PUBLIC DISCLOSURE

February 9, 2026

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Municipal Trust and Savings Bank
Certificate Number: 23546

720 Main St NW
Bourbonnais, Illinois 60914

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory.**

An institution in this group in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities

The Lending Test is rated Satisfactory.

- The net loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.

- A majority of loans and other lending related activities are in the institution's assessment area.

- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses of different sizes.

- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test.

DESCRIPTION OF INSTITUTION

Background

Municipal Trust and Savings Bank (Municipal Bank, the bank) operates from its main office in Bourbonnais, Illinois in Kankakee County. The institution does not have subsidiaries, affiliates, or a holding company. The institution received a Satisfactory rating at its previous FDIC CRA Performance Evaluation, dated February 16, 2021, based on Interagency Small Institution Examination Procedures.

Operations

Municipal Bank operates one full-service branch in Momence, Illinois, in addition to the main office. The bank's main branch is in an upper-income census tract, and the Momence branch is in a middle-income census tract. Municipal Bank closed its branch in Manteno, Illinois, since the previous evaluation and has not participated in any merger or acquisition activities.

The bank offers a variety of products and services to meet the credit and deposit needs of the local area. Loan types include home mortgage loans, loans to finance multifamily properties, construction loans, home equity lines of credit, and commercial loans.

Deposit products include checking and savings accounts, certificates of deposit, and individual retirement accounts. The bank offers mobile banking, online banking, and operates automated teller machines at both of its branches and one ATM in Manteno, Illinois. Municipal Bank also offers land trust services.

Ability and Capacity

According to December 31, 2025, Consolidated Reports of Condition and Income (Call Report), the bank reported $355.0 million in total assets, $259.6 million in total loans, $282.0 million in total deposits, and total securities of $56.9 million.

Municipal Bank experienced growth in both assets and loans since the Call Report date of December 31, 2020, included in the previous CRA evaluation. Total assets increased by $26.6 million, or 8.1 percent, and total loans increased by $57.1 million, or 28.2 percent.

Lending growth by dollar volume is in the following loan types: multifamily residential lending increased by $16.4 million (59.3 percent), 1-4 family residential lending increased by $28.0 million (37.0 percent), and commercial real estate lending increased by $19.6 million (32.7 percent).

The bank's loan portfolio is diversified between residential and commercial lending with 1-4 family residential and multifamily lending representing 56.8 percent of the loan portfolio, and commercial and industrial lending, including commercial real estate loans, representing 34.8 percent. The following table illustrates the bank's loan portfolio composition.

Loan Portfolio Distribution as of 12/31/2025		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	5,230	2.0
Secured by Farmland	14,479	5.6
Secured by 1-4 Family Residential Properties	103,617	39.9
Secured by Multifamily (5 or more) Residential Properties	43,928	16.9
Secured by Nonfarm Nonresidential Properties	79,410	30.6
Total Real Estate Loans	**246,664**	**95.0**
Commercial and Industrial Loans	10,958	4.2
Agricultural Production and Other Loans to Farmers	62	0.0
Consumer Loans	777	0.3
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	1,137	0.4
Lease Financing Receivable (net of unearned income)	0	0.0
Total Loans	**259,598**	**100.0**
Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0%		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the assessment area's credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas to evaluate its CRA performance. The bank designated a single assessment area that includes Kankakee County, which makes up the Kankakee, Illinois Metropolitan Statistical Area (Kankakee MSA).

The assessment area includes contiguous census tracts, conforms to CRA regulatory requirements, does not arbitrarily exclude any low- or moderate-income geographies, does not reflect illegal discrimination, and otherwise meets the requirements of the CRA regulation. Also, the assessment area includes the census tracts in which the bank has its main office and branch location. The following sections discuss demographic and economic information for the assessment area.

<u>Economic and Demographic Data</u>

Based on 2020 U.S. Census data, the assessment area includes 30 census tracts, consisting of 1 low-income, 9 moderate-income, 12 middle-income, and 8 upper-income. Compared to the 2015 American Community Survey (ACS) data used at the last evaluation, the assessment area has one additional census tract, 5 fewer low-income census tracts, 4 additional moderate-income census tracts, 1 additional middle-income census tract, and 1 additional upper-income census tract. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper% of #**	**NA* % of #**
Geographies (Census Tracts)	30	3.3	30.0	40.0	26.7	0.0
Population by Geography	107,502	1.9	23.5	41.9	32.8	0.0
Housing Units by Geography	45,626	2.2	25.2	43.1	29.5	0.0
Owner-Occupied Units by Geography	27,022	1.0	18.6	45.2	35.1	0.0
Occupied Rental Units by Geography	13,275	3.7	34.1	40.4	21.9	0.0
Vacant Units by Geography	5,329	4.2	36.5	39.2	20.1	0.0
Businesses by Geography	7,996	2.3	29.0	38.3	30.3	0.0
Farms by Geography	364	0.0	12.1	48.1	39.8	0.0
Family Distribution by Income Level	26,494	20.1	17.5	21.2	41.2	0.0
Household Distribution by Income Level	40,297	24.7	15.8	17.9	41.6	0.0
Median Family Income MSA - 28100 Kankakee, IL MSA		$73,857	Median Housing Value			$145,416
Families Below Poverty Level		9.3%	Median Gross Rent			$900

Sources: 2020 Census And 2025 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.

Housing units in the assessment area consist of 59.2 percent owner-occupied, 29.1 occupied rental units, and 11.7 vacant units. The bank's performance under the Geographic Distribution criterion compares home mortgage loans to the percentage of owner-occupied, non-owner-occupied housing units, and multifamily within geographies by income level. Multifamily units represent approximately 11.0 percent of total housing units within the assessment area, with 5.3 percent of the multifamily units in low-income census tracts and 34.3 percent in moderate income census tracts. These characteristics provide some insight into the overall housing credit needs and demand in LMI geographies, which were considered when evaluating Municipal Bank's geographic lending patterns.

The single low-income census tract in the assessment area is approximately two air miles southeast of the main office and nine miles from the branch in Momence, Illinois, while the nearest concentration of moderate-income census tracts is approximately one air mile southeast of the main office. Given the bank's size and location in relation to low- and moderate-income census tracts, Municipal Bank has better access to moderate-income census tracts within its assessment area, suggesting greater challenges in serving low-income census tracts.

Low-income families account for 20.1percent of families in the assessment area, while moderate-income families account for 17.5 percent of the families in the assessment area. The bank's performance under the Borrower Profile criterion compares home mortgage loans to the percentage of families by income level. The owner-occupancy demographic coupled with the contrast between median family income levels and the median housing value of $145,416 highlight some challenges that home mortgage lenders may face in providing financing to families on the lower end of the income spectrum. The Federal Financial Institutions Examination Council (FFIEC)-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The following table contains information on the median family income by category.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Kankakee, IL MSA Median Family Income (28100)				
2021 ($74,500)	<$37,250	$37,250 To <$59,600	$59,600 To <$89,400	≥$89,400
2022 ($85,200)	<$42,600	$42,600 To <$68,160	$68,160 To <$102,240	≥$102,240
2023 ($79,700)	<$39,850	$39,850 To <$63,760	$63,760 To <$95,640	≥$95,640
2024 ($102,400)	<$51,200	$51,200 To <$81,920	$81,920 To <$122,880	≥$122,880
2025 ($102,400)	<$51,200	$51,200 To <$81,920	$81,920 To <$122,880	≥$122,880
Source: FFIEC				

According to 2025 D&B data, 8,360 businesses (7,996 non-farm and 364 farm) operate in the assessment area, 85.5 percent of businesses reported gross annual revenues (GARs) of $1 million or less. The percentage of businesses with GARs of less than $1 million in the assessment area indicates that opportunities exist to extend loans to small businesses.

Among all farm and non-farm businesses, service industries are the largest part of businesses (40.6 percent), followed by non-classifiable establishments (13.5 percent), finance, insurance and real estate (9.3 percent), retail trade (9.0 percent), and construction (7.3 percent). In addition, 67.9 percent of businesses in the assessment area have four or fewer employees, and 88.6 percent operate from a single location. The analysis of small business loans under the Geographic Distribution criterion compares the loans to the percentage of businesses within geographies by income level, while the analysis under the Borrower Profile criterion compares the loans to the distribution of businesses by GAR level. The most recent D&B data for 2023, 2024, and 2025 provide a standard of comparison when measuring small business lending performance.

The unemployment rates in the assessment area since the last evaluation have been relatively stable; however, they are higher than the state and national unemployment rates. The following table outlines the average annual (not seasonally adjusted) unemployment rates in the bank's assessment area during the review period.

Unemployment Rates					
Area	**2021**	**2022**	**2023**	**2024**	**2025**
Kankakee County	6.7	5.6	5.9	5.7	5.1
State of Illinois	6.1	4.6	4.5	5.0	4.8
National Average	5.4	3.7	3.6	4.0	4.3
Source: Bureau of Labor Statistics					

Competition

According to the FDIC Deposit Market Share data as of June 30, 2025, 13 financial institutions operated 35 offices in the assessment area. Municipal Bank ranked third, maintaining 10.8 percent of the deposit market share.

Home mortgage lending is competitive in the assessment area among banks, credit unions, and non-depositor mortgage lenders. The most recent Home Mortgage Disclosure Act (HMDA) data from 2024 reflects 204 lenders reported 2,262 home mortgage originations and purchases. Municipal Bank ranked first, capturing 6.5 percent of the market share, and the top six lenders captured 31.4 percent of the market share by number of loans. This performance context factor is a measure of demand and indicates a highly competitive market for originating or purchasing home mortgage loans in the assessment area.

Municipal Bank is not required to collect or report CRA small business data pursuant to the reporting requirement of the CRA. The most recent aggregate CRA data from 2024 reflects 55 lenders reported a total of 1,326 originated or purchased small business loans totaling $42.5 million within the bank's assessment area. The top three lenders accounted for 55.6 percent of all reported small business loans by number. This performance context factor is a measure of demand and indicates a highly competitive market for originating or purchasing small business loans in the assessment area.

The nearest concentration of moderate-income census tracts to the main office contains nine branch offices of other financial institutions. Although it is reasonable to expect Municipal Bank to serve these geographies, this concentration demonstrates the level of competition related to LMI census tracts.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to help in identifying the credit needs. This information provides additional insight into the opportunities available and aids in deciding whether institutions are responsive to the credit needs of the assessment area. Examiners reviewed information from two recent community contacts with individuals at organizations related to affordable housing and serving the Kankakee MSA. The organizations' contact noted a need for affordable housing and affordable mortgage products.

Credit Needs

Considering information from the community contacts and demographic and economic data, examiners determined that home mortgage loans, particularly those financing affordable housing, and small business loans are the primary needs of the assessment area. Affordability issues noted from the community contacts support the need for affordable housing lending. Small business lending opportunities and demand are also significant throughout the area, as 85.5 percent of businesses have gross annual revenues of $1 million or less.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated February 16, 2021, to the current evaluation dated February 9, 2026. Examiners used the Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance. These procedures include one test, the Lending Test, for which the criteria are described within the Appendices.

Activities Reviewed

Examiners analyzed the bank's loan originations along with Call Report data to select the products for review and determined that the major loan products are home mortgage, small business, and small business loans secured by residential real estate. This conclusion is consistent with the bank's current business strategy. The bank's record of originating home mortgage loans contributed more weight to the overall conclusions as result of higher concentration of residential loans in the loan portfolio, and greater loan origination during the evaluation period when compared to small business loans.

Municipal Bank originated a total of 64 farm loans between 2021 and 2025. Considering the limited number of originated farm loans, examiners did not review farm lending as it is not a strategic focus of the bank, and it would not add value to the overall analysis of the bank's performance. No other loan types, including consumer loans, represent a major product line.

Examiners reviewed home mortgage loans reported on the bank's HMDA Loan Application Registers between 2021 and 2025 and as the bank collected the required information, small business loans and small business loans secured by residential real estate originated from January 1, 2021, through December 31, 2025, to evaluate the bank's CRA performance. Small business loans originated in 2021 include 95 Paycheck Protection Program loans totaling $3.2 million to help small businesses during Coronavirus Disease 2019 pandemic. The following table presents the universe of home mortgage and small business loans:

Loans Reviewed		
Loan Category	**Universe**	
	#	**$**
Home Mortgage		
2021	317	57,422
2022	235	39,074
2023	167	28,089
2024	176	43,981
2025	165	39,546
Small Business		
2021	150	15,569
2022	74	17,123
2023	56	11,908
2024	68	19,136
2025	65	14,912
Other Small Business		
2021	60	6,900
2022	42	5,530
2023	54	8,142
2024	51	8,904
2025	51	7,608
Source: 2021 – 2025 HMDA; Bank Records from 01/01/21 - 12/31/25		

The loan portfolio composition remained relatively consistent throughout the evaluation period, and examiners reviewed 2023 and 2024 HMDA data to assess home mortgage lending performance. A high percentage of the bank's home mortgage loans are secured by either 1-4 family non-owner occupied housing or multi-family properties. Specifically, during the review period, 34.5 percent of Municipal Bank's originated home mortgage loans were investor loans secured by non-owner-occupied housing. Considering the high percentage of investor loans, examiners analyzed the geographic distribution based on owner-occupied, 1-4 family non-owner-occupied, and multifamily home mortgage loans. The 2020 US Census data along with 2023 and 2024 aggregate lending data provided a standard of comparison for the bank's home mortgage lending performance. Examiners focused more on the comparison to aggregate lending, because it represents all loans extended by all lenders subject to the data reporting requirements of HMDA and provides a better assessment of demand.

Although the bank is not required to collect small business loan data, the bank elected to do so. Therefore, Municipal Bank's CRA performance is based on an analysis of the universe of small business loans and small business loans secured by residential real estate originated from January 1, 2023, through December 31, 2025. Originated small business loans secured by residential real estate during this period in the assessment area account for 32.0 percent of all small business loans. Considering this level of origination, examiners separately analyzed small business loans secured by residential real estate. The analysis is further described under Other Small Business Loans. The most recent available D&B data from 2023, 2024, and 2025 provided a standard of comparison for the bank's small business lending performance.

The periods selected for review of home mortgage and small business lending are considered representative of the bank's lending performance during the entire evaluation period. While the number and dollar volume of home mortgage and small business loans are presented, examiners placed more weight on the bank's performance by number of loans, as it is a good indicator of credit responsiveness to individuals and businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Municipal Bank demonstrated reasonable performance under the Lending Test. The LTD ratio, assessment area concentration, geographic distribution, and borrower profile performance support this conclusion

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 81.9 percent over the past 20 calendar quarters from March 31, 2021, to December 31, 2025. The ratio ranged from a low of 69.9 percent as of March 31, 2022, to a high of 92.9 percent as of September 30, 2025.

The following table reflects the bank's average net LTD ratio is higher than four similarly situated institutions (SSI), and lower than one SSI. The SSIs include banks operating in and serving a similar market area and having comparable lending focus.

Loan-to-Deposit Ratio Comparison		
Institution	**Total Assets $(000s) as of 12/31/2025**	**Average Net Loan-to-Deposit Ratio (%)**
Municipal Trust and Savings Bank	**355,036**	**81.9**
Similarly Situated Institution #1	384,410	47.9
Similarly Situated Institution #2	362,023	50.8
Similarly Situated Institution #3	329,290	97.4
Similarly Situated Institution #4	312,454	57.1
Similarly Situated Institution #5	260,568	56.8
Source: Reports of Condition and Income 03/31/2021 through 12/31/2025		

Assessment Area Concentration

The bank originated a majority of home mortgage, small business, and other small business loans by both number and dollar volume within the assessment area. The following table provides further details about the number and dollar volume of loans originated inside and outside the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	**Number of Loans**				Total #	**Dollar Amount of Loans**				Total **$**
	Inside		Outside			Inside		Outside		
	#	**%**	**#**	**%**		**$**	**%**	**$**	**%**	
Home Mortgage										
2023	140	83.8	27	16.2	167	21,222	75.6	6,867	24.4	28,089
2024	148	84.1	28	15.9	176	32,907	74.8	11,074	25.2	43,981
2025	131	79.4	34	20.6	165	28,576	72.3	10,970	27.7	39,546
Subtotal	**419**	**82.5**	**89**	**17.5**	**508**	**82,705**	**74.1**	**28,911**	**25.9**	**111,616**
Small Business										
2023	48	85.7	8	14.3	56	10,436	87.6	1,472	12.4	11,908
2024	55	80.9	13	19.1	68	14,227	74.3	4,909	25.7	19,136
2025	57	87.7	8	12.3	65	12,406	83.2	2,506	16.8	14,912
Subtotal	**160**	**84.7**	**29**	**15.3**	**189**	**37,069**	**80.7**	**8,887**	**19.3**	**45,956**
Oher Small Business										
2023	44	81.5	10	18.5	54	6,164	75.7	1,978	24.3	8,142
2024	41	80.4	10	19.6	51	6,364	70.1	2,540	29.9	8,904
2025	42	82.4	9	17.6	51	5,211	53.2	2,397	46.8	7,608
Subtotal	**127**	**81.4**	**29**	**18.6**	**156**	**17,739**	**72.0**	**6,915**	**28.0**	**24,654**
Total	**706**	**82.8**	**147**	**17.2**	**853**	**137,513**	**75.5**	**44,713**	**24.5**	**182,226**
Source: 2023 – 2025 HMDA; Bank Records from 01/01/23 - 12/31/25. Due to rounding, totals may not equal 100.0%.										

Geographic Distribution

The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area, considering the demographics, lending opportunities, and locations of the institution. The bank's performance in both home mortgage and small business lending supports this conclusion. For this criterion, examiners focused on loans originated in the assessment area, the percentage by number of loans in low- and moderate-income census tracts, and performance context factors.

Home Mortgage Loans

Overall, the geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Performance is measured against aggregate lending and the percentage of housing units (demographic) within each census tract level. The review of the bank's performance by owner-occupied, 1-4 family non-owner-occupied, and multifamily home mortgage loans reflects the demand and opportunities for originating home mortgage loans in the assessment area. Most of the loans originated in LMI geographies are in three moderate-income census tracts with the highest level of housing units, located one to two miles from the main office.

Owner-Occupied Home Mortgage Loans

The geographic distribution of owner-occupied home mortgage loans reflects reasonable dispersion throughout this assessment area. The following table reflects the distribution of home mortgage loans by census tract income level.

Geographic Distribution of Owner-Occupied Home Mortgage Loans						
Tract Income Level	**% of Owner Occupied-Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2023	1.0	1.6	0	0.0	0	0.0
2024	1.0	1.5	0	0.0	0	0.0
Moderate						
2023	18.6	19.4	9	10.0	719	5.7
2024	18.6	20.4	18	18.2	2,129	12.4
Middle						
2023	45.2	41.2	43	47.8	5,457	43.6
2024	45.2	40.1	37	37.4	6,183	36.0
Upper						
2023	35.1	37.8	38	42.2	6,341	50.7
2024	35.1	38.0	44	44.4	8,867	51.6
Totals						
2023	**100.0**	**100.0**	**90**	**100.0**	**12,517**	**100.0**
2024	**100.0**	**100.0**	**99**	**100.0**	**17,179**	**100.0**
Source: 2020 U.S Census; Bank Data. Due to rounding, totals may not equal 100.0%						

While Municipal Bank did not originate loans in the single low-income census tract in the assessment area, the percentage of owner-occupied units indicates limited lending opportunities in this census tract. Aggregate lending from 2023 and 2024 reflects that 1.6 and 1.5 percent, respectively, of owner-occupied home mortgages loans were in low-income census tracts, further supporting limited lending opportunities.

The bank's performance in moderate-income census tracts trailed both demographic and aggregate lending in 2023. While performance in 2024 increased, it trailed aggregate lending, and it is comparable to the demographic in 2024. Although loans originated in 2021 and 2022 are not presented in the above table, performance in moderate-income census tracts is comparable to the demographic and aggregate lending during 2021 and exceeds both in 2022.

Additionally, examiners compared the bank's lending to three SSIs operating in the same assessment area to assess its performance. The SSIs lending ranged between 10.1 and 33.5 percent during their respective performance evaluation. The bank's lending is in the range of the SSIs, as such performance is reasonable when considering these factors.

1-4 Family Non-Owner-Occupied Home Mortgage Loans

The geographic distribution of 1-4 family non-owner-occupied home mortgage loans reflects reasonable dispersion throughout this assessment area. The following table reflects the distribution of home mortgage loans by census tract income level.

Geographic Distribution of 1-4 Family Non-Owner-Occupied Home Mortgage Loans						
Tract Income Level	**% of Occupied Housing Rental Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2023	3.7	1.3	0	0.0	0	0.0
2024	3.7	3.3	0	0.0	0	0.0
Moderate						
2023	34.1	38.6	11	44.0	1,315	49.2
2024	34.1	32.7	3	17.6	281	11.8
Middle						
2023	40.4	39.2	8	32.0	695	26.0
2024	40.4	34.7	7	41.2	787	33.1
Upper						
2023	21.9	20.9	6	24.0	665	24.9
2024	21.9	29.3	7	41.2	1,309	55.1
Totals						
2023	**100.0**	**100.0**	**25**	**100.0**	**2,675**	**100.0**
2024	**100.0**	**100.0**	**17**	**100.0**	**2,377**	**100.0**
Source: 2020 U.S Census; Bank Data. Due to rounding, totals may not equal 100.0%						

The bank did not originate any loans in the single low-income census tract. The percentage of occupied housing rental units suggests limited lending opportunities in this geography. Aggregate lending from 2023 and 2024 reflects 1.3 and 3.3 percent, respectively, of 1-4 family non-owner-occupied home mortgages loans in low-income census tracts, further supporting limited lending opportunities.

Municipal Bank's performance in moderate-income census tracts exceeded both demographic and aggregate lending in 2023 and trailed both in 2024. Although loans originated in 2021 and 2022 are not presented in this evaluation, originations in moderate-income census during this period are comparable to demographic and aggregate lending. As noted earlier, most of the loans are for properties in three moderate-income census tracts with the highest level of housing units. Considering these factors, overall performance in these geographies is reasonable.

Multifamily Loans
The geographic distribution of multifamily loans reflects reasonable dispersion throughout this assessment area. The following table reflects the distribution of home mortgage loans by census tract income level.

Geographic Distribution of Multifamily Home Mortgage Loans						
Tract Income Level	**% of Multi-Family Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2023	5.3	-	0	0.0	0	0.0
2024	5.3	6.8	1	3.1	48	0.4
Moderate						
2023	34.3	43.6	11	44.0	1,933	32.1
2024	34.3	22.7	7	21.9	2,178	16.3
Middle						
2023	39.3	38.5	11	44.0	2,331	38.7
2024	39.3	47.7	15	46.9	5,866	43.9
Upper						
2023	21.1	18.0	3	12.0	1,766	29.3
2024	21.1	22.7	9	28.1	5,259	39.4
Totals						
2023	**100.0**	**100.0**	**25**	**100.0**	**6,030**	**100.0**
2024	**100.0**	**100.0**	**32**	**100.0**	**13,351**	**100.0**
Source: 2020 U.S Census; Bank Data. Due to rounding, totals may not equal 100.0%						

The bank did not originate any loans in the low-income census tract in 2023, like all HMDA-reporting lenders operating in the assessment area. Performance in 2024 trailed both demographic and aggregate lending data.

Municipal Bank's performance in moderate-income census tracts exceeded both demographic and aggregate lending in 2023, and it is comparable to aggregate lending in 2024. Overall performance is reasonable when considering lending in comparison to aggregate lending in moderate-income census tracts.

Small Business Loans

The geographic distribution of small business loans represents reasonable dispersion throughout the assessment area. Performance is compared to the location of businesses by census tract income level (demographic). The following table reflects the distribution of small business loans by census tract income level.

Geographic Distribution of Small Business Loans					
Tract Income Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
Low					
2023	2.2	0	0.0	0	0.0
2024	2.4	1	1.8	500	3.5
2025	2.3	1	1.8	500	4.0
Moderate					
2023	29.3	24	50.0	4,860	46.6
2024	29.2	21	38.2	5,721	40.2
2025	29.0	16	28.1	3,492	28.1
Middle					
2023	37.7	12	25.0	2,490	23.9
2024	38.0	17	30.9	4,472	31.4
2025	38.3	21	36.8	4,030	32.5
Upper					
2023	30.8	12	25.0	3,086	29.6
2024	30.4	16	29.1	3,534	24.8
2025	30.3	19	33.3	4,384	35.3
Totals					
2023	**100.0**	**48**	**100.0**	**10,436**	**100.0**
2024	**100.0**	**55**	**100.0**	**14,227**	**100.0**
2025	**100.0**	**57**	**100.0**	**12,406**	**100.0**
Source: 2023, 2024, and 2025 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

The bank did not originate any loans in the low-income census tract in the assessment area in 2023, and performance in 2024 and 2025 trailed the demographic slightly. The level of lending in the single low-income census tract in 2025 is consistent with 2024. The percentage of small businesses operating in the low-income census tract indicates limited lending opportunities. While the bank is not a small business data reporter, aggregate performance provides an indication of demand in the assessment area. Aggregate lending was considered but not directly compared to the bank's performance. The most recent aggregate lending from 2023 and 2024 reflects that 1.7 and 1.8 percent, respectively, of small business loans originated by reporting institutions were in low-income census tracts, further supporting limited lending opportunities.

Municipal Bank’s performance in moderate-income census tracts in 2023 and 2024 exceeded demographic data in both years. While lending in 2025 decreased it is comparable to the demographic. Though aggregate lending in 2023 and 2024 the most recent years available was not directly compared to the bank’s performance, it showed lending in moderate-income census tracts were 27.1 percent in 2023 and 25.5 percent in 2024. Based on these factors, overall performance in low- and moderate-income census tracts is reasonable.

Other Small Business Loans
The geographic distribution of small business loans secured by residential real estate represents reasonable dispersion throughout the assessment area. The following table reflects the distribution of small business loans by census tract income level.

Geographic Distribution of Other Small Business Loans					
Tract Income Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
Low					
2023	2.2	0	0.0	0	0.0
2024	2.4	0	0.0	0	0.0
2025	2.3	0	0.0	0	0.0
Moderate					
2023	29.3	18	40.9	2,112	34.3
2024	29.2	16	39.0	1,562	24.5
2025	29.0	18	42.9	1,845	35.4
Middle					
2023	37.7	8	18.2	1,667	27.0
2024	38.0	8	19.5	1,728	27.2
2025	38.3	16	38.1	2,308	44.3
Upper					
2023	30.8	18	40.9	2,385	38.7
2024	30.4	17	41.5	3,074	48.3
2025	30.3	8	19.0	1,058	20.3
Totals					
2023	**100.0**	**44**	**100.0**	**6,164**	**100.0**
2024	**100.0**	**41**	**100.0**	**6,364**	**100.0**
2025	**100.0**	**42**	**100.0**	**5,211**	**100.0**
Source: 2023, 2024, and 2025 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

According to the CRA, small business loans secured by residential real estate are not classified as small business loans. However, these loans facilitate lending to small businesses and provide Municipal Bank an alternative way to serve small businesses. Therefore, the bank's performance is reasonable considering that this product serves small businesses, and the percentage of loans originated in moderate-income census tracts exceeded the percentage of businesses operating in these geographies.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes, given the demographics of the assessment area. The bank's reasonable performance of home mortgage and small business lending supports this conclusion. Only loans originated in the assessment area were considered in the analysis.

Home Mortgage Loans
The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. Municipal bank did not report borrower income used in making the credit decision for most 1-4 family non-owner occupied and multi-family home mortgage loans. Therefore, the income reported for these transactions was not compared to the percentage of family income levels. Consequently, examiners assessed the bank's performance solely based on the distribution of owner-occupied home mortgage loans by the percentage of family income level (demographic). The following table reflects the distribution of home mortgage loans by borrowers' income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2023	20.1	6.9	5	5.6	455	3.6
2024	20.1	13.3	13	13.1	1,264	7.4
Moderate						
2023	17.5	21.3	13	14.4	887	7.1
2024	17.5	26.6	20	20.2	2,200	12.8
Middle						
2023	21.2	26.6	28	31.1	3,875	31.0
2024	21.2	22.7	23	23.2	4,293	25.0
Upper						
2023	41.2	31.3	41	45.6	6,744	53.9
2024	41.2	20.6	40	40.4	8,925	51.9
Not Available						
2023	0.0	14.0	3	3.3	556	4.4
2024	0.0	16.8	3	3.0	497	2.9
Totals						
2023	**100.0**	**100.0**	**90**	**100.0**	**12,517**	**100.0**
2024	**100.0**	**100.0**	**99**	**100.0**	**17,179**	**100.0**
Source: 2020 U.S Census; Bank Data. Due to rounding, totals may not equal 100.0%						

Municipal Bank's overall performance to low-income borrowers is comparable to aggregate lending as reflected in the above table. Although the bank's lending performance to low-income borrowers trailed demographic data, 9.3 percent of low-income families have incomes below the poverty level. These families can face significant challenges in qualifying for home mortgages. Further, aggregate lending also trailed demographic data for low-income families in 2023 and 2024, supporting the assessment that lenders face certain challenges when serving this market and the level of demand. Municipal Bank's lending to low-income borrowers is reasonable when considering these factors.

The bank's lending to moderate-income borrowers in 2023 trailed both aggregate lending and demographic data. Lending in 2024 exceeded demographic data and trailed aggregate lending.

Examiners compared the bank's lending to three SSIs operating in the assessment area to assess its performance. The SSIs lending ranged between 3.3 and 16.0 percent during their respective performance evaluations. Municipal Bank's lending is in the range of SSIs, supporting overall reasonable performance.

Small Business Loans
The distribution of small business loans reflects reasonable penetration among businesses of different sizes. Municipal Bank's small business loans were evaluated based on lending concentration to businesses with GARs of $1 million or less (demographic) in the assessment area. The following table reflects the distribution of small business loans by revenue level.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000					
2023	84.8	34	70.8	6,515	62.4
2024	84.8	24	43.6	3,951	27.8
2025	85.5	32	56.1	4,921	39.7
>$1,000,000					
2023	4.1	13	27.1	3,592	34.4
2024	4.0	31	56.4	10,276	72.2
2025	3.7	24	42.1	7,480	60.3
Not Available					
2023	11.1	1	2.1	329	3.2
2024	11.2	0	0.0	0	0.0
2025	10.9	1	1.8	5	0.0
Totals					
2023	**100.0**	**48**	**100.0**	**10,436**	**100.0**
2024	**100.0**	**55**	**100.0**	**14,227**	**100.0**
2025	**100.0**	**57**	**100.0**	**12,406**	**100.0**
Source: 2023, 2024, and 2025 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Although Municipal Bank's lending to businesses with GARs of $1 million or less decreased in 2024 from 2023, trailing demographic, it rebounded in 2025. While performance trailed the demographic during the review period, it is important to note that demographic data represents all businesses in the assessment area, not only those seeking traditional bank financing.

As a measure of demand, aggregate small business lending was considered but not directly compared to the bank's performance. Aggregate small business lending for 2023 and 2024 reflects that 53.5 and 49.9 percent, respectively, of small business loans originated in the assessment area by reporting banks were to businesses with GARs of $1 million or less. Municipal Bank's lending performance significantly exceeded aggregate performance in 2023 and trailed it in 2024. Aggregate small business loan data for 2025 is not yet available.

Additionally, examiners compared the bank's small business lending to three SSIs operating in the assessment area to assess its performance. The SSIs lending ranged between 26.3 and 77.8

percent during their respective performance evaluation. The bank's lending was in the same range of two SSIs with reasonable performance. Municipal Bank's performance is reasonable when considering these factors.

Other Small Business Loans

The distribution of small business loans secured by residential real estate reflects reasonable penetration to businesses with GARs of $1 million or less. The following table reflects the distribution of small business loans by revenue level.

Distribution of Other Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000					
2023	84.8	39	88.6	5,893	95.6
2024	84.8	28	68.3	4,525	71.1
2025	85.5	31	73.8	4,415	84.7
>$1,000,000					
2023	4.1	4	9.1	256	4.2
2024	4.0	12	29.3	1,685	26.5
2025	3.7	8	19.0	624	12.0
Not Available					
2023	11.1	1	2.3	15	0.2
2024	11.2	1	2.4	154	2.4
2025	10.9	3	7.1	172	3.3
Totals					
2023	**100.0**	**44**	**100.0**	**6,164**	**100.0**
2024	**100.0**	**41**	**100.0**	**6,364**	**100.0**
2025	**100.0**	**42**	**100.0**	**5,211**	**100.0**
Source: 2023, 2024, and 2025 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

The bank's lending performance to businesses with GARs of $1 million or less exceeded demographic data in 2023. While lending trailed demographic data in 2024, it increased in 2025 in this revenue category. When considering these loans facilitate lending to small businesses and provide an alternative to serve small businesses, overall performance is reasonable.

<u>Response to Complaints</u>

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's CRA rating.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
3) The geographic distribution of the bank's loans;
4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

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

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

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

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.