



PUBLIC DISCLOSURE

April 29, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community National Bank in Monmouth
Charter Number 15389

311 North Main Street
Monmouth, Illinois 61462

Office of the Comptroller of the Currency

211 Fulton Street
Suite 604
Peoria, Illinois 61602

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

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

The Lending Test is rated: Satisfactory.

The major factors that support this rating include:

- The Lending Test rating is based on the Satisfactory performance in the state of Illinois.
- The loan-to-deposit (LTD) ratio is reasonable.
- A majority of the bank's loans are originated and purchased inside the assessment area (AA).

Loan-to-Deposit Ratio

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

The quarterly average LTD ratio was 62.1 percent over the 17 quarters from December 31, 2019, to December 31, 2023. Over the period, the bank's LTD ratio ranged between a low of 55.9 percent and a high of 70.9 percent.

The bank ranked seventh out of 10 similarly situated financial institutions that compete with the bank for deposits in the AA and three additional surrounding counties. The comparable institutions ranged in asset size from \$58.9 million to \$669.7 million and reported quarterly average LTD ratios from 32.8 percent to 76.3 percent.

For our review, we initially pulled our comparison to include banks in the AA counties only. However, due to the low number of banks, we included surrounding counties for a larger population of financial institutions. With the original comparison, the bank's LTD ratio ranked fourth out of five similarly situated financial institutions.

Lending in Assessment Area

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

The bank originated and purchased 70.0 percent of its total loans inside the bank's AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$ (000s)				Total \$ (000s)
	Inside		Outside			Inside (000s)		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	14	70.0	6	30.0	20	4,684	73.3	1,707	26.7	6,391
Total	14	70.0	6	30.0	20	4,684	73.3	1,707	26.7	6,391

Source: Bank Data
Due to rounding, totals may not equal 100.0%

Description of Institution

Community National Bank in Monmouth (CNB or the bank) is an intrastate bank headquartered in Monmouth, Illinois with total assets of \$56.4 million as of December 31, 2023. The bank is wholly owned by CNB Holdings Inc., a one-bank holding company headquartered in Monmouth, Illinois. The holding company does not negatively impact the bank's ability to meet credit needs of the community.

The bank has one rating area, the state of Illinois. CNB's sole branch serves the legal AA in Warren and Henderson counties, both non-metropolitan statistical areas (Non-MSA). Customers have access to utilize the lobby, drive-thru, and an on-site automated teller machine (ATM). There have been no branch openings or closures over the evaluation period. Bank services are available on Saturdays and customers have banking access through telephone, internet, and mobile platforms.

The largest loan portfolio was agricultural, representing \$12.0 million of the total loan portfolio, followed by residential at \$10.4 million, commercial at \$3.4 million and consumer at \$2.9 million per the call report data as of December 31, 2023.

CNB reported a net loans and leases to total assets ratio of 50.1 percent and a tier 1 leverage capital ratio of 11.2 percent as of December 31, 2023.

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

The previous CRA rating, which the OCC determined using Small Bank evaluation procedures, was Satisfactory, as detailed in the Performance Evaluation dated January 13, 2020.

Scope of the Evaluation

Evaluation Period/Products Evaluated

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

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

Selection of Areas for Full-Scope Review

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

Ratings

The bank's overall rating is based on performance in the state of Illinois. Refer to the "Scope" section under the State Rating section for details regarding how the areas and lending products were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

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

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

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

State Rating

State of Illinois

CRA rating for the state of Illinois¹: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- The bank exhibits a reasonable distribution of loans to farms of different sizes.

Description of Institution's Operations in Illinois

The bank has one AA in the state of Illinois. The Non-MSA, which is comprised of Warren and Henderson counties. The bank serves its customers through one branch location located in Monmouth, Illinois. The location is open Monday through Friday with additional banking access on Saturdays. Customers also have access to an ATM open 24/7 on the property and additional banking access through the bank's website and mobile platforms.

Major employment sectors in the AA include health care and social assistance, and manufacturing, per the Illinois Department of Commerce.

The annual unemployment rate in the state of Illinois was 6.1 percent in 2021, which then declined to 4.6 percent in 2022 and 4.5 percent in 2023, per the U.S Bureau of Labor Statistics. Unemployment rates for both counties in the AA compared favorably to the state of Illinois during the evaluation period.

Competition for deposits is moderate. CNB competes with state banks, federal banks, and farm credit institutions. In the two counties comprising the AA, CNB held a 5.6 percent deposit market share and ranked fifth out of nine FDIC insured financial institutions competing for \$905.5 million in deposits, per FDIC data as of June 30, 2023. The top four institutions held a combined 86.0 percent market share.

In 2021, the Non-MSA included 16 census tracts (CTs) with no low-income CTs and one moderate-income CTs. Three of the seven middle-income CTs were designated as distressed geographies due to population loss. In 2022 and 2023, the Non-MSA included 16 CTs with no low- or moderate-income CTs. Three of the seven middle-income CTs were designated as distressed geographies due to population loss.

We relied on information from one community contact interview to understand area needs and opportunities for the AA. The contact represented a university and has a background in economic development. The contact noted the economic condition of the area to be stable to growing with Farmland Foods and Monmouth College serving as major employment anchors in the community. The contact described a trend with other companies moving to become more high-tech, contributing to the

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

economic growth. The contact discussed area credit needs as being met but noted housing as a need due to minimal housing development in the area. The contact had no negative perception of the bank.

Please refer to Table A for more details on the AA's demographic.

Non-MSA IL – 2021

Table A – Demographic Information of the Assessment Area						
Assessment Area: Non-MSA IL						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	8	0.0	12.5	87.5	0.0	0.0
Population by Geography	24,743	0.0	20.5	79.5	0.0	0.0
Housing Units by Geography	11,501	0.0	18.2	81.8	0.0	0.0
Owner-Occupied Units by Geography	7,601	0.0	17.9	82.1	0.0	0.0
Occupied Rental Units by Geography	2,322	0.0	24.5	75.5	0.0	0.0
Vacant Units by Geography	1,578	0.0	10.3	89.7	0.0	0.0
Businesses by Geography	1,299	0.0	19.4	80.6	0.0	0.0
Farms by Geography	258	0.0	3.5	96.5	0.0	0.0
Family Distribution by Income Level	6,587	19.4	22.2	21.3	37.1	0.0
Household Distribution by Income Level	9,923	22.4	18.0	19.8	39.8	0.0
Median Family Income Non- MSAs - IL		\$59,323	Median Housing Value			\$85,639
			Median Gross Rent			\$558
			Families Below Poverty Level			9.5%
<i>Source: 2015 ACS and 2021 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.</i>						

Non-MSA IL - 2022-2023

Table A – Demographic Information of the Assessment Area						
Assessment Area: Non-MSA IL						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	8	0.0	0.0	87.5	12.5	0.0
Population by Geography	23,222	0.0	0.0	89.0	11.0	0.0
Housing Units by Geography	11,555	0.0	0.0	89.2	10.8	0.0
Owner-Occupied Units by Geography	7,637	0.0	0.0	86.9	13.1	0.0
Occupied Rental Units by Geography	2,180	0.0	0.0	93.9	6.1	0.0
Vacant Units by Geography	1,738	0.0	0.0	93.5	6.5	0.0
Businesses by Geography	1,579	0.0	0.0	89.0	11.0	0.0
Farms by Geography	304	0.0	0.0	79.9	20.1	0.0
Family Distribution by Income Level	6,570	18.5	20.3	24.0	37.3	0.0
Household Distribution by Income Level	9,817	19.9	17.4	19.6	43.1	0.0
Median Family Income Non-MSAs - IL		\$68,958	Median Housing Value			\$87,532
			Median Gross Rent			\$634
			Families Below Poverty Level			8.0%
<i>Source: 2020 U.S. Census and 2023 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.</i>						

Scope of Evaluation in Illinois

The bank has one AA in the state of Illinois. An analysis of the distribution of loans by income level of the geography was not meaningful due to severely limited opportunities. In 2021, there were no low-income geographies and the one moderate-income CT contained nine farms. There were no low-or moderate-income geographies in 2022-2023.

LENDING TEST

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

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the State of Illinois is reasonable.

Distribution of Loans by Income Level of the Borrower

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

Small Loans to Farms

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

Overall, the distribution of small loans to farms is reasonable.

2021

The distribution of small loans to farms is reasonable.

The proportion of lending to farms with revenues less than \$1.0 million is near to the percent of farms and exceeds the aggregate distribution of all reporting lenders.

2022-2023

The distribution of small loans to farms is reasonable.

The proportion of lending to farms with revenue less than \$1.0 million is near to the percent of farms and exceeds the aggregate distribution of all reporting lenders.

Responses to Complaints

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

Appendix A: Scope of Examination

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

Time Period Reviewed:	January 1, 2021, through December 31, 2023	
Bank Products Reviewed:	Small Farm	
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State		
Illinois	Full-Scope	All of Henderson County and Warren County

Appendix B: Summary of MMSA and State Ratings

RATINGS	Community National Bank in Monmouth
Overall Bank:	Lending Test Rating
Overall	Satisfactory
State:	
Illinois	Satisfactory

Appendix C: Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

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

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

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

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

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

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

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

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

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

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

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

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

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

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

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

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

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

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

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

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

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

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2021
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$ (000s)	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Non-MSA IL	20	2,005	100.0	106	98.5	70.0	63.2	0.4	10.0	1.2	20.0
Total	20	2,005	100.0	106	98.5	70.0	63.2	0.4	10.0	1.2	20.0
<i>Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>											

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2022-23
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$ (000s)	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Non-MSA IL	20	2,512	100.0	76	98.0	90.0	42.1	0.7	10.0	1.3	0.0
Total	20	2,512	100.0	76	98.0	90.0	42.1	0.7	10.0	1.3	0.0
<i>Source: 2023 D&B Data; 01/01/2022 - 12/31/2023 Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>											

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