PUBLIC DISCLOSURE

February 27, 2023

COMMUNITY REINVESTMENT ACT

PERFORMANCE EVALUATION

Quad City Bank & Trust Company
RSSD# 2142155

2118 Middle Road
Bettendorf, Iowa 52722

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

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

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INSTITUTION'S CRA RATING

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

Performance Test Rating Table

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

Quad City Bank & Trust Company			
Performance Levels	**Performance Tests**		
	Lending Test	**Investment Test**	**Service Test**
Outstanding	✓	✓	
High Satisfactory			✓
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* *Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating*

Summary of Major Factors that Support the Rating

Lending Test:

- Lending levels reflect good responsiveness to assessment area credit needs;
- A high percentage of loans are made in the bank's assessment area;
- The geographic distribution of loans reflects good penetration throughout the assessment area;
- The distribution of borrowers reflects, given the product lines offered, excellent penetration among borrowers of different income levels and a good distribution to businesses of different revenue sizes;
- The bank exhibits a good record of serving the credit needs of low-income individuals and

very small businesses;
- The bank is a leader in making community development loans; and
- The bank makes use of innovative and flexible lending practices in serving assessment area credit needs.

Investment Test:
- Investment activities demonstrate an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, often in a leadership position;
- The bank makes occasional use of innovative investments to support community development initiatives; and
- The bank exhibits excellent responsiveness to credit and community development needs.

Service Test:
- The bank's delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area;
- The bank’s record of opening and closing branches and ATMs has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and low-and moderate-income individuals;
- Services do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals; and
- The bank provides an adequate level of community development services.

QUAD CITY BANK & TRUST COMPANY

DESCRIPTION OF INSTITUTION

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

QCBT's branch network remains unchanged from the previous evaluation. The bank operates a main office located in Bettendorf, Iowa, three branches in Davenport, Iowa, and one branch located in Moline, Illinois. In addition, QCBT operates five full-service and ten cash-dispensing automated teller machines (ATMs) throughout the assessment area, with all full-service ATMs attached to branches. Three of the cash-dispensing ATMs are located in Iowa and seven in Illinois. Products and services do not vary by branch location.

QCBT remains engaged in a joint venture arrangement with Ruhl Mortgage LLC (Ruhl) to expand the bank's mortgage product and service offerings. Ruhl offers purchase and refinance loans, including Federal Housing Administration (FHA), Veterans Administration (VA), and Rural Development loans; second home loans; loans for investment properties and relocations; as well as down payment and closing cost assistance programs. A downpayment assistance program is also available through QCBT for new and refinanced residential real estate loans for low- and moderate-income (LMI) individuals.

According to the December 31, 2022 Uniform Bank Performance Report (UBPR), QCBT reported total assets of approximately $2.2 billion. The bank offers a full range of loan products including commercial, residential real estate, agricultural, and consumer loans. The bank also offers a variety of standard, non-complex deposit products including checking, savings, money market, and certificate of deposit accounts. QCBT is primarily a commercial lender with 75.5 percent of its loan portfolio concentrated in commercial loans as of December 31, 2022. Also significant are "other" loans constituting 11.5 percent of the loan portfolio. These loans are comprised primarily of loans made to non-depository institutions, such as leasing and financing companies. Residential real estate lending represents a smaller portion of the loan portfolio at 10.6 percent.

Composition of Loan Portfolio As of December 31, 2022		
Type	Dollar Volume ($ in 000s)	% of Portfolio
Commercial	1,379,536	75.5
Residential Real Estate	194,092	10.6
Agricultural	15,704	0.9
Other	210,152	11.5
Consumer	28,783	1.5
Total	1,828,267	100.0

Note: Percentages may not total 100.0 percent due to rounding

The bank offers a number of alternative retail delivery services, including mobile banking, internet banking, and ATMs. The bank's website has transactional capabilities and allows customers to perform account transfers, make bill payments, and apply for consumer loans. In addition, telebanking services are provided in both English and Spanish. Mobile banking services include remote deposit capture and person-to-person (Zelle) payment capabilities.

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

At its previous evaluation conducted on February 8, 2021, the bank was rated **Satisfactory** under the CRA.

SCOPE OF THE EXAMINATION

QCBT's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Interagency Large Institution CRA Examination Procedures. The evaluation was performed in the context of information about the bank and its assessment area, such as asset size, financial condition, market presence of other financial institutions, the combined record of aggregate lenders in the assessment area, and economic and demographic characteristics. The evaluation included a full-scope review of the bank's assessment area comprising Scott County, Iowa and Rock Island County, Illinois located in the Davenport-Moline-Rock Island, Iowa-Illinois multi-state Metropolitan Statistical Area #19340 (Quad Cities MSA). Aggregate lending data comparisons consist of lending activity for all institutions originating loans reported under the Home Mortgage Disclosure Act (HMDA) and the Community Reinvestment Act (CRA) within the assessment area in 2020 and 2021.

The retail lending analysis was based on 2020 and 2021 HMDA-reportable loans, specifically home purchase and home refinance. Home improvement, multifamily, other purpose lines of credit, other purpose closed/exempt, and loan purpose not applicable loans were not evaluated as the limited volume in each of these categories does not allow for an effective analysis. The review also included an analysis of 2020 and 2021 CRA-reportable small business loans. Small farm lending during the evaluation period was minimal and had no impact on the overall CRA rating. Therefore, an evaluation of small farm lending was not included. As the bank is predominantly a commercial lender, CRA-reportable small business loan activity is weighted slightly more than HMDA-reportable lending in the evaluation's retail lending analysis.

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

- ***Lending Activity*** - HMDA-reportable loans originated from January 1, 2020 through December 31, 2021 and CRA-reportable small business loans originated from January 1, 2020 through December 31, 2021 were reviewed to determine the bank's responsiveness to credit needs in the assessment area.

- ***Lending in the Assessment Area*** - HMDA-reportable loans originated from January 1, 2020 through December 31, 2021 and CRA-reportable small business loans originated from January 1, 2020 through December 31, 2021 were reviewed to determine the percentage of loans originated in the assessment area.

- ***Geographic Distribution of Lending in the Assessment Area*** - HMDA-reportable loans originated from January l, 2020 through December 31, 2021 and CRA-reportable small business loans originated from January 1, 2020 through December 31, 2021 were analyzed to determine the extent to which the bank is making loans in census tracts of different income levels, including those designated as low- and moderate-income.

- ***Lending to Borrowers of Different Incomes and Businesses of Different Sizes*** - HMDA reportable loans originated from January 1, 2020 through December 31, 2021 and CRA reportable small business loans originated from January 1, 2020 through December 31, 2021 were analyzed to determine the loan distribution among borrowers of different income levels, particularly those considered low- and moderate-income, and to businesses of different revenue sizes.

- ***Community Development Lending*** - The number volume, dollar volume, responsiveness, and complexity of community development loans were reviewed from February 9, 2021 through February 27, 2023.

- ***Innovative or Flexible Lending Practices*** - The degree to which the bank uses innovative and flexible lending practices to address the credit needs of LMI individuals and geographies, as well as of small businesses.

- ***Investments*** - Qualified investments from February 9, 2021 through February 27, 2023 were reviewed to determine the bank's responsiveness to community development needs. Qualified investments were also evaluated to determine the bank's use of innovative or complex investments.

- ***Services*** - The distribution of the bank's branch offices and ATMs, its record of opening and closing branch offices, banking services, hours of operation, availability of loan and deposit products, and the extent and innovativeness of community development services were reviewed from February 9, 2021 through February 27, 2023.

In addition, three CRA-related community representatives were contacted to better understand the credit needs of the assessment area. The contacts focused on the areas of affordable housing and economic development.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

QUAD CITIES MULTISTATE MSA

CRA RATING FOR THE DAVENPORT-MOLINE-ROCK ISLAND, IA-IL MSA #19340:
The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

QCBT is meeting the credit needs of its community, consistent with its locations, asset size, and local economic conditions within its delineated assessment area. Lending levels reflect good responsiveness to assessment area credit needs. The bank originated a high percentage of its loans within the delineated assessment area during the review period. The geographic distribution of loans and distribution of loans to borrowers of different income levels is good. The bank is also a leader in making community development loans, helping to serve the credit needs of its assessment area. Investment activities demonstrate an excellent level of qualified community development investments and grants. The bank's delivery systems are accessible to the geographies and individuals of different income levels within the assessment area and businesses of different sizes. The bank's record of opening and closing branches and ATMs has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. Lastly, bank staff provides an adequate of community development services, providing guidance and expertise often as a board representative.

SCOPE OF EXAMINATION

QCBT's operations in the Davenport-Moline-Rock Island, IA-IL multistate MSA #19340 (Quad Cities MSA) received a full-scope review. The scope of examination is described in more detail in the "Scope of the Examination" section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE QUAD CITIES MSA

QCBT operates its main office, four bank branches, and 15 ATMs in the assessment area, specifically within Scott County, Iowa and Rock Island County, Illinois. According to the June 30, 2022 Federal Deposit Insurance Corporation (FDIC) Market Share Report, QCBT ranks first out of 24 FDIC-insured institutions operating in the assessment area with 21.9 percent of the deposit market share. The bank is trailed by Wells Fargo Bank N.A., which is ranked second holding 15.6 percent of the deposit market share, and Blackhawk Bank & Trust, which is ranked third with a 13.5 percent deposit market share.

The assessment area also includes a significant number of highly competitive credit unions. As of 2021, there were a total of 305 HMDA reporters in the assessment area, and the top two reporters were both credit unions (Greenstate Credit Union and I.H. Mississippi Valley Credit Union); QCBT ranked 27th among HMDA reporters in the assessment area. In addition to highly competitive credit unions, the bank faces competition from community and national banks with respect to business and agricultural lending. As of 2021, the bank's assessment area was comprised of 98 CRA reporters with the bank ranked fourth; Blackhawk Bank and Trust, US Bank, and American Express National Bank represented the top three CRA reporters.

The bank's assessment area delineation has not changed since the previous evaluation and is comprised of 87 total census tracts; including 47 census tracts in Scott County, Iowa and the remaining 40 census tracts in Rock Island County, Illinois. Since the counties are part of the same multistate MSA, they will be evaluated as one contiguous assessment area. Based on 2021 FFIEC census data and 2015 American Community Survey (ACS) data, four census tracts are determined to be low-income, 26 census tracts are designated moderate-income, 43 census tracts are considered middle-income, and 14 census tracts are upper-income.

Information about census-related and business demographic characteristics of the assessment area for 2021 is provided in the following table (refer to Appendix B for information regarding 2020).

2021 Davenport-Moline-Rock Island, IA-IL MSA 19340 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	4	4.6	1,566	2.0	551	35.2	16,098	20.1
Moderate	26	29.9	15,617	19.5	2,679	17.2	14,333	17.9
Middle	43	49.4	45,864	57.3	4,020	8.8	17,006	21.3
Upper	14	16.1	16,973	21.2	540	3.2	32,583	40.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**87**	**100.0**	**80,020**	**100.0**	**7,790**	**9.7**	**80,020**	**100.0**
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	4,530	735	0.8	16.2	2,846	62.8	949	20.9
Moderate	31,422	16,147	18.3	51.4	11,724	37.3	3,551	11.3
Middle	75,888	51,199	58.1	67.5	20,051	26.4	4,638	6.1
Upper	26,751	19,976	22.7	74.7	5,422	20.3	1,353	5.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**138,591**	**88,057**	**100.0**	**63.5**	**40,043**	**28.9**	**10,491**	**7.6**
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	779	6.4	659	6.1	105	9.4	15	10.6
Moderate	2,445	20.1	2,167	19.9	253	22.7	25	17.6
Middle	5,832	48.1	5,205	47.8	564	50.6	63	44.4
Upper	3,079	25.4	2,847	26.2	193	17.3	39	27.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**12,135**	**100.0**	**10,878**	**100.0**	**1,115**	**100.0**	**142**	**100.0**
Percentage of Total Businesses:				**89.6**		**9.2**		**1.2**
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1	0.3	1	0.3	0	0.0	0	0.0
Moderate	7	1.9	7	1.9	0	0.0	0	0.0
Middle	238	64.9	236	65.4	2	33.3	0	0.0
Upper	121	33.0	117	32.4	4	66.7	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**367**	**100.0**	**361**	**100.0**	**6**	**100.0**	**0**	**0.0**
Percentage of Total Farms:				**98.4**		**1.6**		**0.0**

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Population Characteristics

Population change was stable across the MSA, counties which comprise the assessment area, and the states to which the counties belong between 2010 and 2015. Scott County had the highest rate of growth, 2.9 percent, while Rock Island County experienced a slight decrease in population at 0.3 percent. Comments from a community representative noted that Scott County recovered at a faster rate from the previous economic crisis than Rock Island County; particularly during the timeframe listed in the table below. The recovery made Scott County more attractive for new residents and thus resulted in population increase. Further, this representative indicated the rise in remote work could lead to continued population growth in the assessment area due to a lower cost of living and increased job opportunities that are not confined by geography. Community representatives further attributed Rock Island County's decline to the younger demographic moving away for college and not returning. Overall, the Quad Cities MSA's rate of growth, with an increase of 0.9 percent, was comparable to the states of Iowa and Illinois which experienced increases of 1.5 percent and 0.3 percent, respectively.

The table below presents population change in the MSA, the counties which comprise the bank's assessment area, and the states to which the counties belong between 2010 and 2015.

Population Change
2010 and 2011-2015

Area	2010 Population	2011-2015 Population	Percent Change (%)
Assessment Area	312,770	317,155	1.4
Rock Island County, IL	147,546	147,161	-0.3
Scott County, IA	165,224	169,994	2.9
Davenport-Moline-Rock Island, IA-IL MSA	379,690	383,145	0.9
State of Illinois	12,830,632	12,873,761	0.3
State of Iowa	3,046,355	3,093,526	1.5

Source: 2010 U.S. Census Bureau Decennial Census
2011 - 2015 U.S. Census Bureau American Community Survey

Income Characteristics

According to the 2021 FFIEC Census Data, the assessment area is comprised of 80,020 families, of which 20.1 percent are designated as low-income, 17.9 percent are designated as moderate-income, 21.3 percent are designated as middle-income, and 40.7 percent are designated as upper-income. A total of 9.7 percent of families residing within the assessment area live below the poverty line, which is above the rate for the state of Iowa at 8.1 but below the rate for the state of Illinois at 10.5 percent.

The following table compares the median family income (MFI) for the assessment area, the counties comprising the assessment area, the Davenport-Moline-Rock Island, IA-IL MSA, and the states of Iowa and Illinois over two time periods. For purposes of this discussion, MFI has been inflation-adjusted and expressed in 2015 dollars. The assessment area experienced an overall decrease of 0.8 percent in MFI between the time periods. Rock Island County exhibited an MFI decrease of 3.6 percent, which is comparable to the state of Illinois's decrease of 3.7 percent. However, Scott County experienced a MFI increase of 2.8 percent, outpacing that of the state of Iowa (0.2 percent). The assessment area's MFI is comparable to the state of Iowa but below the state of Illinois. Within the assessment area, Scott County has a higher MFI than both states and the MSA. Community representatives noted that Scott County has experienced significant economic growth since 2010. Community representatives expect the MFI to continue its growth trend based on economic growth in the city of Davenport, which has successfully attracted residents in recent years. Conversely, Rock Island County's decline in the MFI was attributed to a stagnant local economy.

Median Family Income 2006-2010 and 2011-2015			
Area	**2006-2010 Median Family Income 2015 Dollars ($)**	**2011-2015 Median Family Income 2015 Dollars ($)**	**Percent Change (%)**
Assessment Area	67,025	66,460	-0.8
Rock Island County, IL	64,207	61,895	-3.6
Scott County, IA	70,252	72,195	2.8
Davenport-Moline-Rock Island, IA-IL MSA	67,213	66,600	-0.9
State of Illinois	74,306	71,546	-3.7
State of Iowa	67,302	67,466	0.2

Source: 2006 - 2010 U.S. Census Bureau American Community Survey
2011 - 2015 U.S. Census Bureau American Community Survey
Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.

Housing Characteristics

According to 2021 FFIEC Census data, there are a total of 138,591 housing units in the assessment area. The majority of housing units are owner-occupied at 63.5 percent, while 28.9 percent are rental units. Although only 7.6 percent of housing units are vacant in the assessment area, low- and moderate-income census tracts have a higher rate of vacancy when compared to middle- and upper-income census tracts. Within low-income census tracts, while 16.2 percent of housing units are owner-occupied and 62.8 percent of housing units are rental units, 20.9 percent of housing units are vacant. Within moderate-income tracts, owner-occupied units comprise 51.4 percent of housing units, rental units make up 37.3 percent, and vacant units comprise 11.3 percent. The lower percentage of owner-occupied housing in low-income census tracts, specifically, indicates significantly fewer home mortgage lending opportunities in those geographies.

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

Renters across all income levels in the assessment area experience this burden at 40.7 percent. The assessment area, however, experiences a lower rate of housing cost burden for renters than the state of Illinois, and a higher rate of burden for renters than the state of Iowa. However, within the assessment area, Rock Island County in the state of Illinois has a lower housing cost burden rate for low- and moderate-income renters when compared to Scott County, which is in the state of Iowa. For homeowners, only 16.5 percent are experiencing housing cost burden within the assessment area, but similar to renters, the majority are low- and moderate-income owners at 65.3 percent and 29.2 percent, respectively.

Community representatives indicated the housing stock is aging across the assessment area, with a mixed inventory of well-maintained homes and those that are in need of rehabilitation. Community representatives further iterated there is a need for smaller sized housing options for an aging population, many of whom are currently living in larger homes without a commensurate need. Moreover, there is an overall shortage of affordable housing options ranging from apartment complexes to single family homes. Representatives stated that there are multiple programs to increase affordable housing by way of new development and rehabilitation, with opportunities for institutions to get involved.

Housing Cost Burden						
	Cost Burden (%) - Renters			**Cost Burden (%) - Owners**		
Area	**Low Income**	**Moderate Income**	**All Renters**	**Low Income**	**Moderate Income**	**All Owners**
Assessment Area	72.8	32.3	40.7	65.3	29.2	16.5
Rock Island County, IL	67.8	28.8	39.6	63.1	26.1	16.3
Scott County, IA	78.1	35.0	41.7	67.6	32.5	16.6
Davenport-Moline-Rock Island, IA-IL MSA	71.4	30.2	39.7	62.5	27.3	15.9
State of Illinois	75.0	39.0	43.4	69.4	40.1	22.6
State of Iowa	72.2	24.1	38.0	58.9	25.3	15.2
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy						

Employment Characteristics

Based on the most recent data available from the Bureau of Labor Statistics (2017-2021), unemployment rates largely experienced consistent declines across all geographic areas from 2017 through 2019. All areas exhibited a spike in unemployent rates in 2020 before declining in 2021, largely due to the COVID-19 pandemic, which led some employers to layoff employees, both temporarily and, in some cases, permanently.

Rock Island has a large retail and hospitality industry which was, and still is, heavily impacted by the COVID-19 pandemic. A significant number of hotels, restaurants, theaters, and more establishments were temporarily or permanatly closed. Moreover, according to community representatives, the state of Illinois implemented stricter COVID-19 pandemic shutdown rules than the state of Iowa leading to more adverse impacts on employment during 2020 and 2021 in Rock Island County. Community representatives have stated, however, that unemployment rates have stabilized recently and there are many vacant job openings.

The table below presents the unemployment rate in the MSA, the counties which comprise it and the states to which the counties belong between 2017 and 2021.

Unemployment Rates (%)					
Area	**2017**	**2018**	**2019**	**2020**	**2021**
Assessment Area	4.3	3.9	3.9	7.9	5.5
Rock Island County, IL	5.1	5.2	4.8	9.6	5.6
Scott County, IA	3.6	2.9	3.2	6.6	5.4
Davenport-Moline-Rock Island, IA-IL MSA	4.4	4.1	4.0	7.9	5.4
State of Illinois	4.9	4.4	4.0	9.2	6.1
State of Iowa	3.1	2.5	2.6	5.1	4.2
Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics					

Industry Characteristics

The assessment area contains a diverse employment base that includes manufacturing, health care, retail trade and hospitality, and food service. In addition to these major employers, Dun & Bradstreet data indicate that there were 12,135 businesses located within the assessment area in 2021, and the majority (89.6 percent) had revenues of $1 million or less. Community representatives stated there have not been any notable changes to the industry composition of the assessment area, with no major employers entering or leaving the area in recent years. Further, Scott County has recovered from the previous economic recession and COVID-19 pandemic related impacts at a faster pace than Rock Island County. Lastly, community representatives presume the labor shortage is having a disproportionate impact on the retail and hospitality industry, as well as some local manufacturing companies.

Community Representatives

Three community representatives were contacted to provide information about local housing, employment, and other economic conditions within the assessment area. Representatives listed affordable housing as the assessment area's greatest need. Representatives indicated that there is a lack of new affordable residential real estate construction in the MSA, including both single-family homes and apartments. Community representatives also highlighted that housing stock is aging and there is a need for housing rehabilitation. Further, the representativess discussed that during the review period, businesses within the assessment area were finding it difficult to attract new qualified workers and that Scott County has bounced back from the previous economic recession at a faster pace than Rock Island County. Representatives did note that financial institutions within the community have been active and responsive to credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN QUAD CITIES MULTISTATE MSA

LENDING TEST

QCBT's performance relative to the Lending Test in Davenport-Moline-Rock Island, Iowa-Illinois multistate MSA #19340 is Outstanding based on the following major factors: lending levels reflect good responsiveness to the assessment area's credit needs; a high percentage of loans are made within the bank's assessment area; the geographic distribution of loans reflects good penetration throughout the assessment area; the distribution of loans reflects excellent penetration among borrowers of different income levels and good distribution to business of different revenue sizes; and, the bank exhibits a good record of serving the credit needs of low-income individuals and very small businesses. Further, QCBT is a leader in making community development loans and makes use of innovative and flexible lending practices in serving assessment area credit needs.

Level of Lending Activity

QCBT's lending levels reflect good responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage and small business loans in its assessment area. QCBT originated a total of 1,994 HMDA- and CRA-reportable loans during the review period, totaling approximately $477.7 million. During the previous CRA performance evaulation, the bank originated 867 HMDA- and CRA-reportable loans totaling $198.0 million.

The bank remains primarily a commercial lender, as CRA-reportable small business loans comprised the majority of the bank's HMDA- and CRA-reportable lending activity during the review period. More specifically, the bank originated 1,443 CRA-reportable small business loans totaling approximately $249.3 million which comprised 72.0 percent, by number, of total HMDA- and CRA-reportable loans combined. This represents a significant increase of CRA-reportable small business lending since the previous evaluation where the bank originated 573 CRA-reportable small business loans totaling approximately $127.0 million (151.8 percent increase by number). This increased lending, paired with economic and market conditions, continues to show the bank's commitment to serve the credit needs of the area they serve.

The table below presents the bank's HMDA- and CRA-reportable lending activity during the review period.

Loan Type	#	%	$(000s)	%
Total Consumer related	**0**	**0**	**$0**	**0**
Home Improvement	13	--	$1,298	--
Home Purchase	280	--	$70,396	--
Multi-Family Housing	36	--	$76,355	--
Refinancing	208	--	$77,570	--
Total HMDA related	**537**	**27**	**$225,619**	**47**
Total Non-HMDA related	**0**	**0**	**$0**	**0**
Small Business	1,443	--	$249,263	--
Total Small Business related	**1,443**	**72**	**$249,263**	**52**
Small Farm	14	--	$2,832	--
Total Small Farm related	**14**	**1**	**$2,832**	**1**
TOTAL LOANS	**1,994**	**100**	**$477,714**	**100**

Assessment Area Concentration

QCBT made a high percentage of loans in its assessment area. More specifically, QCBT made 82.4 percent of its HMDA- and CRA-reportable loans by number, and 63.1 percent of total loans by dollar volume, within its assessment area during the review period. This is below the bank's performance at the previous evaluation, during which time it made 87.2 percent by number, and 75.7 percent by dollar volume, of its HMDA- and CRA-reportable loans within the assessment area.

The bank's CRA-reportable small business lending reflects a higher concentration of lending within the assessment area, at 89.0 percent by number and 85.5 percent by dollar volume, during the review period when compared to HMDA-reportable lending. HMDA-reportable loan activity within the assessment area is at 65.2 percent by number and 38.6 percent by dollar volume. Further, HMDA-reportable lending activity is overall significantly lower by number and dollar volume when compared to CRA-reportable small business lending as noted in the section above. Given that the bank is predominantly a commercial lender, CRA-reportable small business loan activity is weighted more heavily than HMDA-reportable loan activity as it relates to this lending test component.

The table below presents lending inside and outside the assessment area during the review period.

Loan Types	Inside				Outside			
	#	%	$(000s)	%	#	%	$(000s)	%
Home Improvement	9	69.2	$539	41.5	4	30.8	$759	58.5
Home Purchase - Conventional	201	71.8	$36,948	52.5	79	28.2	$33,448	47.5
Multi-Family Housing	10	27.8	$10,367	13.6	26	72.2	$65,988	86.4
Refinancing	130	62.5	$39,226	50.6	78	37.5	$38,344	49.4
Total HMDA related	**350**	**65.2**	**$87,080**	**38.6**	**187**	**34.8**	**$138,539**	**61.4**
Small Business	1,284	89.0	$212,988	85.5	158	11.0	$36,199	14.5
Total Small Bus. related	**1,284**	**89.0**	**$212,988**	**85.5**	**158**	**11.0**	**$36,199**	**14.5**
Small Farm	8	57.1	$1,518	53.6	6	42.9	$1,314	46.4
Total Small Farm related	**8**	**57.1**	**$1,518**	**53.6**	**6**	**42.9**	**$1,314**	**46.4**
TOTAL LOANS	**1,642**	**82.4**	**$301,586**	**63.1**	**351**	**17.6**	**$176,052**	**36.9**

Note: Affiliate loans not included

Geographic Distribution of Loans

QCBT's lending activities reflect good distribution throughout the assessment area. A breakdown of the bank's HMDA- and CRA-reportable lending is discussed in more detail below by individual products. Specific to HMDA-reportable lending, as noted earlier due to limited lending activity of home improvement and multi-family loans, only home purchase and refinance loans will be discussed. As it relates to CRA-reportable lending, only small business loans are discussed due to the limited number of small farm loans in the assessment area during the review period.

QCBT originated HMDA-and CRA-reportable loans in 97.7 percent of the 87 census tracts in the assessment area in 2021. Combined, these loans penetrated three of the four low-income census tracts and 25 of the 26 moderate-income census tracts in 2021. This is similar to geographic penetration across census tracts in 2020, where the bank originated loans in 94.3 percent of the 87 census tracts, including all of the low-income census tracts and 22 of the 26 moderate-income census tracts. There were no conspicuous gaps in HMDA- and CRA-reportable lending across the bank's assessment area.

<u>HMDA-Reportable Lending</u>

Home Purchase Loans

The bank originated one home purchase loan in a low-income census tract in 2021, accounting for 0.9 percent of home purchase lending. This was comparable to both the rate of aggregate of lenders which made 0.5 percent, by number, of HMDA-reportable home purchase loans in these census tracts, and the percentage of owner-occupied units in low-income census tracts, at 0.8 percent. Finding opportunities to lend in low-income census tracts continues to be difficult with 62.8 percent of the housing serving as rental property and 20.9 percent of the properties listed as vacant. The bank made 28.1 percent, by number, of its home purchase loans in moderate-income census tracts in 2021. This resulted in the bank significantly above both the rate of aggregate of lenders and the percentage of owner-occupied units comprising such tracts, at 16.8 percent and 18.3 percent, respectively.

Home purchase lending in 2020 was consistent with 2021 lending, where the bank originated one loan (or 1.1 percent) in low-income tracts, compared to 0.5 percent by aggregate lenders and 0.8 percent of owner-occupied units available in those tracts. Similar to 2021, home purchase loans originated in moderate-income tracts in 2020, at 27.6 percent by number, is significantly above the rate of aggregate lenders (15.5 percent) and the percentage of owner-occupied units in moderate-income tracts at 18.3 percent.

In 2021, the bank made 48.2 percent of its home purchase loans, by number, in middle-income census tracts, which was below both the rate of aggregate lenders and the percentage of owner-occupied units comprising such tracts at 55.9 percent and 58.1 percent, respectively. As it relates to upper-income census tracts, the bank made 22.8 percent, by number, of its home purchase loans in such tracts, which was below the rate of aggregate lenders at 26.7 percent but comparable to the percentage of owner-occupied units comprising these tracts at 22.7 percent.

The bank's lending activity in 2020, as it relates to home purchase loans originated in middle- and upper-income census tracts, was consistent to that of 2021. More specifically, the bank made 46.0 percent of its 2020 home purchase loans in middle-income census tracts, below both the rate of aggregate lenders at 57.2 percent and the percentage of owner-occupied housing in middle-income census tracts at 58.1 percent. Within upper-income census tracts, the bank made 25.3 percent of its 2020 home purchase loans, which was comparable to the percentage rate of aggregate lenders at 26.9 percent and slightly above to the percentage of owner-occupied housing in upper-income census tracts at 22.7 percent.

Refinance Loans

In 2021, the bank did not originate any refinance loans in low-income census tracts, which was comparable with the rate of aggregate of lenders and percentage of owner-occupied housing at 0.4 percent and 0.8 percent, respectively. The bank originated 14.5 percent of its refinance loans in moderate-income census tracts, slightly above the rate of aggregate lenders at 10.8 percent, but below the percentage of owner-occupied units in these census tracts, at 18.3 percent. Refinance lending performance in low- and moderate-income census tracts in 2020 is consistent with that of 2021.

The bank made 47.3 percent of its refinance loans, by number, in middle-income census tracts in 2021. This was below the performance of the aggregate of lenders which made 55.7 percent of such loans and the percentage of owner-occupied units at 58.1 percent. Conversely, the bank's lending was above the rate of aggregate lenders (33.2 percent) and the percentage of owner-occupied units (22.7 percent) in upper-income census tracts by originating 38.2 percent of its refinance loans in such tracts in 2021.

Refinance lending performance in middle- and upper-income census tracts in 2020 differed from the outcomes in 2021. The bank made 34.7 percent of its refinance loans in middle-income census tracts, which was significantly below the rate of aggregate lenders who made 52.9 percent and the percentage of owner-occupied housing in middle-income census tracts at 58.1 percent. Conversely, the bank's lending in upper-income census tracts was significantly above the rate of aggregate lenders at 37.9 percent and the percentage of owner-occupied housing at 22.7 percent, by originating 50.7 percent of its refinance loans in these tracts.

The table below presents the 2020 and 2021 geographic distribution of HMDA-reportable loans in the assessment area.

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography
Assessment Area: Davenport-Moline-Rock Island, IA-IL MSA 19340

Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans													
Low	1	1.1	0.5	44	0.3	0.3	1	0.9	0.5	88	0.4	0.3	0.8
Moderate	24	27.6	15.5	1,836	11.3	8.7	32	28.1	16.8	3,158	15.2	9.6	18.3
Middle	40	46.0	57.2	5,346	32.9	51.6	55	48.2	55.9	8,553	41.3	50.5	58.1
Upper	22	25.3	26.9	9,007	55.5	39.5	26	22.8	26.7	8,916	43.0	39.6	22.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	87	100.0	100.0	16,233	100.0	100.0	114	100.0	100.0	20,715	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.2	0	0.0	0.1	0	0.0	0.4	0	0.0	0.2	0.8
Moderate	11	14.7	9.0	860	3.5	4.5	8	14.5	10.8	626	4.3	6.0	18.3
Middle	26	34.7	52.9	7,114	29.0	46.2	26	47.3	55.7	5,507	37.4	49.2	58.1
Upper	38	50.7	37.9	16,523	67.4	49.2	21	38.2	33.2	8,596	58.4	44.6	22.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	75	100.0	100.0	24,497	100.0	100.0	55	100.0	100.0	14,729	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	1.0	0	0.0	0.6	0	0.0	0.4	0	0.0	0.4	0.8
Moderate	0	0.0	13.5	0	0.0	10.0	3	60.0	11.7	181	48.5	9.5	18.3
Middle	2	50.0	54.8	130	78.3	49.7	1	20.0	55.4	92	24.7	48.8	58.1
Upper	2	50.0	30.7	36	21.7	39.7	1	20.0	32.4	100	26.8	41.4	22.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	4	100.0	100.0	166	100.0	100.0	5	100.0	100.0	373	100.0	100.0	100.0
Multifamily Loans													**Multi-family Units %**
Low	0	0.0	6.8	0	0.0	9.3	0	0.0	13.0	0	0.0	19.9	9.2
Moderate	1	14.3	30.6	170	2.7	16.8	1	33.3	24.0	3,127	76.2	15.7	22.5
Middle	2	28.6	44.9	5,253	83.9	40.0	0	0.0	46.1	0	0.0	40.1	51.8
Upper	4	57.1	17.7	838	13.4	33.8	2	66.7	16.9	979	23.8	24.4	16.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	7	100.0	100.0	6,261	100.0	100.0	3	100.0	100.0	4,106	100.0	100.0	100.0
Total Home Mortgage Loans													**Owner Occupied Units %**
Low	1	0.6	0.4	44	0.1	0.8	1	0.6	0.6	88	0.2	2.0	0.8
Moderate	36	20.8	12.3	2,866	6.1	7.1	44	24.9	14.0	7,092	17.8	8.6	18.3
Middle	70	40.5	54.7	17,843	37.8	48.0	82	46.3	55.6	14,152	35.4	49.0	58.1
Upper	66	38.2	32.5	26,404	56.0	44.2	50	28.2	29.9	18,591	46.6	40.4	22.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	173	100.0	100.0	47,157	100.0	100.0	177	100.0	100.0	39,923	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

CRA-Reportable Lending

Small Business Loans

In 2021, the bank's performance was comparable to the rate of aggregate lenders and the percentage of total businesses within low-income census tracts. QCBT made 6.9 percent of CRA-reportable small business loans, by number, in low-income census tracts, compared to the rate of aggregate of lenders at 5.7 percent, and the percentage of total businesses in such tracts at 6.4 percent. The bank made 17.0 percent, by number, of its CRA-reportable small business loans in moderate-income census tracts. This was slightly below both the rate of aggregate lenders, at 20.8 percent, and the percentage of total businesses located in moderate-income census tracts, at 20.1 percent.

The bank's CRA-reportable small business lending in 2020 reflected consistent performance in low- and moderate-income census tracts when compared to 2021. The bank's rate of lending in low-income tracts, at 7.2 percent, was comparable to the rate of aggregate lenders, at 6.1 percent, and the percentage of total businesses in low-income census tracts, at 6.4 percent. The bank originated 13.4 percent of its small business loans in moderate-income census tracts in 2020, below both the rate of aggregate lenders and the percentage of total businesses at 21.8 and 20.1 percent, respectively.

The table below presents the geographic distribution of CRA-reportable small business loans in the assessment area in 2020 and 2021.

Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography
Assessment Area: Davenport-Moline-Rock Island, IA-IL MSA 19340

Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Low	53	7.2	6.1	7,381	6.1	7.0	38	6.9	5.7	5,207	5.6	6.4	6.4
Moderate	99	13.4	21.8	16,520	13.7	22.8	93	17.0	20.8	17,584	19.1	25.5	20.1
Middle	352	47.7	46.3	63,532	52.6	47.9	257	47.0	47.2	45,558	49.4	47.7	48.1
Upper	234	31.7	25.3	33,399	27.6	22.1	159	29.1	25.8	23,883	25.9	20.3	25.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.5	0	0.0	0.2	0	0.0	0.6	0	0.0	0.1	
Total	738	100.0	100.0	120,832	100.0	100.0	547	100.0	100.0	92,232	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

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

QCBT's lending activities reflect an excellent distribution, particularly in its assessment area, of loans among individuals of different income levels and a good distribution to businesses of different sizes, given the product lines offered by the bank. The bank also exibits a good record of serving the credit needs of low-income individuals and very small businesses, consistent with safe and sound operations.

A breakdown of the bank's HMDA- and CRA-reportable lending is discussed in more detail below by individual products. Specific to HMDA-reportable lending, as noted earlier, due to limited lending activity of home improvement and multi-family loans, only home purchase and refinance loans will be discsussed. As it relates to CRA-reportable lending, only small business loans are discussed due to the limited number of small farm loans in the assessment area during the review period.

HMDA-Reportable Lending

Home Purchase Loans

In 2021, the bank made 17.5 percent of its home purchase loans, by number, to low-income borrowers, above the rate of aggregate lenders at 13.2 percent but slightly below the percentage of low-income families in the assessment area at 20.1 percent. The bank made 29.8 percent of its home purchase loans, by number, to moderate-income borrowers, which was above the rate of aggregate lenders at 23.6 percent and significantly above the percentage of moderate-income families comprising the assessment area at 17.9 percent.

The bank's performance of lending in 2020 to low-income borrowers differed from its performance in 2021. In 2020, the bank originated 23.0 percent of home-purchase loans to low-income borrowers, significantly above the rate of aggregate lenders at 12.3 percent and above the percentage of low-income families at 20.1 percent. QCBT's performance with moderate-income borrowers was consistent in 2020 with its performance in 2021. The bank originated 28.7 percent, by number, of home purchase loans to moderate-income borrowers, which was above the rate of aggregate lenders at 22.7 percent and significantly above the percentage of moderate-income families in the assessment area at 17.9 percent.

In 2021, the bank made 6.1 percent of its home purchase loans, by number, to middle-income borrowers, which was significantly below the rate of aggregate of lenders at 19.2 percent and the percentage of middle-income families in the assessment area at 21.3 percent. The bank made 28.9 percent of its home purchase loans to upper-income borrowers, which was comparable to the rate of aggregate lenders at 27.4 percent, by number, but significantly below the percentage of upper-income families in the assessment area at 40.7 percent. Lastly, the bank made 17.5 percent of its home purchase loans, by number, to borrowers of unknown income, which was comparable to the rate of aggregate lenders at 16.6 percent. It is noted that borrowers of unknown income consist of commercial entity borrowers whose incomes are not required to be reported within the HMDA LAR for the purpose of non-owner occupied rental housing.

The bank's home purchase lending to middle-, upper-, and unknown-income borrowers was similar in 2020. The bank originated 5.7 percent of home purchase loans, by number, to middle-income borrowers. This was significantly below the rate of aggregate lenders at 20.8 percent, as well as the percentage of middle-income families in the assessment area at 21.3 percent. Lending to upper-income borrowers, at 25.3 percent, was slightly below the rate of aggregate lenders at 29.2 percent, and significantly below the percentage of upper-income families in the assessment area at 40.7 percent. Lastly, the bank also originated 17.2 percent of its home purchase loans, by number, to borrowers of unknown income. This is comparable to the rate of aggregate lenders who originated 15.0 percent to borrowers of unknown income.

Refinance Loans

In 2021, the bank made 16.4 percent of its refinance loans, by number, to low-income borrowers, which was significantly above the rate of aggregate lenders at 7.3 percent but below the percentage of low-income families comprising the assessment area at 20.1 percent. The bank made 12.7 percent of its refinance loans, by number, to moderate-income borrowers. This was slightly below the rate of aggregate lenders at 16.2 percent, and below the percentage of moderate-income families in the assessment area at 17.9 percent.

The bank's 2020 lending performance to low- and moderate-income borrowers was below the performance exhibited in 2021. In 2020, the bank originated 6.7 percent of refinance loans to low-income borrowers, which was slightly above the rate of aggregate lenders at 4.6 percent but significantly below the percentage of low-income families comprising the assessment area at 20.1 percent. QCBT originated 10.7 percent of its refinance loans to moderate-income borrowers, which is slightly below the rate of aggregate of lenders at 13.4 percent and below the percentage of moderate-income families in the assessment area at 17.9 percent.

In 2021, the bank made 3.6 percent of its refinance loans, by number, to middle-income borrowers, which was significantly below the rate of aggregate lenders at 20.2 percent and the percentage of middle-income families at 21.3 percent. The bank made 52.7 percent of its refinance loans, by number, to upper-income borrowers, which significantly exceeded both the rate of aggregate lenders (35.4 percent) and the percentage of upper-income families comprising the assessment area at 40.7 percent. Lastly, the bank made 14.5 percent of its refinance loans, by number, to borrowers of unknown income, which was below the rate of aggregate of lenders at 20.8 percent. As noted previously, borrowers of unknown income consist of commercial entity borrowers with incomes that are not required to be reported within the HMDA LAR for the purpose of non-owner occupied rental housing.

The bank's refinance lending to middle-, upper-, and unknown-income borrowers was similar in 2020. The bank originated 2.7 percent of its refinance loans, by number, to middle-income borrowers, which was significantly below the rate of aggregate lenders at 18.8 percent and the percentage of middle-income families in the assessment area at 21.3 percent. Lending to upper-income borrowers, at 64.0 percent significantly exceeded the rate of aggregate lenders at 42.2 percent, and the percentage of upper-income families in the assessment area at 40.7 percent. QCBT originated 16.0 percent to refinance loans to borrwers with unknown income, which was below the rate of aggregate lenders at 20.9 percent.

The table below presents the borrower distribution of HMDA-reportable loans in the assessment area in 2020 and 2021.

Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level Assessment Area: Davenport-Moline-Rock Island, IA-IL MSA 19340													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans													
Low	20	23.0	12.3	1,717	10.6	6.6	20	17.5	13.2	1,918	9.3	7.2	20.1
Moderate	25	28.7	22.7	2,563	15.8	16.4	34	29.8	23.6	3,915	18.9	17.3	17.9
Middle	5	5.7	20.8	503	3.1	20.2	7	6.1	19.2	965	4.7	18.6	21.3
Upper	22	25.3	29.2	9,677	59.6	42.6	33	28.9	27.4	9,712	46.9	40.4	40.7
Unknown	15	17.2	15.0	1,773	10.9	14.2	20	17.5	16.6	4,205	20.3	16.6	0.0
Total	87	100.0	100.0	16,233	100.0	100.0	114	100.0	100.0	20,715	100.0	100.0	100.0
Refinance Loans													
Low	5	6.7	4.6	365	1.5	2.0	9	16.4	7.3	641	4.4	3.7	20.1
Moderate	8	10.7	13.4	616	2.5	8.3	7	12.7	16.2	596	4.0	10.5	17.9
Middle	2	2.7	18.8	359	1.5	15.4	2	3.6	20.2	373	2.5	16.7	21.3
Upper	48	64.0	42.2	21,087	86.1	53.8	29	52.7	35.4	9,437	64.1	46.5	40.7
Unknown	12	16.0	20.9	2,070	8.5	20.5	8	14.5	20.8	3,682	25.0	22.5	0.0
Total	75	100.0	100.0	24,497	100.0	100.0	55	100.0	100.0	14,729	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	7.2	0	0.0	3.5	0	0.0	6.4	0	0.0	4.5	20.1
Moderate	0	0.0	18.9	0	0.0	13.5	1	20.0	14.2	35	9.4	8.6	17.9
Middle	1	25.0	19.5	30	18.1	16.7	0	0.0	25.3	0	0.0	19.3	21.3
Upper	2	50.0	44.8	36	21.7	51.9	1	20.0	46.2	100	26.8	53.0	40.7
Unknown	1	25.0	9.6	100	60.2	14.3	3	60.0	8.0	238	63.8	14.6	0.0
Total	4	100.0	100.0	166	100.0	100.0	5	100.0	100.0	373	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	25	15.1	7.8	2,082	5.1	3.8	29	16.7	10.0	2,559	7.1	5.4	20.1
Moderate	33	19.9	17.0	3,179	7.8	11.3	42	24.1	19.4	4,546	12.7	13.7	17.9
Middle	8	4.8	19.2	892	2.2	17.1	9	5.2	19.7	1,338	3.7	17.5	21.3
Upper	72	43.4	36.1	30,800	75.3	48.7	63	36.2	32.0	19,249	53.7	43.6	40.7
Unknown	28	16.9	19.8	3,943	9.6	19.0	31	17.8	18.9	8,125	22.7	19.9	0.0
Total	166	100.0	100.0	40,896	100.0	100.0	174	100.0	100.0	35,817	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

CRA-Reportable Lending

Small Business Loans

In 2021, the bank made 55.9 percent of its small business loans, by number, to businesses reporting annual revenues of $1.0 million or less, which was above the rate of aggregate lenders at 48.7

percent, but significantly below the percentage of businesses reporting annual revenues of $1.0 million or less (89.6 percent) in the assessment. Lower dollar loans, particularly those with a loan amount of $100,000 or less, are the most responsive to the smallest businesses. Of these small business loans, 82.0 percent had a loan amount of $100,000 or less.

The bank's 2020 record of lending to businesses of different revenue sizes was below the 2021 small business lending record. However, while loans to small businesses with unknown revenue accounted proportially for 16.3 percent of small business loans in 2020 and only 1.1 percent of small business loans in 2021, QCBT originated a large number of Small Business Administration's Paycheck Protection Program (PPP) loans in 2020 for which revenues were not required to be collected. Of the bank's total small business loans, 44.0 percent were originated to businesses with revenues of $1.0 million or less, slightly above the rate of aggregate lenders of 41.3 percent. The bank's performance continued to be below the percent of businesses reporting annual revenues of $1.0 million or less within the assessment area at 89.6 percent. Of these small business loans, however, 83.4 percent were in loan amounts of $100,000 or less.

The table below presents the borrower distribution of small business loans in the assessment area in 2020 and 2021.

Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: Davenport-Moline-Rock Island, IA-IL MSA 19340													
	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue													
$1 Million or Less	325	44.0	41.3	25,886	21.4	30.1	306	55.9	48.7	24,715	26.8	30.2	89.6
Over $1 Million	293	39.7		81,366	67.3		235	43.0		66,798	72.4		9.2
Revenue Unknown	120	16.3		13,580	11.2		6	1.1		719	0.8		1.2
Total	738	100.0		120,832	100.0		547	100.0		92,232	100.0		100.0
By Loan Size													
$100,000 or Less	421	57.0	81.1	17,430	14.4	23.3	323	59.0	86.3	12,880	14.0	24.1	
$100,001 - $250,000	167	22.6	9.8	27,460	22.7	19.4	110	20.1	6.6	17,529	19.0	16.7	
$250,001 - $1 Million	150	20.3	9.1	75,942	62.8	57.3	114	20.8	7.1	61,823	67.0	59.2	
Total	738	100.0	100.0	120,832	100.0	100.0	547	100.0	100.0	92,232	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	271	83.4		10,286	39.7		251	82.0		8,784	35.5		
$100,001 - $250,000	32	9.8		4,948	19.1		36	11.8		5,724	23.2		
$250,001 - $1 Million	22	6.8		10,652	41.1		19	6.2		10,207	41.3		
Total	325	100.0		25,886	100.0		306	100.0		24,715	100.0		

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Community Development Lending

QCBT is a leader in making community development loans. During the review period, the bank made 55 loans totalling approximately $119.6 million in the assessment area. During the previous evaluation, QCBT made 57 loans totaling $66.9 million. Although, the bank made fewer loans by number, the dollar volume was significantly higher. During the previous examination, the bank was heavily involved in the Small Business Administration's Paycheck Protection Program (PPP), which provided small businesses with funding in a time of need. The majority of the previous community development loans were PPP loans for smaller amounts and with the purpose of revitalization and stabilization. QCBT remained involved in PPP during this examination cycle, with approximately eight of the 55 qualified loans being PPP loans. The PPP loans are considered particularly responsive based on the challenges small businesses faced as a result of the COVID-19 pandemic. and were extremely beneficial to the community as they were exclusively for payroll or income replacement.

Of the bank's 55 qualified community development loans, 27 were new for this exam and 28 were renewals of previous period loans. Community development loans focused on affordable housing, community services, as well as revitalization efforts as displayed in the table below. The majority of affordable housing loans reflect good responsiveness to credit needs in the assessment area, which is a need emphasized by community representatives.

Further, QCBT makes use of innovative and flexible lending practices in serving assessment area credit needs. The bank continues to employ CRA-specific goals for residential and commercial loan officers and has introduced a small business line of credit product.

Qualified Community Development Loans
February 9, 2021 – February 27, 2023

Assessment Area	Affordable Housing		Economic Development		Revitalization and Stabilization		Community Services		Total	
	#	$ (000)s	#	$ (000)s	#	$ (000)s	#	$ (000)s	#	$ (000)s
Davenport-Moline-Rock Island, Iowa-Illinois MSA	10	27,206	0	0	18	44,219	27	48,154	55	119,579

INVESTMENT TEST

QCBT's performance relative to the Investment Test in the Davenport-Moline-Rock Island, Iowa-Illinois multistate MSA #19340 is Outstanding. QCBT made an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, often in a leadership position. During the review period, the bank made $15.2 million in new committed investments (with $5.8 million disbursed) and maintained $8.8 million in prior period investments within the assessment area. Total qualified investment activity, by dollar, increased by 73.9 percent since the previous evaluation. At the previous evaluation, QCBT made $2.6 million in new investments and maintained $11.2 million in prior period investments. Additionally, the bank had one new investment for economic development outside of the assessment area for a total of $500,000.

The bank's donations totaled $544,525 within the delineated assessment area. This is a decrease from the previous evaluation during which time donations totaled $748,443 in the assessment area.

QCBT makes occasional use of innovative and/or complex investments to support community initiatives. Of the bank's 20 qualified investments, only six were new. However, these include new and existing investments in projects eligible for Low-Income Housing Tax Credits. These are particularly complex investments, taking substantial knowledge and time commitment to properly manage. Moreover, over $15 million of the total investments is related to affordable housing, which is cited as the biggest need for the assessment area by community representatives, and demonstrate excellent responsiveness to credit and community development needs.

Qualified Community Development Investments
February 9, 2021 – February 27, 2023

Assessment Area	Affordable Housing		Economic Development		Revitalization and Stabilization		Community Services		Total	
	#	$ (000)s	#	$ (000)s	#	$ (000)s	#	$ (000)s	#	$ (000)s
Davenport-Moline-Rock Island, Iowa-Illinois MSA	4	15,587	0	0	0	0	16	8,423	20	24,010
Outside of Assessment Area	0	0	1	500	0	0	0	0	1	500

Qualified Community Development Donations
February 9, 2021 – February 27, 2023

Assessment Area	Affordable Housing		Economic Development		Revitalization and Stabilization		Community Services		Total	
	#	$ (000)s	#	$ (000)s	#	$ (000)s	#	$ (000)s	#	$ (000)s
Davenport-Moline-Rock Island, Iowa-Illinois MSA	10	50	1	25	0	0	50	469	61	545

SERVICE TEST

QCBT's performance relative to the Service Test in the in Davenport-Moline-Rock Island, Iowa-Illinois multistate MSA #19340 assessment area is High Satisfactory based on the following: delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area; the bank's record of opening and closing branches and ATMs has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals; and, services do not vary in a way that inconveniences the bank's assessment area, particularly to low- and moderate-income geographies and individuals. QCBT provides an adequate level of community development services to the assessment area.

Retail Services

QCBT retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Its services do not vary in a way that inconveniences its assessment area(s), particularly low- or moderate-income geographies or low- or moderate-income individuals.

QCBT maintains five branches and 15 ATMs distributed throughout the assessment area, including low-and moderate-income census tracts. One branch, along with a full-service ATM, is located in a moderate-income census tract which provides branch coverage to the low-and moderate-income communities within the assessment area. Moreover, the bank maintains four branches in middle-income geographies located in proximity to low-and moderate-income communities, providing additional options for in-person banking to local residents. The bank also operates two standalone cash-only ATMs in low-income census tracts (including a newly opened ATM), six standalone cash-only ATMs in moderate-income census tracts, and two standalone cash-only ATMs in middle-income census tracts.

QCBT's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low-and moderate-income geographies and individuals. Of note, this factor received little weight in determining the Retail Services rating given that no changes were made to the bank's branches and only one cash-only ATM was opened since the previous evaluation.

Services do not vary in a way that inconveniences the bank's assessment area, particularly low- and moderate-income geographies and individuals. Offices are generally open 9:00 a.m. to 5:00 p.m., Monday through Friday, with extended drive-up hours from 8:00 a.m. to 5:30 p.m. each day. Saturday hours include drive-up services from 8:00 a.m. to noon, with two locations offering lobby services from 9:00 a.m. to noon. Additional services can be accessed through telephone banking, online banking, and mobile banking which includes remote deposit capture services. The bank offers a standard range of products and services at all locations. The bank also provides additional services such as a down payment assistance program and has a dedicated CRA lender who identifies community development opportunities and needs within the area.

Community Development Services

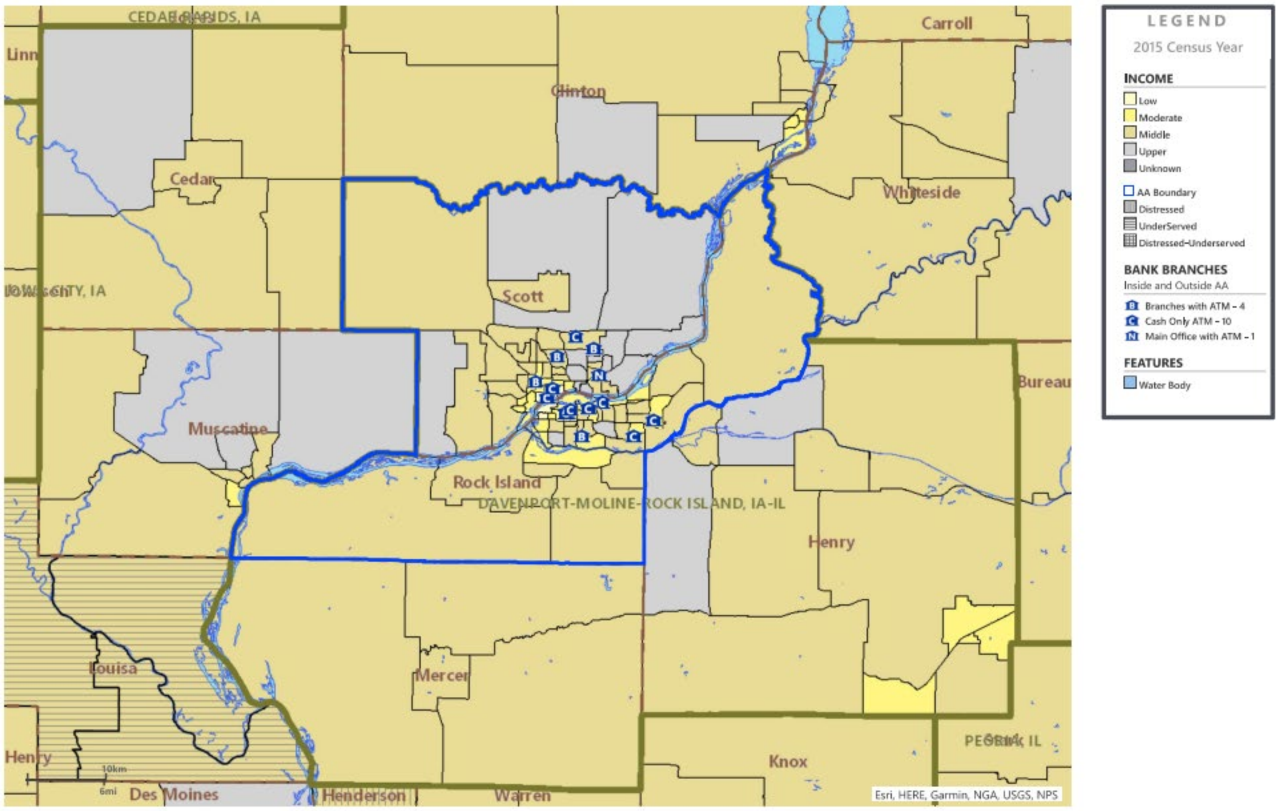
QCBT provides an adequate level of community development services to its assessment area. The bank contributed a beneficial 3,487 hours of service to the assessment area, and 8.5 hours of community development services to an organization outside of its assessment area. This is a decrease in hours contributed since the previous evaluation, during which time the bank contributed 3,931.5 hours of service to its community. The decrease can be attributed to a three month shorter review period when compared to the previous examination, as well as the ongoing challenges for in-person services resulting from the COVID-19 pandemic and overall staffing level changes within the bank.

The majority of hours (3,279.5 hours) benefited organizations providing community services to low- and moderate-income individuals. Bank employees served on nonprofit Boards of Directors, donating their time and technical knowledge to these local organizations. An additional 31 hours of community development services went to serving on the board of an economic development organization and 176.5 hours were spent serving on the boards of organizations that provide low-income housing opportunities.

The table below displays community development services in the assessment area during the review period.

Qualified Community Development Services February 9, 2021 – February 27, 2023					
Assessment Area	**Affordable Housing**	**Economic Development**	**Revitalization and Stabilization**	**Community Services**	**Total**
	# of Hours	**# of Hours**	**# of Hours**	**# of Hours**	**# of Hours**
Davenport-Moline-Rock Island, Iowa-Illinois MSA	176.5	31	0	3,279.5	3,487
Outside of Assessment Area	0	0	0	8.5	8.5

APPENDIX A – Map of Assessment Area



APPENDIX B – 2020 Assessment Area Combined Demographics Table

2020 Davenport-Moline-Rock Island, IA-IL MSA 19340 AA Demographics									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%
Low	4	4.6	1,566	2.0	551	35.2	16,098	20.1
Moderate	26	29.9	15,617	19.5	2,679	17.2	14,333	17.9
Middle	43	49.4	45,864	57.3	4,020	8.8	17,006	21.3
Upper	14	16.1	16,973	21.2	540	3.2	32,583	40.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**87**	**100.0**	**80,020**	**100.0**	**7,790**	**9.7**	**80,020**	**100.0**
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	4,530	735	0.8	16.2	2,846	62.8	949	20.9
Moderate	31,422	16,147	18.3	51.4	11,724	37.3	3,551	11.3
Middle	75,888	51,199	58.1	67.5	20,051	26.4	4,638	6.1
Upper	26,751	19,976	22.7	74.7	5,422	20.3	1,353	5.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**138,591**	**88,057**	**100.0**	**63.5**	**40,043**	**28.9**	**10,491**	**7.6**
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	799	6.4	675	6.1	113	9.7	11	8.5
Moderate	2,494	20.1	2,211	19.9	263	22.5	20	15.5
Middle	5,942	47.9	5,299	47.7	583	49.9	60	46.5
Upper	3,165	25.5	2,918	26.3	209	17.9	38	29.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**12,400**	**100.0**	**11,103**	**100.0**	**1,168**	**100.0**	**129**	**100.0**
Percentage of Total Businesses:				**89.5**		**9.4**		**1.0**
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1	0.3	1	0.3	0	0.0	0	0.0
Moderate	7	1.8	7	1.9	0	0.0	0	0.0
Middle	251	65.4	249	65.9	2	33.3	0	0.0
Upper	125	32.6	121	32.0	4	66.7	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**384**	**100.0**	**378**	**100.0**	**6**	**100.0**	**0**	**0.0**
Percentage of Total Farms:				**98.4**		**1.6**		**0.0**

Source: 2020 FFIEC Census Data
2020 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	**Lending Test:** HMDA-Reportable loans: January 1, 2020 to December 31, 2021 Small Business loans: January 1, 2020 to December 31, 2021 **Community Development Test:** February 9, 2021 to February 27, 2023		
FINANCIAL INSTITUTION Quad City Bank & Trust Company			**PRODUCTS REVIEWED** • HMDA-reportable Loans • CRA-reportable Small Business Loans • Community Development Loans, Investments, and Services
AFFILIATE(S)	**AFFILIATE RELATIONSHIP**		**PRODUCTS REVIEWED**
None	**N/A**		**N/A**
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	**TYPE OF EXAMINATION**	**BRANCHES VISITED**	**OTHER INFORMATION**
Davenport-Moline-Rock Island, Iowa-Illinois, MSA #19340	**Full scope review**	**None**	**N/A**

APPENDIX D – Glossary

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

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

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

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the "five-year estimate data." The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.[1]

Area Median Income (AMI): AMI means –

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

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

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

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

[1] *Source: FFIEC press release dated October 19, 2011.*

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

   Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

   1) Low- or moderate-income geographies;
   2) Designated disaster areas; or
   3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

a. Rates of poverty, unemployment or population loss; or
b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

1) Has as its primary purpose community development; and
2) Except in the case of a wholesale or limited purpose bank –
    a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
    b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

Community Development Service: A community development service means a service that:

1) Has as its primary purpose community development; and
2) Is related to the provision of financial services.

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

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

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Full review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

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

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Income Level: Income level means:

1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;

3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

1) Consumer loan is located in the census tract where the borrower resides;
2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan product office (LPO): This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (**MSA**) or a metropolitan division (**MD**) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

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

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

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

Qualified Investment: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than $1.252 billion. Intermediate small bank means a small bank with assets of at least $313 million as of December 31 of both of the prior two calendar years and less than $1.252 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of $1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

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

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).