PUBLIC DISCLOSURE

January 8, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Federal Savings Bank of Mascoutah, Illinois
RSSD #966272

101 West Main Street
Mascoutah, Illinois 62258

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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. 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 institution.**

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

First Federal Savings Bank of Mascoutah, Illinois is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans and other lending-related activities are originated inside the AA.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AA.
- The borrower's profile analysis reveals poor distribution among individuals of different income levels, including low- and moderate-income (LMI).
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* were utilized to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy, and market competition, as well as AA demographic and economic characteristics and credit needs. Lending performance was assessed within the bank's AA.

Home Mortgage Disclosure Act (HMDA) loans were used to evaluate the bank's lending performance, as this loan category is considered the bank's core business line based on lending volume and the bank's stated business strategy. The following table includes the corresponding time period for each performance category.

Performance Criterion	Time Period
LTD Ratio	December 31, 2018 – September 30, 2023
Assessment Area Concentration	January 1, 2022 – December 31, 2022
Geographic Distribution of Loans	
Loan Distribution by Borrower's Profile	
Response to Written CRA Complaints	December 10, 2018 – January 7, 2024

Lending Test analyses often entail comparisons of bank performance to AA demographics and the performance of other lenders, based on HMDA aggregate lending data. Unless otherwise noted, AA demographics are based on 2016–2020 American Community Survey 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 AA. 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 $121.8 million to $280.1 million as of September 30, 2023.

To augment this evaluation, one community contact interview was utilized with a member of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's AA. 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 are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

First Federal Savings Bank of Mascoutah, Illinois is an intrastate community bank headquartered in Mascoutah, Illinois. The bank's characteristics include:

- The bank is a mutual savings bank and converted from a national charter to a state-chartered institution on December 31, 2020.
- The bank has total assets of $177.0 million as of September 30, 2023. That represents an increase of 70.8 percent since the last evaluation.
- In addition to its main office in Mascoutah, the bank has two offices located in Lebanon and New Baden, Illinois.
- Each office location includes a cash-dispensing-only automated teller machine.
- As shown in the following table, the bank's primary business focus is 1–4 family residential loans.

Composition of Loan Portfolio as of June 30, 2023		
Loan Type	**Amount $ (000s)**	**Percentage of Total Loans**
1–4 family residential	$73,481	54.1%
Commercial real estate	$27,436	20.2%
Multifamily residential	$14,120	10.4%
Farmland	$8,171	6.0%
Commercial and industrial	$5,090	3.7%
Total other loans	$2,575	1.9%
Loans to individuals	$1,936	1.4%
Construction and development	$1,932	1.4%
Farm loans	$1,099	0.8%
TOTAL	**$135,840**	**100%**
Note: Percentages may not total 100.0% due to rounding.		

The bank was rated Satisfactory under the CRA at its December 10, 2018, performance evaluation. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA

The bank's AA includes two contiguous counties, Clinton and St. Clair (see Appendix A for an AA map), both of which are located in the Illinois side of the St. Louis Missouri-Illinois metropolitan statistical area (St. Louis MSA).

- The bank's AA was expanded since the prior examination to include the entirety of both St. Clair and Clinton counties, resulting in the addition of 32 LMI census tracts. Previously, the AA included portions of eastern St. Clair County and portions of western Clinton County.

- According to the June 30, 2023 Federal Deposit Market Share report, the bank has a market share of 2.2 percent, which ranks 16 out of 34 Federal Deposit Insurance Corporation (FDIC)-insured depository institutions operating in the AA.

- According to the Bureau of Labor Statistics, the three largest nongovernmental industries in the AA, determined by number of employees, are healthcare and social assistance (17.7 percent), retail trade (16.8 percent), and accommodation and food services (13.4 percent).

- One community contact interview was conducted with an individual from a regional organization that helps promote economic growth through financing projects and small businesses that revitalize the region.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown-**	**TOTAL**
Census Tracts	15	17	32	13	0	**77**
	19.5%	22.1%	41.6%	16.6%	0.0%	**100%**
Family Population	9,228	11,745	37,438	17,491	0	**75,902**
	12.2%	15.5%	49.3%	23.0%	0.0%	**100%**

- The AA includes 32 LMI census tracts, totaling 41.6 percent, whereas the population of LMI families in the AA totals 27.7 percent.
- All LMI census tracts were added to the AA since the prior CRA evaluation.

Population Change			
Area	**2015 Population**	**2020 Population**	**Percent Change**
Assessment Area	304,958	294,229	-3.5%
Clinton Couty, Illinois	37,929	36,889	-2.7%
St. Clair County, Illinois	267,029	257,400	-3.6%
St. Louis MSA	2,801,914	2,820,253	0.7%
Source: 2020 U.S. Census Bureau: Decennial Census *2011–2015 U.S. Census Bureau: American Community Survey*			

- The AA experienced a declining population trend, decreasing 3.5 percent from 2015 to 2020 with St. Clair County experiencing the highest rate of decline (3.6 percent). In contrast, the St. Louis MSA population increased slightly, 0.7 percent.

Median Family Income Change			
Area	**2015 Median Family Income**	**2020 Median Family Income**	**Percent Change**
Assessment Area	$72,812	$77,555	6.5%
Clinton Couty, Illinois	$86,236	$82,244	-4.6%
St. Clair County, Illinois	$70,108	$77,323	10.3%
St. Louis MSA	$77,265	$84,758	9.7%
Source: 2011–2015 U.S. Census Bureau: American Community Survey *2016–2020 U.S. Census Bureau: American Community Survey* *Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.*			

- The median family income for the AA showed a 6.5 percent increase from 2015 to 2020, which lags the St. Louis MSA by more than 3 percentage points.
- Within the AA, median family income in St. Clair experienced a 10.3 percent increase, while Clinton County experienced a 4.6 percent decrease. Nonetheless, median family income in St. Clair County ($70,108), where all of the low-income census tracts in the AA are located, is significantly lower than in Clinton County ($86,236).

Unemployment Rates					
Area	**2018**	**2019**	**2020**	**2021**	**2022**
Assessment Area	4.8%	4.1%	8.8%	5.8%	4.1%
Clinton Couty, Illinois	3.5%	3.0%	5.9%	3.6%	3.0%
St. Clair County, Illinois	5.0%	4.3%	9.2%	6.2%	4.3%
St. Louis MSA	3.4%	3.2%	6.8%	4.4%	2.8%
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics					

- Unemployment levels in the AA are typically higher than the overall St Louis MSA by over 30 percent, with the St. Clair County portion of the AA consistently having higher unemployment levels compared to Clinton County.
- All areas experienced a spike in unemployment in 2020 due to the COVID-19 pandemic and have since seen a subsequent decline more in line with numbers before the pandemic.

Housing Cost Burden						
Area	**Cost Burden – Renters**			**Cost Burden – Owners**		
	Low-Income	**Moderate-Income**	**All Renters**	**Low-Income**	**Moderate-Income**	**All Owners**
Assessment Area	69.8%	23.5%	44.2%	58.4%	21.3%	17.8%
Clinton Couty, Illinois	67.9%	8.3%	34.4%	51.0%	14.7%	14.0%
St. Clair County, Illinois	69.9%	24.9%	45.0%	59.5%	22.4%	18.4%
St. Louis MSA	74.4%	23.1%	42.1%	59.9%	26.0%	17.3%
Cost burden is housing cost that equals 30% or more of household income. *Source: 2015–2019 U.S. Department of Housing and Urban Development (HUD): Comprehensive Housing Affordability Strategy*						

- As indicated by cost burden statistics in the previous table, overall, renters and homeowners in the AA face similar costs in relation to income as compared to the overall St. Louis MSA.
- However, housing costs in St. Clair County pose a greater burden for both renters and homeowners compared to Clinton County, particularly for those in the moderate-income category. In Clinton County, only 8.3 percent of moderate-income renters are cost burdened compared to 24.9 percent of moderate-income renters in St. Clair County. Similarly, 14.7 of moderate-income homeowners in Clinton County are cost burdened compared to 22.4 percent in St. Clair County.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's overall performance under the Lending Test is Satisfactory.

Loan-to-Deposit (LTD) Ratio

This performance criterion evaluates the bank's average LTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, branch locations, and loan portfolio.

Comparative LTD Ratios September 30, 2018 – September 30, 2023			
Institution	**Location**	**Asset Size $ (000s)**	**LTD Ratio (%) 20-Quarter Average**
First Federal Savings Bank of Mascoutah, Illinois	Mascoutah, Illinois	$177,022	80.3%
Similarly Situated Institutions			
Regional Banks	Carlyle, Illinois	$280,111	66.7%
	Trenton, Illinois	$121,849	83.6%
	Hoffman, Illinois	$221,239	47.6%

The bank's LTD ratio is reasonable. During the review period, the LTD ratio increased, maintaining a 20-quarter average of 80.3 percent, which is within the range of regional banks used for comparison.

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA.

Lending Inside and Outside the Assessment Area								
Loan Type	**Inside**				**Outside**			
	#	**# %**	**$ (000s)**	**$ %**	**#**	**# %**	**$ (000s)**	**$ %**
Home Improvement	5	83.3	$156	75.7	1	16.7	$50	24.3
Home Purchase – Conventional	22	73.3	$3,928	65.9	8	26.7	$2,035	34.1
Multifamily Housing	7	87.5	$12,098	90.0	1	12.5	$1,350	10.0
Other Purpose – Closed End	2	100.0	$124	100.0	0	0.0	$0	0.0
Refinancing	34	87.2	$5,086	84.3	5	12.8	$950	15.7
Total HMDA-Related	**70**	**82.4**	**$21,392**	**83.0**	**15**	**17.6**	**$4,385**	**17.0**
TOTAL LOANS	**70**	**82.4**	**$21,392**	**83.0**	**15**	**17.6**	**$4,385**	**17.0**
Note: Percentages may not total 100.0% due to rounding.								

A majority of the bank's loans, by number and dollar, are originated inside the AA. Overall, 82.4 percent of the total loans were originated inside the AA, accounting for 83.0 percent of the dollar volume of total loans.

Loan Distribution by Borrower's Profile

This performance criterion evaluates the bank's lending to borrowers of different income levels. The bank's lending has a poor distribution among individuals of different income levels.

<u>Residential Real Estate Lending</u>

The bank's 1–4 family residential real estate loan distribution is poor. The bank's lending performance to low-income borrowers (4.4 percent) trails the aggregate lending level (12.6 percent) and the demographic comparator (25.2 percent). Alternately, the bank's lending to moderate-income borrowers (16.2 percent) is approaching the aggregate level (20.5 percent) and is in line with the demographic (17.9 percent). Overall, however, when looking collectively at lending levels to LMI borrowers, the bank trails aggregate lending levels and demographic comparators, reflecting poor performance.

Distribution of 2022 Residential Real Estate Lending by Borrower Income Level Assessment Area: St. Louis MSA							
Borrower Income Level	Bank and Aggregate Loans						Families by Family Income %
	Bank		Aggregate	Bank		Aggregate	
	#	# %	# %	$ (000s)	$ %	$ %	
Home Purchase Loans							
Low	1	4.5%	12.8%	53	1.3%	5.0%	25.2%
Moderate	3	13.6%	21.7%	371	9.4%	13.0%	17.9%
Middle	6	27.3%	19.9%	1,081	27.5%	16.5%	21.2%
Upper	8	36.4%	22.1%	2,066	52.6%	24.9%	35.7%
Unknown	4	18.2%	23.6%	357	9.1%	40.6%	0.0%
TOTAL	**22**	**100.0%**	**100.0%**	**3,928**	**100.0%**	**100.0%**	**100.0%**
Refinance Loans							
Low	2	5.9%	12.1%	121	2.4%	6.7%	25.2%
Moderate	7	20.6%	20.3%	725	14.3%	15.5%	17.9%
Middle	9	26.5%	23.4%	1,089	21.4%	22.3%	21.2%
Upper	9	26.5%	28.2%	2,026	39.8%	37.2%	35.7%
Unknown	7	20.6%	16.0%	1,125	22.1%	18.2%	0.0%
TOTAL	**34**	**100.0%**	**100.0%**	**5,086**	**100.0%**	**100.0%**	**100.0%**
Home Improvement Loans							
Low	0	0.0%	15.1%	0	0.0%	10.2%	25.2%
Moderate	1	20.0%	15.6%	20	12.8%	11.0%	17.9%
Middle	0	0.0%	24.3%	0	0.0%	22.0%	21.2%
Upper	3	60.0%	41.7%	111	71.2%	53.9%	35.7%
Unknown	1	20.0%	3.3%	25	16.0%	2.9%	0.0%
TOTAL	**5**	**100.0%**	**100.0%**		**100.0%**	**100.0%**	**100.0%**
Multifamily Loans							
Low	0	0.0%	0.0%	0	0.0%	0.0%	**N/A**
Moderate	0	0.0%	0.0%	0	0.0%	0.0%	
Middle	0	0.0%	0.0%	0	0.0%	0.0%	
Upper	0	0.0%	3.9%	0	0.0%	0.9%	
Unknown	7	100.0%	96.1%	12,098	100.0%	99.1%	
TOTAL	**7**	**100.0%**	**100.0%**	**12,098**	**100.0%**	**100.0%**	
Total Home Mortgage Loans							
Low	3	4.4%	12.6%	174	0.8%	5.1%	25.2%
Moderate	11	16.2%	20.5%	1,116	5.2%	12.6%	17.9%
Middle	15	22.1%	20.8%	2,170	10.2%	16.6%	21.2%
Upper	20	29.4%	24.9%	4,203	19.8%	26.2%	35.7%
Unknown	19	27.9%	21.3%	13,605	64.0%	39.5%	0.0%
TOTAL	**68**	**100.0%**	**100.0%**		**100.0%**	**100.0%**	**100.0%**

Source: 2022 FFIEC Census Data
2016–2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding. Multifamily loans are not included in the borrower distribution analysis.

Distribution of 2022 Residential Real Estate Lending by Borrower Income Level Assessment Area: St Louis MSA							
Borrower Income Level	Bank and Aggregate Loans						Families by Family Income %
	Bank		Aggregate	Bank		Aggregate	
	#	# %	# %	$ (000s)	$ %	$ %	
Other Purpose LOC							
Low	0	0.0%	13.5%	0	0.0%	9.1%	25.2%
Moderate	0	0.0%	16.4%	0	0.0%	12.3%	17.9%
Middle	0	0.0%	25.6%	0	0.0%	24.4%	21.2%
Upper	0	0.0%	38.6%	0	0.0%	49.2%	35.7%
Unknown	0	0.0%	5.8%	0	0.0%	4.9%	0.0%
TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%
Other Purpose Closed/Exempt							
Low	0	0.0%	16.1%	0	0.0%	9.6%	25.2%
Moderate	1	50.0%	21.0%	112	90.3%	13.0%	17.9%
Middle	1	50.0%	21.0%	12	9.7%	19.3%	21.2%
Upper	0	0.0%	37.1%	0	0.0%	45.2%	35.7%
Unknown	0	0.0%	4.9%	0	0.0%	12.9%	0.0%
TOTAL	2	100.0%	100.0%	124	100.0%	100.0%	100.0%
Purpose Not Applicable							
Low	0	0.0%	0.0%	0	0.0%	0.0%	28.2%
Moderate	0	0.0%	0.0%	0	0.0%	0.0%	16.1%
Middle	0	0.0%	0.0%	0	0.0%	0.0%	46.6%
Upper	0	0.0%	3.9%	0	0.0%	0.9%	9.1%
Unknown	0	0.0%	96.1%	12,098	100.0%	99.1%	0.0%
TOTAL	0	0.0%	100%	12,098	100.0%	100.0%	100.0%

Source: 2022 FFIEC Census Data
2016–2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts with consideration given to the dispersion of loans throughout the AA. The bank's geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA. The geographic distribution of 1–4 family residential real estate loans reflects reasonable performance with no conspicuous lending gaps.

<u>Residential Real Estate Lending</u>

The geographic distribution of home mortgage lending is reasonable. The bank's distribution of residential real estate loans in low-income census tracts (0.0 percent) is near the aggregate (2.1%) and trails the demographic figure (8.4 percent). The bank's distribution of loans in moderate-income census tracts (7.4 percent) is below the aggregate (12.7 percent) and demographic figures (18.3 percent). When arriving at overall performance conclusions, consideration was given to the bank's performance context. All of the bank's branch offices are centrally located in the AA; however, the LMI geographies are located in the far western and eastern portions of the AA, posing accessibility challenges. Further, there is a high level of competition in the areas between the branches and the LMI geographies. Finally, the low levels of aggregate lending activity, particularly in low-income census tracts, reflects limited lending opportunities in those areas.

Distribution of 2022 Residential Real Estate Lending by Income Level of Geography Assessment Area: St. Louis MSA							
Geographic Income Level	Bank and Aggregate Loans						Owner-Occupied Units %
	Bank		Aggregate	Bank		Aggregate	
	#	# %	# %	$ (000s)	$ %	$ %	
Home Purchase Loans							
Low	0	0.0%	2.1%	0	0.0%	0.5%	8.4%
Moderate	1	4.5%	13.6%	44	1.1%	6.0%	18.3%
Middle	17	77.3%	57.0%	3,044	77.5%	41.0%	49.5%
Upper	4	18.2%	27.2%	840	21.4%	52.4%	23.9%
Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
TOTAL	22	100.0%	100.0%	3,928	100.0%	100.0%	100.0%
Refinance Loans							
Low	0	0.0%	1.2%	0	0.0%	0.4%	8.4%
Moderate	2	5.9%	11.1%	481	9.5%	6.7%	18.3%
Middle	26	76.5%	57.3%	3,610	71.0%	54.2%	49.5%
Upper	6	17.6%	30.5%	995	19.6%	38.7%	23.9%
Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
TOTAL	34	100.0%	100.0%	5,086	100.0%	100.0%	100.0%
Home Improvement Loans							
Low	0	0.0%	2.6%	0	0.0%	0.9%	8.4%
Moderate	0	0.0%	8.3%	0	0.0%	6.8%	18.3%
Middle	4	80.0%	55.7%	116	74.4%	52.9%	49.5%
Upper	1	20.0%	33.3%	40	25.6%	39.3%	23.9%
Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
TOTAL	5	100.0%	100.0%	156	100.0%	100.0%	100.0%
Multifamily Loans							Multifamily Units %
Low	0	0.0%	10.8%	0	0.0%	9.5%	28.2%
Moderate	2	28.6%	23.5%	3,986	32.9%	9.8%	16.1%
Middle	5	71.4%	48.0%	8,112	67.1%	75.0%	46.6%
Upper	0	0.0%	17.6%	0	0.0%	5.7%	9.1%
Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
TOTAL	7	100.0%	100.0%	12,098	100.0%	100.0%	100.0%
Total Home Mortgage Loans							Owner-Occupied Units %
Low	0	0.0%	2.1%	0	0.0%	1.1%	8.4%
Moderate	5	7.4%	12.7%	4,511	21.2%	6.4%	18.3%
Middle	52	76.5%	56.9%	14,882	70.0%	45.7%	49.5%
Upper	11	16.2%	28.3%	1,875	8.8%	46.8%	23.9%
Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
TOTAL	68	100.0%	100.0%	21,268	100.0%	100.0%	100.0%

Source: 2022 FFIEC Census Data
2016–2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

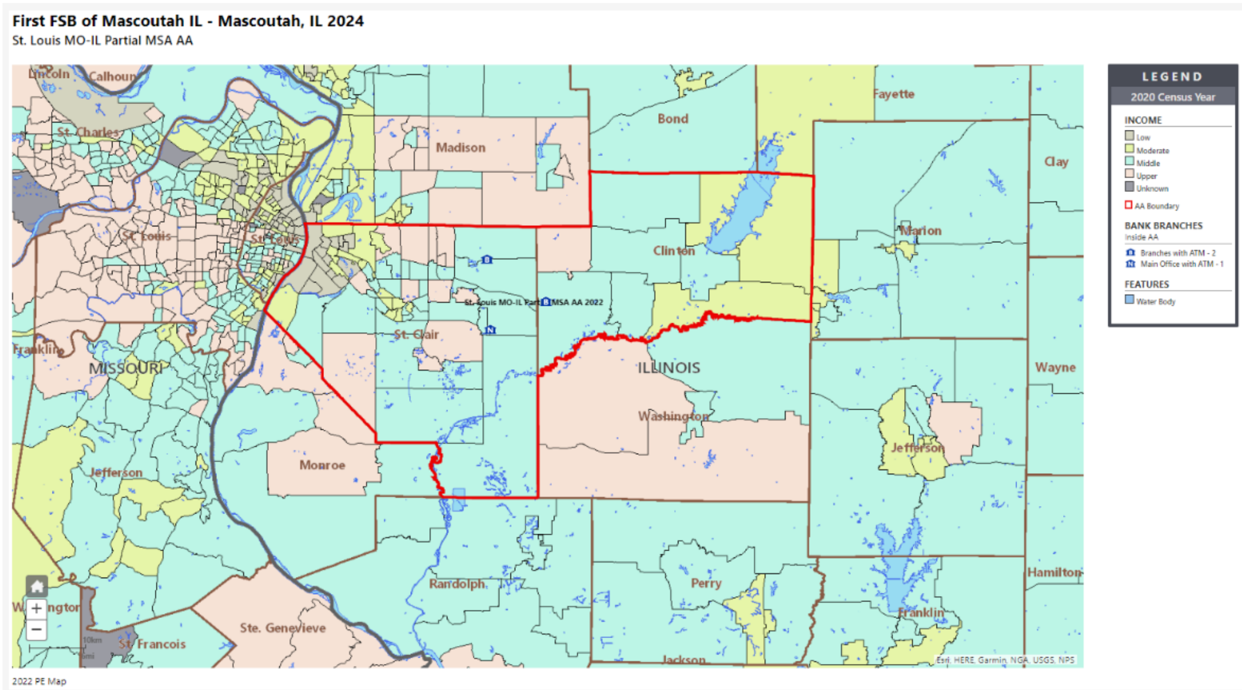
Distribution of 2022 Residential Real Estate Lending by Income Level of Geography Assessment Area: St. Louis MSA							
Geographic Income Level	**Bank and Aggregate Loans**						**Owner-Occupied Units %**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**# %**	**# %**	**$ (000s)**	**$ %**	**$ %**	
Other Purpose LOC							
Low	0	0.0%	0.5%	0	0.0%	0.3%	8.4%
Moderate	0	0.0%	8.2%	0	0.0%	5.8%	18.3%
Middle	0	0.0%	56.0%	0	0.0%	49.1%	49.5%
Upper	0	0.0%	35.3%	0	0.0%	44.8%	23.9%
Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%
Other Purpose Closed/Exempt							
Low	0	0.0%	5.6%	0	0.0%	2.3%	8.4%
Moderate	0	0.0%	9.8%	0	0.0%	8.3%	18.3%
Middle	1	50.0%	56.6%	12	9.7%	39.9%	49.5%
Upper	1	50.0%	28.0%	112	90.3%	49.5%	23.9%
Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
TOTAL	2	100.0%	100.0%	124	100.0%	100.0%	100.0%
Purpose Not Applicable							
Low	0	0.0%	10.1%	0	0.0%	4.7%	8.4%
Moderate	0	0.0%	21.7%	0	0.0%	14.1%	18.3%
Middle	0	0.0%	58.0%	0	0.0%	70.6%	49.5%
Upper	0	0.0%	10.1%	0	0.0%	10.6%	23.9%
Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%
Source: 2022 FFIEC Census Data 2016–2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.							

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 – MAP OF THE ASSESSMENT AREA

<u>St. Louis MSA Assessment Area</u>



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.