PUBLIC DISCLOSURE

March 14, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First State Bank and Trust Company, Inc.
RSSD #489548

100 West Third Street
Caruthersville, Missouri 63830

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, Missouri 63166-0442

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, nor should it be construed as, an assessment of the financial condition of the institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

The Lending Test is rated:	**Satisfactory**
The Community Development Test is rated:	**Satisfactory**

First State Bank and Trust Company, Inc. (First State), meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending and community development activities. The factors supporting the institution's rating are as follows:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.

- A substantial majority of loans and other lending-related activities are in the assessment area.

- The borrower's profile analysis reveals excellent penetration among business and farms of different revenue sizes and individuals of different income levels, including low- and moderate-income (LMI) levels.

- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.

- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

- The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of its assessment area considering the bank's capacity and the need and availability of such opportunities for community development in its assessment area. The bank has responded to these needs through community development loans, qualified investments, and community development services.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) Intermediate Small Institution Examination Procedures. The intermediate small bank examination procedures entail two performance tests—the Lending Test and the Community Development Test. Small farm, residential real estate, and small business loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on agriculture lending, performance based on the small farm loan category carried the most significance toward the bank's overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	March 31, 2018 – December 31, 2021
Assessment Area Concentration	January 1, 2020 – December 31, 2020
Loan Distribution by Borrower's Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	February 5, 2018 – March 13, 2022
Community Development Activities	

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 American Community Survey (ACS) data. Certain business and farm demographics are based on 2020 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $410.6 million to $821.6 million as of December 31, 2021.

As part of the Community Development Test, the bank's performance was evaluated using the following criteria, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

- The number and dollar amount of community development loans.
- The number and dollar amount of qualified investments and grants.
- The extent to which the bank provides community development services.

The review included community development activities initiated from the date of the bank's previous CRA evaluation to this review date. In addition, investments made prior to the date of the previous CRA evaluation, but still outstanding as of this review date, were also considered.

To augment this evaluation, a community contact interview was conducted with a member of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area. Information from this interview also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from this community contact interview is included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

First State is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by First State Bancorp, Inc., a one-bank financial holding company headquartered in Caruthersville, Missouri, and top-holder First State Bancorp, Inc., Combined Benefit Retirement Plan, also of Caruthersville, Missouri. The bank's network consists of six offices (including the main office) throughout southeast Missouri, all of which offer drive-up accessibility and have full-service automated teller machines (ATMs) on-site. In addition to the branch's on-site ATMs, the bank also operates three full-service, stand-alone ATMs. Two of these ATMs are located in Caruthersville, and one is located in Hayti, Missouri. The bank will also occasionally utilize a portable, cash-dispensing only ATM at local events; however, this ATM is disconnected when not in use. Furthermore, five of the bank's branches are located in moderate-income census tracts, while the remaining branch is located in a middle-income census tract that is designated as distressed due to poverty. Lastly, in July 2019, the bank acquired its sixth branch in Charleston, Missouri. Based on this branch network and other service delivery systems such as full-service online banking, the bank is well positioned to deliver financial services to nearly all of its assessment area. However, the bank does not operate any branches in Dunklin County, and 6 of the assessment area's 14 moderate-income census tracts are in this county. Therefore, the bank may have some difficulty in serving the credit needs of the borrowers in these tracts due to geographic constraints.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of December 31, 2021, the bank reported total assets of $495.9 million. As of the same date, loans and leases outstanding were $291.8 million (58.8 percent of total assets), and deposits totaled $428.4 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of December 31, 2021		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$27,935	9.6%
Commercial Real Estate	$63,329	21.7%
Multifamily Residential	$1,960	0.7%
1–4 Family Residential	$50,097	17.2%
Farmland	$52,672	18.1%
Farm Loans	$50,988	17.5%
Commercial and Industrial	$30,518	10.5%
Loans to Individuals	$12,930	4.4%
Total Other Loans	$1,338	0.5%
TOTAL	**$291,767**	**100%**

As indicated by the table above, a significant portion of the bank's lending resources is directed to farm loans and farmland, commercial real estate loans, and loans secured by 1–4 family residential properties.

The bank received a Satisfactory rating at its previous CRA evaluation conducted on February 5, 2018, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area, which has a population of 150,916, is located in a nonMSA portion of Missouri and is comprised of six contiguous counties in southeast Missouri —Stoddard, Scott, Dunklin, New Madrid, Mississippi, and Pemiscot. The assessment area is primarily rural, but there are cities within the assessment area where community services, housing, and employment opportunities are more concentrated. Of these cities, the largest are Sikeston, Kennett, and Dexter. Dexter and Kennett are located in Stoddard and Dunklin Counties, respectively, in moderate-income tracts. Sikeston, also located in a moderate-income tract, is the largest city in the assessment area and is the assessment area's largest business hub. While not widespread, the more densely populated areas in the assessment area, such as the ones described above, provide sufficient opportunity for community development investment.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2021, there are 21 FDIC-insured depository institutions in the assessment area that operate 70 offices. First State (operating six, or 8.6 percent, offices in the assessment area) ranked second in terms of deposit market share, with 10.4 percent of the total assessment area deposit dollars.

As the area is largely rural, agricultural loans represent a primary credit need in the assessment area, in addition to the need for a standard blend of consumer and commercial loan products.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0	14	27	3	0	**44**
	0.0%	31.8%	61.4%	6.8%	0.0%	**100%**
Family Population	0	12,011	24,718	2,223	0	**38,952**
	0.0%	30.8%	63.5%	5.7%	0.0%	**100%**

As shown above, 31.8 percent of the census tracts in the assessment area are LMI geographies, but only 30.8 percent of the family population resides in these tracts. These LMI areas are concentrated in Dunklin County, which represents 42.9 percent of the assessment area's moderate-income tracts. As previously noted, the bank does not operate any branches in Dunklin County. Additionally, in 2020, 9 of the assessment area's 27 middle-income tracts were designated distressed due to poverty.

Based on 2015 ACS data, the median family income for the assessment area was $43,387. At the same time, the median family income for nonMSA Missouri was $48,341. More recently, the FFIEC estimated the 2020 median family income for nonMSA Missouri to be $54,400. The following table displays population percentages of assessment area families by income level compared to the nonMSA Missouri family population as a whole.

Family Population by Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Assessment Area	9,710	7,544	7,498	14,200	0	**38,952**
	24.9%	19.4%	19.3%	36.5%	0.0%	**100%**
NonMSA Missouri	81,150	72,084	84,064	159,212	0	**396,510**
	20.5%	18.2%	21.2%	40.2%	0.0%	**100%**

As shown in the table above, 44.3 percent of families within the assessment area were considered LMI, which is higher than the LMI family percentage of 38.7 percent in nonMSA Missouri. The percentage of families living below the poverty threshold in the assessment area (17.8 percent), is also above the level in nonMSA Missouri (14.2 percent). Considering these factors, the assessment area appears less affluent than nonMSA Missouri as a whole.

Housing Demographics

Based on housing values, income levels, and affordability calculations, housing in the assessment area appears to be more affordable than in nonMSA Missouri. The median housing value for the assessment area is $80,213, which is well below the figure for nonMSA Missouri ($100,293). Additionally, the assessment area housing affordability ratio of 42.7 percent is above the nonMSA figure of 38.0 percent, indicating greater affordability in the assessment area. The relatively high affordability ratio in the assessment area indicates that homeownership is more likely to be attainable for many LMI residents.

Alternatively, rental units, while more prominent and less expensive in the assessment area, present a similar monthly burden as a percent of income when compared to nonMSA Missouri. Rental units in the assessment area represent 31.5 percent of all housing units compared to 23.9 percent in nonMSA Missouri. Additionally, the median gross rent in the assessment area of $548 per month is below the nonMSA figure of $611 per month. However, the number of renters with rental costs greater than 30 percent of their income is slightly higher in the assessment area than in nonMSA Missouri—41 percent compared to 40.6 percent. This indicates that when considering the income of the population, rental costs in the assessment area are similarly as expensive.

Industry and Employment Demographics

The assessment area supports a fairly strong small business sector. According to Dun & Bradstreet data, 87.5 percent of businesses in the assessment area had annual revenues of less than $1 million. County business patterns indicate that there are 49,998 paid employees in the assessment area. While the assessment area is largely rural, the key private sector industries in the assessment area, by number of employees, are government (15.2 percent), manufacturing (13.4 percent), and retail trade (11.8 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to the state of Missouri as a whole.

Unemployment Levels				
Dataset	**Time Period (Annual Average)**			
	2018	**2019**	**2020**	**2021**
Dunklin County	5.5%	5.5%	7.3%	6.1%
Mississippi County	3.8%	4.1%	5.4%	4.7%
New Madrid County	4.8%	4.3%	5.8%	4.8%
Pemiscot County	5.5%	5.0%	8.0%	7.3%
Scott County	3.4%	3.5%	5.3%	3.9%
Stoddard County	4.5%	4.7%	6.0%	4.5%
Assessment Area Average	**4.4%**	**4.4%**	**6.1%**	**4.9%**
State of Missouri	3.2%	3.3%	6.1%	4.4%

As shown in the table above, unemployment levels for the assessment area vary by county with the highest levels of unemployment in Dunklin and Pemiscot Counties and the lowest in Scott County. All county unemployment numbers exceeded state average unemployment numbers from 2018 through 2021, with the exception of 2020 in which the unemployment rate was the same. Moreover, general unemployment levels for the assessment area evidenced a sharp increase in 2020, which was the result of an economic disruption attributed to the COVID-19 pandemic. According to the community contact, during the pandemic, many of the farms in the area saw extremely high commodity prices and received support from the Coronavirus Relief Fund; these factors, combined with the high prevalence of farms in the area, could help explain why the assessment area unemployment in 2020 was generally less effected by the pandemic as compared to the state of Missouri.

Community Contact Information

Information from one community contact was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. The community contact interview was with an individual representing an agency that offers financing for local farms. The contact described the economy as largely less affluent, rural, and heavily reliant on farming and agriculture. The contact stated that most of the economic hardship falls on the rural communities that don't have large urban centers or anything to attract businesses, specifically stating Missouri Bootheel counties like Pemiscot are struggling the most. The contact did note that larger cities, while few in the area, seem to be growing and doing well, specifically noting the city of Sikeston. Aside from the lack of urban centers to spur the economy, rural communities have also been suffering due to recent consolidation of local farms. The consolidation is being brought on by an aging community that can no longer maintain the farm. In addition, improving technology has allowed large farms to farm more land with fewer people and caused the average farm size to grow. Aside from this consolidation, the contact stated that the recent year was a great year for farmers due to high commodity prices and the Coronavirus Relief Fund. Overall, farmers are in great shape financially. Moreover, while the area is primarily rural and agriculture focused, it does have a strong manufacturing presence. The contact noted several large manufacturing plants, some of which that had opened in the past couple of years. These manufacturing plants are located throughout the assessment area and provide jobs to local residents. Lastly, when discussing the varying degrees of unemployment and poverty in the area, the contact stated that the northern counties tend to do better due to their proximity to larger cities like Sikeston and Dexter.

When discussing the needs of the community, the contact believed that most of the credit needs of the community were being met. Specifically for farming credit needs, between the contact's agency and local banks, any farmer who needed credit could find it. The contact stated that there are several banks throughout the community and this provides healthy competition and allows the banks to cover the entirety of the area. To that end, the contact identified several banks that do a good job of meeting the needs of the farm community, including First State. While the contact typically works with farmers who have poor credit histories and other underwriting issues, most of the farmers in the area have strong financials and often have good relationships with their local banks. Regarding opportunities for local financial institutions to meet the credit needs of the community, the contact stated they would include working with his agency to help farmers who do not qualify for traditional loans obtain credit, and letting younger farmers with no credit know about programs available in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The chart below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 16-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of December 31, 2021**	**Average LTD Ratio**
First State	Caruthersville, Missouri	$495,865	78.5%
Regional Banks	Charleston, Missouri	$821,607	103.5%
	Dexter, Missouri	$447,970	94.8%
	Advance, Missouri	$410,552	86.2%

Based on data from the previous table, the bank's level of lending is below that of other banks in the region. During the review period, the LTD ratio experienced a generally stable trend prior to the most recent five quarters, in which the bank experienced a considerable decline. This decline is primarily due to an influx of deposits brought on by the Paycheck Protection Program (PPP) and stimulus money injected into the local economy during the COVID-19 pandemic. Despite the recent decline, the bank maintained a 16-quarter average LTD of 78.5 percent, with a high of 91.7 percent and a low of 65.8 percent. While the bank's LTD is below its regional peers, the bank's LTD ratio from the first quarter of 2018 through the fourth quarter of 2019, the months prior to the pandemic, averaged 82.7 percent, a slight improvement to the bank's previous examination performance. Additionally, as previously discussed, a significant portion of the bank's loan portfolio consists of agriculture loans; consequently, the bank's LTD ratio increases in the summer months when demand for agriculture loans is highest and decreases in the winter months when demand falls. From the first quarter of 2018 through the end of 2019, the months prior to the pandemic, the bank's average LTD ratio was 86.5 percent in quarters two and three, and 78.8 percent in quarters one and four. Therefore, considering these factors, the bank's LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment area.

Lending Inside and Outside of Assessment Area

January 1, 2020 through December 31, 2020

Loan Type	Inside Assessment Area		Outside Assessment Area		TOTAL	
Small Farm	53	100%	0	0%	**53**	**100%**
	$8,484	100%	$0	0%	**$8,484**	**100%**
1–4 Family Residential Real Estate	78	96.3%	3	3.7%	**81**	**100%**
	$6,571	90.3%	710	9.7%	**$7,281**	**100%**
Small Business	97	90.7%	10	9.3%	**107**	**100%**
	$5,582	76.2%	$1,746	23.8%	**$7,328**	**100%**
TOTAL LOANS	**228**	**94.6%**	**13**	**5.4%**	**241**	**100%**
	$20,637	**89.4%**	**$2,456**	**10.6%**	**$23,093**	**100%**

A substantial majority of loans and other lending-related activities were made in the bank's assessment area. As shown above, 94.6 percent of the total loans were made inside the assessment area, accounting for 89.4 percent of the dollar volume of total loans.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is excellent, based on performance from all three loan categories reviewed. As previously mentioned, greater significance was placed on performance in the small farm loan category, given the bank's emphasis on small farm lending.

First, small farm loans were reviewed to determine the bank's lending levels to farms of different sizes. The following table shows the distribution of 2020 small farm loans by loan amount and farm revenue size compared to Dun & Bradstreet and aggregate data.

<table>
<tr><th colspan="11">Distribution of 2020 Small Farm Lending
By Borrower Income Level</th></tr>
<tr><th colspan="3" rowspan="4">Farm Revenue and Loan Size</th><th colspan="8">2020</th></tr>
<tr><th colspan="3">Count</th><th colspan="3">Dollars</th><th rowspan="2">Farms</th></tr>
<tr><th colspan="2">Bank</th><th>Aggregate</th><th colspan="2">Bank</th><th>Aggregate</th></tr>
<tr><th>#</th><th>%</th><th>%</th><th>$ (000s)</th><th>$ %</th><th>$ %</th><th>%</th></tr>
<tr><td colspan="2" rowspan="3">Farm Revenue</td><td>$1 Million or Less</td><td>53</td><td>100.0%</td><td>50.0%</td><td>8,485</td><td>100.0%</td><td>66.5%</td><td>95.0%</td></tr>
<tr><td>Over $1 Million/ Unknown</td><td>0</td><td>0.0%</td><td>50.0%</td><td>0</td><td>0.0%</td><td>33.5%</td><td>5.0%</td></tr>
<tr><td>TOTAL</td><td>53</td><td>100.0%</td><td>100.0%</td><td>8,485</td><td>100.0%</td><td>100.0%</td><td>100.0%</td></tr>
<tr><td colspan="2" rowspan="5">Loan Size</td><td>$100,000 or Less</td><td>21</td><td>39.6%</td><td>76.3%</td><td>1,126</td><td>13.3%</td><td>24.7%</td><td rowspan="10"></td></tr>
<tr><td>$100,001–$250,000</td><td>21</td><td>39.6%</td><td>11.5%</td><td>3,405</td><td>40.1%</td><td>22.3%</td></tr>
<tr><td>$250,001–$500,000</td><td>11</td><td>20.8%</td><td>12.2%</td><td>3,954</td><td>46.6%</td><td>52.9%</td></tr>
<tr><td>Over $500,000</td><td>0</td><td>0.0%</td><td>0.0%</td><td>0</td><td>0.0%</td><td>0.0%</td></tr>
<tr><td>TOTAL</td><td>53</td><td>100.0%</td><td>100.0%</td><td>8,485</td><td>100.0%</td><td>100.0%</td></tr>
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<tr><td>$100,001–$250,000</td><td>21</td><td>39.6%</td><td>3,405</td><td>40.1%</td></tr>
<tr><td>$250,001–$1 Million</td><td>11</td><td>20.8%</td><td>3,954</td><td>46.6%</td></tr>
<tr><td>Over $1 Million</td><td>0</td><td>0.0%</td><td>0</td><td>0.0%</td></tr>
<tr><td>TOTAL</td><td>53</td><td>100.0%</td><td>8,485</td><td>100.0%</td></tr>
</table>

The bank’s level of lending to small farms is excellent. The bank originated all of its small farm loans to farms with revenues of $1 million or less. In comparison, assessment area demographics estimate that 95.0 percent of farms in the assessment area had annual revenues of $1 million or less, and the 2020 aggregate lending level to small farms was 50.0 percent.

Next, residential real estate loans were reviewed to determine the bank’s lending levels to individuals of different income levels. Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($54,400 for nonMSA Missouri as of 2020). The following table shows the distribution of 1–4 family residential real estate loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2020 aggregate data for the assessment area is displayed.

Distribution of 2020 Home Mortgage Lending
By Borrower Income Level

Borrower Income Level	Bank Loans				Families by Family Income %	Aggregate HMDA Data	
	#	#%	$	$%		#%	$ %
Low	7	9.0%	301	4.6%	24.9%	5.1%	2.6%
Moderate	10	12.8%	576	8.8%	19.4%	14.8%	10.1%
Middle	15	19.2%	1,088	16.6%	19.2%	17.8%	15.2%
Upper	46	59.0%	4,606	70.1%	36.5%	38.0%	46.0%
Unknown	0	0.0%	0	0.0%	0.0%	24.4%	26.1%
TOTAL	**78**	**100.0%**	**6,571**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (9.0 percent) is substantially below the low-income family population figure (24.9 percent), but above the aggregate lending level to low-income borrowers (5.1 percent), reflecting reasonable performance. Similarly, the bank's level of lending to moderate-income borrowers (12.8 percent) is below the moderate-income family population percentage (19.4 percent), but only slightly below the aggregate lending level to moderate-income borrowers (14.8 percent). While the bank's lending is slightly less than the aggregate, the bank faces geographic challenges in reaching the LMI population of Dunklin County, which makes up a disproportionate amount of the assessment area's LMI families (23.2 percent). Considering this performance context, the bank's lending to moderate-income individuals reflects reasonable performance. Therefore, considering performance to both income categories, the bank's overall distribution of loans by borrower's profile is reasonable.

Lastly, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2020 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of 2020 Small Business Lending
By Borrower Income Level

Business Revenue and Loan Size		2020						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Business Revenue	$1 Million or Less	97	100.0%	45.3%	$5,582	100.0%	34.5%	87.5%
	Over $1 Million/ Unknown	0	0.0%	54.7%	$0	0.0%	65.5%	12.5%
	TOTAL	**97**	**100.0%**	**100.0%**	**$5,582**	**100.0%**	**100.0%**	**100.0%**
Loan Size	$100,000 or Less	84	86.6%	87.3%	$2,482	44.5%	31.6%	
	$100,001–$250,000	8	8.2%	7.5%	$1,288	23.1%	21.1%	
	$250,001–$1 Million	5	5.2%	5.3%	$1,812	32.5%	47.3%	
	Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
	TOTAL	**97**	**100.0%**	**100.0%**	**$5,582**	**100.0%**	**100.0%**	
Loan Size / Revenue $1 Million or Less	$100,000 or Less	84	86.6%		$2,482	44.5%		
	$100,001–$250,000	8	8.2%		$1,288	23.1%		
	$250,001–$1 Million	5	5.2%		$1,812	32.5%		
	Over $1 Million	0	0.0%		$0	0.0%		
	TOTAL	**97**	**100.0%**		**$5,582**	**100.0%**		

The bank's level of lending to small businesses is excellent. The bank originated all of its small business loans to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that 87.5 percent of businesses in the assessment area had annual revenues of $1 million or less, and the aggregate lending level to small businesses was 45.3 percent.

Geographic Distribution of Loans

As noted previously, the assessment area includes no low-income and 14 moderate-income census tracts, representing 31.8 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects reasonable penetration throughout these LMI census tracts, based on the small farm, 1–4 family residential real estate, and small business loan categories. As previously stated, performance in the small farm loan category carried the most significance in the overall rating of reasonable for geographic distribution.

The following table displays the geographic distribution of 2020 small farm loans compared to the location of farms throughout the bank's assessment area and 2020 small farm aggregate data.

Distribution of 2020 Small Farm Lending By Income Level of Geography							
Census Tract Income Level	**Bank Small Farm Loans**				**% of Farms**	**Aggregate of Peer Data**	
	#	**#%**	**$ 000s**	**$ %**		**#%**	**$ %**
Low	0	0.0%	$0	0.0%	0.0%	0.0%	0.0%
Moderate	8	15.1%	$1,039	12.2%	20.9%	17.6%	19.6%
Middle	36	67.9%	$6,475	76.3%	68.3%	76.0%	75.7%
Upper	9	17.0%	$971	11.4%	10.8%	6.3%	4.6%
Unknown	0	0.0%	$0	0.0%	0.0%	0.1%	0.0%
TOTAL	**53**	**100.0%**	**$8,485**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The bank's level of lending in moderate-income census tracts (15.1 percent) is below both the aggregate lending percentage in moderate-income census tracts (17.6 percent) and the percentage of small farms in moderate-income census tracts (20.9 percent). While the bank's lending numbers are below the aggregate and demographic, consideration is given to the following performance context. First, the bank faces a high degree of competition for small farm loans from multiple institutions, including local farm credit unions and farm agencies, as well as traditional banks. When evaluating the total number of small farm loans made in the assessment area during 2020, the area's leading small farm lender originated 318 of the area's 670 small farm loans. Additionally, the bank faces the aforementioned geographical hurdles in reaching customers in the moderate-income tracts in Dunklin County. Considering all of these factors, the bank's performance for the overall geographic distribution of small farm loans is reasonable.

Next, the bank's geographic distribution of residential real estate loans was reviewed. The following table displays the geographic distribution of 2020 residential real estate loans compared to owner-occupied housing demographics and aggregate performance.

Distribution of 2020 Home Mortgage Lending By Income Level of Geography							
Census Tract Income Level	**Bank Loans**				**% of Owner-Occupied Units**	**Aggregate HMDA Data**	
	#	**#%**	**$**	**$%**		**#%**	**$ %**
Low	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	29	37.2%	1,579	24.0%	27.7%	19.6%	15.0%
Middle	44	56.4%	4,445	67.6%	65.8%	71.4%	71.7%
Upper	5	6.4%	547	8.3%	6.5%	9.0%	13.3%
Unknown	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
TOTAL	**78**	**100.0%**	**6,571**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The bank's percentage of residential real estate loans in moderate-income census tracts (37.2 percent) is substantially above both the aggregate lending percentage in moderate-income census tracts (19.6 percent) and the percentage of owner-occupied units in moderate-income census tracts (27.7 percent), reflecting excellent performance.

Lastly, the bank's geographic distribution of small business loans was reviewed. The following table displays 2020 small business loan activity by geography income level compared to the location of businesses throughout the bank's assessment area and 2020 small business aggregate data.

Distribution of 2020 Small Business Lending By Income Level of Geography							
Census Tract Income Level	**Bank Small Business Loans**				**% of Businesses**	**Aggregate of Peer Data**	
	#	**#%**	**$ 000s**	**$ %**		**%**	**$ %**
Low	0	0.0%	$0	0.0%	0.0%	0.0%	0.0%
Moderate	25	25.8%	$1,583	28.4%	38.7%	29.7%	34.3%
Middle	65	67.0%	$3,506	62.8%	53.6%	62.4%	58.9%
Upper	7	7.2%	$493	8.8%	7.6%	6.8%	6.4%
Unknown	0	0.0%	$0	0.0%	0.0%	1.1%	0.4%
TOTAL	**97**	**100.0%**	**$5,582**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The bank's level of lending in moderate-income census tracts (25.8 percent) is below both the aggregate lending percentage in moderate-income census tracts (29.7 percent) and the percentage of small businesses in moderate-income census tracts (38.7 percent). While the bank's lending numbers are below the aggregate and demographic, consideration is given to the following performance context. As previously discussed, the bank faces a high degree of competition in the assessment area. When evaluating the total number of small business loans originated, the area's two leading small business lenders originated 40 percent of the area's small business loans. Additionally, the bank faces geographic hurdles in reaching all of the assessment area's moderate-income tracts, specifically those in Dunklin County. Considering all of these factors, the bank's geographic distribution of small business loans is reasonable.

Lastly, based on reviews from all loan categories, First State had loan activity in 68 percent of all assessment area census tracts. Considering the geographic constraints hindering the bank from reaching Dunklin County, it was determined there were no conspicuous lending gaps noted in LMI areas. This information supports the conclusion that the bank's overall geographic distribution of loans is reasonable.

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (February 5, 2018 through March 13, 2022).

COMMUNITY DEVELOPMENT TEST

The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of the assessment area, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area. The bank has addressed the community development needs of the assessment area through community development loans, qualified investments, and community development services.

During the review period, the bank extended 344 qualifying community development loans totaling approximately $22.0 million. Of those loans, 272 loans totaling $15.2 million were extended through PPP. Outside of the PPP, the bank extended 72 community development loans totaling $6.9 million. Of the non-PPP loans that qualified for community development, 48 were loans made to real estate investors to purchase homes in moderate-income and distressed middle-income tracts worth $3.6 million. While these community development loans were qualified under revitalization and stabilization efforts, they were not considered to be very responsive and were given less qualitative precedence compared to other community development activities.

Community development investments and donations made to the assessment area totaled $10,360,780. This amount included 32 qualified investments totaling $10,311,347 and 145 donations totaling $49,433. Of the 27 current-period qualified investments, 20 were school bonds issued by qualifying school districts for community services totaling $3.5 million, The remaining newly qualified investments were to revitalize or stabilize an LMI or distressed middle-income geography, including one issued by a local hospital stabilizing a moderate-income tract totaling $4.6 million. Additionally, five prior-period investments totaling $750,000 were qualified. Lastly, the 145 donations were made to 53 separate organizations. Most of the notable donations were made to school programs in LMI areas.

During the review period, 15 employees contributed community development services to 23 different organizations within the bank's assessment area. Service activities included providing financial expertise to a variety of organizations, including a local chamber of commerce and area economic development corporations. The bank employees served these organizations in an assortment of positions, including as treasurers and board members.

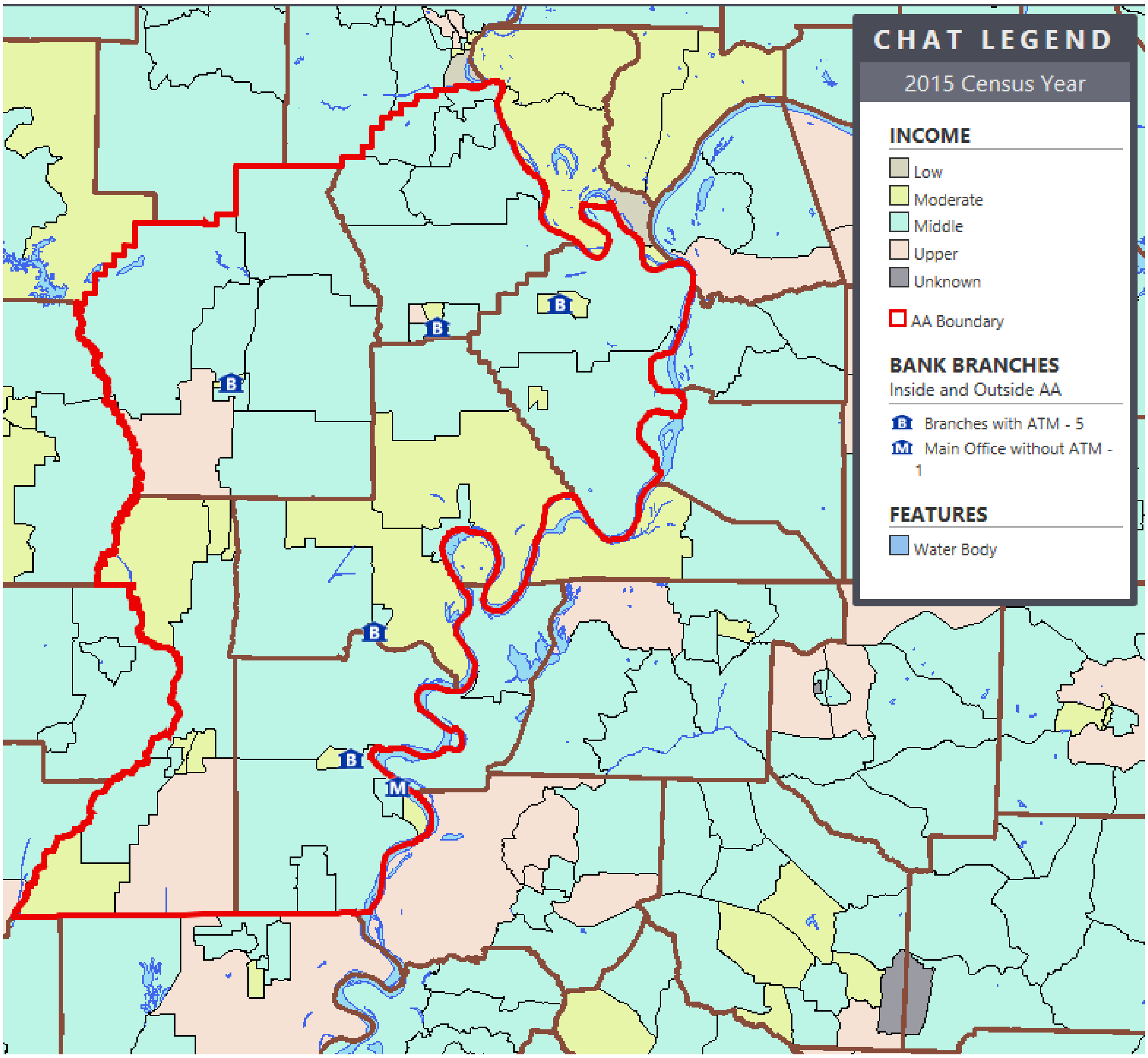
In addition to adequately meeting the community development needs of its own assessment area, the bank made six community development investments to various organizations that benefit a broader statewide or regional area, as well as its own assessment area, totaling $2.7 million. These include four state bonds issued by an organization providing affordable housing to LMI borrowers in Missouri totaling $1.9 million.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

Appendix A

ASSESSMENT AREA DETAIL



Appendix B

GLOSSARY

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

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

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

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or 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; (4) activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

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

Demographics: The statistical characteristics of human populations (e.g., age, race, sex, and income) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives 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 who do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants; the amount of loan requested; and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An 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. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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

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

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports 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.

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

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