



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

November 3, 2025

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Waterloo  
Charter Number: 10180

228 South Main Street  
Waterloo, IL 62298

Office of the Comptroller of the Currency

500 North Broadway, Suite 1700  
Saint Louis, MO 63102

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: Outstanding.**

The major factors that support this rating include:

- The bank's quarterly average loan-to-deposit (LTD) ratio is reasonable.
- A majority of loans were originated or purchased within the bank's assessment areas (AA).
- The distribution of loans among borrowers of different income levels reflects reasonable penetration.
- The distribution of loans among geographies reflects reasonable penetration.
- The bank demonstrates excellent responsiveness to the community development needs of its AAs.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's LTD ratio was reasonable. The First National Bank of Waterloo's (FNBW) quarterly LTD ratio averaged 67 percent over the 12-quarter period since the prior CRA evaluation, ending December 31, 2024. Over the same period, the LTD ratio ranged from a low of 58.2 percent to a high of 71.1 percent.

To assess the bank's performance, examiners compared the bank's average LTD ratio to similarly situated Federal Deposit Insurance Corporation (FDIC) insured financial institutions based on a combination of their size, location, and lending opportunities, which included six banks with branches in the AAs. The six banks had total assets ranging from \$353.2 million to \$2.4 billion, with a combined quarterly average LTD ratio of 77.3 percent over the same 12-quarter period. The lowest individual quarterly average ratio was 65.2 percent, while the highest individual average was 90.5 percent. FNBW ranked sixth out of seven when comparing the average ratios. However, this is partly due to the bank's business strategy of selling the majority of originated mortgage loans to the secondary market; had the bank retained these loans in the portfolio, the average LTD ratio during the evaluation period would be 77.7 percent, ranking more favorably compared to the similarly situated banks.

Loan-to-Deposit Ratio		2022-2024
Institution	Average Quarterly LTD Ratio	Total Assets (\$000s) as of December 31, 2024
Bank of Belleville	90.5%	\$480,020
FCB Banks	89.1%	\$2,443,123
Bank of O'Fallon	83.4%	\$353,228
Dieterich Bank	67.8%	\$1,358,488
Citizens Community Bank	67.8%	\$507,887
<b>The First National Bank of Waterloo</b>	<b>67.0%</b>	<b>\$931,031</b>
Washington Savings Bank	65.2%	\$566,929

*Source: Quarterly FFIEC Call Reports 01/01/2022 – 12/31/2024*

## Lending in Assessment Area

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

The bank originated 79.8 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. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria but does include all Home Mortgage Disclosure Act (HMDA) reportable data.

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	578	79.6	148	20.4	726	109,267	67.5	52,520	32.5	161,787
Small Business	17	85.0	3	15.0	20	13,554	48.5	14,404	51.5	27,958
<b>Total</b>	<b>595</b>	<b>79.8</b>	<b>151</b>	<b>20.2</b>	<b>746</b>	<b>122,821</b>	<b>64.7</b>	<b>66,924</b>	<b>35.3</b>	<b>189,745</b>

*Source: 01/01/2022 - 12/31/2024 Bank Data.  
Due to rounding, totals may not equal 100.0%*

## Description of Institution

FNBW is an intrastate, federally chartered financial institution headquartered in Waterloo, Illinois. The bank is a wholly owned subsidiary of First Waterloo Bancshares, Inc., also located in Waterloo. Since the prior performance evaluation, FNBW acquired The Village Bank (VB), a community bank headquartered in St. Libory, with branches in Marissa and New Athens, all in Illinois. The acquired VB locations are all located within the bank's existing St. Louis MSA AA. The VB acquisition was effective in July 2023. Given the timing of the acquisition, the performance of the former VB branches was only assessed for 2023 and 2024. There were no affiliate or subsidiary activities considered in this evaluation.

As of December 31, 2024, FNBW operated 16 full-service branches within the state of Illinois. In addition, FNBW operated 26 automated teller machines (ATM). The bank operates an ATM at each branch location, five of which have deposit-taking capabilities (Collinsville, Dupo, Maryville, Smithton, and Waterloo – Walmart), with 10 additional standalone cash-dispensing ATMs located in Belleville, Columbia (2), Freeburg, Hecker, Millstadt, O'Fallon, Red Bud, Waterloo, and Valmeyer, Illinois.

As of December 31, 2024, FNBW had total assets of \$931 million, total deposits of \$775.2 million, and common equity tier 1 capital of \$79.3 million. The bank's total loans were \$523.3 million or 56.2 percent of total assets. The loan portfolio is comprised of \$274.9 million (52.5 percent) in commercial loans, \$197.8 million (37.8 percent) in residential loans, \$38.9 million (7.4 percent) in agricultural loans, \$5.6 million (1.1 percent) in consumer loans, and \$5.5 million (1.1 percent) in other loans and leases.

FNBW provides a broad range of real estate, commercial, agriculture, and consumer credit products, as well as deposit products and services for personal and business clients. The bank's personal banking products and services include traditional deposit products (checking and savings accounts, and certificates of deposit), individual retirement accounts, safe deposit boxes, and credit cards. Lending products include fixed- and adjustable-rate mortgages, home equity loans, construction loans, and auto loans. The bank's business banking products and services include, but are not limited to, business checking and savings accounts, commercial loans, commercial real estate loans, agricultural loans, and lines of credit.

FNBW participates in various lending programs offered by government-sponsored enterprises and government agencies to expand lending opportunities beyond conventional underwriting standards. Examples include assistance to capital access for small businesses or start-up companies through the Advantage Illinois program, down-payment and equity assistance for borrowers via the Community Advance program through the Federal Home Loan Bank of Chicago, and loans originated through the U.S. Small Business Administration, U.S. Department of Agriculture Rural Housing program, U.S. Department of Veterans Affairs, and Federal Housing Administration loans via the Flat Branch loan servicing program. Additionally, FNBW offers a "Credit Builder" loan program, which allows the flexibility of providing credit opportunities to borrowers that may not meet the bank's traditional credit standards, specifically minimum credit score or income requirements, which should improve the borrower's credit rating for future borrowing needs.

For CRA purposes, FNBW has identified two AAs within the state of Illinois: a portion of the St. Louis MO-IL Metropolitan Statistical Area (MSA) #41180 (St. Louis MSA) and an Illinois non-MSA (IL non-MSA). The AAs conform to regulatory requirements and do not arbitrarily exclude any low- or moderate-income (LMI) geographies.

FNBW's last CRA performance evaluation was dated October 31, 2022. Utilizing the Intermediate Small Bank examination procedures, the OCC concluded the bank's performance was rated "Satisfactory." There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its AAs.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

The scope of this evaluation includes an assessment of FNBW under the Intermediate Small Bank performance criteria, which consists of a Lending Test and a Community Development (CD) Test. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The CD Test evaluates the bank's record of responding to the CD needs of its AAs through CD lending and providing qualified investments, donations, and services.

The evaluation period for the Lending Test is January 1, 2022 through December 31, 2024. Examiners determined FNBW's primary loan product for each AA by reviewing the number and dollar volume of loan originations and purchases during the evaluation period. The primary products within the St. Louis MSA AA are home mortgages and small business loans, while the primary product within the IL non-MSA AA is only home mortgages. In August 2025, examiners tested the accuracy of the bank's HMDA data as reported on the Loan Application Register and concluded FNBW's HMDA data was reliable for analysis and conclusions set forth in this CRA performance evaluation. For lending performance, we utilized the comparators of demographic data from the 2020 U.S. Census for the entire evaluation period.

The evaluation period for the CD Test is January 1, 2022 through December 31, 2024. CD loans, qualified investments, and CD services were evaluated in both of the bank's AAs. Qualified investments included investments that met the definition of CD and were made prior to, and remained outstanding through, the end of the current evaluation period or were made during the current evaluation period. Examiners considered prior-period investments at the book value of the investment at the end of the current evaluation period and current-period investments at their original investment amount.

## **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 AAs located within the same MSA 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 its performance in the state of Illinois, where both AAs are located. Examiners placed the most weight on the bank’s performance in the St. Louis MSA AA, as it represents the largest portion of the bank’s deposits, loan originations and purchases, and branch offices during the evaluation period. The St. Louis MSA AA represented 93.6 percent of FNBW’s total deposits, 89.8 percent of loan originations by number, 92.1 percent of loan originations by dollar volume, and 87.5 percent of branch offices.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) (March 29, 2024) in determining a national banks 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 Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) 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 Illinois<sup>1</sup>:** Satisfactory

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Outstanding

The major factors that support this rating include:

- A majority of loans were originated within the bank's AAs.
- The distribution of loans among borrowers of different income levels reflects reasonable penetration.
- The distribution of loans among geographies reflects reasonable penetration.
- The bank demonstrates excellent responsiveness to the community development needs of its AAs.
- There were no complaints with respect to FNBW's CRA performance.

### Description of Institution's Operations in Illinois

Examiners assessed performance with FNBW's two AAs in the state of Illinois. The AAs are composed of a portion of the St. Louis MSA and the IL non-MSA. The St. Louis MSA AA consists of Madison, Monroe, and St. Clair Counties. Throughout the three-year evaluation period, the AA was comprised of 138 CTs which included 19 low-income CTs, 36 moderate-income CTs, 55 middle-income CTs, 27 upper-income CTs, and one CT with income not reported. FNBW operated 14 branches within the AA throughout the evaluation period, after the VB acquisition added three additional branches in mid-2023.

The IL non-MSA AA consists of Effingham and Shelby Counties. Throughout the three-year evaluation period, the AA was comprised of 14 CTs which includes no low-income CTs, no moderate-income CTs, nine middle-income CTs, and five upper-income CT. FNBW operated two branches within the AA throughout the entire evaluation period.

FNBW had \$764.6 million in deposits in Illinois as of June 30, 2024. As of December 31, 2024, the bank operated 16 branches and 26 ATMs. One ATM is located in Red Bud, IL, which is just outside of the bank's delineated AAs in a neighboring town to Waterloo; this machine is only cash-dispensing. According to FDIC market share data, as of June 30, 2024, there were 411 FDIC-insured institutions operating 3,657 branches within the Illinois rating area. FNBW ranked 74<sup>th</sup> in deposit share, with 0.1 percent of the market share. The top three banks by market share were JPMorgan Chase Bank, N.A. with 17.1 percent, BMO Bank N.A. with 15.6 percent, and Bank of America, N.A. with 6.9 percent.

### St. Louis MSA

#### Competition

FNBW had \$715.6 million in deposits in the St. Louis MSA AA, representing 93.6 percent of the bank's total deposits as of June 30, 2024. As of December 31, 2024, the bank operated 14 branches and 23 ATMs,

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

representing 87.5 percent of total branches and 88.5 percent of total ATMs. The bank originated approximately \$229.5 million in home mortgage loans within the AA throughout the three-year evaluation period. According to FDIC deposit market share data, as of June 30, 2024, there were 36 additional FDIC-insured institutions operating 153 branches in the AA. FNBW ranked seventh in deposit share with 5.5 percent. The top three banks by market share were FCB Banks with 12.3 percent, Regions Bank with 12.1 percent, and Busey Bank with 11 percent.

Demographics

The following table provides a summary of the demographics, including housing, business, and economic information for the St. Louis MSA AA.

Assessment Area - St. Louis MSA						
						2022 - 2024
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	138	13.77	26.09	39.86	19.57	0.72
Population by Geography	558,221	7.18	21.24	44.04	27.13	0.41
Housing Units by Geography	254,611	10.63	23.31	42.71	22.75	0.60
Owner-Occupied Housing by Geography	158,869	5.57	20.40	45.50	28.14	0.39
Occupied Rental Units by Geography	67,767	17.53	27.44	39.35	14.88	0.80
Vacant Units by Geography	27,975	22.63	29.89	35.01	11.23	1.25
Businesses by Geography	16,412	6.67	20.16	46.02	26.32	0.83
Farms by Geography	947	2.96	12.57	51.53	32.73	0.21
Family Distribution by Income Level	147,281	23.16	17.74	21.27	37.84	0.00
Household Distribution by Income Level	226,636	26.92	15.69	18.26	39.12	0.00
Unemployment rate (%)	5.17	11.63	6.74	4.43	3.46	5.65
Households Below Poverty Level (%)	12.78	34.53	17.45	9.15	6.05	45.94
Median Family Income (41180 - St. Louis, MO-IL MSA)		\$84,758		Median Housing Value		\$118,600
Median Family Income (41180 - St. Louis, MO-IL MSA) for 2024		\$103,200		Median Gross Rent		\$866
				Families Below Poverty Level		8.75
FFIEC File - 2020 Census FFIEC File - 2024 Census 2024 Dun & Bradstreet SBSF Demographics Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification						

Geographic Distribution of the Population

According to the 2020 U.S. Census data, the AA population was 558,221 with 40,080 (7.2 percent) residing in low-income CTs, 118,566 (21.2 percent) residing in moderate-income CTs, 245,841 (44 percent) residing in middle-income CTs, 151,445 (27.1 percent) residing in upper-income CTs, and 2,289 (0.4 percent) residing in non-reported income CTs.

Family Distribution by Income Level

According to the 2020 U.S. Census data, there were 147,281 families in the AA. The distribution of families by income level was 34,110 (23.2 percent) low income, 26,127 (17.7 percent) moderate income, 31,326 (21.3 percent) middle income, and 55,731 (37.8 percent) upper income.

### Housing Characteristics and Home Affordability

Examiners evaluated the disparity between the median incomes of families within the AA and the cost of housing. Based on 2020 U.S. Census data, the weighted average median family income for the St. Louis MSA was \$103,200. Based on this information, low-income families earned less than \$51,600 and moderate-income families earned less than \$82,560. The median housing value in the AA was \$118,600. One method to determine housing affordability assumes a maximum affordable monthly principal and interest payment of no more than 30 percent of the applicant's income. The calculated maximum affordable monthly mortgage payment was \$1,290 for a low-income borrower and \$2,064 for a moderate-income borrower. Assuming a 30-year mortgage with a 7 percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the AA median housing value would be \$1,846. Based on this information, low-income borrowers and moderate-income borrowers would likely not be able to afford a mortgage loan in the St. Louis MSA when considering the additional expenses associated with home ownership.

The poverty level across the AA was also considered in the evaluation of lending performance. Families living below the stated poverty rate are identified as having difficulty meeting basic financial needs and as such, are less likely to have the financial resources to qualify for home or automobile loans than those with income above the poverty rate. Within the St. Louis MSA, 8.8 percent of families and 12.8 percent of households had incomes below the federal poverty level according to the 2020 U.S. Census data.

### Employment and Economic Factors

*According to Moody's Analytics, St. Louis's economy is stalling. Over the second half of 2024, job gains trailed those of the Midwest and nation. Professional services are steadily weakening while leisure/hospitality backtracks. Healthcare remains a key driver of new jobs, with additional support from financial activities. The labor force is pulling back slightly, putting downward pressure on the jobless rate despite lackluster job growth. House price appreciation is near the U.S. average, but housing construction remains unimpressive. Subpar demographic trends will impede progress in the housing market. Below-average population gains insulated the metro area from the more extreme price swings seen in the South and West since the pandemic, but this will soon become a drag.*

Major employment sectors in the St. Louis MSA include Education and Health Services, Professional and Business Services, Leisure and Hospitality Services, and Government. Major employers in the bank's area include Scott Air Force Base, Southern Illinois University Edwardsville, local hospitals and school districts.

According to the U.S. Department of Labor, Bureau of Labor Statistics (BLS) report, unemployment rates in the St. Louis MSA averaged 3.9 percent across all three years of the evaluation period, with yearly averages increasing year-over-year from 3.8 percent in 2022 to 4 percent in 2024.

### Community Contacts

Examiners relied on information from two community contacts during the evaluation period with organizations located throughout the St. Louis MSA AA. The organizations contacted focus on areas such as economic development and financial assistance to promote small businesses. The contacts identified financial education and affordable housing as the primary needs of the community.

## **Scope of Evaluation in Illinois**

The St. Louis MSA AA received a full-scope review, as this AA contains the largest concentrations of deposits, lending, and branches. The IL non-MSA AA received a limited-scope review. Examiners generally placed more emphasis on the bank's performance in home mortgage lending, given the bank's history as a residential lender in the St. Louis MSA AA, and 60.7 percent of the bank's originated loans within this AA, by number, were home mortgages.

## **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 Area Receiving a Full-Scope Review**

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

### **Distribution of Loans by Income Level of the Geography**

The bank exhibited reasonable geographic distribution of loans in the state.

Examiners also took into consideration the staffing constraints experienced within the Madison County branch locations throughout the evaluation period, as approximately 46 percent of LMI geographies throughout the county are in the northwestern portion of the county, furthest away from FNBW branch locations. Limited lending staff in those branches resulted in obstacles to provide lending throughout the northern portion of the county footprint. Management has proactively taken steps to address the obstacle by focusing efforts on promoting the bank within the area and adding more experienced lending staff to better serve the entire county going forward.

In assessing the reasonableness of the bank's geographic distribution of loans, examiners considered the distance from branch locations in relation to the LMI CTs in the AA, as well as the number of competitor institutions between locations. Of the 14 branches within the St. Louis MSA AA, only two are located within LMI geographies and three are located near LMI geographies.

### ***Home Mortgage Loans***

Refer to Table 7 in the state of Illinois section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home mortgage loans is reasonable.

### **St. Louis MSA AA**

The geographic distribution of home mortgage loans was reasonable. The proportion of the bank's home mortgage loans in low-income geographies was near to the percentage of owner-occupied housing units and exceeded the aggregate industry distribution of home mortgage loans in those geographies. The

proportion of the bank's home mortgage loans in moderate-income geographies was below the percentage of owner-occupied housing units and the aggregate industry distribution of home mortgage loans in those geographies.

### ***Small Loans to Businesses***

Refer to Table 9 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 businesses.

The overall geographic distribution of small loans to businesses is reasonable.

### **St. Louis MSA AA**

The geographic distribution of small loans to businesses was reasonable, considering performance context. The proportion of the bank's small loans to businesses in low-income geographies was below the percentages of businesses and the aggregate industry distribution of small loans to businesses in those geographies. The proportion of the bank's small loans to businesses in moderate-income geographies was below the percentages of businesses and the aggregate industry distribution of small loans to businesses in those geographies.

### ***Lending Gap Analysis***

We reviewed summary reports and maps and analyzed home mortgage data. We did not identify any unexplained conspicuous gaps in lending.

### **Distribution of Loans by Income Level of the Borrower**

The bank exhibited a reasonable distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

### ***Home Mortgage Loans***

Refer to Table 8 in the state of Illinois section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of home mortgage loans is reasonable.

When determining the reasonableness of the bank's performance to individuals of different income levels, examiners considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families.

### **St. Louis MSA AA**

The borrower distribution of home mortgage loans was reasonable. The proportion of the bank's home mortgage loans to low-income borrowers was well below the percentage of low-income families and below the aggregate industry distribution of home mortgage loans to those borrowers. The proportion of the bank's home mortgage loans to moderate-income borrowers was below the percentage of moderate-income families and the aggregate industry distribution of home mortgage loans to those borrowers.

***Small Loans to Businesses***

Refer to Table 10 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 businesses.

The borrower distribution of small loans to businesses was reasonable.

**St. Louis MSA AA**

The borrower distribution of small loans to businesses in was reasonable. The proportion of the bank's loans to businesses with revenues less than \$1 million was below the percentage of businesses and exceeded the aggregate industry distribution of loans to those businesses.

**Responses to Complaints**

The bank did not receive any CRA-related complaints during the evaluation period.

**Conclusions for Area Receiving a Limited Scope Review**

Based on a limited-scope review, the bank's performance under the Lending Test in the IL non-MSA AA was stronger than the bank's overall performance under the Lending Test in the full-scope area. The analysis was based solely on the bank's borrower distribution performance in home mortgage lending, as small business loans are not a primary product within the AA. A geographical analysis was not meaningful given there are no LMI geographies within the AA. The stronger performance in the IL non-MSA AA had minimal impact on the overall state rating.

**COMMUNITY DEVELOPMENT TEST**

The bank's performance under the CD Test in the state of Illinois is rated Outstanding.

To provide perspective regarding the relative level of qualified CD loans and qualified investments, we allocated a portion of the bank's common equity tier 1 capital to each AA based on the percentage of the bank's deposits located in the respective AA as a means of comparative analysis. During the evaluation period, CD activities in the St. Louis MSA totaled \$24.8 million and represent 33.4 percent of the AA allocated common equity tier 1 capital (\$74.2 million) as of December 31, 2024. CD activities in the IL non-MSA totaled \$661,500 and represent 13 percent of the AA allocated common equity tier 1 capital (\$5.1 million) as of December 31, 2024.

**Conclusions for Area Receiving a Full-Scope Review**

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

**Number and Amount of Community Development Loans**

The CD 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.

<b>Table 3: Community Development Loans</b>				
<b>Assessment Area</b>	<b>Total</b>			
	<b>#</b>	<b>% of Total #</b>	<b>\$(000's)</b>	<b>% of Total \$</b>
St. Louis MSA	92	70.2	21,767	74.0
IL non-MSA	4	3.1	660	2.2
Broader Statewide or Regional Area	35	26.7	7,022	23.8
<b>Total</b>	<b>131</b>	<b>100.0</b>	<b>29,449</b>	<b>100.0</b>

The bank's level of CD lending provided excellent responsiveness to community credit needs in the St. Louis MSA. The bank originated 92 loans totaling \$21.8 million during the evaluation period. This represents 29.4 percent of the AA allocated common equity tier 1 capital (\$74.2 million) as of December 31, 2024.

The following are examples of CD loans the bank originated or purchased in this AA:

- The bank originated 83 loans totaling \$11.3 million for the purchase or refinance of single- and/or multi-family rental properties providing affordable housing for LMI residents throughout the AA.
- The bank originated four loans totaling six million that created and/or retained a mix of 62 jobs for LMI individuals throughout the AA.
- The bank originated one loan totaling \$336,625 to a facility that promotes community development by providing community services for LMI families and individuals.

#### Broader Statewide or Regional Areas

The bank originated 22 loans totaling \$4.1 million for the purchase or refinance of single- and/or multi-family rental properties providing affordable housing for LMI residents in the broader statewide Illinois and St. Louis Metro areas.

#### **Number and Amount of Qualified Investments**

The Qualified Investments table, shown below, sets forth the information and data used to evaluate the bank's level of qualified CD investments. This table includes all qualified CD investments, including prior period investments that remain outstanding in the bank's investment portfolio as of the end of the evaluation period.

<b>Table 4: Qualified Investments</b>										
<b>Assessment Area</b>	<b>Prior Period*</b>		<b>Current Period</b>		<b>Total</b>				<b>Unfunded Commitments**</b>	
	<b>#</b>	<b>\$(000's)</b>	<b>#</b>	<b>\$(000's)</b>	<b>#</b>	<b>% of Total #</b>	<b>\$(000's)</b>	<b>% of Total \$</b>	<b>#</b>	<b>\$(000's)</b>
St. Louis MSA	7	2,649	9	355	16	38.1	3,004	21.2	-	-
IL non-MSA	-	-	1	1	1	2.4	1	< 1	-	-
Broader Statewide or Regional Area	23	9,802	2	1,330	25	59.5	11,132	78.7	-	-
<b>Total</b>	<b>30</b>	<b>12,451</b>	<b>12</b>	<b>1,686</b>	<b>42</b>	<b>100.0</b>	<b>14,137</b>	<b>100.0</b>	<b>-</b>	<b>-</b>

Consideration was given to the substantial level of competition for qualified investments in the St. Louis MSA. Most qualified investment opportunities in the AA are complex in nature and typically sought after by large nationwide and regional banks with the resources and staff expertise beyond what is typically found in smaller community banks.

The bank's level of qualified investments demonstrated adequate responsiveness to community needs and opportunities in the St. Louis MSA. The bank retained seven prior evaluation period bond investments and purchased two new bond investments totaling \$2.6 million and \$350,868, respectively in school districts where over half of the student population qualifies for free and/or reduced lunches. Additionally, the bank made nominal donations to various organizations that provided community services targeted to LMI individuals and families in the AA during the evaluation period. Services provided by these organizations included food donations, healthcare, counseling for children and families, and educational and social outreach.

#### Broader Statewide or Regional Areas

The bank retained 23 prior period bond investments totaling \$9.8 million in school districts located in the broader statewide Illinois and St. Louis Metro areas. Each of the school districts have over half of the student population that qualifies for free and/or reduced cost lunches.

#### **Extent to Which the Bank Provides Community Development Services**

The bank's level of qualified services demonstrated excellent responsiveness to community needs and opportunities in the St. Louis MSA. Thirteen bank employees provided a total of just over 700 hours of financial expertise across 16 local qualifying organizations that provide community services to LMI individuals and families, as well as small businesses.

#### **Conclusions for Area Receiving a Limited Scope Review**

Based on a limited-scope review, the bank's performance under the CD Test in the IL non-MSA was weaker than the bank's overall performance under the CD Test in the full-scope area, mostly due to the bank's limited presence and deposit market share in the IL non-MSA.

\* 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.

# Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) 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”.

<b>Time Period Reviewed:</b>	01/01/2022 to 12/31/2024	
<b>Bank Products Reviewed:</b>	Home mortgage, small business, community development loans, qualified investments, community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Illinois</b>		
St. Louis MSA	Full-Scope	Counties of Madison, Monroe, and St. Clair
IL non-MSA	Limited-Scope	Counties of Effingham and Shelby

## Appendix B: Summary of MMSA and State Ratings

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RATINGS			
<b>Overall Bank:</b>	<b>Lending Test Rating*</b>	<b>CD Test Rating</b>	<b>Overall Bank/State/Multistate Rating</b>
The First National Bank of Waterloo	Satisfactory	Outstanding	Satisfactory
<b>MMSA or State:</b>			
Illinois	Satisfactory	Outstanding	Satisfactory

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

## Appendix C: Definitions and Common Abbreviations

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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 the 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 low- and moderate-income 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):** 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 CD loans and qualified investments, branch distribution, and CD services).

**Low-Income:** Individual income that is at 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 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.

**Multistate Metropolitan Statistical Area (MMSA):** Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

**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.

**Prior Period Investments:** Investments made in a previous evaluation period that are outstanding as of the end of the evaluation period.

**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 multistate 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 multistate metropolitan statistical area, the institution will receive a rating for the multistate 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.

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

**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

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### 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/AA. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> 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 7. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

**Table 8. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/AA. The table also presents aggregate peer data for the years the data is available.

**Table 9. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s AA.

**Table 10. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: (1) the percentage distribution of businesses with revenues of greater than \$1 million; and, (2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

**Table 7: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** 2022 - 2024

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total Number	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	% Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	% Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	% Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	% Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	% Aggregate
IL non-MSA	46	9,537	7.96	1,989	--	--	--	--	--	--	58.49	60.87	54.95	41.51	39.13	45.05	--	--	--
St. Louis MSA	532	99,731	92.04	45,640	5.57	3.20	2.18	20.40	11.65	18.69	45.50	34.96	48.81	28.14	50.19	30.06	0.39	--	0.26
<b>Total</b>	<b>578</b>	<b>109,267</b>	<b>100.00</b>	<b>47,629</b>	<b>5.01</b>	<b>2.94</b>	<b>2.09</b>	<b>18.32</b>	<b>10.73</b>	<b>17.91</b>	<b>46.82</b>	<b>37.02</b>	<b>49.07</b>	<b>29.50</b>	<b>49.31</b>	<b>30.68</b>	<b>0.35</b>	<b>--</b>	<b>0.25</b>

Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, -- HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

**Table 8: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** 2022 - 2024

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total Number	Overall Market	% Families	% Bank Loans	% Aggregate	% Families	% Bank Loans	% Aggregate	% Families	% Bank Loans	% Aggregate	% Families	% Bank Loans	% Aggregate	% Families	% Bank Loans	% Aggregate
IL non-MSA	46	9,537	7.96	1,989	16.27	6.52	9.85	16.15	19.57	19.76	23.01	19.57	23.18	44.57	30.43	30.22	--	23.91	16.99
St. Louis MSA	532	99,731	92.04	45,640	23.16	8.83	13.97	17.74	13.53	20.97	21.27	19.74	19.72	37.84	40.79	25.70	--	17.11	19.65
<b>Total</b>	<b>578</b>	<b>109,267</b>	<b>100.00</b>	<b>47,629</b>	<b>22.50</b>	<b>8.65</b>	<b>13.79</b>	<b>17.59</b>	<b>14.01</b>	<b>20.92</b>	<b>21.43</b>	<b>19.72</b>	<b>19.86</b>	<b>38.47</b>	<b>39.97</b>	<b>25.89</b>	<b>--</b>	<b>17.65</b>	<b>19.53</b>

Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, -- HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

**Table 9: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** 2022 - 2024

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total Number	Overall Market	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate
IL non-MSA	0	0	0.00	1,321	--	--	--	--	--	--	60.38	--	55.94	39.62	--	44.06	--	--	--
St. Louis MSA	36	3,951	100.00	18,292	6.67	0.00	4.79	20.16	11.11	19.12	46.02	55.56	45.65	26.32	33.33	29.98	0.83	0.00	0.46
<b>Total</b>	<b>36</b>	<b>3,951</b>	<b>100.00</b>	<b>19,613</b>	<b>5.91</b>	<b>0.00</b>	<b>4.47</b>	<b>17.87</b>	<b>11.11</b>	<b>17.83</b>	<b>47.65</b>	<b>55.56</b>	<b>46.34</b>	<b>27.83</b>	<b>33.33</b>	<b>30.93</b>	<b>0.74</b>	<b>0.00</b>	<b>0.43</b>

Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, -- CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

**Table 10: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues** 2022 - 2024

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total Number	Overall Market	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
IL non-MSA	0	0	0.00	1,321	71.71	--	50.57	12.05	--	16.24	--
St. Louis MSA	36	3,951	100.00	18,292	75.46	69.44	56.45	10.74	30.56	13.79	--
<b>Total</b>	<b>36</b>	<b>3,951</b>	<b>100.00</b>	<b>19,613</b>	<b>75.04</b>	<b>69.44</b>	<b>56.05</b>	<b>10.89</b>	<b>30.56</b>	<b>14.07</b>	<b>--</b>

Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, -- CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%