

# **PUBLIC DISCLOSURE**

March 24, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

United Community Bank  
Certificate Number: 19459

301 North Main Street  
Chatham, Illinois 62629

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

300 South Riverside Plaza, Suite 1700  
Chicago, Illinois 60606

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

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## INSTITUTION RATING

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

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	-	-	-
High Satisfactory	-	X	X
Low Satisfactory	X	-	-
Needs to Improve	-	-	-
Substantial Noncompliance	-	-	-
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at the overall rating.			

**The Lending Test is rated Low Satisfactory.**

- Lending levels reflect adequate responsiveness to assessment area credit needs.
- A high percentage of loans are made in the institution's assessment areas.
- The geographic distribution of loans reflects adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects good penetration among individuals of different income levels and businesses and farms of different sizes.
- The institution uses innovative and flexible lending practices in a safe and sound manner in order to serve assessment area credit needs.
- The institution makes a relatively high level of community development loans.

**The Investment Test is rated High Satisfactory.**

- The institution has a significant level of qualified community development investments and grants, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and community development needs.
- The institution occasionally uses innovative or complex investments to support community development initiatives.

**The Service Test is rated High Satisfactory.**

- Delivery systems are accessible to essentially all portions of the institution's assessment areas.
- To the extent that changes were made, the institution's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies, and to low- and moderate-income individuals.
- Services (including where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and individuals.
- The institution provides a relatively high level of community development services.

## **DESCRIPTION OF INSTITUTION**

### **Background**

United Community Bank (UCB) is a \$3.9 billion commercial bank with 45 locations throughout Central and Western Illinois, Eastern Missouri, and Florida. The bank is wholly owned by United Community Bancorp, Inc. (UCBI), a one-bank holding company. Both UCB and UCBI are headquartered in Chatham, Illinois. UCB continues to operate a mortgage lending subsidiary, Community Banc Mortgage Corporation (BancMac). The institution received an overall Satisfactory rating at its previous FDIC Performance Evaluation, dated May 2, 2022, based on Interagency Large Bank CRA Examination Procedures.

### **Operations**

As of the evaluation date, UCB operates 45 offices throughout Central and Western Illinois, Eastern Missouri, and Florida. The only changes during this review period included the branch opening in Naples, Florida in February 2024.

UCB's business focus remains on residential home mortgage, commercial, and agricultural lending. The bank offers an array of home mortgage lending products and other consumer-purpose loans. Commercial credit products include term loans, commercial real estate loans, and lines of credit. Agricultural loan offerings include operating lines of credit, equipment loans, and farm real estate loans.

A variety of deposit services are offered including checking, savings, money market, certificate of deposit, health savings accounts, and individual retirement accounts. The bank also offers investment advisory and trust services as well as insurance sales. Alternative delivery channels include automated teller machines (ATMs), internet and mobile banking, electronic bill pay, mobile deposit, and person-to-person transfers. Customers also have access to products and services, such as debit cards, direct deposit, and gift cards. The bank's website address is <https://www.ucbbank.com>. Business services include remote deposit capture, merchant services, and online banking.

## **Ability and Capacity**

UCB reported total assets of \$3.9 billion as of December 31, 2024, total loans of \$2.4 billion, and total deposits of \$3.3 billion. The net loan-to-deposit ratio was 72.9 percent, and the net loan-to-asset ratio was 62.2 percent. The bank's investment portfolio totaled approximately \$1 billion, which represents 24.4 percent of total assets.

These figures reflect growth since the previous CRA evaluation, primarily in total loans, which increased \$683 million, or 39.0 percent; however, the composition of the loan portfolio is relatively similar. Additionally, total assets increased approximately 10.9 percent and total deposits increased 9.4 percent. Examiners did not identify any financial or other legal impediments that hinder the bank's ability to provide credit within its assessment areas. Additional details regarding the loan portfolio are included in the following table.

<b>Loan Portfolio Distribution as of 12/31/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	387,076	15.9
Secured by Farmland	252,979	10.4
Secured by 1-4 Family Residential Properties	395,053	16.2
Secured by Multifamily (5 or more) Residential Properties	91,367	3.8
Secured by Nonfarm Nonresidential Properties	645,393	26.5
<b>Total Real Estate Loans</b>	<b>1,771,868</b>	<b>72.8</b>
Commercial and Industrial Loans	358,740	14.7
Agricultural Production and Other Loans to Farmers	129,296	5.3
Consumer Loans	32,348	1.3
Obligations of State and Political Subdivisions in the U.S.	27,038	1.1
Other Loans	105,701	4.3
Lease Financing Receivable (net of unearned income)	8,583	0.4
<b>Total Loans</b>	<b>2,433,574</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. UCB designated six assessment areas. The assessment areas do not arbitrarily exclude any low- or moderate-income census tracts, include the census tracts in which the bank operates its main and branch offices, and otherwise meet the requirements of the CRA regulation.

The following table outlines the assessment areas, including the respective counties, number of census tracts and branches. The assessment areas have changed since the previous evaluation due to expansion into the Florida market. Additionally, the bank previously included tracts in two counties adjacent to Macoupin County, but these are no longer in the delineated area. A more

detailed discussion of each assessment area, including economic and demographic data, competition, and community contacts, can be found in the separate sections of this evaluation.

<b>Composition of Assessment Areas</b>				
<b>Assessment Area</b>	<b>Assessment Area Abbreviated Name</b>	<b>Counties in Assessment Area</b>	<b># of CTs</b>	<b># of Branches</b>
Illinois Non-MSA	Illinois Non-MSA	Adams, Brown, Greene, Hancock, Logan, McDonough, Pike, Scott	56	20
Springfield, IL MSA	Springfield MSA	Sangamon	54	14
St. Louis, MO-IL MSA	St. Louis MSA	Macoupin, Madison	39	8
Bloomington, IL MSA	Bloomington MSA	McLean	1	1
Missouri Non-MSA	Missouri MSA	Marion	7	1
Naples – Marco Island, FL MSA	Naples MSA	Collier	109	1
<i>Source: Bank Records; CT = Census Tract; MSA = Metropolitan Statistical Area)</i>				

## SCOPE OF EVALUATION

### General Information

Examiners used the Interagency Large Institution Examinations Procedures to evaluate UCB's performance covering the period from the prior evaluation dated May 2, 2022, to the current evaluation dated March 24, 2025. These procedures include three tests: Lending, Investment, and the Service Test(s). Refer to the glossary for definitions and terms used in this evaluation. As previously mentioned, UCB continues to operate a home mortgage lending subsidiary, Community Banc Mortgage Corporation (BancMac) and related its lending activities were considered for this evaluation.

UCB is subject to the Interstate Banking and Branching Efficiency Act of 1994 (IBBEA) because it is an interstate bank that operates offices in Illinois, Missouri, and Florida. In accordance with IBBEA guidelines, the evaluation includes an overall rating, a State of Illinois rating, and a State of Missouri. Performance in the State of Florida was not separately rated during this evaluation due to the timing of when the branch was opened.

As previously mentioned, UCB designated six assessment areas. Full-scope reviews were performed for the five assessment areas in Illinois and Missouri. Examiners did not review activity in the Florida MSA as this area was recently added and little lending activity has occurred. The overall CRA rating is more heavily influenced by the bank's performance in the State of Illinois as this is where a majority of lending and deposit-taking activities take place. For the State of Illinois' rating, performance in the Illinois Non-MSA and Springfield, IL MSA County, IL assessment areas carried the most weight in the overall ratings. These areas are weighted evenly as deposit levels and lending volume was similar in both assessment areas during the current evaluation period. Activity in the St. Louis MSA carried limited weight in the overall rating. Bloomington and the Missouri

Non-MSA carried very little weight due to the limited level of activity. The following table presents volume information, and a more detailed discussion of each of these assessment areas is included in the corresponding sections of this evaluation.

<b>Assessment Area Weighting</b>			
<b>Assessment Area Name As Presented</b>	<b>Loans - 2024</b>	<b>Deposits as of 6/30/2024</b>	<b>Branches</b>
	<b>% of \$</b>	<b>% of \$</b>	<b>% of #</b>
Illinois Non-MSA	50.3	35.4	20
Springfield MSA	31.9	44.4	14
St. Louis MSA	14.5	18.0	8
Bloomington MSA	0.3	1.0	1
Missouri Non-MSA	2.1	0.9	1
<i>Source: Bank records. Total loans and deposits may not equal 100.0% as data from the Florida MSA is not included.</i>			

### **Activities Reviewed**

Examiners determined that the bank's major product lines are home mortgage, small business, and small farm lending. This conclusion considered the business strategy, and the number and dollar volume of loans originated during the evaluation period. The number and dollar volume of originations for home mortgage loans were greater during the evaluation period and received the most weight. Small business and small farm loans received equal, but less weight in the overall rating due to the lower volume originations. Bank records indicated that the lending focus and product mix remained consistent throughout the evaluation period. Examiners did not analyze any other loan products, such as consumer loans, because they do not represent major product lines and would not provide material support for conclusions or ratings.

All home mortgage loans subject to the Home Mortgage Disclosure Act (HMDA) reporting requirements in 2022, 2023, and 2024 were reviewed. In 2022, the bank reported 2,298 loans totaling \$281.2 million; in 2023, the bank reported 1,674 loans totaling \$190.4 million; and in 2024, the bank reported 1,775 loans totaling \$223.4 million. The bank's home mortgage lending performance is measured against applicable aggregate lending data, as well as demographic data housing data obtained from the 2020 U.S. Census. Examiners placed more weight on comparisons to aggregate data as it provides a more accurate assessment of lending opportunities within the assessment areas.

Small business and small farm loan data collected pursuant to the CRA data collection reporting requirements in 2022, 2023, and 2024 was also reviewed. Small business loan data included 724 loan originations totaling \$102.8 million in 2022, 651 loan originations totaling \$97.3 million in 2023, and 684 loan originations totaling \$92.8 million in 2024. Small farm loan data included 677 loan originations totaling \$82.1 million in 2022, 658 small farm loans totaling \$89.5 million in 2023, and 715 small farm loans totaling \$92.8 million in 2024. The bank's lending performance for both loan products is measured against D&B data and aggregate small business and small farm loan data. This information also provides insights into lending opportunities within the assessment areas.

Although there were some fluctuations in overall loan volume from year to year, which is attributed to economic factors such as changes in the interest rate environment, there were no anomalies identified for any product lines during the review period. As a result, only the most recent year of lending performance with aggregate lending data is presented, which includes 2023 loan performance for all three product lines. Lending activity conducted in 2024 is presented as well. Management stated that this lending activity is representative of activity throughout the review period. While examiners presented the number and dollar volume of loans, the performance by number of loans is emphasized because it is a better indicator of the number of individuals, businesses, and farms served.

Community development loans, investments, and services conducted since the prior CRA evaluation were also reviewed. Due to the institution's recordkeeping practices, examiners considered community development activities conducted in calendar year(s) 2022, 2023, and 2024. No 2022 year-to-date activities were considered in the previous evaluation, and no year-to-date 2025 activities are considered during this evaluation. All activities were initiated or maintained in the designated assessment areas, or benefited a broader statewide or regional area, which includes the assessment areas. Since the Florida MSA was not a rated area during this evaluation, all community development activities performed in that assessment area were included in the broader statewide or regional area. UCB's community development activities were assessed relative to similarly situated banks using several quantitative performance measures. The Service Test included a review of delivery systems for providing retail banking services, the impact of any branch openings/closings during the evaluation period, and retail banking products and services targeted toward low- and moderate-income individuals or small businesses or small farms within the assessment area.

As part of the evaluation process, examiners contact third parties active in the assessment areas to assist in identifying the credit and community development needs and opportunities and determine whether local financial institutions are responsive to those needs. Five previously conducted contacts performed within the last 12 months of the current evaluation date were reviewed. Comments from the community contacts are included in the appropriate sections of this evaluation.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

A Low Satisfactory rating is assigned under the Lending Test. The Lending Test rating was determined by evaluating the bank's lending activity, assessment area concentration, geographic distribution, borrower profile, responsiveness to credit needs of highly economically disadvantaged geographies and families, community development lending, and innovative and flexible lending practices. Of these factors, more weight was placed on the geographic distribution, borrower profile, and community development lending criteria. These criteria measure the bank's effectiveness at meeting the credit needs in low- and moderate-income neighborhoods, individuals, small businesses, and small farms.



## Lending Activity

Lending levels reflect adequate responsiveness to the assessment areas' credit needs. This conclusion is primarily supported by the bank's responsiveness in the Illinois Non-MSA and the Springfield MSA. Performance in the other assessment areas provide additional support. UCB has demonstrated satisfactory home mortgage, small business, and small farm performance throughout most of the combined assessment areas and has continued to support community development activities in each area. The bank has also continued to offer flexible lending programs that are designed to benefit low- and moderate-income individuals and geographies. A complete discussion of the bank's performance under this criterion is located in the corresponding assessment area sections of this evaluation.

## Assessment Area Concentration

UCB originated a substantial majority of small business and small farm loans within its assessment areas. Overall, a majority of home mortgage loans were made in the assessment area. UCB's mortgage subsidiary, BancMac, has arrangements in place with 59 third-party originating lenders in Illinois, Iowa, Nebraska, and Missouri. UCB optionally chose to have BancMac activities included within the scope of this review, which is a contributing factor to the home mortgage lending performance that, in some instances reflects less than a majority of loans in the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2022	1,297	56.4	1,001	43.6	2,298	133,097,976	47.3	148,093,387	52.7	281,191,363
2023	1,044	62.4	630	37.6	1,674	96,992,282	50.9	93,409,618	49.1	190,401,900
2024	1,103	62.1	672	37.9	1,775	123,799,960	55.4	99,649,841	44.6	223,449,801
Subtotal	3,444	59.9	2,303	40.1	5,747	353,890,218	50.9	341,152,846	49.1	695,043,064
Small Business										
2022	599	82.7	125	17.3	724	80,270,000	78.1	22,554,000	21.9	102,824,000
2023	555	85.3	96	14.7	651	76,676,000	78.8	20,651,000	21.2	97,327,000
2024	563	82.3	121	17.7	684	71,663,000	77.3	21,095,000	22.7	92,758,000
Subtotal	1,717	83.4	342	16.6	2,059	228,609,000	78.0	64,300,000	22.0	292,909,000
Small Farm										
2022	576	85.1	101	14.9	677	71,958,000	87.6	10,151,000	12.4	82,109,000
2023	574	87.2	84	12.8	658	79,803,000	89.1	9,724,000	10.9	89,527,000
2024	624	87.3	91	12.7	715	83,075,000	89.5	9,722,000	10.5	92,797,000
Subtotal	1,774	86.5	276	13.5	2,050	234,836,000	88.8	29,597,000	11.2	264,433,000
Total	6,935	70.4	2,921	29.6	9,856	817,335,218	65.3	435,049,846	34.7	1,252,385,064
Source: Bank Data. Due to rounding, totals may not equal 100.0%.										

During the entire review period, loans originated directly by UCB accounted for approximately half (50.4 percent) of total home mortgage loan volume. When reviewing the assessment area concentration levels for UCB originations only, a majority of loans, by number and dollar amount, were made in the bank's assessment areas for all three years. Over the three year period, the bank made 80.7 percent of loans by number, and 72.2 percent by dollar volume, within the bank's delineated assessment areas. These lending levels demonstrate that the bank's commitment in meeting the home mortgage credit needs of borrowers in the assessment area.

### **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the overall assessment area. This conclusion is primarily derived by the bank's geographic distribution of loans among all three product lines. The Bloomington and Missouri Non-MSA assessment areas do not include any low- and moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated in those areas. A complete discussion of the bank's performance for this criterion is located in the separate assessment area sections of this evaluation.

### **Borrower Profile**

The distribution of loans to borrowers reflects, given the product lines offered by the institution, good penetration among individuals of different income levels and business and farm operations of different sizes. This conclusion is supported by good borrower distributions in the Illinois Non-MSA and St. Louis MSA assessment areas. Adequate performance in the Springfield MSA provided additional support. Please refer to the separate assessment area sections of this evaluation for further discussion of the bank's performance under this criterion.

### **Innovative or Flexible Lending Practices**

UCB uses innovative or flexible lending practices to serve assessment area credit needs. The bank's innovative or flexible loan product offerings include government-sponsored loan programs that help to meet the credit needs of low- and moderate-income home mortgage borrowers, small businesses, and small farms. Downpayment assistance and grant programs are utilized as well. The following table provides a summary of innovative or flexible lending activity conducted by the bank and its affiliate since the previous evaluation.

Various home loan programs are offered that provide flexibility to assist low- and moderate-income borrowers attain or retain homeownership. The programs include options for low down payments, reduced mortgage insurance coverage levels, closing cost funding options, and flexible underwriting standards. UCB utilizes loan programs that include government guaranties through the Federal Housing Administration (FHA), United States Department of Veterans Affairs (VA), and United States Department of Agriculture (USDA). These programs have income requirements and USDA loans also have geographic limitations focused on assisting borrowers to obtain homes in rural areas.

Innovative or Flexible Lending Programs - Overall								
Type of Program	2022		2023		2024		Totals	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
FHA	73	8,810	66	8,292	46	6,611	185	23,713
VA	15	2,547	16	2,557	21	4,545	52	9,649
USDA GRH	116	11,304	122	11,993	104	11,228	342	34,525
Home Possible	3	234	97	9,330	90	9,319	190	18,883
Home Ready	158	14,435	133	12,535	218	22,602	509	49,572
Home One	1	155	1	179	1	158	3	492
DPP	77	6,114	35	7,358	108	8,684	220	22,156
VLIP	-	-	-	-	101	8,518	101	8,518
Community Seconds	44	3,596	57	4,340	78	6,469	179	14,405
LLPA Waiver	-	-	41	4,556	-	-	41	4,556
SBA	1	35	5	2,155	4	480	10	2,670
FarmerMac	2	970	2	496	1	1,602	5	3,068
<b>Totals</b>	<b>490</b>	<b>48,200</b>	<b>575</b>	<b>63,791</b>	<b>772</b>	<b>80,216</b>	<b>1,837</b>	<b>192,207</b>
<i>Source: Bank records.</i>								

The bank also offers various loan programs through secondary market investors, Freddie Mac and Fannie Mae, which are designed to assist low- and moderate-income borrowers, which include:

- **Freddie Mac Home Possible** – This home mortgage program offers various flexibilities to assist low- and moderate-income borrowers attain homeownership. The program includes options for low down payments, reduced mortgage insurance coverage levels, closing cost funding options, and flexible underwriting standards.
- **Fannie Mae Home Ready Loan Program** – This loan program was designed to assist creditworthy low-income borrowers attain homeownership. The program has flexible guidelines and requires homeownership counseling.
- **Freddie Mac Home One** – This program offers down payment requirements as low as three percent to qualified first-time homebuyers. There are no borrower geographic or income limits. Homebuyer education is required for purchase transactions when all borrowers are first-time homebuyers.

UCB also participates in a number of other grant and downpayment programs that may be used in conjunction with the aforementioned programs. These programs have various income guidelines and flexibilities that may particularly benefit low- and moderate-income borrowers.

- **Federal Home Loan Bank of Chicago Downpayment Plus Program (DPP)** - This program provides down payment and closing cost assistance for income-eligible homebuyers. The assistance is provided in the form of a forgivable grant paid on behalf of the borrower and forgiven on a monthly basis over a five-year retention period.

- **Very Low Income Purchase Loans** – Both Fannie Mae and Freddie Mac offer this program component for eligible borrowers purchasing their first home. Qualifying, first time homebuyers can receive a \$2,500 credit to assist with their down payment and other costs at closing.
- **Fannie Mae Community Seconds** - A Community Seconds loan is subordinate financing that is originated under an affordable housing program. These loans are used as sources of funds for down payment. Records indicate that this program has generally been used in conjunction with DPP grants throughout the review period.
- **AMI LLPA Waiver** - Both Fannie Mae and Freddie Mac offer waivers to qualifying first time homebuyers in areas with median incomes at or below the national average. The waivers have an impact on interest rates that can make purchasing homes in targeted areas more affordable.

In addition to these programs, the bank provides mitigation services for borrowers facing foreclosure on their primary residences. UCB's internal loss mitigation program considers various options such as refinancing, restructures, or modifications depending on the individual borrower's circumstances. The bank also makes use of state sponsored, federally funded programs called Homeowners Assistance Funds. These programs provide assistance for borrowers experiencing hardships for reasons such as unemployment, underemployment, or decrease or loss in business income. UCB has utilized these programs for borrowers in Illinois, Missouri, Indiana, and Wisconsin for 42 borrowers throughout the review period.

UCB also participates in various loan programs that utilize government guaranties to assist commercial and agricultural borrowers.

- **Small Business Administration (SBA) Loans** – The SBA offers small business loan guarantees that can help cover startup costs, working capital needs, expansions, and real estate purchases as examples. These loans generally provide lower terms and longer amortization periods for small businesses than they may be able to obtain with conventional financing. UCB participates in the SBA 7(a), Express, and 504 programs.
- **Farmer Mac** - Farmer Mac enables lenders to offer more competitive terms and a full suite of products including long-term fixed rate loans.
- **United States Department of Agriculture (USDA) Farm Service Agency (FSA)** – The USDA FSA offers guaranteed loan programs to help family farmers and ranchers obtain loans to buy farmland or finance agricultural production. UCB participates in the Beginning Farmer Program, which is designed to help new entrants to the agricultural market and has specific eligibility requirements. The program has flexible terms, which can be especially beneficial for smaller farmers looking to establish their operations.

Some of the programs can be utilized in conjunction with one another, but each activity is noted individually in the table above. The table also contains information about loan amounts rather than dollar amounts for grants awarded, when applicable.

## **Community Development Loans**

The institution made a relatively high level of community development loans. During the evaluation period, UCB originated 250 qualifying community development loans totaling \$294.3 million within the bank's assessment areas, and an additional 52 community development loans totaling \$150.6 million outside of the assessment areas but benefited the greater statewide or regional area. As the bank met the community development needs within the assessment areas, these loans were also considered. These lending activities include qualified loans originated in the newer portions of the assessment area that are not evaluated separately in this evaluation.

The bank's level of community development lending represents a significant increase in the dollar volume of loans since the previous evaluation when the bank reported 383 loans totaling \$210.1 million. The bank's total community development lending represented 21.7 percent of average total loans, 12.7 percent of average total assets, as well as 11.5 percent of total assets as of December 31, 2024. This level of activity represents an increase by percentage from the previous evaluation when the bank's community development lending comprised 6.0 percent of total assets and 12.0 percent of total loans.

Performance was compared to four similarly situated institutions operating in the area that were also reviewed under Interagency Large Bank Examination Procedures during the review period. The ratio of community development lending as a percentage of total loans for these institutions ranged from 7.4 percent to 19.9 percent and as a percentage of total assets ranged from 4.7 percent to 16.0 percent. UCB's performance is consistent with other institutions with an adequate to high volume of qualified community development lending.

UCB originated community development loans in all of its assessment areas, generally commensurate with the overall activity in each area. As detailed in the following table, the community development loans met the needs of the bank's assessment areas and included loans for affordable housing, community service, economic development, and to revitalize and stabilize low and moderate-income areas.

<b>Community Development Lending - Overall Assessment Area</b>										
<b>Assessment Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
IL Non-MSA	84	6,959	5	583	24	94,493	18	21,358	<b>131</b>	<b>123,393</b>
Springfield MSA	44	8,691	4	4,863	5	41,825	5	9,538	<b>58</b>	<b>64,917</b>
St. Louis MSA	26	2,850	3	3,211	7	25,600	14	39,045	<b>50</b>	<b>70,706</b>
Bloomington MSA	1	61	-	-	-	-	-	-	<b>1</b>	<b>61</b>
MO Non-MSA	-	-	-	-	7	26,500	3	8,719	<b>10</b>	<b>35,219</b>
Statewide/Regional Activities	19	29,263	1	300	14	56,557	18	64,493	<b>52</b>	<b>150,613</b>
<b>Total</b>	<b>174</b>	<b>47,824</b>	<b>13</b>	<b>8,957</b>	<b>57</b>	<b>244,975</b>	<b>58</b>	<b>143,153</b>	<b>302</b>	<b>444,909</b>
<i>Source: Bank records</i>										

The following table details community development lending by year and purpose. Refer to the separate assessment area sections of this evaluation for more specific information.

<b>Community Development Lending - Overall Assessment Area</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2022	72	8,745	8	8,222	20	81,504	16	42,058	116	140,529
2023	64	7,105	4	680	20	58,916	25	64,083	113	130,784
2024	38	31,974	1	55	17	104,555	17	37,012	73	173,596
<b>Total</b>	<b>174</b>	<b>47,824</b>	<b>13</b>	<b>8,957</b>	<b>57</b>	<b>244,975</b>	<b>58</b>	<b>143,153</b>	<b>302</b>	<b>444,909</b>
<i>Source: Bank records</i>										

Examples of the community development lending activity in the broader statewide or regional area include:

- A \$2.5 million loan was originated to continue to operate a healthcare facility located in a low-income census tract. This organization provides permanent jobs for low- and moderate-income individuals and its operations have a stabilizing economic impact on the area.
- The bank originated a \$1.4 million loan to purchase a strip mall in a moderate-income geography. This activity will have a stabilizing effect by attracting more people to the area and through the creation of new permanent jobs, some of which may be for low- and moderate-income individuals.
- A \$14.3 million loan was originated to refinance a multifamily apartment complex in a moderate-income geography. The complex has 152 units that are all leased for rates that are below the fair market rent for the area, which supports affordable housing.

## **INVESTMENT TEST**

The Investment Test rating is High Satisfactory. A significant level of investment and grant activity coupled with good responsiveness supports this rating.

### **Investment and Grant Activity**

The institution has a significant level of qualified community development investments and grants, particularly those that are not routinely provided by private investors, occasionally in a leadership position. Overall, the bank's total investments and donations during the evaluation period was \$113.9 million, which is 73.8 percent higher than the prior evaluation. During this period, the bank made or held 186 investments totaling \$113.2 million and made 499 donations totaling approximately \$725,000. The bank addressed needs within its assessment areas, so examiners also

considered various investments made that benefitted statewide and regional areas. The bank made or held 44 qualified investments totaling nearly \$22.2 million outside of the assessment areas.

Total investments represented 10.5 percent of average total securities and 3.1 percent of average total assets throughout the evaluation period and also accounted for 2.8 percent of total assets as of December 31, 2024. Examiners compared this performance against four similarly situated institutions with investments compared to total assets ratios ranging from 0.7 percent to 5.5 percent. UCB's performance was comparable to two of the banks with a significant level of community development investments. The bank's investments and donations supported all four community development categories, with the largest dollar volume of investments in affordable housing initiatives. The following tables detail the bank's investments by year and purpose. Refer to the separate assessment area sections of this evaluation for more information.

<b>Qualified Investments - Overall Assessment Area</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	40	20,430	43	20,520	8	4,424	4	2,053	<b>95</b>	<b>47,427</b>
2022	14	19,019	15	7,199	2	1,365	0	-	<b>31</b>	<b>27,583</b>
2023	11	14,411	37	8,960	1	560	1	215	<b>50</b>	<b>24,146</b>
2024	6	10,204	4	3,860	0	-	0	-	<b>10</b>	<b>14,064</b>
<b>Subtotal</b>	<b>71</b>	<b>64,064</b>	<b>99</b>	<b>40,539</b>	<b>11</b>	<b>6,349</b>	<b>5</b>	<b>2,268</b>	<b>186</b>	<b>113,220</b>
Qualified Grants & Donations	3	<1	400	575	57	118	39	32	<b>499</b>	<b>725</b>
<b>Total</b>	<b>74</b>	<b>64,064</b>	<b>499</b>	<b>41,114</b>	<b>68</b>	<b>6,467</b>	<b>44</b>	<b>2,300</b>	<b>685</b>	<b>113,945</b>

*Source: Bank records*

Notable activities conducted during the review period include:

- UCB purchased a \$1.9 million bond that financed two municipal projects. The largest part of the proceeds was utilized to expand the community library, and the other portion was used to construct a pool and other park upgrades. These projects are located in areas where a majority of residents are low- and moderate-income.
- A \$1 million bond was purchased that funded improvements to educational facilities where a majority of students qualify for free or reduced lunches.
- The bank purchased a \$3.7 million targeted mortgage-backed security. The bond is collateralized by mortgages from low- and moderate-income borrowers within Collier County, Florida. These investments promote affordable housing throughout the assessment area.

As detailed in the following table, the bank's activity by assessment area is generally consistent with overall operations in each area.

<b>Qualified Investments – Overall Assessment Area</b>										
<b>Assessment Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
IL Non-MSA	6	4,574	271	19,447	34	802	25	246	336	25,069
Springfield	43	35,334	64	7,417	2	1,595	-	-	109	44,346
St. Louis	17	11,634	117	5,906	19	33	16	221	169	17,794
Bloomington	3	3,457	1	<1	-	-	-	-	4	3,457
MO Non-MSA	-	-	20	1,013	3	23	-	-	23	1,036
Regional/Statewide Activities	5	9,065	26	7,331	10	4,014	3	1,833	44	22,243
<b>Total</b>	<b>74</b>	<b>64,064</b>	<b>499</b>	<b>41,114</b>	<b>68</b>	<b>6,467</b>	<b>44</b>	<b>2,300</b>	<b>685</b>	<b>113,945</b>
<i>Source: Bank records</i>										

### **Responsiveness to Credit and Community Development Needs**

UCB exhibits good responsiveness to credit and community economic development needs. Investments were purchased and maintained with community development purposes pertinent to the needs of the assessment areas. The majority of qualified investments promoted affordable housing, which is a primary need identified by community contacts.

### **Community Development Initiatives**

The bank rarely uses innovative or complex investments to support community development initiatives. The investments noted above are useful and help promote community development; however, they are generally not innovative or complex by nature.

### **SERVICE TEST**

The Service Test rating is High Satisfactory. Performance in the Illinois Non-MSA, Springfield MSA, and St. Louis MSA primarily support this conclusion.

### **Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of the institution's assessment areas. Performance under this criterion is generally consistent across all assessment areas. The bank's offices are well positioned to serve the needs of low- and moderate-income communities in most assessment areas. The bank operates three branches in distressed middle-income tracts, which provides additional support.



The bank's alternate delivery systems promote the availability of banking services to its entire customer base, including low- and moderate-income customers. Alternative delivery channels include ATMs, internet and mobile banking, electronic bill pay, mobile deposit, and telephone banking. Customers also have access to products or services, such as debit cards, direct deposit, and automatic withdrawals and transfers from deposit accounts. The bank's website provides customers with the ability to conduct various banking transactions. Business services include remote deposit capture, merchant services, and mobile banking. The bank also participates in the MoneyPass ATM Network, which consists of a nationwide branch network encompassing approximately 40,000 surcharge-free ATMs. These methods of delivery systems are accessible from any location and help provide 24-hour access to customer accounts. The following table includes details regarding the branch and ATM distribution throughout the overall assessment area.

<b>Branch and ATM Distribution by Geography Income Level</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	14	8.9	34,295	6.5	2	4.4	3	5.1
Moderate	39	24.8	113,860	21.4	8	17.8	12	20.3
Middle	70	44.6	250,089	47.1	26	57.8	35	59.3
Upper	33	21	131,240	24.7	9	20.0	9	15.3
NA	1	0.6	2,043	0.3	-	-	-	-
<b>Totals</b>	<b>157</b>	<b>100.0</b>	<b>531,527</b>	<b>100.0</b>	<b>45</b>	<b>100.0</b>	<b>59</b>	<b>100.0</b>
<i>Sources: 2020 U.S. Census &amp; Bank Data. Due to rounding, totals may not equal 100.0%.</i>								

### **Changes in Branch Locations**

To the extent changes have been made, the institution's opening of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. UCB opened a full-service branch in Naples, Florida, which is an upper-income census tract in Collier County. No other branches were opened or closed during the review period.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. Overall, branch hours are considered convenient and comparable to other financial institutions in the area.

### **Community Development Services**

The institution provides a relatively high level of community development services. Over the course of the evaluation period, bank employees provided 640 instances of financial expertise or technical assistance to community development-related organizations throughout the combined

assessment areas. This figure includes 284 instances of bank staff providing technical expertise to mortgage applicants seeking assistance with the FHLB Downpayment Plus grant program. The remaining 356 services involved technical assistance to 105 organizations throughout the bank's assessment areas. Bank staff reported a total of 3,163 hours of community service. The current level of qualified services is comparable to the previous evaluation period. UCB's performance is consistent with similarly-situated banks, which reported services ranging from 327 to 1,159.

The following tables detail UCB's community development services throughout each assessment area since the previous evaluation, and activity by year. Many of the qualified community development services involve extensive employee involvement, such as serving as an officer or director of a community development organization. These types of services are counted as one service per calendar year but receive greater qualitative weight when arriving at overall performance conclusions.

<b>Community Development Services by Rated Area – Overall Assessment Area</b>					
<b>Rated Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
IL Non-MSA	91	157	40	3	<b>291</b>
Springfield MSA	46	34	-	-	<b>80</b>
St. Louis MSA	53	18	15	4	<b>90</b>
Bloomington MSA	1	-	-	-	<b>1</b>
MO Non-MSA	2	65	7	-	<b>74</b>
Regional Activities	99	3	2	-	<b>104</b>
<b>Total</b>	<b>292</b>	<b>277</b>	<b>64</b>	<b>7</b>	<b>640</b>
<i>Source: Bank records</i>					

<b>Community Development Services by Year – Overall Assessment Area</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2022	81	113	22	4	<b>220</b>
2023	103	99	24	2	<b>228</b>
2024	108	65	18	1	<b>192</b>
<b>Total</b>	<b>292</b>	<b>277</b>	<b>64</b>	<b>7</b>	<b>640</b>
<i>Source: Bank Records</i>					

Some of the notable community development services include:

- A bank employee provides financial expertise for an organization that is dedicated to

advancing economic development efforts in the broader statewide/regional area. This organization works in a variety of ways to attract and retain local businesses, promote employment, and assist local government with development efforts.

- Bank staff provided technical assistance to 185 borrowers seeking to obtain downpayment assistance grants through the FHLB Downpayment Plus program. Assistance was provided for various other similar programs as well.

In addition to the services reflected in the above tables, UCB's wholly-owned mortgage lending subsidiary, BancMac, maintains agreements with nearly 60 correspondent banks or third-party originators (TPOs) throughout Illinois, Iowa, Nebraska, and Missouri for the purchase of conventional, Veterans Administration, U.S. Department of Agricultural Rural Housing, and Federal Housing Administration mortgage loans. Most of these institutions are smaller community banks that do not have the technical expertise or resources to offer these programs. BancMac's technical assistance to the smaller community banks in providing affordable housing loan programs is positively considered as community development services. Banc Mac loan activity is included throughout this evaluation.

Further discussion of the bank's community development services can be found in the separate assessment area sections of this evaluation.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## **STATE OF ILLINOIS**

### **CRA RATING FOR ILLINOIS: SATISFACTORY**

**The Lending Test is rated: Low Satisfactory**

**The Investment Test is rated: High Satisfactory**

**The Service Test is rated: High Satisfactory**

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN ILLINOIS**

UCB has designated four assessment areas in the State of Illinois. The bank operates 14 branches in the Springfield MSA, 20 branches in the Illinois Non-MSA, eight branches in the St. Louis MSA, and one branch in the Bloomington MSA. Further discussion of UCB's operations in each assessment area is located in the separate sections of this evaluation.

## **SCOPE OF EVALUATION – ILLINOIS**

The rating for the State of Illinois is based upon full-scope reviews of the bank's performance in all four assessment areas. A majority of the bank's operations are in the Springfield and Illinois Non-MSA assessment areas. These two areas combined account for 80.0 percent of the bank's deposits as of June 30, 2024 and 83.1 percent of the reported loan activity from 2022 – 2024. As a result, these two assessment areas carry the most weight in the overall ratings, followed by the St. Louis MSA. Activity in the Bloomington MSA carried minimal weight in the overall ratings due to the limited activities conducted in that area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN ILLINOIS**

### **LENDING TEST**

#### **Lending Activity**

Lending levels reflect adequate responsiveness to assessment area credit needs. Performance was consistent in the Illinois Non-MSA, Springfield MSA, and St. Louis MSA assessment areas. As previously mentioned, lending and community development activities were too nominal in Bloomington to draw meaningful conclusions.

#### **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the assessment areas. Performance was consistent in all assessment areas within the State of Illinois, with the exception of Bloomington.

#### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and small business and small farm customers of different sizes. Performance was consistent in all assessment areas within the State of Illinois, with the exception of Bloomington.

#### **Innovative or Flexible Lending Practices**

The institution uses innovative or flexible lending practices to serve the assessment area's needs. Performance was consistent in all assessment areas within the State of Illinois, with the exception of Bloomington.

#### **Community Development Loans**

UCB made a relatively high level of community development loans in the Illinois assessment areas. Performance was consistent in all assessment areas within the State of Illinois, with the

exception of Bloomington. UCB made 240 loans totaling \$259.1 million in the Illinois assessment areas. The community development loan activity was most prominent in the Illinois Non-MSA. The table below provides additional details. Refer to each assessment area for more information.

Community Development Lending – State of Illinois										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022	66	6,758	8	8,222	11	30,625	11	21,781	96	67,386
2023	58	6,429	3	380	13	36,500	16	26,206	90	69,515
2024	31	5,374	1	55	12	94,793	10	21,954	54	122,176
<b>Total</b>	<b>155</b>	<b>18,561</b>	<b>12</b>	<b>8,657</b>	<b>36</b>	<b>161,918</b>	<b>37</b>	<b>69,941</b>	<b>240</b>	<b>259,077</b>
<i>Source: Bank records</i>										

## INVESTMENT TEST

### Investment and Grant Activity

The institution has a significant level of qualified community development investments and grants, and occasionally in a leadership position. UCB made or held 618 qualified investments and donations totaling \$90.7 million in the Illinois assessment areas. The investment and grant activity was most prominent in the Springfield MSA. The table below provides additional details. Refer to each assessment area for additional information.

Qualified Investments – State of Illinois										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	40	20,430	31	14,703	5	2,343	1	220	77	37,696
2022	14	19,019	12	4,699	0	-	0	-	26	23,718
2023	11	14,411	37	8,960	0	-	1	215	49	23,586
2024	1	1,140	4	3,860	0	-	0	-	5	5,000
<b>Subtotal</b>	<b>66</b>	<b>55,000</b>	<b>84</b>	<b>32,222</b>	<b>5</b>	<b>2,343</b>	<b>2</b>	<b>435</b>	<b>157</b>	<b>90,000</b>
Qualified Grants & Donations	3	<1	369	548	50	87	39	31	461	666
<b>Total</b>	<b>69</b>	<b>55,000</b>	<b>453</b>	<b>32,770</b>	<b>55</b>	<b>2,430</b>	<b>41</b>	<b>466</b>	<b>618</b>	<b>90,666</b>
<i>Source: Bank records</i>										

### **Responsiveness to Credit and Community Development Needs**

The institution exhibits good responsiveness to the credit and community economic development needs. Investments and donations were made primarily to support community services for low- and moderate-income individuals.

### **Community Development Initiatives**

The bank rarely uses innovative or complex investments to support community development initiatives. The investments and grants noted above are useful and help promote community development; however, they are generally not innovative or complex by nature.

### **SERVICE TEST**

### **Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of the institution's Illinois assessment areas. Including the main office, UCB currently maintains 43 offices in the assessment areas within the State of Illinois. The bank has two branches in low-income tracts, and eight branches in moderate-income tracts. In addition to 57 ATMs, the bank offers other alternative delivery systems such as telephone banking, mobile banking, and online banking.

### **Changes in Branch Locations**

The bank has not opened or closed any branches in this assessment area since the prior evaluation.

### **Reasonableness of Business Hours and Services**

Services, (including business hours) do not vary in a way that inconveniences certain portions of the Illinois assessment areas, particularly low- and moderate-income geographies and individuals. The same services and products are available at branches throughout the assessment areas. Most branches have drive-up services, 24-hour ATMs, and Saturday business hours. Branch hours are convenient and comparable to other financial institutions.

### **Community Development Services**

UCB provides a relatively high level of community development services. This conclusion is based on available opportunities and considers the bank's presence in the assessment areas. Activity was most prominent in the Illinois Non-MSA. Refer to each assessment area for additional information.

<b>Community Development Services – State of Illinois</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2022	55	95	19	4	<b>173</b>
2023	67	68	20	2	<b>157</b>
2024	69	46	16	1	<b>132</b>
<b>Total</b>	<b>191</b>	<b>209</b>	<b>55</b>	<b>7</b>	<b>462</b>
<i>Source: Bank Records</i>					

## **ILLINOIS NON-MSA – Full Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ILLINOIS NON-MSA ASSESSMENT AREA**

UCB’s designated assessment area includes eight counties in nonmetropolitan areas of Illinois. These counties are not contiguous but are adjacent to other MSA assessment areas. Collectively, the bank operates 20 branches and 27 ATMs in the Illinois Non-MSA. The current Illinois Non-MSA designated areas include the following:

Adams, Brown, Greene, Hancock, McDonough, Pike, and Scott Counties: This seven county area is located on the eastern edge of the state and UCB operates 18 branches in the area. Two portions of the area include tracts that were designated as distressed or underserved during the review period. Five census tracts in McDonough County were designated as distressed due to poverty in 2024. There was also one tract in Brown County that was designated as underserved/remote rural from 2022 – 2024.

Logan County: Logan County is located directly north of the Springfield MSA. The AA includes five of the eight tracts in the county and there are two locations, one in Elkhart and one in Lincoln.

These areas were separately analyzed, and generally consistent performance was observed; therefore, demographic information and details of the bank’s performance were combined and presented collectively as the Illinois Non-MSA assessment area. As of June 30, 2024, this assessment area accounted for 35.5 percent of the bank’s deposits, which is the second highest of all the bank’s assessment areas. From 2022-2024, 52.1 percent of reported loans were originated in this assessment area, which is the highest penetration of all the assessment areas.

## **Economic and Demographic Data**

This assessment area includes 56 census tracts that comprise the IL Non-MSA assessment area. According to 2020 Census data, these tracts reflect the following income designations:

- 2 low-income,
- 5 moderate-income,
- 35 middle-income,
- 13 upper-income, and
- 1 tract with no income designation (NA).

Demographic Information of the Assessment Area						
Assessment Area: Illinois Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	56	3.6	8.9	62.5	23.2	1.8
Population by Geography	167,494	2.2	6.9	64.8	24.9	1.2
Housing Units by Geography	81,308	3.0	7.5	65.0	24.5	0.1
Owner-Occupied Units by Geography	49,888	1.2	5.9	68.1	24.7	0.0
Occupied Rental Units by Geography	19,075	6.0	9.2	60.8	23.8	0.1
Vacant Units by Geography	12,345	5.1	11.2	58.7	24.8	0.2
Businesses by Geography	12,930	6.5	5.4	64.0	23.9	0.2
Farms by Geography	1,556	0.6	1.6	75.1	22.6	0.0
Family Distribution by Income Level	42,405	19.4	17.5	21.1	42.0	0.0
Household Distribution by Income Level	68,963	25.2	16.0	17.8	41.0	0.0
Median Family Income Non-MSAs – IL		\$67,835	Median Housing Value			\$109,018
			Median Gross Rent			\$681
			Families Below Poverty Level			9.3%
Sources: 2020 U.S. Census and 2024 D&B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.						

The bank's performance under the geographic distribution criterion was compared to the respective area demographics and aggregate lending data for each product line. For home mortgage lending, the bank's lending performance was compared to the percentage of owner-occupied units located within geographies by income level and against HMDA aggregate lending. Small business and small farm lending was evaluated by comparing the bank's lending to the percentage of each type of operation in the respective tract income categories based on D&B data and aggregate lending data. These characteristics provide some insight into the credit needs and demand in low- and moderate-income geographies, which are considered when evaluating geographic lending patterns. Please see the previous table for additional details.



Performance under the borrower profile criterion also compares the respective area demographics and aggregate lending data for each product line. The 2023 and 2024 FFIEC-updated median family income levels are used to analyze home mortgage loans under this criterion. The following table illustrates how those figures translate to low-, moderate-, middle-, and upper-income bands for the purpose of determining the bank's lending to borrowers of different income levels. The bank's performance under this criterion is compared to the percentage of families by income level and to HMDA aggregate lending levels.

<b>Median Family Income Ranges – Illinois Non-MSA</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2023 (\$82,300)	<\$41,150	\$41,150 to <\$65,840	\$65,840 to <\$98,760	≥\$98,760
2024 (\$82,800)	<\$41,400	\$41,400 to <\$66,240	\$66,240 to <\$99,360	≥\$99,360
<i>Source: FFIEC</i>				

According to 2024 D&B data, the assessment area contains 12,930 non-farm businesses with the following gross annual revenues: 81.5 percent reported \$1 million or less, 4.1 percent have more than \$1 million, and 14.4 percent have unknown revenues. Farming operations are also prevalent in the more rural portions of the assessment area. The assessment area contains 1,556 farming operations, and 98.3 percent reported revenues of \$1 million or less.

Service industries represent the largest portion of businesses in the assessment area at 31.8 percent; followed by retail trade (11.7 percent); agriculture, forestry, and fishing (10.7 percent), and finance, insurance, and real estate (8.8 percent). In addition, 63.9 percent of assessment area businesses have four or fewer employees, and 86.8 percent operate from a single location. According to local economic development organizations throughout the assessment area, major employers include two large hospitals, several manufacturing facilities, Western Illinois University, as well as local school districts and municipalities. Agriculture is prevalent in many of these areas, with the exception of Macomb, which is located in McDonough County and is more urban. As detailed in the following table, unemployment rates in most of the counties in the assessment area remain similar to the state and national unemployment rates.

<b>Unemployment Rates –Illinois Non-MSA</b>			
	<b>2023</b>	<b>2024</b>	<b>January 2025</b>
<b>Area</b>	<b>%</b>	<b>%</b>	<b>%</b>
Adams County	3.4%	3.6%	3.6%
Brown County	3.1%	3.0%	2.7%
Greene County	4.3%	4.0%	4.5%
Hancock County	3.9%	3.9%	4.2%
Logan County	4.6%	4.9%	5.3%
McDonough County	4.3%	4.4%	4.4%
Pike County	4.7%	4.7%	5.6%
Scott County	5.2%	5.2%	7.1%
State of Illinois	4.5%	5.0%	4.4%
National Average	3.6%	4.0%	5.0%
<i>Source: U.S. Bureau of Labor Statistics</i>			

## **Competition**

The assessment area has a competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2024, there were 42 financial institutions operating 108 offices within the assessment area. UCB maintains a 19.0 percent deposit market share in the combined area, ranking first among all institutions. According to 2023 HMDA aggregate lending data, UCB had a 12.3 percent market share and ranked first, in both the number and dollar volume of loans, among 194 lenders that reported home mortgage originations or purchases in the assessment area.

According to 2023 CRA aggregate data, UCB ranked second in small business and first in small farm lending in the assessment area by dollar volume. For small business lending, the bank had a 44.5 percent market share among the 63 reporting lenders. For small farm lending, UCB had a 52.2 percent market share among the 25 reporting lenders.

## **Community Contacts**

Examiners reviewed three recently conducted contacts to assist in identifying credit needs and opportunities in the Illinois Non-MSA. Two contacts were from economic development organizations in the area and the other focused primarily on community services. In addition to the primary focus areas noted, the contacts also discussed local economic conditions, housing trends, and local credit needs.

All of the contacts explained that the local economies seem to be recovering from a downturn during the pandemic. One contact noted that area residents often travel nearby to larger communities for employment. Another contact noted the need for an adequate and skilled job force. All three contacts identified the need for affordable housing throughout the assessment area. They noted that the supply of low- and moderately-priced housing is very limited, and that there has been minimal new construction development. The contacts noted that businesses in the community are

generally doing well. One contact noted there have been new manufacturing and retail businesses that have opened, and another noted that small business lending continues to be a credit need. Further, in addition to larger farming operations, many communities in the area have farmers markets and very small farming operations. The contacts stated that the banks in the area are responsive to local credit needs overall and help support economic stability and growth in the respective communities.

### **Credit and Community Development Needs and Opportunities**

Considering information from community contacts, bank management, and demographic and economic data, examiners determined that loans for low- and moderate-income individuals, small businesses, and small farms are important needs in the area. In particular, the percentage of low- and moderate-income families at 36.9 percent and 81.5 percent of businesses with GARs of \$1 million or less in the assessment area support this conclusion. The need for affordable housing was identified by the contacts. Opportunities were identified for small business lending, economic development, and supporting community service organizations throughout the area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE ILLINOIS NON-MSA ASSESSMENT AREA**

### **LENDING TEST**

UCB demonstrated adequate performance under the Lending Test in the Illinois Non-MSA.

### **Lending Activity**

UCB's lending performance reflects adequate responsiveness to area credit needs. Adequate performance was noted for both the geographic distribution of loans and borrower profile for home mortgage loans, which is the most heavily weighted product. An adequate geographic distribution of small business and small farm loans also supports this conclusion. This area accounted for the highest share (52.1 percent) of all reported lending in 2022-2024, and the second highest share of deposits at 35.5 percent as of June 30, 2024. As previously mentioned, UCB ranked first for home mortgage and small farm lending in this assessment area out of 194 and 25 lenders respectively. The bank also ranked second among all 63 reporting small business lenders.

### **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the assessment area. Performance among all three product lines supports this conclusion. For this criterion, examiners focused on the percentage of loans by number in the low- and moderate-income census tracts. The only low-income census tracts in the assessment area are located in Adams County. The five moderate-income geographies are located in Adams, Greene, and McDonough counties. There were several changes to the income designations in this area between the 2015 ACS and 2020 Census data, which are reflected in the following table.

<b>Illinois Non-MSA Tract Income Level Changes</b>			
<b>County</b>	<b>2015 ACS - Tract Income Levels</b>	<b>2020 Census - Tract Income Levels</b>	<b>Branches</b>
Adams	Moderate (5), Middle (10), Upper (3)	Low (1), Moderate (2), Middle (12), Upper (3)	6
Brown	Middle (1), Upper (1)	Middle (1), Upper (1)	1
Greene	Moderate (2), Middle (3)	Moderate (2), Middle (2), Upper (1)	2
Hancock	Middle (7)	Middle (5), Upper (2)	3
Logan	Middle (4), Upper (1)	Middle (3), Upper (2)	2
McDonough	Low (1), Moderate (2), Middle (4), Upper (3)	Moderate (1), Middle (5), Upper (4), NA (1)	4
Pike	Middle (5)	Middle (5)	1
Scott	Middle (2)	Middle (2)	1
<i>Sources: Bank records, 2015 ACS data, 2020 Census data.</i>			

### ***Home Mortgage Lending***

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. UCB's lending performance in low-income tracts was comparable to or exceeded aggregate lending levels and area demographics both years. The bank's lending levels in moderate-income geographies were also comparable to aggregate lending levels and area demographics for both years.

The following table provides specific details on the bank's home mortgage lending within the assessment area.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Assessment Area: Illinois Non-MSA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2023	1.2	1.2	9	2.5	741	2.5
2024	1.2	--	6	1.5	562	1.5
Moderate						
2023	5.9	7.4	24	6.6	1,313	4.4
2024	5.9	--	26	6.4	1,859	4.9
Middle						
2023	73.9	69.0	256	70.9	21,116	71.1
2024	68.1	--	259	63.8	24,946	65.1
Upper						
2023	19.0	22.4	72	19.9	6,548	22.0
2024	24.8	--	115	28.3	10,942	28.5
<b>Totals</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>361</b>	<b>100.0</b>	<b>29,718</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>406</b>	<b>100.0</b>	<b>38,309</b>	<b>100.0</b>
<i>Sources: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

### ***Small Business Lending***

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area, including low- and moderate-income census tracts. Performance in the low-income tracts exceeded aggregate lending levels both years. Performance in the moderate-income geographies slightly trailed but was comparable to aggregate lending levels.

Geographic Distribution of Small Business Loans						
Assessment Area: Illinois Non-MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	6.8	6.5	29	9.3	5,323	13.3
2024	6.5	--	27	7.6	4,174	11.1
Moderate						
2023	5.4	4.0	8	2.6	442	1.1
2024	5.4	--	4	1.1	233	0.6
Middle						
2023	68.5	69.0	214	68.6	26,224	65.8
2024	64.2	--	237	66.8	23,505	62.3
Upper						
2023	19.3	20.5	61	19.5	7,892	19.8
2024	23.9	--	87	24.5	9,789	26.0
Totals						
2023	100.0	100.0	312	100.0	39,881	100.0
2024	100.0	--	355	100.0	37,701	100.0
Sources: 2023 & 2024 D&B Data; Bank Data; 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.						

### ***Small Farm Lending***

The geographic distribution of small farm loans reflects adequate penetration throughout the assessment area. As detailed in the following table, very few farming operations are located in the low- and moderate-income geographies in this assessment area. Less than one percent of farms are located in low-income geographies and similar to UCB, aggregate lending data reflects no activity in these areas. UCB's lending in moderate-income tracts is also comparable to aggregate lending levels. Given the limited opportunities to lend to farming operations in the low- and moderate-income geographies, the bank's performance is considered reasonable.

Geographic Distribution of Small Farm Loans						
Assessment Area: Illinois Non-MSA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	0.7	0.0	0	0.0	0	0.0
2024	0.6	--	0	0.0	0	0.0
Moderate						
2023	1.4	0.7	3	0.6	543	0.8
2024	1.6	--	4	0.7	473	0.7
Middle						
2023	81.5	85.7	446	90.7	60,077	90.6
2024	75.1	--	456	84.9	59,518	86.0
Upper						
2023	16.4	13.6	43	8.7	5,670	8.6
2024	22.7	--	77	14.4	9,248	13.3
Totals						
2023	100.0	100.0	492	100.0	66,290	100.0
2024	100.0	--	537	100.0	69,239	100.0

Sources: 2023 & 2024 D&B Data; Bank Data; 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.

### **Borrower Profile**

The distribution of borrowers reflects good penetration among borrowers of different income levels and businesses and farms of different sizes in the assessment area. This conclusion is primarily supported by small business and small farm lending performance, followed by home mortgage lending that provided additional support.

### ***Home Mortgage Lending***

The distribution of home mortgage loans to borrowers of different income levels, particularly low- and moderate-incomes, reflects adequate penetration. According to the 2020 U.S. Census, a total of 9.3 percent of families in the assessment area live below the poverty level. The ability to qualify for a home mortgage loan, particularly under conventional financing would be challenging, which limits the demand and opportunity to lend to these lower-income families. This is a factor considered when analyzing the bank's lending performance in the assessment area and may partially account for the difference between aggregate lending levels and area demographics. Despite these factors, UCB's performance exceeded aggregate lending levels to low-income borrowers in 2023, but did reflect a decline in 2024. As detailed in the following table, lending to moderate-income borrowers was comparable to aggregate in 2023, and increased in 2024.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Illinois Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	19.8	14.1	63	17.5	3,656	12.3
2024	19.4	--	41	10.1	2,367	6.2
Moderate						
2023	17.9	22.9	83	23.0	5,973	20.1
2024	17.5	--	120	29.6	9,330	24.4
Middle						
2023	21.3	20.3	64	17.7	5,084	17.1
2024	21.1	--	89	21.9	8,579	22.4
Upper						
2023	41.0	25.0	128	35.5	12,753	42.9
2024	42.0	--	131	32.3	15,940	41.6
Not Available						
2023	0.0	17.7	23	6.3	2,252	7.6
2024	0.0	--	25	6.1	2,092	5.4
Totals						
2023	100.0	100.0	361	100.0	29,718	100.0
2024	100.0	--	406	100.0	38,308	100.0
Sources: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.						

### ***Small Business Lending***

The distribution of small business loans reflects excellent penetration among businesses of different sizes in both 2023 and 2024. As detailed in the following table, UCB's level of loans to businesses with revenues of \$1 million or less exceeds aggregate lending levels by 16.9 percent. While the bank's level of lending is below the demographic comparative factor, the data includes all businesses in the assessment area, and not necessarily those operations seeking financing. UCB ranked second in lending to businesses of this size with a 44.5 percent market share in 2023, demonstrating the bank's ongoing commitment to meeting the needs of small businesses in this assessment area.



Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Illinois Non-MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2023	81.2	60.7	242	77.6	15,693	39.4
2024	81.5	--	265	74.6	16,430	43.6
>\$1,000,000						
2023	4.1	--	67	21.4	24,112	60.5
2024	4.0	--	77	21.7	20,938	55.5
Revenue Not Available						
2023	14.7	--	3	1.0	76	0.1
2024	14.5	--	13	3.7	333	0.9
<b>Totals</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>312</b>	<b>100.0</b>	<b>39,881</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>355</b>	<b>100.0</b>	<b>37,701</b>	<b>100.0</b>
<i>Sources: 2023 &amp; 2024 D&amp;B Data; Bank Data; 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### ***Small Farm Lending***

The distribution of small farm loans to borrowers reflects excellent penetration among farms of different sizes. As reflected in the following table, UCB's lending to farming operations with gross annual revenues of \$1 million or less exceeded aggregate performance by 21.7 percent. Lending performance is below the 98.2 percent of farms in the assessment area that reported revenues of \$1 million or less; however, it is noted that the demographic data includes all farms in the assessment area, and not necessarily those farming operations that have a need for financing. UCB ranked first in lending to farming operations of this size with a 52.2 percent market share in 2023, demonstrating their leadership in this assessment area.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Illinois Non-MSA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2023	98.2	70.2	452	91.9	54,161	81.7
2024	98.3	--	488	90.9	56,632	81.8
>\$1,000,000						
2023	0.8	--	40	8.1	12,129	18.3
2024	0.7	--	46	8.5	11,711	16.9
Revenue Not Available						
2023	1.0	--	0	0.0	0	0.0
2024	1.0	--	3	0.6	896	1.3
<b>Totals</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>492</b>	<b>100.0</b>	<b>66,290</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>537</b>	<b>100.0</b>	<b>69,239</b>	<b>100.0</b>
Sources: 2023 & 2024 D&B Data; Bank Data; 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.						

### Innovative or Flexible Lending Practices

UCB uses innovative or flexible lending practices in order to serve assessment area credit needs. As reflected in the following table, UCB made or facilitated 437 flexible loans totaling \$39.5 million in this assessment area during the current evaluation period.

Innovative or Flexible Lending Programs – Illinois Non-MSA								
Type of Program	2022		2023		2024		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
FHA	17	1,575	9	1,016	6	647	32	3,238
VA	1	77	2	173	3	465	6	715
USDA GRH	17	1,378	12	933	19	1,774	48	4,085
Home Possible	2	116	32	3,020	17	1,851	51	4,987
Home Ready	31	2,808	34	2,885	58	5,209	123	10,902
Home One	-	-	-	-	-	-	-	-
SBA	-	-	-	-	2	380	2	380
FarmerMac	1	800	1	130	1	1,602	3	2,532
DPP	22	1,761	35	2,504	28	1,902	85	6,167
VLIP	-	-	-	-	21	1,427	21	1,427
Community Seconds	15	1,231	19	1,421	18	1,119	52	3,771
LLPA Waiver	-	-	14	1,317	-	-	14	1,317
<b>Totals</b>	<b>106</b>	<b>9,746</b>	<b>158</b>	<b>13,399</b>	<b>173</b>	<b>16,376</b>	<b>437</b>	<b>39,521</b>
Source: Bank records								

All of these activities helped promote affordable homeownership for low- and moderate-income individuals, or supported small businesses and farms, which were identified needs in the assessment area.

### **Community Development Loans**

UCB made a relatively high level of community development loans in this assessment area. As reflected in the following table, the bank made 131 community development loans totaling \$123.4 million in this assessment area during the evaluation period. This represents 41.9 percent of the bank's total qualified lending, by dollar volume. This level of lending is a significant increase, by dollar volume, since the previous evaluation when the bank made 169 loans totaling \$66.1 million. This activity level also reflects a continuing upward trend for community development lending in this assessment area.

<b>Community Development Lending – Illinois Non-MSA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2022	37	3,048	3	383	6	8,600	6	2,225	52	14,256
2023	29	2,329	2	200	10	15,300	7	16,835	48	34,664
2024	18	1,582	-	-	8	70,593	5	2,298	31	74,473
<b>Total</b>	<b>84</b>	<b>6,959</b>	<b>5</b>	<b>583</b>	<b>24</b>	<b>94,493</b>	<b>18</b>	<b>21,358</b>	<b>131</b>	<b>123,393</b>
<i>Source: Bank Data</i>										

Notable examples of the bank's community development loans originated in the assessment area include:

- A \$12 million loan was extended to finance the renovation of a hotel located in a low-income census tract. This hotel will have a stabilizing impact on the area and will result in the creation of permanent jobs for low- and moderate-income residents.
- A series of loans totaling \$3 million was extended to help sustain the operations of a hotel located in a low-income census tract. This hotel will have a stabilizing impact on the area and result in the retention of permanent jobs for low- and moderate-income residents.
- The bank originated a \$3.5 million loan to finance the acquisition and renovation of a building that will house a large chain store that is entering the market. The building is in an area targeted for redevelopment by the City of Quincy. This activity supports economic development and will result in the creation of new permanent jobs, some of which may be for low- and moderate-income individuals.

## INVESTMENT TEST

UCB demonstrated good performance under the Investment Test in the Illinois Non-MSA assessment area. The bank's significant level of qualified investments and good responsiveness to community development needs supports this conclusion.

### Investment and Grant Activity

UCB has a significant level of qualified community investments and grants in this assessment area. As detailed in the following table, there were 336 qualified investments, grants, and donations totaling \$25.1 million. This level of activity represents 27.3 percent of the bank's total community development investment activity, by dollar amount. The investment and donation activity during this review period reflects roughly a 52 percent increase since the previous evaluation period. A majority of the bank's investments remain in municipal bonds that support various community service-related needs throughout the assessment area.

Qualified Investments – Illinois Non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	19	9,782	3	748	1	220	23	10,750
2022	1	2,090	7	2,069	-	-	-	-	8	4,159
2023	2	2,484	28	6,765	-	-	-	-	30	9,249
2024	-	-	2	595	-	-	-	-	2	595
<b>Subtotal</b>	<b>3</b>	<b>4,574</b>	<b>56</b>	<b>19,211</b>	<b>3</b>	<b>748</b>	<b>1</b>	<b>220</b>	<b>63</b>	<b>24,753</b>
Qualified Grants & Donations	3	<1	215	236	31	54	24	26	273	316
<b>Total</b>	<b>6</b>	<b>4,574</b>	<b>271</b>	<b>19,447</b>	<b>34</b>	<b>802</b>	<b>25</b>	<b>246</b>	<b>336</b>	<b>25,069</b>
<i>Source: Bank Data</i>										

Notable examples of qualified investments made or maintained by the bank during the current review period include:

- A \$5 million general obligation bond was purchased from a school district in a distressed middle-income geography. The bond funded improvements to educational facilities where a majority of students qualify for free or reduced lunches.
- The bank purchased a \$2.1 million targeted mortgage-backed security that is collateralized by mortgages from low- and moderate-income borrowers within a distressed middle-income geography and the surrounding area. These investments promote affordable housing throughout the assessment area.
- A \$1.5 million general obligation bond was purchased from a school district in an area designated as distressed due to poverty. The bond funded improvements to educational facilities where a majority of students qualify for free or reduced lunches.

## **Responsiveness to Credit and Community Development Needs**

UCB exhibits good responsiveness to credit and community economic development needs in the assessment area. Investments and grants made were consistent with the needs of the assessment area. A majority of the qualified investments and grants, by number and dollar volume, have supported community services, economic development, and affordable housing, which are needs identified by community contacts during the current evaluation period.

## **Community Development Initiatives**

The bank rarely uses innovative or complex investments to support community development initiatives. The investments and grants noted above are useful and help promote community development; however, they are generally not innovative or complex by nature.

## **SERVICE TEST**

The service performance reflects good responsiveness to the credit and community development needs in the IL Non-MSA.

## **Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of this assessment area. As reflected in the table below, UCB operates 20 offices and 27 ATMs in the IL Non-MSA. The branch dispersion is relatively consistent with the population in the respective income segments. Two locations in McDonough County are in middle-income tracts that were designated as distressed for poverty in 2024 and one location in Brown County is in an underserved rural tract. There are also branches located within very close proximity to low- and moderate-income geographies throughout the area, which helps the bank serve the banking and credit needs of those residents.

<b>Branch and ATM Distribution by Geography Income Level</b>								
<b>Illinois Non-MSA</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	2	3.6	3,685	2.2	2	10.0	3	11.1
Moderate	5	8.9	11,557	6.9	2	10.0	3	11.1
Middle	35	62.5	108,536	64.8	12	60.0	17	63.0
Upper	13	23.2	41,706	24.9	4	20.0	4	14.8
NA	1	1.8	2,010	1.2	-	-	-	-
<b>Totals</b>	<b>56</b>	<b>100.0</b>	<b>167,494</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>
<i>Sources: 2020 U.S. Census; Bank Data; Due to rounding, totals may not equal 100.0%.</i>								

The bank also continues to offer a variety of alternative delivery systems that increase the availability of its loan and deposit products. Most of these delivery systems utilize technology to

provide customers with 24-hour access to bank accounts and product information. The bank offers an internet and mobile banking service to pay bills and transfer funds. It is also a member of the Money Pass ATM network that provides customers with a broad base of surcharge-free ATM locations, including in low- and moderate-income census tracts throughout the area.

### **Changes in Branch Locations**

The bank has not opened or closed any branches in this assessment area since the prior evaluation.

### **Reasonableness of Business Hours and Services**

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income census tracts and/or individuals. Business hours are generally comparable to the market. All branch locations are equipped with ATMs with 24-hour access.

### **Community Development Services**

UCB provides a relatively high level of community development services. As detailed in the following table, 291 community development services were provided in this assessment area. The services in this assessment area account for 54.3 percent of the institution's total qualified activities. Approximately one quarter (29.2 percent) of the services are related to technical expertise provided to customers applying for the DPP program. As affordable housing for low- and moderate-income individuals is an identified credit need in this area, this activity reflects responsiveness.

<b>Community Development Services – Illinois Non-MSA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2022	25	75	16	1	<b>117</b>
2023	38	44	16	1	<b>99</b>
2024	28	38	8	1	<b>75</b>
<b>Total</b>	<b>91</b>	<b>157</b>	<b>40</b>	<b>3</b>	<b>291</b>
<i>Source: Bank Data</i>					

The level of qualified services performed by bank staff outside of providing expertise related to the grant program is similar to the previous evaluation period. Bank staff provided assistance to 58 organizations during this review period, which is an increase from 50 organizations during the previous review period. Bank staff have been involved in various community organizations that focus on addressing community needs such as food insecurity and affordable housing, as well as economic development. These services have involved serving on as Board members and providing classes related to financial literacy. Some notable examples include:

- Two employees serve on the Board of Directors and provide professional and technical assistance to a local organization that promotes economic development in Hancock County.
- An employee serves as a Board member providing financial expertise to a local organization that helps with food insecurity in the assessment area. The organization operates a daily soup kitchen and a free choice food pantry to support local residents in need.
- A bank employee serves on the Board Finance Committee providing financial expertise for a local hospital foundation. The hospital is designated as a critical access facility, and it operates in a health professional shortage area. The foundation supports healthcare provisions in the community and operates a scholarship program to help recruit and retain healthcare workers.
- Two employees serve on the Board of Directors for an organization that brings various community-service driven organizations and resources together to help meet basic needs of vulnerable community members.

## **SPRINGFIELD MSA – Full Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE SPRINGFIELD MSA ASSESSMENT AREA**

UCB designated Sangamon County, part of the Springfield, IL MSA as an assessment area. The institution operates 14 branch offices in the Springfield MSA. As of June 30, 2024, this assessment area accounted for 44.5 percent of the bank’s deposits, which is the highest of all the bank’s assessment areas. From 2022-2024, 31.0 percent of reported loans were originated in this assessment area, which is the second highest of all the assessment areas.

#### **Economic and Demographic Data**

This assessment area includes 54 census tracts that comprise the Springfield assessment area. According to 2020 Census data, these tracts reflect the following income designations:

- 10 low-income,
- 14 moderate-income,
- 14 middle-income, and
- 16 upper-income.

Demographic Information of the Assessment Area						
Assessment Area: Springfield MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	54	18.5	25.9	25.9	29.6	0.0
Population by Geography	196,343	13.1	20.8	28.9	37.2	0.0
Housing Units by Geography	91,952	14.6	23.4	30.1	31.9	0.0
Owner-Occupied Units by Geography	58,861	7.9	19.5	31.9	40.7	0.0
Occupied Rental Units by Geography	25,232	28.0	29.2	26.9	15.8	0.0
Vacant Units by Geography	7,859	21.8	34.4	26.3	17.5	0.0
Businesses by Geography	23,216	11.2	21.3	18.6	48.9	0.0
Farms by Geography	851	6.0	11.2	38.4	44.4	0.0
Family Distribution by Income Level	50,068	23.8	15.8	20.8	39.6	0.0
Household Distribution by Income Level	84,093	25.1	15.9	16.9	42.0	0.0
Median Family Income MSA - 44100 Springfield, IL MSA		\$83,948	Median Housing Value			\$137,014
			Median Gross Rent			\$823
			Families Below Poverty Level			9.7%
Sources: 2020 U.S. Census and 2024 D&B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.						

The bank's performance under the geographic distribution criterion was compared to the respective area demographics and aggregate lending data for each product line. These characteristics provide some insight into the credit needs and demand in low- and moderate-income geographies, which are considered when evaluating geographic lending patterns. Please see the previous table for additional details.

Performance under the borrower profile criterion also compares the respective area demographics and aggregate lending data for each product line. The 2023 and 2024 FFIEC-updated median family income levels are used to analyze home mortgage loans under this criterion. The following table illustrates how those figures translate to low-, moderate-, middle-, and upper-income bands for the purpose of determining the bank's lending to borrowers of different income levels.

Median Family Income Ranges –Springfield MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
2024 (\$105,600)	<\$52,800	\$52,800 to <\$84,480	\$84,480 to <\$126,720	≥\$126,720
Source: FFIEC				



According to 2024 D&B data, the assessment area contains 23,216 non-farm businesses with the following gross annual revenues: 87.1 percent reported \$1 million or less, 3.3 percent have more than \$1 million, and 9.6 percent have unknown revenues. Farming operations are present in the more rural portions of the assessment area. The assessment area contains 851 farming operations, and 97.8 percent reported revenues of \$1 million or less.

Service industries represent the largest portion of businesses in the assessment area at 34.1 percent; followed by finance, insurance, and real estate (10.3 percent), and retail trade (10.0 percent). In addition, 57.0 percent of assessment area businesses have four or fewer employees, and 89.8 percent operate from a single location. According to Moody's major employers include the State of Illinois, Memorial Health Systems, HSHS, Springfield Clinic, and the University of Illinois at Springfield. In terms of employment numbers, health care and social assistance services are the most prevalent types of firms, followed by retail and manufacturing. Many residents of nearby small and mid-size rural areas commute to the area for employment. Unemployment rates were relatively consistent throughout the review period. As detailed in the following table, unemployment rates were similar to the state and national unemployment rates.

<b>Unemployment Rates – Springfield MSA</b>			
	<b>2023</b>	<b>2024</b>	<b>January 2025</b>
<b>Area</b>	<b>%</b>	<b>%</b>	<b>%</b>
Sangamon County	4.4%	4.3%	4.6%
State of Illinois	4.5%	5.0%	4.4%
National Average	3.6%	4.0%	5.0%
<i>Source: U.S. Bureau of Labor Statistics</i>			

## **Competition**

The assessment area has a competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2024, there were 24 financial institutions operating 75 offices within the assessment area. UCB ranks second among all institutions with a 15.5 percent market share. According to 2023 HMDA aggregate lending data, UCB ranked first in the number of loans (11.1 percent market share) and second by dollar volume of loans (7.6 percent market share) among 194 lenders that reported home mortgage originations or purchases in the assessment area. According to 2023 CRA aggregate data, UCB ranked second in small business and first in small farm lending in the assessment area by dollar volume. For small business lending, the bank had a 16.7 percent market share among the 67 reporting lenders. For small farm lending, UCB led the market with a 45.8 percent market share among the 15 reporting lenders.

## **Community Contact**

Examiners reviewed one recently conducted contact to assist in identifying credit needs and opportunities in the Springfield MSA. The contact was from an economic development organization in the area. In addition to the primary focus area noted, the contact also discussed local economic conditions, housing trends, and local credit needs. The contact explained that in general, the local economy seems to be recovering from a downturn during the pandemic. They

noted that Sangamon County has more stability than some of the surrounding counties, particularly due to the level of employment opportunities in local, State, and Federal government and various other sectors. As a result, many residents from surrounding communities commute to Springfield for employment. The contact identified the need for affordable housing and noted that the supply of low- and moderately-priced housing is very limited. In addition, they explained that the supply has dropped significantly over the last few years, and prices have increased. Lastly, the contact stated that there is a very robust banking environment and banks in the area are responsive to local credit needs overall.

### **Credit and Community Development Needs and Opportunities**

Considering information from community contacts, bank management, and demographic and economic data, examiners determined that loans for low- and moderate-income individuals, small businesses, and small farms are important needs in the area. In particular, the percentage of low- and moderate-income families at 39.6 percent and 87.1 percent of businesses with GARs of \$1 million or less in the assessment area supports this conclusion. The need for affordable housing was identified by the community contact and numerous areas have been targeted for improvement through the creation of TIF districts and other incentives to spur economic development. Opportunities were identified for small business lending, economic development, and supporting community service organizations throughout the area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SPRINGFIELD MSA ASSESSMENT AREA**

### **LENDING TEST**

UCB demonstrated adequate performance under the Lending Test in the Springfield MSA.

#### **Lending Activity**

UCB's lending performance reflects adequate responsiveness to area credit needs. This assessment area included 31 percent of all reported lending in 2022-2024, and the largest share of deposits at 44.5 percent as of June 30, 2024. UCB ranked first for home mortgage and small farm lending in this assessment area and ranked second among all reporting small business lenders.

#### **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the assessment area. Performance among small business and small farm lending primarily support this conclusion. For this criterion, examiners focused on the percentage of loans by number in the low- and moderate-income census tracts. All 10 low-income tracts and 13 moderate-income tracts are located in the City of Springfield. The other moderate-income tract is located on the northeast border of Springfield. UCB operates three offices in moderate-income geographies, including one with a deposit-taking ATM.

### Home Mortgage Lending

The geographic distribution of home mortgage loans reflects adequate dispersion throughout the assessment area. Lending in low-income tracts trailed aggregate lending levels in 2023 and reflected a slight upward trend in 2024. As detailed in the following table, there is a limited level of owner-occupied housing in the low-income tracts in Sangamon County. Aggregate lending levels also slightly trail area demographics, which can be indicative of challenges that all lenders face with this market segment.

Conversely, aggregate lending levels in moderate-income tracts exceeded area demographics, indicating opportunities to lend in these areas. UCB's performance in the moderate-income geographies trailed aggregate lending levels by 12.5 percent in 2023 and reflected a slight increase in 2024. As indicated by the assessment area demographics, 23.4 percent of all housing units are located in moderate-income census tracts. Of the occupied properties, just over half (60.8 percent) are owner-occupied and 39.2 percent are rental units. While the bank does participate in lending for non-owner occupied properties, this is not a primary business focus. Some competing financial institutions in the area are more active within that product line, which may have contributed to the aggregate lending levels exceeding area demographics by so much. Additionally, as stated by the community contact, low housing stock and higher prices may have contributed to the performance in these areas. UCB's lending levels are more comparable to area demographics, although they still lag behind. Based on these performance context factors; the bank's lending levels are adequate.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Springfield MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	7.9	6.7	10	2.2	1,865	3.9
2024	7.9	--	15	3.4	1,665	2.8
Moderate						
2023	19.5	23.4	49	10.9	3,755	7.9
2024	19.5	--	56	12.6	5,560	9.3
Middle						
2023	31.9	30.3	181	40.4	14,907	31.5
2024	31.9	--	143	32.3	17,324	29.0
Upper						
2023	40.7	39.6	208	46.5	26,852	56.7
2024	40.7	--	229	51.7	35,215	58.9
Totals						
2023	100.0	100.0	448	100.0	47,379	100.0
2024	100.0	--	443	100.0	59,764	100.0

Sources: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.

### ***Small Business Lending***

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area, including low- and moderate-income census tracts. Lending levels in 2023 were comparable to, and slightly exceeded, aggregate lending levels in both low- and moderate-income tracts. Lending levels in 2024 reflected similar performance in both low- and moderate-income geographies.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Assessment Area: Springfield MSA</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2023	12.2	10.1	17	13.2	5,080	23.6
2024	11.2	--	9	7.8	2,737	14.5
Moderate						
2023	22.4	17.2	24	18.6	3,858	17.9
2024	21.3	--	19	16.5	3,616	19.1
Middle						
2023	19.0	22.3	47	36.4	5,319	24.7
2024	18.6	--	48	41.8	6,480	34.3
Upper						
2023	46.4	50.4	41	31.8	7,259	33.8
2024	48.9	--	39	33.9	6,070	32.1
<b>Totals</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>129</b>	<b>100.0</b>	<b>21,516</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>115</b>	<b>100.0</b>	<b>18,903</b>	<b>100.0</b>

*Sources: 2023 & 2024 D&B Data; Bank Data; 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.*

### ***Small Farm Lending***

The geographic distribution of small farm loans reflects adequate penetration throughout the assessment area. As detailed in the following table, very few farming operations are located in the low-income geographies in this assessment area, and aggregate lending levels reflect minimal activity. In addition, in the moderate-income geographies, aggregate lending is also nominal. Given the limited opportunities to lend to farming operations in the low- and moderate-income geographies, the bank's performance is considered reasonable.

Geographic Distribution of Small Farm Loans						
Assessment Area: Springfield MSA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	6.1	0.8	0	0.0	0	0.0
2024	6.0	--	0	0.0	0	0.0
Moderate						
2023	12.6	1.6	0	0.0	0	0.0
2024	11.2	--	0	0.0	0	0.0
Middle						
2023	38.4	65.3	32	88.9	7,135	95.0
2024	38.4	--	30	83.3	6,126	89.3
Upper						
2023	42.9	32.3	4	11.1	375	5.0
2024	44.4	--	6	16.7	735	10.7
Totals						
2023	100.0	100.0	36	100.0	7,510	100.0
2024	100.0	--	36	100.0	6,861	100.0
Sources: 2023 & 2024 D&B Data; Bank Data; 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.						

### **Borrower Profile**

The distribution of borrowers reflects adequate penetration among borrowers of different income levels and businesses and farms of different sizes in the assessment area. This conclusion is primarily supported by good performance small farm lending and by adequate home mortgage and small business performance.

### ***Home Mortgage Lending***

The distribution of home mortgage loans to borrowers of different income levels, particularly low- and moderate-incomes, reflects adequate penetration. According to the 2020 U.S. Census, a total of 9.7 percent of families in the assessment area live below the poverty level. The ability to qualify for a home mortgage loan, particularly under conventional financing would be challenging, which limits the demand and opportunity to lend to these lower-income families. This is a factor considered when analyzing the bank's lending performance in the assessment area and may be partially responsible for the difference between aggregate lending levels and area demographics. As detailed in the following table, lending to low-income borrowers is comparable to aggregate in 2023, and slightly increased in 2024. Lending levels to moderate-income borrowers were also similar.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Springfield MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	23.8	13.7	45	10.0	2,201	4.6
2024	23.8	--	48	10.8	3,958	6.6
Moderate						
2023	15.8	21.8	89	19.9	6,172	13.0
2024	15.8	--	93	21.0	8,415	14.1
Middle						
2023	20.8	20.4	106	23.7	10,237	21.6
2024	20.8	--	84	19.0	8,904	14.9
Upper						
2023	39.6	27.2	165	36.8	22,327	47.1
2024	39.6	--	178	40.2	29,783	49.8
Not Available						
2023	0.0	16.9	43	9.6	6,442	13.7
2024	0.0	--	40	9.0	8,704	14.6
Totals						
2023	100.0	100.0	448	100.0	47,379	100.0
2024	100.0	--	443	100.0	59,764	100.0
Sources: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.						

### ***Small Business Lending***

The distribution of small business loans reflects adequate penetration among businesses of different sizes in both 2023 and 2024. As detailed in the following table, UCB's level of loans were to businesses with revenues of \$1 million or less is comparable to aggregate lending levels in 2023 and reflected an increase in 2024.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Springfield MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2023	86.2	59.8	80	62.0	7,966	37.0
2024	87.1	--	77	67.0	8,562	45.3
>\$1,000,000						
2023	3.3	--	49	38.0	13,550	63.0
2024	3.3	--	38	33.0	10,341	54.7
Revenue Not Available						
2023	10.5	--	0	0.0	0	0.0
2024	9.6	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>129</b>	<b>100.0</b>	<b>21,516</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>115</b>	<b>100.0</b>	<b>18,903</b>	<b>100.0</b>
Sources: 2023 & 2024 D&B Data; Bank Data; 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.						

### Small Farm Lending

The distribution of small farm loans to borrowers reflects good penetration. As reflected below, UCB's lending to farming operations with gross annual revenues of \$1 million or less was comparable to aggregate lending in 2023 and exceeded the demographic in 2024.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Springfield MSA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2023	97.9	53.2	20	55.6	2,810	37.4
2024	97.8	--	23	63.9	3,485	50.8
>\$1,000,000						
2023	0.9	--	16	44.4	4,700	62.6
2024	0.9	--	13	36.1	3,376	49.2
Revenue Not Available						
2023	1.2	--	0	0.0	0	0.0
2024	1.3	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>7,510</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>36</b>	<b>100.0</b>	<b>6,861</b>	<b>100.0</b>
Sources: 2023 & 2024 D&B Data; Bank Data; 2023 CRA Aggregate Data. "--" data not available. Due to rounding, totals may not equal 100.0%.						

Lending performance is below the 97.9 percent of farms in the assessment area that reported revenues of \$1 million or less; however, it is noted that the demographic data includes all farms in the assessment area, and not necessarily those farming operations that have a need for financing. UCB ranked first in lending to farming operations of this size with a 42.1 percent market share in 2023, demonstrating its leadership in meeting the credit needs in this assessment area.

### **Innovative or Flexible Lending Practices**

UCB uses innovative or flexible lending practices to serve assessment area credit needs. As reflected in the following table, UCB made or facilitated 243 flexible loans totaling \$28.8 million in this assessment area during the current evaluation period.

<b>Innovative or Flexible Lending Programs – Springfield MSA</b>								
<b>Type of Program</b>	<b>2022</b>		<b>2023</b>		<b>2024</b>		<b>Totals</b>	
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>
FHA	6	745	5	683	1	216	12	1,644
VA	2	426	1	363	1	384	4	1,173
USDA GRH	4	522	3	253	1	128	8	903
Home Possible	-	-	12	1,240	8	862	20	2,102
Home Ready	24	2,537	15	1,591	48	6,149	87	10,277
Home One	-	-	-	-	-	-	-	-
SBA	1	35	5	2,155	2	100	8	2,290
FarmerMac	-	-	-	-	-	-	-	-
DPP	16	1,296	9	714	19	2,008	44	4,018
VLIP	-	-	-	-	16	1,958	16	1,958
Community Seconds	13	1,091	8	646	18	1,967	39	3,704
LLPA Waiver	-	-	5	728	-	-	5	728
<b>Totals</b>	<b>66</b>	<b>6,652</b>	<b>63</b>	<b>8,373</b>	<b>114</b>	<b>13,772</b>	<b>243</b>	<b>28,797</b>
<i>Source: Bank records.</i>								

### **Community Development Loans**

UCB made a relatively high level of community development loans in this assessment area. As reflected in the following table, the bank made 58 community development loans totaling \$64.9 million in this assessment area during the evaluation period. This represents 22.1 percent of the bank's total qualified lending, by dollar volume. This level of lending is an increase, by dollar volume, since the previous evaluation when the bank made 102 loans totaling \$51.2 million.



Community Development Lending – Springfield MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022	15	2,258	3	4,683	3	15,825	1	2,623	22	25,389
2023	19	3,461	1	180	1	13,000	3	4,675	24	21,316
2024	10	2,972	-	-	1	13,000	1	2,240	12	18,212
<b>Total</b>	<b>44</b>	<b>8,691</b>	<b>4</b>	<b>4,863</b>	<b>5</b>	<b>41,825</b>	<b>5</b>	<b>9,538</b>	<b>58</b>	<b>64,917</b>
<i>Source: Bank Data</i>										

Notable examples of the bank's community development loans in the assessment area include:

- A \$2.6 million loan was extended for the construction of a strip mall in a moderate-income area. The building is home to a medical facility and a restaurant, both of which employ low- and moderate-income individuals.
- A series of loans totaling \$4.5 million were made to facilitate the acquisition and expansion of a commercial building. This development includes a restaurant and other retail establishments. This activity supports revitalization and stabilization for the area and results in the creation of permanent jobs for low- and moderate income individuals.
- A \$2.6 million loan was originated to acquire a multi-family apartment complex. The complex has 60 units that are all leased for rates that are below the fair market rent for the area, which supports affordable housing.

## INVESTMENT TEST

UCB demonstrated good performance under the Investment Test in the Springfield MSA assessment area. The bank's significant level of qualified investments and good responsiveness to community development needs supports this conclusion.

### Investment and Grant Activity

UCB has a significant level of qualified community investments and grants in this assessment area. As detailed in the following table, there were 109 qualified investments, grants, and donations totaling \$44.3 million. This level of activity represents 48.4 percent of the bank's total community development investment activity, by dollar amount. The investment and donation activity during this review period reflects notable increase, by dollar amount, since the previous evaluation period when the bank had 190 qualified activities totaling \$19.7 million. A majority of the bank's investments remain in mortgage-backed securities that support various affordable housing, which has been identified as a need throughout the assessment area.

Qualified Investments – Springfield MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	27	14,515	6	2,356	2	1,595	-	-	35	18,466
2022	9	11,687	4	2,380	-	-	-	-	13	14,067
2023	7	9,132	-	-	-	-	-	-	7	9,132
2024	-	-	1	2,500	-	-	-	-	1	2,500
<b>Subtotal</b>	<b>43</b>	<b>35,334</b>	<b>11</b>	<b>7,236</b>	<b>2</b>	<b>1,595</b>	<b>-</b>	<b>-</b>	<b>56</b>	<b>44,165</b>
Qualified Grants & Donations	-	-	53	181	-	-	-	-	53	181
<b>Total</b>	<b>43</b>	<b>35,334</b>	<b>64</b>	<b>7,417</b>	<b>2</b>	<b>1,595</b>	<b>-</b>	<b>-</b>	<b>109</b>	<b>44,346</b>
<i>Source: Bank Data;</i>										

Notable examples of community development investments made or maintained by the bank during the current review period include:

- A \$2.4 million general obligation bond was purchased from a school where a majority of students qualify for free or reduced lunches. The bond funded the expansion of the school and improvements to existing facilities.
- The bank purchased targeted mortgage-backed securities totaling \$20.8 million. The bonds are collateralized by mortgages from low- and moderate-income borrowers, which helps support affordable housing throughout the assessment area.
- UCB donated computers and electronic equipment valued at over \$84,000 to a local organization that refurbishes the equipment then donates it to residents and businesses in need.

### **Responsiveness to Credit and Community Development Needs**

UCB exhibits good responsiveness to credit and community economic development needs in the assessment area. Investments and grants made were consistent with the needs of the assessment area. A majority of the qualified investments and grants, by number and dollar volume, have supported community services, economic development, and affordable housing, which are needs identified by community contacts during the current evaluation period.

### **Community Development Initiatives**

The bank rarely uses innovative or complex investments to support community development initiatives. The investments and grants noted above are useful and help promote community development; however, they are generally not innovative or complex by nature.

## SERVICE TEST

The service performance reflects good responsiveness to the credit and community development needs in the Springfield MSA.

### Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of this assessment area. As reflected in the table below, UCB operates 14 offices and 17 ATMs in the Springfield MSA. The branch dispersion is relatively consistent with the population in the respective income segments. Although there are no branches in low-income geographies, there are some offices located in close proximity.

The bank also continues to offer a variety of alternative delivery systems that increase the availability of its loan and deposit products. Most of these delivery systems utilize technology to provide customers with 24-hour access to bank accounts and product information. The bank offers an internet and mobile banking service to pay bills and transfer funds. It is also a member of the Money Pass ATM network that provides customers with a broad base of surcharge-free ATM locations, including in low- and moderate-income census tracts throughout the area.

Branch and ATM Distribution by Geography Income Level								
Springfield MSA Assessment Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	10	18.5	25,721	13.1	-	-	-	-
Moderate	14	25.9	40,839	20.8	3	21.4	4	23.5
Middle	14	25.9	56,743	28.9	7	50.0	9	52.9
Upper	16	30.0	73,040	37.2	4	28.6	4	23.5
<b>Totals</b>	<b>54</b>	<b>100.0</b>	<b>196,343</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>
<i>Sources: 2020 U.S. Census; Bank Data; Due to rounding, totals may not equal 100.0%.</i>								

### Changes in Branch Locations

The bank has not opened or closed any branches in this assessment area since the prior evaluation.

### Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income census tracts and/or individuals. Business hours are generally comparable to the market. All branch locations are equipped with ATMs with 24 hour access.

## **Community Development Services**

UCB provides a relatively high level of community development services. As detailed in the following table, 80 community development services were provided in this assessment area. The services in this assessment area account for 14.9 percent of the institution's total qualified activities. Over half (55 percent) of the services are related to technical expertise provided to customers applying for the DPP program. As affordable housing for low- and moderate-income individuals is an identified need in this area, this reflects responsiveness to assessment area needs.

<b>Community Development Services – Springfield MSA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2022	17	16	-	-	<b>33</b>
2023	10	13	-	-	<b>23</b>
2024	19	5	-	-	<b>24</b>
<b>Total</b>	<b>46</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>80</b>
<i>Source: Bank Data</i>					

The number of qualified services performed by bank staff outside of providing expertise related to the grant program is similar to the previous evaluation period. While the number of services is similar, bank staff provided assistance to 19 organizations during this review period, which is approximately half the number of organizations assisted during the previous review period. Although the number of organizations receiving assistance decreased, the number of hours of service during this review period (698 hours) was only slightly less than the hours during the previous review period, which was 713. Bank staff have been involved in various community organizations that focus on addressing community needs such as food insecurity and affordable housing, as well as economic development. These services have involved serving on the Boards of Directors and providing classes related to financial literacy. Some notable examples include:

- A UCB Director provides organizational and financial expertise to an organization focused on assisting underserved children from the local public school district in various ways. The organization has three main components including an after-school program, a free summer learning program, and a program to help middle and high school students prepare for various post-graduation options.
- A bank Director provides technical and financial expertise while serving on the Board of a local community service organization that provides transitional housing and employment to women recovering from poverty and addiction. Participants receive classes on life skills, childcare, recovery support, and interview skills.
- An employee serves as a Board member providing financial expertise to a local organization that helps with food insecurity in the assessment area.

## ST. LOUIS MSA – Full Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ST. LOUIS MSA ASSESSMENT AREA

UCB designated all of Macoupin County and a portion of Madison County as an assessment area. Both of these counties are in Illinois and are part of the St. Louis MSA. The institution operates eight full-service branch offices in this assessment area. As of June 30, 2024, this assessment area accounted for 18.1 percent of the bank’s deposits and 14.3 percent of reported loans (from 2022 – 2024) which is the third highest of all the areas in both categories.

#### **Economic and Demographic Data**

This assessment area includes 39 census tracts that comprise the Springfield assessment area. According to 2020 Census data, these tracts reflect the following income designations:

- 2 low-income,
- 18 moderate-income,
- 18 middle-income, and
- 1 upper-income.

Demographic Information of the Assessment Area						
Assessment Area: St. Louis MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	39	5.1	46.2	46.2	2.6	0.0
Population by Geography	135,056	3.6	41.6	52.1	2.7	0.0
Housing Units by Geography	64,715	3.7	44.2	49.4	2.8	0.0
Owner-Occupied Units by Geography	41,904	3.0	38.7	54.7	3.7	0.0
Occupied Rental Units by Geography	14,712	4.4	55.7	38.9	0.9	0.0
Vacant Units by Geography	8,099	6.0	51.9	40.8	1.3	0.0
Businesses by Geography	9,561	4.0	43.3	50.2	2.5	0.0
Farms by Geography	589	1.4	35.3	60.8	2.5	0.0
Family Distribution by Income Level	36,952	25.4	21.1	21.8	31.6	0.0
Household Distribution by Income Level	56,616	27.7	17.0	19.6	35.7	0.0
Median Family Income MSA - 41180 St. Louis, MO-IL MSA		\$84,758	Median Housing Value			\$116,845
			Median Gross Rent			\$794
			Families Below Poverty Level			9.9%
Sources: 2020 U.S. Census and 2024 D&B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.						

The bank's performance under the geographic distribution criterion was compared to the respective area demographics and aggregate lending data for each product line. These characteristics provide some insight into the credit needs and demand in low- and moderate-income geographies, which are considered when evaluating geographic lending patterns. Please see the previous table for additional details.

Performance under the borrower profile criterion also compares the respective area demographics and aggregate lending data for each product line. The 2023 and 2024 FFIEC-updated median family income levels are used to analyze home mortgage loans under this criterion. The following table illustrates how those figures translate to low-, moderate-, middle-, and upper-income bands for the purpose of determining the bank's lending to borrowers of different income levels.

<b>Median Family Income Ranges –St. Louis MSA</b>				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$100,800)	<\$50,400	\$50,400 to <\$80,640	\$80,640 to <\$120,960	≥\$120,960
2024 (\$103,200)	<\$51,600	\$51,600 to <\$82,560	\$82,560 to <\$123,840	≥\$123,840
<i>Source: FFIEC</i>				

According to 2024 D&B data, the assessment area contains 9,561 non-farm businesses with the following gross annual revenues: 85.3 percent reported \$1 million or less, 3.4 percent have more than \$1 million, and 11.3 percent have unknown revenues. Farming operations are present in the more rural portions of the assessment area. The assessment area contains 589 farming operations, and 99 percent reported revenues of \$1 million or less.

Service industries represent the largest portion of businesses in the assessment area at 34.2 percent; followed by retail trade (12.4 percent), then finance, insurance, and real estate (11.0 percent). In addition, 64.2 percent of businesses have four or fewer employees, and 88.6 percent operate from a single location. According to local Chambers of Commerce, major employers include Scott Air Force Base, Southern Illinois University at Edwardsville, local area hospitals, school districts, and manufacturing facilities. Unemployment rates were relatively consistent throughout the review period. As detailed in the following table, unemployment rates were similar to the state and national unemployment rates.

<b>Unemployment Rates –St. Louis MSA</b>			
	<b>2023</b>	<b>2024</b>	<b>January 2025</b>
<b>Area</b>	<b>%</b>	<b>%</b>	<b>%</b>
Macoupin County	4.4%	4.4%	5.0%
Madison County	4.2%	4.2%	4.0%
State of Illinois	4.5%	5.0%	4.4%
National Average	3.6%	4.0%	5.0%
<i>Source: U.S. Bureau of Labor Statistics</i>			

## **Competition**

The assessment area has a competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2024, there were 42 financial institutions operating 102 offices within the assessment area. UCB ranks sixth among all institutions with a 7.2 percent market share. According to 2023 HMDA aggregate lending data, UCB ranked third in the number of loans (6.5 percent market share) and fourth by dollar volume of loans (4.2 percent market share) among 197 lenders that reported home mortgage originations or purchases in the assessment area. According to 2023 CRA aggregate data, UCB ranked tenth in small business and fourth in small farm lending in the assessment area by dollar volume. For small business lending, the bank had a 2.4 percent market share among the 83 reporting lenders. For small farm lending, UCB had a 12.2 percent market share among the 19 reporting lenders.

## **Community Contacts**

Examiners reviewed one recently conducted community contact to assist in identifying credit needs and opportunities in the St. Louis MSA. Two contacts from a community service organization in the area participated in the interview. This organization focuses on promoting affordable housing, providing emergency services, and alleviating conditions of poverty. The contacts explained that the area has been generally improving since the pandemic. They noted that the presence of some major employment sectors in the area have impacted the level of smaller operations and entrepreneurship. The need for low interest loans for business startups was identified as an opportunity for bank involvement. In addition, there is a continuing demand for affordable housing and challenges identified due to the lack of availability, and high prices of available housing. Lastly, the contacts stated that the banks in the area are responsive to local credit needs overall and help support economic stability and growth in the respective communities.

## **Credit and Community Development Needs and Opportunities**

Considering information from community contacts, bank management, and demographic and economic data, examiners determined that loans for low- and moderate-income individuals and small businesses as important needs in the area. In particular, the percentage of low- and moderate-income families at 46.5 percent and 85.3 percent of businesses with GARs of \$1 million or less in the assessment area support this conclusion. The need for affordable housing was identified by the contacts.

# **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE ST. LOUIS MSA ASSESSMENT AREA**

## **LENDING TEST**

UCB demonstrated adequate performance under the Lending Test in the St. Louis MSA.

## **Lending Activity**

UCB's lending performance reflects adequate responsiveness to area credit needs. This area accounted for 14.3 percent of all reported lending in 2022-2024, and the third largest share of deposits at 18.1 percent as of June 30, 2024.

## **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the assessment area. Performance among all three product lines supports this conclusion. For this criterion, examiners focused on the percentage of loans by number in the low- and moderate-income census tracts.

### ***Home Mortgage Lending***

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. UCB's lending performance in low-income tracts was in-line with or exceeded aggregate lending levels and area demographics both years. The bank's lending levels in moderate-income geographies exhibits stronger performance. In 2023, the bank's lending exceeded aggregate lending levels by 6.2 percent. Lending in moderate-income tracts was lower in 2024, but mirrored area demographics.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Assessment Area: St. Louis MSA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2023	3.0	3.6	9	4.1	635	3.5
2024	3.0	--	7	3.0	724	3.1
Moderate						
2023	38.7	39.4	99	45.6	7,242	40.2
2024	38.7	--	91	38.7	8,099	34.4
Middle						
2023	54.7	54.0	99	45.6	9,354	51.9
2024	54.7	--	130	55.3	13,889	59.0
Upper						
2023	3.6	3.0	10	4.6	800	4.4
2024	3.6	--	7	3.0	836	3.5
Totals						
2023	100.0	100.0	217	100.0	18,031	100.0
2024	100.0	--	235	100.0	23,548	100.0
<i>Sources: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						



Both of the low-income geographies in the area are located in the City of Alton in Madison County. There are a total of 18 moderate-income tracts, eight in Macoupin County and ten in Madison County. These income level designations reflect a change from the previous review period, when the area had one low- and ten moderate income tracts. The most notable changes were in Macoupin County where two tracts on the northern border and several tracts around the Gillespie area were reclassified from middle- to moderate-income.

### ***Small Business Lending***

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area, including low- and moderate-income census tracts. UCB reported limited activity in the low-income geographies both years, which is reasonable considering the limited number of businesses and low activity reflected by aggregate lending data. Lending levels in moderate-income geographies exceeded aggregate lending levels in 2023 and increased in 2024.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Assessment Area: St. Louis MSA</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2023	4.2	3.2	0	0.0	0	0.0
2024	4.0	--	1	1.2	52	0.5
Moderate						
2023	43.5	41.3	47	46.1	2,533	22.6
2024	43.3	--	40	47.6	4,073	40.8
Middle						
2023	49.8	51.9	53	52.0	7,633	68.0
2024	50.2	--	42	50.0	5,666	56.7
Upper						
2023	2.5	3.6	2	1.9	1,061	9.4
2024	2.5	--	1	1.2	200	2.0
<b>Totals</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>102</b>	<b>100.0</b>	<b>11,227</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>84</b>	<b>100.0</b>	<b>9,991</b>	<b>100.0</b>
<i>Sources: 2023 &amp; 2024 D&amp;B Data; Bank Data; 2023 CRA Aggregate Data. "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

### ***Small Farm Lending***

The geographic distribution of small farm loans reflects adequate penetration throughout the assessment area. As detailed in the following table, very few farming operations are located in the low-income geographies in this assessment area. Just over one percent of farms are located in low-income geographies and similar to UCB, aggregate lending data reflects no activities in these areas.

UCB's lending in moderate-income tracts is also comparable to aggregate lending levels. Performance in the moderate-income geographies exceeded aggregate lending levels in 2023 and increased in 2024.

<b>Geographic Distribution of Small Farm Loans</b>						
<b>Assessment Area: St. Louis MSA</b>						
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2023	1.2	0.0	0	0.0	0	0.0
2024	1.4	--	0	0.0	0	0.0
Moderate						
2023	35.6	25.7	16	35.6	2,740	47.2
2024	35.3	--	20	40.0	3,502	51.1
Middle						
2023	60.7	71.5	27	60.0	2,945	50.8
2024	60.8	--	28	56.0	3,003	43.8
Upper						
2023	2.5	2.8	2	4.4	118	2.0
2024	2.5	--	2	4.0	350	5.1
<b>Totals</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>45</b>	<b>100.0</b>	<b>5,803</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>50</b>	<b>100.0</b>	<b>6,855</b>	<b>100.0</b>
<i>Sources: 2023 &amp; 2024 D&amp;B Data; Bank Data; 2023 CRA Aggregate Data. "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

### **Borrower Profile**

The distribution of borrowers reflects good penetration among borrowers of different income levels and businesses and farms of different sizes in the assessment area. This conclusion is primarily supported by small business and small farm lending performance, followed by home mortgage lending.

### ***Home Mortgage Lending***

The distribution of home mortgage loans to borrowers of different income levels, particularly low- and moderate-incomes, reflects adequate penetration. According to the 2020 U.S. Census, a total of 9.9 percent of families in the assessment area live below the poverty level. The ability to qualify for a home mortgage loan, particularly under conventional financing would be challenging, which limits the demand and opportunity to lend to these lower-income families. This is a factor considered when analyzing the bank's lending performance in the assessment area and may be partially responsible for the difference between aggregate lending levels and area demographics.

As detailed in the following table, lending to low-income borrowers is comparable to aggregate in 2023, and slightly decreased in 2024. Lending levels to moderate-income borrowers trailed aggregate lending levels in 2023 and increased in 2024. UCB continues to offer loan programs that may be especially beneficial for low- and moderate-income borrowers, which demonstrates their commitment to meeting area credit needs.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: St. Louis MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2023	25.4	22.3	50	23.0	2,723	15.1
2024	25.4	--	41	17.4	2,188	9.3
Moderate						
2023	21.1	26.4	43	19.8	3,068	17.0
2024	21.1	--	57	24.3	4,347	18.5
Middle						
2023	21.8	18.3	54	24.9	4,622	25.6
2024	21.8	--	52	22.1	5,827	24.7
Upper						
2023	31.7	16.8	57	26.3	6,651	36.9
2024	31.7	--	68	28.9	9,479	40.3
Not Available						
2023	0.0	16.2	13	6.0	967	5.4
2024	0.0	--	17	7.3	1,707	7.2
<b>Totals</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>217</b>	<b>100.0</b>	<b>18,031</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>235</b>	<b>100.0</b>	<b>23,548</b>	<b>100.0</b>
<i>Sources: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data. "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

### ***Small Business Lending***

The distribution of small business loans reflects excellent penetration among businesses of different sizes in both 2023 and 2024. As detailed in the following table, UCB's level of loans were to businesses with revenues of \$1 million or less exceeded aggregate lending levels by 11.4 percent in 2023 and reflected an increase in 2024.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: St. Louis MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2023	85.1	64.1	77	75.5	4,408	39.3
2024	85.3	--	67	79.8	5,699	57.0
>\$1,000,000						
2023	3.5	--	25	24.5	6,819	60.7
2024	3.5	--	17	20.2	4,292	43.0
Revenue Not Available						
2023	11.4	--	0	0.0	0	0.0
2024	11.2	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>102</b>	<b>100.0</b>	<b>11,227</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>84</b>	<b>100.0</b>	<b>9,991</b>	<b>100.0</b>
<i>Sources: 2023 &amp; 2024 D&amp;B Data; Bank Data; 2023 CRA Aggregate Data. "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

### ***Small Farm Lending***

The distribution of small farm loans to borrowers reflects excellent penetration. As reflected in the following table, UCB's lending to farming operations with gross annual revenues of \$1 million or less far exceeded aggregate performance by 27.5 percent in 2023 and strong performance in 2024.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: St. Louis MSA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2023	98.9	68.1	43	95.6	5,103	87.9
2024	99.0	--	45	90.0	5,943	86.7
>\$1,000,000						
2023	0.7	--	2	4.4	700	12.1
2024	0.7	--	4	8.0	887	12.9
Revenue Not Available						
2023	0.4	--	0	0.0	0	0.0
2024	0.3	--	1	2.0	25	0.4
<b>Totals</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>45</b>	<b>100.0</b>	<b>5,803</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>50</b>	<b>100.0</b>	<b>6,855</b>	<b>100.0</b>
<i>Sources: 2023 &amp; 2024 D&amp;B Data; Bank Data; 2023 CRA Aggregate Data. "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

### **Innovative or Flexible Lending Practices**

UCB uses innovative and/or flexible lending practices in order to serve assessment area credit needs. As reflected in the following table, UCB made or facilitated 226 flexible loans totaling \$21.4 million in this assessment area during the current evaluation period.

<b>Innovative or Flexible Lending Programs – St. Louis MSA</b>								
<b>Type of Program</b>	<b>2022</b>		<b>2023</b>		<b>2024</b>		<b>Totals</b>	
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>
FHA	8	856	10	1,182	8	1,225	26	3,263
VA	1	64	0	0	3	598	4	662
USDA GRH	10	879	2	270	5	623	17	1,772
Home Possible	-	-	7	602	8	627	15	1,229
Home Ready	14	1,288	26	2,470	20	2,044	60	5,802
Home One	-	-	-	-	-	-	-	-
SBA	-	-	-	-	-	-	-	-
FarmerMac	1	170	-	-	-	-	1	170
DPP	13	849	18	1,537	22	1,804	53	4,190
VLIP	-	-	-	-	14	1,145	14	1,145
Community Seconds	5	351	12	1,056	15	1,272	32	2,679
LLPA Waiver	-	-	4	463	-	-	4	463
<b>Totals</b>	<b>52</b>	<b>4,457</b>	<b>79</b>	<b>7,580</b>	<b>95</b>	<b>9,338</b>	<b>226</b>	<b>21,375</b>
<i>Source: Bank records</i>								

### **Community Development Loans**

UCB has made an adequate level of community development loans in this assessment area. As reflected in the following table, the bank made 50 community development loans totaling \$70.7 million in this assessment area during the evaluation period. This represents 24percent of the bank's total qualified lending, by dollar volume. This level of lending is a significant increase, by dollar volume, since the previous evaluation when the bank made 59 loans totaling \$22.8 million.

<b>Community Development Lending – St. Louis MSA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>
2022	14	1,453	2	3,156	2	6,200	4	16,932	<b>22</b>	<b>27,741</b>
2023	9	578	-	-	2	8,200	6	4,696	<b>17</b>	<b>13,474</b>
2024	3	819	1	55	3	11,200	4	17,417	<b>11</b>	<b>29,491</b>
<b>Total</b>	<b>26</b>	<b>2,850</b>	<b>3</b>	<b>3,211</b>	<b>7</b>	<b>25,600</b>	<b>14</b>	<b>39,045</b>	<b>50</b>	<b>70,706</b>
<i>Source: Bank Data</i>										

Notable examples of the bank's community development loans in the assessment area include:

- A package of loans totaling \$5.1 million was originated for a manufacturing and retail facility located in a low-income census tract. These loans will help sustain operations and retain permanent low- and moderate-income jobs.
- Loans totaling \$1.3 million were made to facilitate the rehabilitation and expansion of a business that provides critical medical services in a moderate-income census tract and in the surrounding community.
- A \$592,000 loan was originated to acquire a multi-family apartment complex. The complex is located in a low-income geography and has 15 units that are all leased for rates that are below the fair market rent for the area, which supports affordable housing.

## **INVESTMENT TEST**

UCB demonstrated good performance under the Investment Test in the St. Louis MSA assessment area. The bank's significant level of qualified investments and good responsiveness to community development needs supports this conclusion.

### **Investment and Grant Activity**

UCB has a significant level of qualified community investments and grants in this assessment area. As detailed in the following table, there were 169 qualified investments, grants, and donations totaling \$17.8 million. This level of activity represents 19.4 percent of the bank's total community development investment activity, by dollar amount. The investment and donation activity during this review period is comparable to the previous evaluation period when the bank had 223 qualified activities totaling \$16.9 million. Many of the bank's investments remain in mortgage-backed securities that support various affordable housing, which has been identified as a need throughout the assessment area. Additionally, the bank purchased bonds that support school districts in the area that have a majority of students that qualify for the free or reduced lunch program.

Qualified Investments – St. Louis MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	12	5,410	6	2,565	-	-	-	-	18	7,975
2022	2	2,290	1	250	-	-	-	-	3	2,540
2023	2	2,795	9	2,195	-	-	1	215	12	5,205
2024	1	1,140	1	765	-	-	-	-	2	1,905
<b>Subtotal</b>	17	11,635	17	5,775	-	-	1	215	35	17,625
Qualified Grants & Donations	-	-	100	131	19	33	15	5	134	169
<b>Total</b>	<b>17</b>	<b>11,635</b>	<b>117</b>	<b>5,906</b>	<b>19</b>	<b>33</b>	<b>16</b>	<b>220</b>	<b>169</b>	<b>17,794</b>
<i>Source: Bank Data</i>										

Notable examples of community development investments made or maintained by the bank during the current review period include:

- A \$1.7 million general obligation bond was purchased from a school district in a moderate-income geography. The bond funded security improvements and facility upgrades to schools where a majority of students qualify for free or reduced lunches.
- UCB donated over \$54,000 to support and capital improvement project in a moderate-income geography. This project helps attract more residents and revenue to the area, which has a stabilizing impact.
- The bank donated over \$20,000 to an economic development that supports communities throughout the assessment area. This loan promotes economic development, which is a prevalent need in this assessment area.

### **Responsiveness to Credit and Community Development Needs**

UCB exhibits good responsiveness to credit and community economic development needs in the assessment area. Investments and grants made were consistent with the needs of the assessment area. A majority of the qualified investments and grants, by number and dollar volume, have supported community services and affordable housing, which are needs identified by community contacts during the current evaluation period.

### **Community Development Initiatives**

The bank rarely uses innovative or complex investments to support community development initiatives. The investments and grants noted above are useful and help promote community development; however, they are generally not innovative or complex by nature.

## **SERVICE TEST**

The service performance reflects good responsiveness to the credit and community development needs in the St. Louis MSA.

### **Accessibility of Delivery Systems**

Delivery systems are reasonably accessible to essentially all portions of this assessment area. As reflected in the table below, UCB operates 8 offices and 11 ATMs in the St. Louis MSA. The branch dispersion is relatively consistent with the population in the respective income segments. Although there are no branches in low-income geographies, there are some offices located in close proximity. The bank operates three branches in moderate-income tracts; two locations are in Macoupin County, and one is in Madison County.

The bank also continues to offer a variety of alternative delivery systems that increase the availability of its loan and deposit products. Most of these delivery systems utilize technology to provide customers with 24-hour access to bank accounts and product information. The bank offers an internet and mobile banking service to pay bills and transfer funds. It is also a member of the Money Pass ATM network that provides customers with a broad base of surcharge-free ATM locations, including in low- and moderate-income census tracts throughout the area.

<b>Branch and ATM Distribution by Geography Income Level</b>								
<b>St. Louis Assessment Area</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	2	5.1	4,862	3.6	-	-	-	-
Moderate	18	46.2	56,183	41.6	3	37.5	5	45.5
Middle	18	46.2	70,364	52.1	5	62.5	6	54.5
Upper	1	2.5	3,647	2.7	-	-	-	-
<b>Totals</b>	<b>39</b>	<b>100.0</b>	<b>135,036</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>
<i>Sources: 2020 U.S. Census; Bank Data; Due to rounding, totals may not equal 100.0%.</i>								

### **Changes in Branch Locations**

The bank has not opened or closed any branches in this assessment area since the prior evaluation.

### **Reasonableness of Business Hours and Services**

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income census tracts and/or individuals. Business hours are generally comparable to the market. All branch locations are equipped with ATMs with 24-hour access.

### **Community Development Services**

UCB provides a relatively high level of community development services. As detailed in the following table, 90 community development services were provided in this assessment area. The services in this assessment area account for 16.8 percent of the institution's total qualified activities. Over half (58.9 percent) of the services, and all of the affordable housing activities, are related to technical expertise provided to customers applying for the DPP program. As affordable housing for



low- and moderate-income individuals is an identified need in this area, this reflects responsiveness to assessment area needs.

<b>Community Development Services – St. Louis MSA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2022	13	4	3	3	<b>23</b>
2023	18	11	4	1	<b>34</b>
2024	22	3	8	0	<b>33</b>
<b>Total</b>	<b>53</b>	<b>18</b>	<b>15</b>	<b>4</b>	<b>90</b>
<i>Source: Bank Data</i>					

The level of qualified services performed by bank staff outside of providing expertise related to the grant program is similar to the previous evaluation period. Bank staff provided assistance to 15 organizations during this review period, which is an increase from 12 during the previous review. The number of hours of service during this review period (526 hours) was comparable to the hours during the previous review period (505 hours). Bank staff have been involved in various community organizations that focus on addressing community needs such as food insecurity and affordable housing, as well as economic development. These services have involved serving on the Boards of Directors and providing classes related to financial literacy. Some notable examples include:

- A bank employee serves as Treasurer on the Board of Directors for a local Chamber of Commerce. In this role, the employee provides technical and financial expertise to the Chamber and its members to support economic development efforts in the area.
- A bank employee provides financial expertise while serving on the Board for a local organization that functions as a Chamber of Commerce and an Economic Development Organization. The organization works to attract, promote and support new and existing businesses in the area. They also work closely with state, regional, county, and local officials to develop new employment opportunities.
- A bank employee provides organizational and financial expertise serving as Treasurer for an organization that matches resources for local organizations that assist low- and moderate-income residents dealing with food insecurity and early childhood educational programs.

## **BLOOMINGTON-MSA – Full Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE BLOOMINGTON MSA**

UCB designated one census tract in McLean County as an assessment area. McLean County is the only county in the Bloomington, IL MSA. UCB operates 1 full-service branch office in the Village

of Hudson, which is approximately ten miles north of Bloomington-Normal. As of June 30, 2024, this assessment area accounted for 1.0 percent of the bank's deposits. From 2022-2024, 0.3 percent of reported loans were originated in this assessment area, which is the least of any of the assessment areas.

### **Economic and Demographic Data**

The single census tract in this assessment area is classified as middle-income. The following table provides a summary of relevant demographics for this tract.

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Bloomington MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	1	0.0	0.0	100.0	0.0	0.0
Population by Geography	7,385	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	3,034	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	2,276	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	371	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	387	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	561	0.0	0.0	100.0	0.0	0.0
Farms by Geography	86	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	1,846	17.4	12.2	20.2	50.3	0.0
Household Distribution by Income Level	2,647	17.5	10.7	16.4	55.5	0.0
Median Family Income MSA - 14010 Bloomington, IL MSA		\$93,882	Median Housing Value			\$180,800
Median Gross Rent		\$766	Families Below Poverty Level			5.0%

*Sources: 2020 U.S. Census and 2024 D&B Data. Due to rounding, totals may not equal 100.0%. (\*) The NA category consists of geographies that have not been assigned an income classification.*

As previously mentioned, the bank's performance under the geographic distribution criterion was compared to the respective area demographics and aggregate lending data for each product line. These characteristics provide some insight into the credit needs and demand in low- and moderate-income geographies, which are considered when evaluating geographic lending patterns. Please see the previous table for additional details.

Performance under the borrower profile criterion also compares the respective area demographics and aggregate lending data for each product line. The 2023 and 2024 FFIEC-updated median family income levels are used to analyze home mortgage loans under this criterion. The following table illustrates how those figures translate to low-, moderate-, middle-, and upper-income bands for the purpose of determining the bank's lending to borrowers of different income levels. The bank's

performance under this criterion is compared to the percentage of families by income level and to HMDA aggregate lending levels.

<b>Median Family Income Ranges –Bloomington MSA</b>				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$115,000)	<\$57,500	\$57,500 to <\$92,000	\$92,000 to <\$138,000	≥\$138,000
2024 (\$109,400)	<\$54,700	\$54,700 to <\$87,520	\$87,520 to <\$131,280	≥\$131,280
<i>Source: FFIEC</i>				

According to 2024 D&B data, the assessment area contains 561 non-farm businesses with the following gross annual revenues: 90.2 percent reported \$1 million or less, 2.3 percent have more than \$1 million, and 7.5 percent have unknown revenues. Farming operations are limited in the assessment area. The assessment area contains 86 farming operations, and all of them reported revenues of \$1 million or less.

Service industries represent the largest portion of businesses in the assessment area at 27.5 percent; followed by retail trade (8.7 percent), then construction (8.2 percent). In addition, 64.9 percent of assessment area businesses have four or fewer employees, and 94.3 percent operate from a single location.

According to Village records, major employers in Hudson include a manufacturing company and a grain company. Unemployment rates were relatively consistent throughout the review period. As detailed in the following table, unemployment rates were similar to the state and national unemployment rates.

<b>Unemployment Rates –Bloomington MSA</b>			
	<b>2023</b>	<b>2024</b>	<b>January 2025</b>
<b>Area</b>	<b>%</b>	<b>%</b>	<b>%</b>
McLean County	3.7%	3.9%	4.0%
State of Illinois	4.5%	5.0%	4.4%
National Average	3.6%	4.0%	5.0%
<i>Source: U.S. Bureau of Labor Statistics</i>			

## **Competition**

The assessment area has limited competition for financial services, but there are other institutions in the surrounding areas. According to the FDIC Deposit Market Share data as of June 30, 2024, there were 26 financial institutions operating 46 offices within the assessment area. UCB ranks 22nd among all institutions with a 0.7 percent market share. UCB is the only financial institution in the Village of Hudson, where the bank’s sole office is located. According to 2023 HMDA aggregate lending data, UCB ranked fifth in loan volume among 45 lenders that reported home mortgage originations or purchases in the assessment area. According to 2023 CRA aggregate data, UCB

ranked 31<sup>st</sup> in small business among 68 reporting lenders and 10<sup>th</sup> in small farm lending among 18 reporting lenders in the assessment area.

### **Credit and Community Development Needs and Opportunities**

Considering information from bank management and demographic and economic data, examiners determined that affordable housing loans are the primary needs of the area. In particular, the percentage of low- and moderate-income families at 29.6 percent and 90.2 percent of businesses with GARs of \$1 million or less in the assessment area support this conclusion.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE BLOOMINGTON MSA ASSESSMENT AREA**

### **LENDING TEST**

Once again, the lending activity in this assessment area was very limited and is rated Needs to Improve.

#### **Lending Activity**

UCB's lending activity is very limited in this assessment area. The bank only operates one branch in rural Hudson, Illinois and has a limited number of employees. The bank originated 7 home mortgage loans totaling \$594,000 in 2023 and 3 loans totaling \$384,000 in 2024. There were 6 small business loans totaling \$663,000 in 2023 and 2024 and there were no small farm loans originated during the review period. As a result, there were not enough loans originated to allow for meaningful conclusions to be drawn, and performance in this assessment area carried limited weight in the overall ratings.

#### **Geographic Distribution**

The assessment area does not include any low- and moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

#### **Borrower Profile**

Although loan volume is too limited to draw meaningful conclusions, it is noted that the bank did originate loans to low- and moderate income borrowers, and businesses with GARs of \$1 million or less. Specifically, home mortgage lending data in 2023 reflects that of the seven loans originated, four were to low-income borrowers and one was to a moderate-income borrower. In 2024, there were a total of three loans originated and two were to moderate-income borrowers. Small business lending reflects that the bank made one loan to a business reporting GARs of \$million or less in 2023.

#### **Innovative or Flexible Lending Practices**

UCB makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs. The bank made or facilitated three flexible loans or totaling \$372,000, all in

2023. As previously mentioned, some of the loan programs and grants can be combined and utilized for the same transaction. All of the activities in this assessment area helped promote affordable homeownership for low- and moderate -income individuals, which is an identified need in the assessment area.

### **Community Development Loans**

Community development lending performance in this assessment area is at a low level and is rated Needs to Improve. UCB originated one community development loan in this assessment area during the review period. The loan totaled \$61,000 and supported affordable housing. There were no loans identified in this assessment area during the previous evaluation.

### **INVESTMENT TEST**

UCB demonstrated adequate performance under the Investment Test in the Bloomington MSA assessment area. The bank's increased level of qualified investments and good responsiveness to community development needs supports this conclusion.

### **Investment and Grant Activity**

UCB has an adequate level of qualified community investments and grants in this assessment area and is rarely in a leadership position. As detailed in the following table, there were four qualified investments, grants, and donations totaling \$3.5 million. This level of activity represents 3.8 percent of the bank's total community development investment activity, by dollar amount. The investment and donation activity during this review period reflects an increase since the previous evaluation period when the bank had 5 qualified activities totaling approximately \$545,550. All of the bank's investments remain in mortgage-backed securities that support various affordable housing, which was identified as a need in the assessment area.

<b>Qualified Investments – Bloomington MSA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	1	505	-	-	-	-	-	-	1	505
2022	2	2,952	-	-	-	-	-	-	2	2,952
2023	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>3</b>	<b>3,457</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3,457</b>
Qualified Grants & Donations	-	-	1	<1	-	-	-	-	1	<1
<b>Total</b>	<b>3</b>	<b>3,457</b>	<b>1</b>	<b>&lt;1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>3,457</b>
<i>Source: Bank Data</i>										

### **Responsiveness to Credit and Community Development Needs**

UCB exhibits adequate responsiveness to credit and community economic development needs in the assessment area. Investments and grants made were consistent with the needs of the assessment area.

### **Community Development Initiatives**

The bank rarely uses innovative or complex investments to support community development initiatives. The investments and grants noted above are useful and help promote community development; however, they are generally not innovative or complex by nature.

### **SERVICE TEST**

The services performance reflects adequate responsiveness to the credit and community development needs in the Bloomington MSA.

### **Accessibility of Delivery Systems**

Delivery systems are reasonably accessible to essentially all portions of this assessment area. As noted, the bank operates one office and one ATM in this assessment area. The bank also continues to offer a variety of alternative delivery systems and is also a member of the Money Pass ATM network that provides customers with a broad base of surcharge-free ATM locations.

### **Changes in Branch Locations**

The bank has not opened or closed any branches in this assessment area since the prior evaluation.

### **Reasonableness of Business Hours and Services**

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income census tracts and/or individuals. Business hours are generally comparable to the market. All branch locations are equipped with ATMs with 24 hour access.

### **Community Development Services**

Community development services performance in this assessment area was very limited and is rated Needs to Improve. UCB reported one qualified service in this assessment area, which was related to technical expertise provided to customers applying for the DPP program as affordable housing for low- and moderate-income individuals is an identified need in this area. There were no qualified services reported during the previous evaluation period.

## STATE OF MISSOURI

### CRA RATING FOR MISSOURI: SATISFACTORY

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

### SCOPE OF EVALUATION – MISSOURI

The rating for the State of Missouri is based upon a full-scope evaluation of the bank's performance in the Missouri Non-MSA assessment area, as this is the bank's only assessment area in this state.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN MISSOURI

UCB designated a portion of Marion County, MO as an assessment area. The institution operates one full-service branch office in Palmyra. As of June 30, 2024, this assessment area only accounted for 0.9 percent of deposits, which is the lowest of all the bank's assessment areas. From 2022-2024, only 2.2 percent of reported loans were originated in this assessment area, which is the second lowest of all the assessment areas.

#### Economic and Demographic Data

This assessment area includes seven of the eight census tracts that comprise Marion County. According to 2020 Census data, these tracts reflect the following income designations:

- 2 moderate-income,
- 2 middle-income, and
- 3 upper-income.

Demographic Information of the Assessment Area						
Assessment Area: Missouri Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	7	0.0	28.6	28.6	42.9	0.0
Population by Geography	25,249	0.0	21.4	27.6	51.1	0.0
Housing Units by Geography	11,584	0.0	24.0	28.6	47.4	0.0
Owner-Occupied Units by Geography	6,438	0.0	14.8	29.3	55.9	0.0
Occupied Rental Units by Geography	3,731	0.0	30.0	29.7	40.3	0.0
Vacant Units by Geography	1,415	0.0	50.2	22.3	27.5	0.0
Businesses by Geography	3,004	0.0	23.6	24.1	52.3	0.0
Farms by Geography	183	0.0	23.0	19.1	57.9	0.0
Family Distribution by Income Level	6,616	18.2	14.8	22.4	44.6	0.0
Household Distribution by Income Level	10,169	21.4	13.6	17.0	48.0	0.0
Median Family Income Non-MSAs – MO		\$56,957	Median Housing Value			\$121,272
			Median Gross Rent			\$660
			Families Below Poverty Level			10.7%
Sources: 2020 U.S. Census and 2024 D&B Data. Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

The bank's performance under the geographic distribution criterion was compared to the respective area demographics and aggregate lending data for each product line. These characteristics provide some insight into the credit needs and demand in low- and moderate-income geographies, which are considered when evaluating geographic lending patterns. Please see the previous table for additional details.

Performance under the borrower profile criterion also compares the respective area demographics and aggregate lending data for each product line. The 2023 and 2024 FFIEC-updated median family income levels are used to analyze home mortgage loans under this criterion. The following table illustrates how those figures translate to low-, moderate-, middle-, and upper-income bands for the purpose of determining the bank's lending to borrowers of different income levels. The bank's performance under this criterion is compared to the percentage of families by income level and to HMDA aggregate lending levels.

Median Family Income Ranges –Missouri Non-MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$71,000)	<\$35,500	\$35,500 to <\$56,800	\$56,800 to <\$85,200	≥\$85,200
2024 (\$70,600)	<\$35,300	\$35,300 to <\$56,480	\$56,480 to <\$84,720	≥\$84,720
Source: FFIEC				



According to 2024 D&B data, the assessment area contains 3,004 non-farm businesses with the following gross annual revenues: 86.4 percent reported \$1 million or less, 3.2 percent have more than \$1 million, and 10.4 percent have unknown revenues. Farming operations are present in the more rural portions of the assessment area. The assessment area contains 183 farming operations, and 98.4 percent reported revenues of \$1 million or less.

Service industries represent the largest portion of businesses in the assessment area at 32.8 percent; followed by retail trade (12.5 percent) then finance, insurance, and real estate (11.1 percent). In addition, 63.3 percent of assessment area businesses have four or fewer employees, and 89.4 percent operate from a single location. According to a local economic development corporation, major employers in the area include manufacturers (General Mills, BASF), hospitals and healthcare facilities (Hannibal Regional Medical Center), and local schools. Unemployment rates were relatively consistent throughout the review period. As detailed in the following table, unemployment rates were similar to the state and national unemployment rates.

<b>Unemployment Rates –Missouri Non-MSA</b>			
	<b>2023</b>	<b>2024</b>	<b>January 2025</b>
<b>Area</b>	<b>%</b>	<b>%</b>	<b>%</b>
Marion County	3.4%	3.8%	4.6%
State of Missouri	3.1%	3.7%	4.4%
National Average	3.6%	4.0%	5.0%
<i>Source: U.S. Bureau of Labor Statistics</i>			

## **Competition**

The assessment area has a competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2024, there were 10 financial institutions operating 17 offices within the assessment area. UCB ranks 6th among all institutions with a 3.2 percent market share. According to 2023 HMDA aggregate lending data, UCB ranked 11th among 70 lenders that reported home mortgage originations or purchases in the assessment area. According to 2023 CRA aggregate data, UCB ranked 9th in small business and 4th in small farm lending in the assessment area. For small business lending, the bank had a 1.8 percent market share among the 25 reporting lenders. For small farm lending, UCB had a 12.8 percent market share among the 8 reporting lenders.

## **Credit and Community Development Needs and Opportunities**

Considering information from bank management and demographic and economic data, examiners determined that affordable housing loans are the primary needs of the area. In particular, the percentage of low- and moderate-income families at 33 percent and 86.4 percent of businesses with GARs of \$1 million or less in the assessment area support this conclusion.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN MISSOURI

### LENDING TEST

UCB demonstrated adequate performance under the Lending Test in the Missouri Non-MSA.

#### **Lending Activity**

UCB's lending performance reflects adequate responsiveness to area credit needs. This area accounted for 2.2 percent of all reported lending in 2022-2024, and the lowest share of deposits at 0.9 percent as of June 30, 2024.

#### **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the assessment area. Home mortgage lending performance supports this conclusion. There were not enough small business or small farm loans originated or purchased in order to draw meaningful conclusions about the bank's performance, therefore, performance among these product lines will carry minimal weight. For this criterion, examiners focused on the percentage of loans by number in the moderate-income census tracts. Both of the moderate-income tracts are located near Hannibal, which is in the far southwest corner of Marion County. These tracts are approximately 10 miles from the bank's only location in this assessment area.

#### ***Home Mortgage Lending***

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. UCB's lending performance in moderate-income tracts was comparable to, but trailed, aggregate lending data in 2023, and lower activity levels were noted in 2024. Although the bank's lending levels were less than aggregate, performance was slightly higher than area demographics. The bank's performance is considered reasonable, especially when considering the proximity to and level of competition in the Hannibal area, where the moderate-income geographies are located.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Missouri Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2023	14.8	22.7	2	18.2	191	15.0
2024	14.8	--	1	6.3	101	5.6
Middle						
2023	29.3	26.9	2	18.2	190	14.9
2024	29.3	--	13	81.3	1,554	86.5
Upper						
2023	55.9	50.4	7	63.6	889	69.9
2024	55.9	--	2	12.4	141	7.9
Totals						
2023	100.0	100.0	11	100.0	1,270	100.0
2024	100.0	--	16	100.0	1,796	100.0
Sources: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data. "--" data not available. Due to rounding, totals may not equal 100.0%.						

### ***Small Business Lending***

Based on the limited volume of loans, each one can carry a significant weight when analyzing loan distribution. As a result, meaningful conclusions cannot be drawn, but activity in the moderate-income geographies was noted in 2023.

### ***Small Farm Lending***

UCB only originated one loan each year in this assessment area, which is insufficient to draw meaningful conclusions.

### **Borrower Profile**

The distribution of borrowers reflects adequate penetration among borrowers of different income levels. Home mortgage lending performance supports this conclusion. There were not enough small business or small farm loans originated or purchased in order to draw meaningful conclusions about the bank's performance, therefore, performance among these product lines carried minimal weight.

### ***Home Mortgage Lending***

The distribution of home mortgage loans to borrowers of different income levels, particularly low- and moderate-incomes, reflects adequate penetration. According to the 2020 U.S. Census, a total of

10.7 percent of families in the assessment area live below the poverty level. The ability to qualify for a home mortgage loan, particularly under conventional financing would be challenging, which limits the demand and opportunity to lend to these lower-income families. This is a factor considered when analyzing the bank's lending performance in the assessment area and may be partially responsible for the difference between aggregate lending levels and area demographics. As detailed in the following table, lending to low-income borrowers exceeded aggregate by nearly 10percent in 2023. Performance decreased in 2024 but was still comparable to area demographics. Lending levels to moderate-income borrowers were comparable to aggregate in 2023 and reflected an increase in 2024.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Missouri Non-MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2023	18.2	8.3	2	18.2	79	6.2
2024	18.2	--	2	12.5	69	3.8
Moderate						
2023	14.8	20.8	2	18.2	190	14.9
2024	14.8	--	4	25.0	436	24.3
Middle						
2023	22.4	18.4	2	18.2	211	16.6
2024	22.4	--	5	31.3	484	26.9
Upper						
2023	44.6	26.9	4	36.4	663	52.2
2024	44.6	--	5	31.2	807	44.9
Not Available						
2023	0.0	25.6	1	9.0	128	10.1
2024	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>1,271</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>16</b>	<b>100.0</b>	<b>1,796</b>	<b>100.0</b>
<i>Sources: 2020 U.S. Census; Bank Data, 2023 HMDA Aggregate Data. "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

### ***Small Business Lending***

Based on the limited volume of loans, meaningful conclusions cannot be drawn; however, activity to borrowers reporting GARs of \$1 million or less is noted.

### ***Small Farm Lending***

As previously mentioned, there was not enough small farm loan volume to draw meaningful conclusions. There was one loan originated each year in 2023 and 2024, and both were to borrowers reporting GARs of \$1 million or less.

### **Innovative or Flexible Lending Practices**

UCB uses innovative or flexible lending practices in order to serve assessment area credit needs. As reflected in the following table, UCB made or facilitated 13 flexible loans totaling \$1.3 million in this assessment area during the current evaluation period. All of the activities in this assessment area helped promote affordable homeownership for low- and moderate-income individuals, which is an identified need in the assessment area.

<b>Innovative or Flexible Lending Programs – Missouri Non-MSA</b>								
<b>Type of Program</b>	<b>2022</b>		<b>2023</b>		<b>2024</b>		<b>Totals</b>	
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>
FHA	1	170	-	-	1	157	2	327
VA	-	-	-	-	-	-	-	-
USDA GRH	-	-	1	66	-	-	1	66
Home Possible	-	-	1	80	2	209	3	289
Home Ready	1	122	2	154	1	120	4	396
Home One	-	-	-	-	-	-	-	-
SBA	-	-	-	-	-	-	-	-
FarmerMac	-	-	-	-	-	-	-	-
DPP	1	101	1	64	-	-	2	165
VLIP	-	-	-	-	-	-	-	-
Community Seconds	-	-	-	-	-	-	-	-
LLPA Waiver	-	-	1	90	-	-	1	90
<b>Totals</b>	<b>3</b>	<b>393</b>	<b>6</b>	<b>454</b>	<b>4</b>	<b>486</b>	<b>13</b>	<b>1,333</b>
<i>Source: Bank records</i>								

### **Community Development Loans**

UCB has made a relatively high level of community development loans in this assessment area. As reflected in the following table, the bank made ten community development loans totaling \$35.2 million in this assessment area during the evaluation period. This represents 12 percent of the bank's total qualified lending, by dollar volume. This level of lending is an increase, by dollar volume, since the previous evaluation when the bank made one loan totaling \$1.4 million.

Community Development Lending – Missouri Non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
2022	-	-	-	-	3	14,500	1	1,719	4	16,219
2023	-	-	-	-	2	6,000	2	7,000	4	13,000
2024	-	-	-	-	2	6,000	-	-	2	6,000
<b>Total</b>	-	-	-	-	7	26,500	3	8,719	10	35,219
<i>Source: Bank Data</i>										

Notable examples of the bank's community development loans in the assessment area include:

- A package of loans totaling \$8.7 million was originated for a manufacturing and retail facility located in a moderate-income census tract. These loans will help sustain operations and retain permanent low- and moderate-income jobs.
- A loan totaling \$8.5 million was originated for the expansion of a manufacturing facility. The expanded operational capacity will result in the creation of 50 new low- and moderate-income paying positions.

## INVESTMENT TEST

UCB demonstrated adequate performance under the Investment Test in the Missouri Non-MSA assessment area. The bank's level of qualified investments and good responsiveness to community development needs supports this conclusion.

### Investment and Grant Activity

UCB has an adequate level of qualified community investments and grants in this assessment area. As detailed in the following table, there were 23 qualified investments, grants, and donations totaling \$1.0 million. This level of activity represents 1.1 percent of the bank's total community development investment activity, by dollar amount. The investment and donation activity during this review period is comparable to the previous evaluation period, by dollar amount, when the bank had two qualified activities totaling \$1.4 million.

Qualified Investments – Missouri Non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	-	-	-	-	-	-	-	-
2022	-	-	1	1,000	-	-	-	-	1	1,000
2023	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	1	1,000	-	-	-	-	1	1,000
Qualified Grants & Donations	-	-	19	13	3	23	-	-	22	36
<b>Total</b>	-	-	<b>20</b>	<b>1,013</b>	<b>3</b>	<b>23</b>	-	-	<b>23</b>	<b>1,036</b>
<i>Source: Bank Data.</i>										

Notable examples of community development investments made or maintained by the bank during the current review period include:

- A \$1.0 million general obligation bond was purchased from a school district in an area where a majority of students qualify for free or reduced lunches. The bond funded improvements to educational facilities.
- The bank donated over \$20,000 to promote economic development that supports communities throughout the assessment area, which is a prevalent need.

### **Responsiveness to Credit and Community Development Needs**

UCB exhibits adequate responsiveness to credit and community economic development needs in the assessment area. Investments and grants made were consistent with the needs of the assessment area. A majority of the qualified investments and grants, by number and dollar volume, have supported community services, which have been identified as needs of the area.

### **Community Development Initiatives**

The bank rarely uses innovative or complex investments to support community development initiatives. The investments and grants noted above are useful and help promote community development; however, they are generally not innovative or complex by nature.

### **SERVICE TEST**

The service performance reflects good responsiveness to the credit and community development needs in the Missouri Non-MSA.

### **Accessibility of Delivery Systems**

Delivery systems are reasonably accessible to essentially all portions of this assessment area. The bank operates one branch office in this area, which is in a middle-income tract that is approximately

ten miles away from the moderate-income tracts in the assessment area. There are numerous other financial institutions in the Hannibal area where the moderate-income geographies are located, which helps meet the credit needs in the area.

The bank also continues to offer a variety of alternative delivery systems that increase the availability of its loan and deposit products. Most of these delivery systems utilize technology to provide customers with 24-hour access to bank accounts and product information. The bank offers an internet and mobile banking service to pay bills and transfer funds. It is also a member of the Money Pass ATM network that provides customers with a broad base of surcharge-free ATM locations, including in low- and moderate-income census tracts throughout the area.

### **Changes in Branch Locations**

The bank has not opened or closed any branches in this assessment area since the prior evaluation.

### **Reasonableness of Business Hours and Services**

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income census tracts and individuals. Business hours are generally comparable to the market. All branch locations are equipped with ATMs with 24 hour access.

### **Community Development Services**

UCB provides a relatively high level of community development services. As detailed in the following table, 74 community development services were provided in this assessment area. The services in this assessment area account for 13.8 percent of the institution's total qualified activities. Two of the services are related to technical expertise provided to customers applying for the DPP program. As affordable housing for low- and moderate-income individuals is an identified need in this area, these activities reflect good responsiveness to assessment area needs.

<b>Community Development Services – Missouri Non-MSA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2022	1	17	2	-	<b>20</b>
2023	1	30	3	-	<b>34</b>
2024	-	18	2	-	<b>20</b>
<b>Total</b>	<b>2</b>	<b>65</b>	<b>7</b>	<b>-</b>	<b>74</b>
<i>Source: Bank Data</i>					

The level of qualified services performed by bank staff outside of providing expertise related to the grant program is similar to the previous evaluation period. Bank staff provided assistance to 13 organizations during this review period, which is comparable to the number of organizations assisted during the previous review period. The number of hours of service during this review



period (177 hours) was only slightly less than the hours during the previous review period (158 hours). Bank staff have been involved in various community organizations that focus on addressing community needs such as food insecurity and affordable housing, as well as economic development.

Some notable examples include:

- Two bank employees serve on the Board of Directors for a local Economic Development Council. In this role, the employees provide technical and financial expertise to the organization and its members to support economic development efforts in the area.
- A bank employee provides organizational and financial expertise serving as a Director for a not-for-profit organization that sponsors programs that helps residents in need. The organization sponsors programs related to early childhood education, foster care, court appointed special advocates, housing assistance, and various food programs.
- A bank employee serves on the Board of Directors for a local Chamber of Commerce. In this role, the employee provides technical and financial expertise to the Chamber and its members to support economic development efforts in the area.

## **APPENDICES**

### **LARGE BANK PERFORMANCE CRITERIA**

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
  - i. The proportion of the bank's lending in the bank's assessment area(s);
  - ii. The dispersion of lending in the bank's assessment areas(s); and
  - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
  - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
  - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
  - iii. Small business and small farm loans by loan amount at origination; and
  - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

#### **Investment Test**

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

## **Service Test**

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

## SCOPE OF EVALUATION

United Community Bank	
<b>Scope of Examination:</b> Full scope reviews were performed on the following assessment areas within the noted areas:  State of Illinois: Illinois Non-MSA Springfield, MSA St. Louis MSA Bloomington MSA  State of Missouri: Missouri Non-MSA	
<b>Time Period Reviewed:</b>	5/2/2022 – 3/24/2025
<b>Products Reviewed:</b> <u>State of Illinois</u> Home Mortgage: 01/01/2022 – 12/31/20224 Small Business: 01/01/2022 – 12/31/20224 Small Farm: 01/01/2022 – 12/31/20224  <u>State of Missouri</u> Home Mortgage: 01/01/2022 – 12/31/20224 Small Business: 01/01/2022 – 12/31/20224 Small Farm: 01/01/2022 – 12/31/20224	

List of Assessment Areas and Type of Evaluation			
Rated Area: Assessment Area (as presented)	Type of Evaluation	Branches Visited	Other Information
<b>STATE OF ILLINOIS:</b>			
Illinois Non-MSA	Full-scope	None	Part of the Illinois statewide Non-MSA
Springfield, MSA	Full-Scope	Springfield Branch	
St. Louis MSA	Full-scope	None	
Bloomington MSA	Full-scope	None	
<b>STATE OF MISSOURI:</b>			
Missouri Non-MSA	Full-scope	None	Part of the Missouri statewide Non-MSA

## SUMMARY OF RATINGS FOR RATED AREAS

<b>Rated Area</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>	<b>Rating</b>
STATE OF ILLINOIS	Low Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
STATE OF MISSOURI	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory

## GLOSSARY

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

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

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

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

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

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

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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

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

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

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

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

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

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

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



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

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

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

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

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

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

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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

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

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

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

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

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

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

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

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

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

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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