



PUBLIC DISCLOSURE

October 28, 2024

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Farmers National Bank
Charter Number 6375

114 West 3rd Street
Prophetstown, Illinois 61277

Office of the Comptroller of the Currency

211 Fulton Street
Suite 604
Peoria, Illinois 61602

NOTE: 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, and should not 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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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support this rating include:

- The bank exhibits a reasonable borrower distribution.
- A majority of loans are originated and purchased inside the assessment areas (AAs).
- The loan-to-deposit (LTD) ratio is reasonable.
- The bank had adequate responsiveness through Community Development (CD) lending.
- The bank had excellent responsiveness through CD services.
- The bank had a poor level of qualified CD investments and donations.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's LTD ratio is reasonable.

The quarterly average LTD ratio was 62.4 percent for the 12-quarter period between March 31, 2021, and December 31, 2023. Over the period, the bank's LTD ratio ranged between a low of 57.2 percent and a high of 71.7 percent.

The bank ranked seventh out of ten similarly situated Federal Deposit Insurance Corporation (FDIC) insured institutions that compete with the bank for deposits in the AAs. The comparable institutions range in total asset size from \$151.1 million to \$1.4 billion and reported quarterly average LTD ratios from 30.3 percent to 90.0 percent.

Lending in Assessment Area

A majority of the bank's loans are inside its AAs.

The bank originated and purchased 66.7 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	40	66.7	20	33.3	60	3,571	60.2	2,359	39.8	5,930
Total	40	66.7	20	33.3	60	3,571	60.2	2,359	39.8	5,930

Description of Institution

Farmers National Bank (FNB or bank) is an intrastate financial institution headquartered in Prophetstown, Illinois with total assets of \$870.5 million at December 31, 2023. The bank is wholly owned by Prophetstown Banking Co., a one-bank holding company. FNB has no affiliates or subsidiaries.

FNB has one rating area with two legal AAs, a non-metropolitan statistical area (Non-MSA) serving Whiteside County with two office locations and the Davenport-Moline-Rock Island IA-IL MSA (Davenport MSA) serving Henry County with one office location. Each of the three offices is a full-service location equipped with a deposit taking automated teller machine (ATM) and drive-thru. The bank has one additional ATM not located in a branch. Banking services are offered on Saturdays. There were no branch closings or openings during the evaluation period.

FNB is primarily an agricultural lender by strategic focus. Agricultural loans represent the largest portfolio at \$353.7 million, followed by commercial at \$46.4 million, residential at \$31.5 million, and consumer at \$7.4 million, per call report data as of December 31, 2023. Please see the Public File for more information.

The bank reported a net loans and leases to total assets ratio of 48.7 percent and leverage ratio of 13.8 percent at December 31, 2023.

The bank sources a majority of its deposits, 58.4 percent, from the Non-MSA while the Davenport MSA accounts for 41.6 percent, per FDIC deposit data at June 30, 2023.

There are no legal or financial circumstances that impede FNB's ability to meet the credit needs of its AAs.

The previous CRA rating was Satisfactory, which the Office of the Comptroller of the Currency (OCC) determined using the Intermediate Small Bank evaluation procedures detailed in the Performance Evaluation (PE) dated November 29, 2021.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period covers from January 1, 2021, through December 31, 2023. We evaluated the bank under the Intermediate Small Bank evaluation procedures, which includes a Lending Test and a Community Development Test.

The Lending Test evaluated farm loans originated and purchased between January 1, 2021, and December 31, 2023. Farm loans originated and purchased in 2021 were compared to 2021 D&B Data, while farm loans originated and purchased in 2022 and 2023 were compared to 2023 D&B Data.

The primary loan product for the evaluation period was determined to be farm loans. The bank originated and purchased 4,815 loans with farm loans accounting for 61.3 percent by number, and 77.3 percent by dollar volume.

The Community Development Test evaluated eligible community development investments, loans, and services between January 1, 2021, and December 31, 2023.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same MSA, multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated Non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each state rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank’s overall rating is based on the state rating for Illinois.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Illinois

CRA rating for the state of Illinois¹: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support this rating include:

- The bank exhibits a reasonable distribution of loans to farms of different sizes.
- The bank had adequate responsiveness through CD lending.
- The bank had excellent responsiveness through CD services.
- The bank had a poor level of qualified CD investments and donations.

Description of Institution's Operations in Illinois

FNB has two legal AAs in the state of Illinois, Davenport MSA and the Non-MSA. The Davenport MSA consisted of 13 census tracts (CTs) in 2021 and 14 CTs in 2022 and 2023, all located within Henry County. There were no low-income CTs and four moderate-income CTs for the 2021 year. There was one low-income CT and three moderate-income CTs in the 2022 and 2023 years.

The Non-MSA consisted of 18 CTs in 2021 and 19 CTs in 2022 and 2023, all located within Whiteside County. There were no low-income CTs and four moderate income CTs for the 2021 year. There were no low-income CTs and four moderate income CTs in the 2022 and 2023 years.

The bank serves its customers through two branch locations in the Davenport MSA and one branch location in the Non-MSA. Each branch location has an ATM, with one additional ATM not located in a branch. The branches are open Monday through Friday with additional banking hours on Saturday and provide drive-thru services.

Major employment sectors in the Davenport MSA include manufacturing, retail trade, and health care, per the Illinois Department of Commerce. Major employers include Henry County Public School Districts, Great Dane Trailers, Henry County Government, Kewanee Hospital, and Bomag America.

Major employment sectors in the Non-MSA include manufacturing, health care, and retail trade services. Major employers include Wal-Mart Distribution, CGH Medical center, Wahl Clipper Corporation, Drives Incorporated, and Sterling/Rock Falls Clinic, per the Illinois Department of Commerce.

According to the U.S. Bureau of Labor Statistics, the annual unemployment rate in the state of Illinois was 6.1 percent in 2021 and then declined to 4.6 for 2022, and 4.5 for 2023. Henry and Whiteside

¹ This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

counties compared favorably to the state of Illinois in 2021 and had comparable rates of unemployment for 2022 and 2023.

Competition for deposits and loans is moderate among financial institutions in the Davenport MSA. Competing institutions include national banks and state banks. FNB held a deposit market share position of 14.3 percent in Henry County with \$348.3 million in deposits, per FDIC data as of June 30, 2023. The bank ranked third out of 11 FDIC insured financial institutions competing for the areas \$1.7 billion in deposits, as of June 30, 2023.

Competition for deposits and loans is moderate among financial institutions in the Non-MSA. Competing institutions include national banks and state banks. FNB held a deposit market share position of 17.7 percent in Whiteside County with \$348.2 million in deposits, per FDIC data as of June 30, 2023. The bank ranked second out of 13 FDIC insured financial institutions competing for the areas \$2.0 billion in deposits, as of June 30, 2023.

Based on demographic data in Table A for 2021 and 2022-2023, there were limited opportunities for farm lending available in the low- and moderate-income CTs in the Davenport MSA in both 2021 and 2022-2023. In 2021 there were 34 farms, or 7.5 percent of farms in the AA located in moderate-income CTs. In 2022-2023 there were 11 farms, or 2.2 percent of farms in the AA located in the one low-income CT and 30 farms, or 5.9 percent of farms in the AA located in the four moderate-income CTs.

Based on demographic data in Table A for 2021 and 2022-2023, there were limited opportunities for farm lending available in the moderate-income CTs in the Non-MSA in both 2021 and 2022-2023. In 2021 there were 19 farms, or 6.3 percent of farms in the AA located in moderate-income CTs. In 2022-2023 there were 21 farms, or 6.0 percent of farms in the AA located in moderate-income CTs.

We obtained two community contact interviews to understand area needs and opportunities in the Non-MSA and the Davenport MSA.

For the Davenport MSA we obtained a community contact representing an organization focused on bringing and maintaining businesses in Kewanee, Illinois, including surrounding communities in Henry County. The contact described the economic condition of the area as struggling but stable. The contact noted the greatest needs of the community are educational followed by economic development and business loans. The contact noted no unmet banking needs of the area and had no negative perceptions of FNB.

For the Non-MSA, we obtained a community contact representing a small business development organization that provides resources, guidance, and education opportunities to start-up and existing small businesses in the north central Illinois area, including Whiteside County. The contact described the economic condition of the area to be stabilized since the Covid-19 Pandemic. The contact commented the agriculture industry is the major driver for the area. The contact noted a need for small business loans. They had no negative perceptions of FNB.

Davenport MSA (2021)

Table A – Demographic Information of the Assessment Area						
Assessment Area: Davenport MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	13	0.0	30.8	53.8	15.4	0.0
Population by Geography	49,883	0.0	25.5	56.0	18.5	0.0
Housing Units by Geography	22,112	0.0	27.2	56.1	16.6	0.0
Owner-Occupied Units by Geography	15,844	0.0	22.3	57.4	20.3	0.0
Occupied Rental Units by Geography	4,326	0.0	39.9	53.6	6.5	0.0
Vacant Units by Geography	1,942	0.0	39.4	51.3	9.2	0.0
Businesses by Geography	2,930	0.0	21.5	62.7	15.9	0.0
Farms by Geography	454	0.0	7.5	77.3	15.2	0.0
Family Distribution by Income Level	13,743	19.4	18.4	23.0	39.2	0.0
Household Distribution by Income Level	20,170	22.2	16.4	19.4	41.9	0.0
Median Family Income MSA - 19340 Davenport-Moline-Rock Island, IA-IL MSA		\$66,600	Median Housing Value			\$105,354
			Median Gross Rent			\$581
			Families Below Poverty Level			7.8%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Non-MSA (2021)

Table A – Demographic Information of the Assessment Area						
Assessment Area: Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	18	0.0	22.2	66.7	11.1	0.0
Population by Geography	57,525	0.0	20.9	68.5	10.5	0.0
Housing Units by Geography	25,750	0.0	21.6	68.8	9.6	0.0
Owner-Occupied Units by Geography	17,731	0.0	20.6	67.5	11.9	0.0
Occupied Rental Units by Geography	5,817	0.0	23.2	73.4	3.4	0.0
Vacant Units by Geography	2,202	0.0	25.6	67.3	7.1	0.0
Businesses by Geography	3,043	0.0	19.2	72.7	8.1	0.0
Farms by Geography	303	0.0	6.3	73.9	19.8	0.0
Family Distribution by Income Level	15,385	17.3	20.4	22.7	39.6	0.0
Household Distribution by Income Level	23,548	20.8	17.8	18.3	43.1	0.0
Median Family Income Non-MSAs - IL		\$59,323	Median Housing Value			\$104,894
			Median Gross Rent			\$634
			Families Below Poverty Level			8.3%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Davenport MSA (2022-2023)

Table A – Demographic Information of the Assessment Area						
Assessment Area: Davenport MSA for Census 2020						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	7.1	21.4	64.3	7.1	0.0
Population by Geography	49,284	7.2	19.9	63.9	9.0	0.0
Housing Units by Geography	22,168	6.8	22.1	63.2	8.0	0.0
Owner-Occupied Units by Geography	15,761	4.0	19.8	66.0	10.2	0.0
Occupied Rental Units by Geography	4,235	14.0	25.5	58.8	1.8	0.0
Vacant Units by Geography	2,172	13.0	32.5	50.9	3.6	0.0
Businesses by Geography	3,544	4.4	17.9	70.4	7.3	0.0
Farms by Geography	505	2.2	5.9	84.8	7.1	0.0
Family Distribution by Income Level	13,611	20.9	18.5	21.0	39.6	0.0
Household Distribution by Income Level	19,996	23.5	17.1	17.1	42.3	0.0
Median Family Income MSA - 19340 Davenport-Moline-Rock Island, IA-IL MSA		\$76,902	Median Housing Value			\$118,248
			Median Gross Rent			\$687
			Families Below Poverty Level			7.0%
<i>Source: 2020 U.S. Census and 2023 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Non-MSA (2022-2023)

Table A – Demographic Information of the Assessment Area						
Assessment Area: Non-MSA for Census 2020						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	19	0.0	21.1	52.6	26.3	0.0
Population by Geography	55,691	0.0	21.0	53.0	26.0	0.0
Housing Units by Geography	25,831	0.0	22.3	52.6	25.1	0.0
Owner-Occupied Units by Geography	17,264	0.0	19.7	52.6	27.7	0.0
Occupied Rental Units by Geography	5,961	0.0	30.5	52.4	17.1	0.0
Vacant Units by Geography	2,606	0.0	21.1	52.8	26.1	0.0
Businesses by Geography	3,669	0.0	17.4	53.8	28.8	0.0
Farms by Geography	348	0.0	6.0	57.5	36.5	0.0
Family Distribution by Income Level	14,817	16.7	19.1	22.7	41.5	0.0
Household Distribution by Income Level	23,225	20.8	17.0	17.6	44.6	0.0
Median Family Income Non-MSAs - IL		\$68,958	Median Housing Value			\$112,676
			Median Gross Rent			\$717
			Families Below Poverty Level			6.8%
<i>Source: 2020 U.S. Census and 2023 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Illinois

The bank has two AAs in the state of Illinois, which both received full-scope reviews. Due to the limited number of low- and moderate-income (LMI) geographies and number of farms within those geographies, less weight was given to the geographic distribution.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS

LENDING TEST

The bank's performance under the Lending Test in Illinois is rated Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's lending performance in the state of Illinois is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits poor geographic distribution of loans in the state.

Small Loans to Farms

Refer to Table S in the state of Illinois section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

Davenport MSA

The geographic distribution of small loans to farms is poor.

For 2021, the distribution of small loans to farms is reasonable. The proportion of lending in moderate-income geographies was less than the percent of farms and near to the aggregate distribution of all reporting lenders. There were no low-income CTs.

For 2022 through 2023, the distribution of small loans to farms is very poor. The proportion of lending in both low- and moderate-income geographies was significantly less than both the percent of farms and the aggregate distribution of all reporting lenders.

Non-MSA

The geographic distribution of small loans to farms is very poor.

For 2021, the distribution of small loans to farms is poor. The proportion of lending in moderate-income geographies was significantly less than the percent of farms and meets the aggregate distribution of all reporting lenders. There were no low-income CTs.

For 2022 through 2023, the distribution of small loans to farms is very poor. The proportion of lending in moderate-income tracts was significantly less than both the percent of farms and the aggregate distribution of all reporting lenders. There were no low-income CTs.

Lending Gap Analysis

We performed a lending gap analysis that included a review of the distribution of sampled small farm loans. We did not identify any unexplained, conspicuous gaps in lending.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to farms of different sizes, given the product lines offered by the bank.

Small Loans to Farms

Refer to Table T in the state of Illinois section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to farms.

Davenport MSA

The distribution of small loans to farms is reasonable.

For 2021, the distribution of small loans to farms is reasonable. The portion of lending to farms with revenues less than \$1 million was near to the percent of farms and exceeded the aggregate distribution of all reporting lenders.

For 2022 through 2023, the distribution of small loans to farms is reasonable. The portion of lending to farms with revenues less than \$1 million was near to the percent of farms and exceeded the aggregate distribution of all reporting lenders.

Non-MSA

The distribution of small loans to farms is reasonable.

For 2021, the distribution of small loans to farms is reasonable. The portion of lending to farms with revenues less than \$1 million was near to the percent of farms and exceeded the aggregate distribution of all reporting lenders.

For 2022 through 2023, the distribution of small loans to farms is reasonable. The portion of lending to farms with revenues less than \$1 million was near to the percent of farms and exceeded the aggregate distribution of all reporting lenders.

Responses to Complaints

The bank did not receive any complaints about its performance in helping to meet the credit needs of its AA during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of Illinois is rated Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank exhibits adequate responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AAs.

Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Davenport MSA	172	33.7	3,591	35.0
Non-MSA	339	66.3	6,672	65.0
Total	511	100.0	10,263	100.0

FNB's CD lending performance represents adequate responsiveness to the needs of the AAs.

In the Davenport MSA, CD lending performance is reasonable. FNB made 172 qualifying CD loans, totaling \$3.6 million, representing 7.0 percent of allocated tier 1 capital. Of the 172 CD loans, 171 were Paycheck Protection Program (PPP) loans eligible for CD credit, totaling \$3.6 million, that helped to stabilize small businesses and communities. By dollar volume, CD loans provided for revitalization or stabilization of LMI areas at 99.1 percent and benefited economic development activities at 0.9 percent.

In the Non-MSA, CD lending performance is reasonable. FNB made 339 qualifying CD loans, totaling \$6.7 million, representing 9.3 percent of allocated tier 1 capital. Of the 339 CD loans, 336 were PPP loans eligible for CD credit, totaling \$5.9 million, that helped to stabilize small businesses and communities. By dollar volume, CD loans provided for revitalization or stabilization at 88.7 percent, community services at 9.0 percent, and economic development activities at 2.3 percent.

A notable CD lending activity in the Davenport MSA includes:

- One loan totaling \$30,546 to rehabilitate essential infrastructure benefiting LMI persons.

A notable CD lending activity in the Non-MSA includes:

- One loan totaling \$598,487 to an organization that provides rehabilitative care and independent living solutions for primarily LMI persons.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Davenport MSA	0	0	39	20	39	54.2	20	1.9	0	0
Non-MSA	0	0	31	22	31	43.1	22	2.1	0	0
Statewide PMF	0	0	2	1,009	2	2.7	1,009	96.0	0	0
Total	0	0	72	1,051	72	100.0	1,051	100.0	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The number and amount of qualified investments represents poor responsiveness to the needs of the AAs. We considered the limited CD investment opportunities in the AAs.

In the Davenport MSA, CD investment performance is very poor. FNB made 39 qualifying CD donations, totaling \$20 thousand, representing 0.0 percent of allocated tier 1 capital. The donations, by dollar amount, funded economic development at 85.1 percent and funded community services to LMI individuals at 14.9 percent.

In the Non-MSA, CD investment performance is very poor. FNB made 31 qualifying CD donations, totaling \$22 thousand, representing 0.0 percent of tier 1 capital. The donations, by dollar amount, funded economic development at 87.8 percent and funded community services to LMI individuals at 12.2 percent.

During the evaluation period, FNB made two statewide investments with a purpose, mandate, or function (PMF) that benefit the AAs totaling \$1.0 million, representing 0.8 percent of tier 1 capital. The investments, by dollar amount, funded affordable housing at 50.0 percent and funded economic development at 50.0 percent.

Extent to Which the Bank Provides Community Development Services

The bank's CD services represent excellent responsiveness to the needs of the AAs. Due to the overall excellent responsiveness in the AAs, we also considered 121 hours benefiting three organizations outside the AAs.

In the Davenport MSA, CD service performance was reasonable. During the evaluation period, three bank employees provided 94 service hours to two organizations. Both organizations were in leadership capacities such as Board Member or treasurer. Of the 94 hours, 74 hours benefited economic development and 20 hours benefited community services.

In the Non-MSA, CD service performance was excellent. During the evaluation period, seven bank employees provided 558 hours of service hours to twelve organizations. Of the twelve organizations, ten

were in leadership capacities such as Board Member or committee member. Of the 558 hours, 287 hours benefited economic development and 271 hours benefited community services.

Notable service hours in the Davenport-MSA include:

- A bank officer provided 70 hours, benefiting economic development, as a Board Member and treasurer of an organization that provides aid to charitable and non-profit organizations serving LMI persons.

Notable service hours in the Non-MSA include:

- A bank officer provided 196 hours, benefiting community services, as a Board Member of an organization that provides funds for social services and health agencies serving LMI persons.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, and loan products considered. The table also reflects the MSA and Non-MSA that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	January 1, 2021 – December 31, 2023	
Bank Products Reviewed:	Small Farm Community development loans, qualified investments, community development services	
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State		
Illinois		
Davenport MSA	Full-Scope	All CTs in Henry County
Non-MSA	Full-Scope	All CTs in Whiteside County

Appendix B: Summary of State Ratings

RATINGS Farmers National Bank			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
Overall	Satisfactory	Satisfactory	Satisfactory
State:			
Illinois	Satisfactory	Satisfactory	Satisfactory

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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, other secured consumer loans, and other unsecured consumer loans.

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 householder’ and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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 percent 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 percent and less than 80 percent, in the case of a geography.

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

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

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

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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

Small Loan(s) to Farm(s): 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, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: 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 geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s assessment area.

Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography																				2021
Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	
Davenport MSA	26	2,341	55.3	93	0.0	0.0	0.0	7.5	3.9	4.3	77.3	80.8	76.3	15.2	15.4	19.4	0.0	0.0	0.0	
Non-MSA	21	2,277	44.7	116	0.0	0.0	0.0	6.3	0.0	0.0	73.9	85.7	88.8	19.8	14.3	11.2	0.0	0.0	0.0	
Total	47	4,618	100.0	209	0.0	0.0	0.0	7.0	2.2	1.9	76.0	83.0	83.3	17.0	14.9	14.8	0.0	0.0	0.0	

Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography																				2022-23
Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	
Davenport MSA	33	3,890	57.9	108	2.2	0.0	1.9	5.9	0.0	11.1	84.8	94.0	75.9	7.1	6.1	11.1	0.0	0.0	0.0	
Non-MSA	24	2,713	42.1	109	0.0	0.0	0.0	6.0	0.0	0.9	57.5	66.7	59.6	36.5	33.3	39.5	0.0	0.0	0.0	
Total	57	6,603	100.0	217	1.3	0.0	0.9	6.0	0.0	6.0	73.6	82.5	67.7	19.1	17.5	25.3	0.0	0.0	0.0	

Source: 2023 D&B Data; 01/01/2022 - 12/31/2023 Bank Data; 2022 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2021
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Davenport MSA	26	2,341	55.3	93	98.0	88.5	53.8	0.9	11.5	1.1	0.0
Non-MSA	21	2,277	44.7	116	97.7	90.5	49.1	1.0	9.5	1.3	0.0
Total	47	4,618	100.0	209	97.9	89.4	51.2	0.9	10.6	1.2	0.0
<i>Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>											

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2022-23
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Davenport MSA	33	3,890	57.9	108	98.2	90.9	39.8	0.8	9.1	1.0	0.0
Non-MSA	24	2,713	42.1	109	98.0	75.0	53.2	0.9	25.0	1.1	0.0
Total	57	6,603	100.0	217	98.1	84.2	46.5	0.8	15.8	1.1	0.0
<i>Source: 2023 D&B Data; 01/01/2022 - 12/31/2023 Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>											

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.