wealth gap for diverse small business owners, are notable and responsive to critical CRA-related needs.

Community Development Investments February 28, 2023 through June 16, 2025										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Davenport-Moline-Rock Island, IA-IL MSA	7	27,903	6	2,482	0	0	1	2,351	14	32,736
BSRA	0	0	0	0	1	245	0	0	1	245
Nationwide	0	0	0	0	1	485	0	0	1	485
Total	7	27,903	6	2,482	2	730	1	2,351	16	33,466

Community Development Grants and Donations February 28, 2023 through June 16, 2025										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Davenport-Moline-Rock Island, IA-IL MSA	7	28,000	103	456,025	7	22,500	0	0	117	506,525

SERVICE TEST

QCBT's performance relative to the Service Test in the Davenport-Moline-Rock Island, Iowa-Illinois Multistate MSA #19340 is Outstanding based on delivery systems that are accessible to the bank's geographies and individuals of different income levels and no adverse effects in the accessibility of its delivery systems. Services do not vary in a way that inconveniences its assessment area. A primary contributor to the rating is the bank's leadership in providing community development services.

Retail Services

The distribution of the branch offices and ATMs is performed using current data (ACS data 2016-2020) and reflect any changes in the median family income level of the geographies where the branches are located.

QCBT's retail delivery services are 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) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals.

The bank's retail services are provided through its network of the bank's main office and four branches, all with full-service ATMs, along with telephone, online, and mobile banking activities. All branches offer consumer, mortgage, and commercial products and services. Branches are typically open Monday through Friday from 9:00 a.m. to 5:00 p.m., with extended drive-up hours beginning at 8:00 a.m. and ending at 5:30 p.m. All locations have drive-up Saturday hours from 8:00 a.m. to 12:00 p.m., while the main office and one branch in a moderate-income census tract, have Saturday lobby hours from 9:00 a.m. to noon.

The bank does not operate any branches or full-service ATMs in low-income census tracts. While no office locations have been closed or relocated since the previous CRA examination, one branch is in a census tract that was redesignated from a middle-income census tract previously, to a moderate-income census tract as of this evaluation. As a result of this change, the bank now operates two branch locations in moderate-income census tracts. Two standalone cash-only ATMs are in low-income census tracts and four standalone cash-only ATMs are located in moderate-income census tracts. The remaining three standalone cash-only ATMs are located in middle- and upper-income tracts. Finally, one cash-only ATM was closed since the previous evaluation in a census tract of unknown income, however, this closure does not impact the analysis.

Distribution of Branches and Full-Service ATMs					
Tract Income Level	# of Branches w full-service ATMs	% of Branches w full-service ATMs	Census Tracts	% of Census Tracts	% of Families by Tract Income
Low	0	0.0	3	3.3	1.7
Moderate	2	40.0	28	30.8	21.9
Middle	2	40.0	44	48.4	52.7
Upper	1	20.0	15	16.5	23.5
Unknown	0	0.0	1	1.1	0.1
Total	5	100.0	91	100.0	100.0

Community Development Services

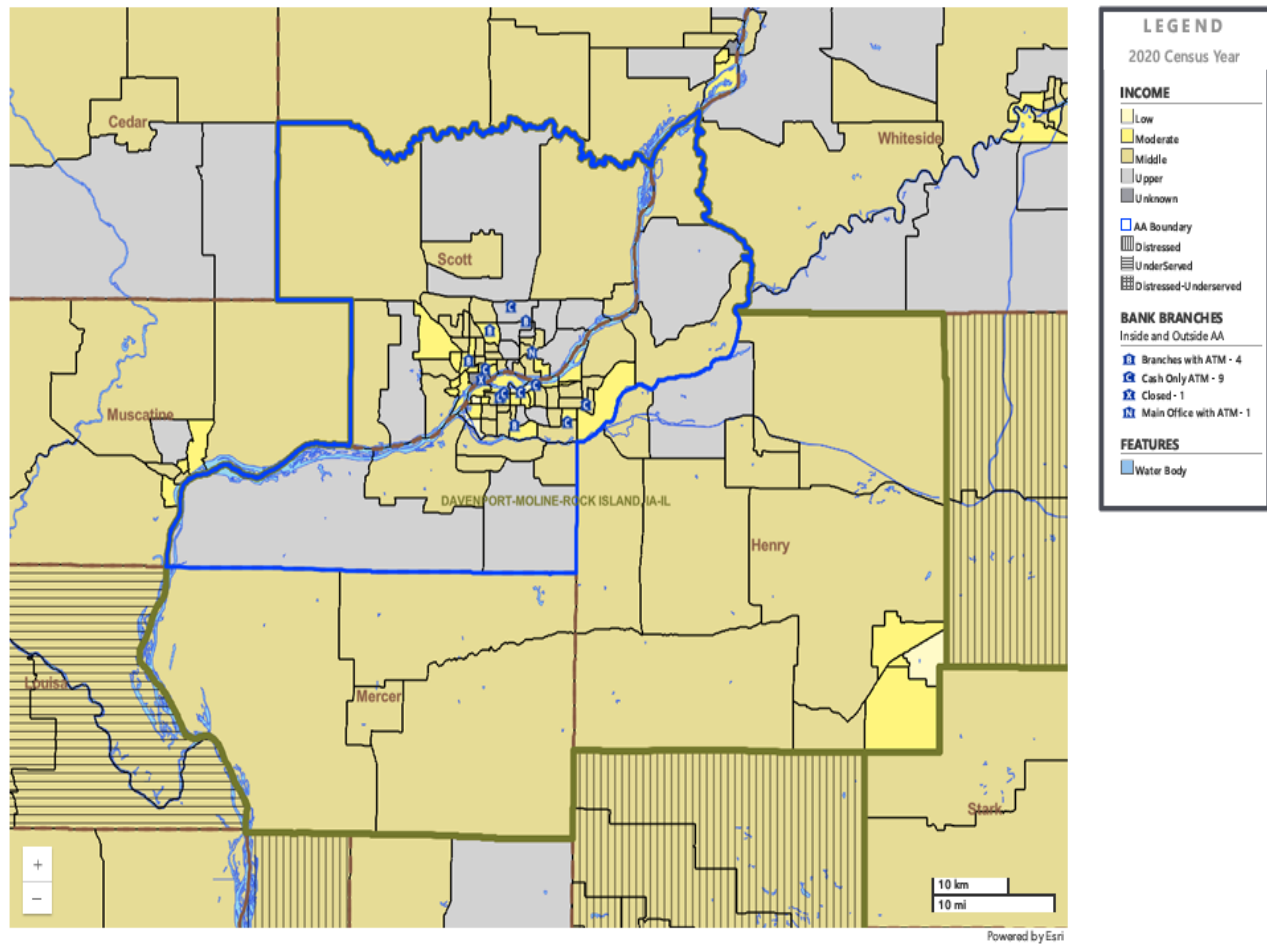
QCBT is a leader in providing community development services. As reflected in the following table, employees completed 2,874 qualifying CD service hours within the assessment area and broader regional area that includes the assessment area. These hours positively impacted 93 organizations across the area – an increase in reaching more organizations by 55.0 percent since the previous public evaluation. In addition to the notable increase in organizational reach, a significant number of CD services included service on the boards of directors of assessment area organizations. Board service included critical work with housing organizations, organizations supporting women-owned businesses, community development corporations, and low-income children’s services. The expansion of organizations directly served by bank employees, along with the commitment through board service and the responsiveness of service, are contributing factors to the Service Test rating.

Community Development Services February 28, 2023 through June 16, 2025					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total Hours
	Hours	Hours	Hours	Hours	
Davenport-Moline-Rock Island, IA-IL MSA	161	2647	29	7	2844
BSRA	0	30	0	0	30
Total	161	2677	29	7	2874

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



APPENDIX B – 2023 Assessment Area Demographics Table

2023 Davenport-Moline-Rock Island, IA-IL MSA 19340 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	3	3.3	1,357	1.7	515	38.0	15,800	19.7
Moderate	28	30.8	17,530	21.9	2,963	16.9	14,879	18.6
Middle	44	48.4	42,197	52.7	3,388	8.0	16,937	21.2
Upper	15	16.5	18,822	23.5	704	3.7	32,410	40.5
Unknown	1	1.1	120	0.1	29	24.2	0	0.0
Total AA	91	100.0	80,026	100.0	7,599	9.5	80,026	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	2,980	972	1.1	32.6	1,487	49.9	521	17.5
Moderate	35,223	16,779	19.0	47.6	14,172	40.2	4,272	12.1
Middle	72,864	48,953	55.3	67.2	18,185	25.0	5,726	7.9
Upper	28,590	21,680	24.5	75.8	4,892	17.1	2,018	7.1
Unknown	1,188	74	0.1	6.2	850	71.5	264	22.2
Total AA	140,845	88,458	100.0	62.8	39,586	28.1	12,801	9.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	303	2.5	246	2.3	54	5.0	3	2.1
Moderate	2,788	23.3	2,456	22.9	304	28.3	28	19.3
Middle	5,479	45.9	4,950	46.2	462	43.0	67	46.2
Upper	2,991	25.0	2,742	25.6	210	19.5	39	26.9
Unknown	382	3.2	329	3.1	45	4.2	8	5.5
Total AA	11,943	100.0	10,723	100.0	1,075	100.0	145	100.0
Percentage of Total Businesses:				89.8		9.0		1.2
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	2	0.5	2	0.6	0	0.0	0	0.0
Moderate	6	1.6	6	1.7	0	0.0	0	0.0
Middle	177	48.4	176	48.9	1	16.7	0	0.0
Upper	180	49.2	175	48.6	5	83.3	0	0.0
Unknown	1	0.3	1	0.3	0	0.0	0	0.0
Total AA	366	100.0	360	100.0	6	100.0	0	0.0
Percentage of Total Farms:				98.4		1.6		0.0
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.								

APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	<u>Retail lending</u> HMDA-Reportable Loans: January 1, 2023 to December 31, 2024 CRA-Reportable Small Business Loans: January 1, 2023 to December 31, 2024 <u>Community Development Activities</u> February 28, 2023 to June 16, 2025		
FINANCIAL INSTITUTION Quad City Bank & Trust Company			PRODUCTS REVIEWED <ul style="list-style-type: none">• HMDA-reportable Loans• CRA-reportable Small Business Loans• Community Development Loans, Investments, and Services
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
Davenport-Moline-Rock Island, Iowa-Illinois, MSA #19340	Full scope	None	N/A

APPENDIX D – Glossary

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

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

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

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

Area Median Income (AMI): AMI means –

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

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

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

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit

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

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).