# PUBLIC DISCLOSURE

**August 19, 2019**

# COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Stifel Bank**
**RSSD #3076220**

**8000 Maryland Avenue, Suite 100**
**Clayton, Missouri 63105**

**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**

Stifel Bank 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 majority of loans and other lending-related activities are in the assessment area.

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

- The distribution of loans to borrowers reflects reasonable penetration among businesses of different revenue sizes and individuals of different income levels, including low- and moderate-income (LMI).

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

## DESCRIPTION OF INSTITUTION

Stifel Bank is a state-chartered, wholly owned subsidiary of Stifel Bancorp, Inc., a second-tier bank holding company that holds both Stifel Bank and its affiliate, Stifel Bank & Trust (SB&T). The parent company, Stifel Financial Corporation (SFC), St. Louis, Missouri, is a financial holding company that provides securities brokerage, investment banking, trading, investment advisory, and related financial services to individuals, professional money managers, businesses, and municipalities through numerous nonbank and bank subsidiaries. Stifel Bank, through common ownership by SFC, is affiliated with Stifel, Nicolaus & Company, Inc. (SNC), SFC's primary broker-dealer subsidiary, also headquartered in St. Louis, Missouri. Stifel Bank, previously Business Bank of St. Louis, and Stifel Bancorp, Inc., previously Business Bancshares, Inc., were both acquired by SFC on August 31, 2018, and approved for Federal Reserve System membership on November 9, 2018.

Stifel Bank operates one location in the city of Clayton, located in St. Louis County, Missouri. The bank maintains an automated teller machine at this location, which is cash-dispensing only and does not offer drive-up accessibility. The bank did not open or close any branch offices during this review period. The bank's limited branch structure is appropriate considering the unique structure of the institution and limited product offerings. Notably, the bank's product offerings have undergone significant change as a result of the acquisition, including the discontinuation of a number of products. The bank's current loan product offerings consist primarily of commercial loans. Similarly, while the bank still offers traditional deposit accounts, a large portion of the deposits in the bank's portfolio now are funds from SNC investment accounts, which are swept into a Federal Deposit Insurance Corporation (FDIC)-insured account at the bank and is now the bank's primary deposit source.

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. Following its acquisition, the bank's total assets increased roughly 300 percent the following quarter, from $600.4 million as of September 30, 2018 to $1.8 billion as of December 31, 2018. This growth was due to the acceptance of swept funds from SNC investment accounts and the purchase of loans from SB&T. Most recently, the bank reported total assets of $1.9 billion as of June 30, 2019. As of the same date, loans and leases outstanding were $1.0 billion (53.6 percent of total assets), and deposits totaled $1.8 billion. The bank's loan portfolio composition by credit category is displayed in the following table:

| Distribution of Total Loans as of June 30, 2019 | | |
|---|---|---|
| **Credit Category** | **Amount ($000s)** | **Percentage of Total Loans** |
| Construction and Development | $55,945 | 5.4% |
| Commercial Real Estate | $192,971 | 18.8% |
| Multifamily Residential | $34,410 | 3.3% |
| 1–4 Family Residential | $42,223 | 4.1% |
| Farmland | $61 | 0.0% |
| Farm Loans | $2,210 | 0.2% |
| Commercial and Industrial | $168,029 | 16.3% |
| Loans to Individuals | $511,690 | 49.8% |
| Total Other Loans | $20,179 | 2.0% |
| **TOTAL** | **$1,027,718** | **100%** |

As indicated by the preceding table, a significant portion of the bank's lending resources is directed to commercial lending—specifically, commercial real estate and commercial and industrial loans. In addition, a significant portion of the bank's total loans are loans to individuals. This category predominantly reflects the bank's purchase of Stifel pledged asset loans from SB&T, which are large lines of credit secured by SNC investment accounts. This category also contains, to a lesser extent, indirect consumer loans, which have been discontinued post-acquisition.

In addition, during the review period, the bank originated and subsequently sold a notable volume of loans related to residential real estate. As these loans were sold on the secondary market shortly after origination, this activity would not be captured in the table. While 1–4 family residential real estate loans were offered by Stifel Bank for the majority of the review period, all mortgage lending has since been transitioned to SB&T. While Stifel Bank no longer offers this loan product, it represented a significant product offering during the review period.

The bank received a Satisfactory rating at its previous CRA evaluation conducted on November 16, 2015, by the FDIC.

## 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 standards entail two performance tests: the Lending Test and the Community Development Test. Small business and Home Mortgage Disclosure Act (HMDA) loans were used to evaluate the bank's lending performance, as these loan categories serve as the most effective indicators of the bank's ability to meet the credit needs of the assessment area. However, as the bank has a particular emphasis on small business lending, performance in the small business lending category carried the most significance toward the bank's overall performance conclusions.

The bank's affiliate (SB&T) is operating under a CRA strategic plan for 2018–2020, which was approved by the Board of Governors of the Federal Reserve System (Board) on May 7, 2018. Upon the acquisition of Business Bank of St. Louis, an amendment was filed to revise the strategic plan to include the newly named Stifel Bank for 2019–2020. The strategic plan outlines measurable goals for satisfactory and outstanding ratings, including lending, investments, and service goals. While the strategic plan applies to both Stifel Bank and SB&T, individualized goals specific to each institution are detailed in the document. This amendment was approved by the Board on September 20, 2019.

While the bank began operating under a strategic plan in 2019, this CRA evaluation reviewed the bank under intermediate small bank (ISB) procedures, as the bank was subject to ISB procedures throughout most of the review period; 2019 CRA performance under the strategic plan will be reviewed as a part of the next evaluation.

The following table details the performance criterion and the corresponding time periods used in each analysis.

| Performance Criterion | Time Period |
|---|---|
| LTD Ratio | December 31, 2015 – December 31, 2018 |
| Assessment Area Concentration | January 1, 2016 – December 31, 2017 |
| Geographic Distribution of Loans | |
| Loan Distribution by Borrower's Profile | |
| Response to Written CRA Complaints | November 16, 2015 – August 18, 2019 |
| Community Development Activities | November 16, 2015 – December 31, 2018 |

The Lending Test analyses encompass lending activity from both 2016 and 2017; however, this evaluation details bank performance based on 2017 lending activity, as similar performance was noted for 2016. See *Appendix A* for detailed 2016 performance figures for the assessment area.

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 U.S. Census data; certain business demographics are based on 2017 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 $378.7 million to $505.2 million as of June 30, 2019. While asset size was taken into consideration when choosing peers, it was not the primary factor for choosing peers, given the significant increase in assets toward the end of the review period. Notably, all peers chosen met the asset size threshold required to be subject to the Community Development Test. Furthermore, due to the bank's unique structure and limited branching presence, peers were chosen that operate a similar number of branches in the assessment area.

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 December 31, 2018, (community development activities were reviewed up to the day prior to the date the amended strategic plan became effective). 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, three community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from these community contact interviews are included in the *Description of Assessment Area* section.

## DESCRIPTION OF ASSESSMENT AREA

Stifel Bank has designated one CRA assessment area comprising the city of St. Louis and St. Louis, Jefferson, and St. Charles Counties, all of which are in the Missouri portion of the St. Louis metropolitan assessment area (MSA). Based on 2015 U.S. Census data, the partial St. Louis MSA assessment area consists of 426 census tracts. Of the 426 tracts, there are 57 low-, 89 moderate-, 134 middle-, 142 upper-, and 4 unknown-income census tracts.

### General Demographics

The bank's assessment area comprises four of the eight counties in the Missouri portion of the St. Louis MSA. Based on 2015 U.S. Census data, the assessment area had a total population of 1,915,559, which represents 68.4 percent of the St. Louis MSA's residents (2,801,914). Population totals relative to each county within the assessment area are depicted in the following table:

| County | Population |
|---|---|
| Jefferson | 221,577 |
| St. Charles | 374,805 |
| St. Louis City | 317,850 |
| St. Louis | 1,001,327 |
| **Total Assessment Area Population** | **1,915,559** |

According to the FDIC Deposit Market Share Report data as of June 30, 2018, there are 73 FDIC-insured depository institutions in the assessment area that operate 560 offices. Stifel Bank (operating one, or 0.2 percent, offices in the assessment area) ranked 20th in terms of deposit market share, with 0.7 percent of the total assessment area deposit dollars. Of note: this deposit market share report is dated prior to the bank accepting swept funds from SNC, which significantly increased its market share.

Credit needs in the assessment area, as noted primarily from community contacts, include small-dollar loans to businesses, funding for technical assistance to small businesses, and mortgage loans specifically for affordable housing. One contact stressed the importance of technical assistance for starting, growing, and sustaining small businesses in LMI communities.

## 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 | 57 | 89 | 134 | 142 | 4 | **426** |
| | 13.4% | 20.9% | 31.5% | 33.3% | 0.9% | **100%** |
| Family Population | 37,150 | 90,837 | 165,597 | 191,984 | 1,439 | **487,007** |
| | 7.6% | 18.7% | 34.0% | 39.4% | 0.3% | **100%** |

As shown in the preceding table, 34.3 percent of the census tracts in the assessment area are LMI geographies, but only 26.3 percent of the family population resides in these tracts. These LMI areas are primarily concentrated in and around the city of St. Louis.

Based on 2015 U.S. Census data, the median family income for the assessment area was $72,950. At the same time, the median family income for the St. Louis MSA was $70,718. However, median family incomes varied widely among assessment area counties, from $46,334 in the city of St. Louis to $85,806 in St. Charles County. More recently, the FFIEC estimates the 2017 median family income for the St. Louis MSA to be $74,300. The following table displays population percentages of assessment area families by income level compared to the St. Louis MSA family population as a whole.

| Family Population by Income Level | | | | | |
|---|---|---|---|---|---|
| **Dataset** | **Low-** | **Moderate-** | **Middle-** | **Upper-** | **TOTAL** |
| Assessment Area | 101,648 | 81,572 | 95,255 | 208,532 | **487,007** |
| | 20.9% | 16.7% | 19.6% | 42.8% | **100%** |
| St. Louis, MSA | 155,627 | 125,318 | 144,204 | 294,177 | **719,326** |
| | 21.6% | 17.4% | 20.0% | 40.9% | **100%** |

As shown in the preceding table, 37.6 percent of families within the assessment area were considered LMI, which is slightly lower than LMI family percentages of 39.0 percent in the St. Louis MSA. Similarly, the percentage of families living below the poverty threshold in the assessment area, 9.1 percent, falls below the 9.6 percent level in the St. Louis MSA. Considering these factors, the assessment area appears similar in affluence to the MSA as a whole; however, significant differences exist among assessment area counties. While St. Charles County has an LMI family population of 27.1 percent and a poverty level of only 4.6 percent, the city of St. Louis has a much higher LMI family population (58.2) percent and a poverty level of 21.7 percent.

## Housing Demographics

Based on 2015 housing values, income levels, and rental costs, housing in the assessment area appears to be less affordable than in the St. Louis MSA. The median housing value for the assessment area is $167,575, which is above the figure for the St. Louis MSA, $157,100. Additionally, the assessment area housing affordability ratio of 33.7 percent is below the St. Louis MSA figure of 35.1 percent. Finally, the median gross rent for the assessment area of $837 per month is higher than the $815 per month for the St. Louis MSA. Therefore, despite rental costs, homeownership appears slightly more affordable in the assessment area compared to the MSA as a whole. However, as with income levels, affordability differs within the various counties in the assessment area. Specifically, St. Charles County is the most affordable (38.5 percent), followed by Jefferson County (36.9 percent), St. Louis County (34.5 percent), and St. Louis City (29.6 percent). Therefore, there are likely some LMI individuals for which homeownership may be out of reach.

## Industry and Employment Demographics

The assessment area supports a large and diverse business community, including a strong small business sector. County business patterns indicate that there are 988,077 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are healthcare and social assistance (15.8 percent), followed by retail trade (11.0 percent) and accommodation and food services (10.0 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 St. Louis MSA as a whole.

**Unemployment Levels for the Assessment Area**

| Area | 2016 | 2017 | 2018 | 2019 (Three-Month Average) |
|---|---|---|---|---|
| Jefferson County | 4.3% | 3.6% | 3.1% | 3.8% |
| St. Charles County | 3.5% | 2.9% | 2.5% | 3.0% |
| St. Louis City | 5.5% | 4.5% | 3.8% | 4.2% |
| St. Louis County | 4.2% | 3.4% | 3.0% | 3.5% |
| Assessment Area | 4.3% | 3.5% | 3.0% | 3.5% |
| St. Louis MSA | 4.6% | 3.8% | 3.4% | 4.0% |

As shown in the table above, unemployment levels for the assessment area, as well as the St. Louis MSA, have generally shown a decreasing trend, with the exception of the 2019 year-to-date averages in which each county in the assessment area saw a slight increase in unemployment levels. Additionally, unemployment levels in the assessment area were lower than the St. Louis MSA levels; however, St. Louis City experienced significantly higher unemployment rates than the other three counties, while St. Charles County had the lowest unemployment rates.

**Community Contacts Information**

Information from three community contacts was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Of these community contact interviews, one was with an individual specializing in affordable housing and homeownership assistance, one was with a person from an organization that specializes in the development of businesses owned by minority populations, and another was with an economic development authority. The community contacts categorized the economy as growing and stabilizing overall; however, while St. Charles County has witnessed substantial growth over the past 20 years, St. Louis City was noted as having a higher poverty rate compared to the rest of the region as a result of businesses and residents moving out of the city to the suburbs, where better-paying jobs are generally more accessible. Contacts indicated that the population is well banked, with a healthy level of banking competition and a fairly limited unbanked population that relies on alternative lenders for finance needs. Regarding the LMI population, poor credit scores, financial illiteracy, and a lack of down payment funds were identified as ongoing impediments to homeownership.

Contacts also stated that small business barriers include a lack of strong business plans and experience in business operations, a dearth of small business development organizations to provide technical assistance, and limited access to capital. For instance, one contact indicated it is difficult for small businesses to get financing for loans under $10,000. Because of the lack of availability for such small-dollar loans, many small business owners have resorted to consumer loan products, such as home equity lines of credit to allow them to find the financing they need. The contact also mentioned a lack of ready office space as a barrier for small business startups.

In summary, contacts overall agreed there are numerous opportunities for financial institutions to participate in community development activities in the region, including investing in small business development organizations, providing innovative and flexible lending products to support affordable housing, offering Small Business Administration 504 and 7A loan products, and participating in microloan funds.

## 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 compared to those of regional peers. The average LTD ratio represents a 13-quarter average, dating back from the bank's last CRA evaluation to December 31, 2018, (the bank is operating under a Strategic Plan for 2019).

| LTD Ratio Analysis | | | |
|---|---|---|---|
| **Name** | **Headquarters** | **Asset Size ($000s) as of June 30, 2019** | **Average LTD Ratio** |
| Stifel Bank | Clayton, Missouri | $1,916,397 | 90.8% |
| Regional Banks | Clayton, Missouri | $505,205 | 92.4% |
| | Town and Country, Missouri | $445,908 | 79.3% |
| | Frontenac, Missouri | $378,676 | 104.5% |

Based on data from the previous table, the bank's level of lending is generally in line with those of other banks in the region. During the review period, the bank's LTD ratio remained relatively stable, experiencing limited fluctuation with the exception of fourth quarter 2018 when an influx of deposits were transferred onto the bank's balance sheet from an affiliate bank (SB&T). This caused a significant decrease in the bank's LTD ratio compared to third quarter 2018.

In comparison, the average LTD ratios for the regional peers were comparable and also generally experienced limited fluctuation throughout the review period. Therefore, compared to data from regional banks and considering aforementioned performance context, the bank's average LTD ratio is considered reasonable.

### 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<br>January 1, 2016 through December 31, 2017 | | | | | | |
|---|---|---|---|---|---|---|
| **Loan Type** | **Inside Assessment Area** | | **Outside Assessment Area** | | **TOTAL** | |
| Small Business | 50 | 76.9% | 15 | 23.1% | **65** | **100%** |
| | 17,924 | 68.9% | 8,097 | 31.1% | **$26,021** | **100%** |
| HMDA | 53 | 89.8% | 6 | 10.2% | **59** | **100%** |
| | 33,525 | 60.8% | 21,637 | 39.2% | **$55,162** | **100%** |
| **TOTAL LOANS** | **103** | **83.1%** | **21** | **16.9%** | **124** | **100%** |
| | **51,449** | **63.4%** | **29,734** | **36.6%** | **$81,183** | **100%** |

The bank originated a majority of its small business and HMDA loans inside its assessment area. As shown in the preceding table, 83.1 percent of total loans were made inside the assessment area, accounting for 63.4 percent of the dollar volume of total loans.

## Geographic Distribution of Loans

As previously noted, the assessment area includes 57 low- and 89 moderate-income census tracts, representing 34.3 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in the assessment area reflects excellent penetration throughout these LMI census tracts, based on the small business and HMDA loan categories. As previously stated, performance in the small business loan category carried the most significance in the overall rating of excellent for geographic distribution.

The following table displays 2017 small business loan activity by geography income level compared to the location of businesses throughout this assessment area and 2017 small business aggregate data.

| Distribution of Loans Inside Assessment Area by Geography Income Level<br>January 1, 2017 through December 31, 2017 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Geography Income Level** | | | | | | | | | | **TOTAL** | |
| | **Low-** | | **Moderate-** | | **Middle-** | | **Upper-** | | **Unknown** | | | |
| Small Business Loans | 3 | 11.1% | 7 | 25.9% | 5 | 18.5% | 11 | 40.7% | 1 | 3.7% | **27** | **100%** |
| Business Institutions | 5.8% | | 17.0% | | 31.1% | | 45.0% | | 1.1% | | **100%** | |
| 2017 Small Business Aggregate | 5.0% | | 16.8% | | 30.3% | | 46.3% | | 1.6% | | **100%** | |

The bank's level of lending in low-income census tracts (11.1 percent) is above the estimated percentage of businesses operating inside these census tracts (5.8 percent) and 2017 aggregate lending levels in low-income census tracts (5.0 percent), and is considered excellent. Similarly, the bank's percentage of loans in moderate-income census tracts (25.9 percent) is above the estimated percentage of businesses operating inside these census tracts (17.0 percent) and 2017 aggregate lending levels in moderate-income census tracts (16.8 percent), and is also excellent. Therefore, the bank's overall geographic distribution of small business loans is excellent.

As with the small business loan category, the bank's geographic distribution of HMDA loans was reviewed. The following table displays the geographic distribution of 2017 HMDA loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

**Distribution of Loans Inside Assessment Area by Geography Income Level**
**January 1, 2017 through December 31, 2017**

| | Geography Income Level | | | | | | | | | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Low- | | Moderate- | | Middle- | | Upper- | | Unknown | | | |
| Home Purchase | 2 | 15.4% | 0 | 0.0% | 3 | 23.1% | 8 | 61.5% | 0 | 0.0% | **13** | **100%** |
| Refinance | 0 | 0.0% | 0 | 0.0% | 1 | 50.0% | 1 | 50.0% | 0 | 0.0% | **2** | **100%** |
| Home Improvement | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 1 | 100.0% | 0 | 0.0% | **1** | **100%** |
| Multifamily | 2 | 25.0% | 3 | 37.5% | 3 | 37.5% | 0 | 0.0% | 0 | 0.0% | **8** | **100%** |
| **TOTAL HMDA** | **4** | **16.7%** | **3** | **12.5%** | **7** | **29.2%** | **10** | **41.7%** | **0** | **0.0%** | **24** | **100%** |
| Owner-Occupied Housing | 4.8% | | 17.3% | | 35.9% | | 41.8% | | 0.2% | | **100%** | |
| 2017 HMDA Aggregate | 2.0% | | 13.6% | | 38.3% | | 45.9% | | 0.2% | | **100%** | |

The analysis of HMDA loans revealed excellent lending performance to borrowers residing in low-income geographies. The bank's total penetration of low-income census tracts by number of loans (16.7 percent) is well above the percentage of owner-occupied housing units in low-income census tracts (4.8 percent) and the performance of other lenders in the assessment area (2.0 percent). The bank's total penetration of moderate-income census tracts by number of loans (12.5 percent) is below the percentage of owner-occupied housing units in moderate-income census tracts (17.3 percent) and similar to the performance of other lenders in the assessment area (13.6 percent), and reflects reasonable performance. Collectively, the bank's performance in LMI geographies (29.2 percent) is above the percentage of owner-occupied housing units in LMI tracts (22.1 percent) and the performance of other lenders in the assessment area (15.6 percent). Consequently, the bank's overall geographic distribution of HMDA loans is excellent.

Lastly, based on reviews from both loan categories, the bank had loan activity in 67.2 percent of all assessment area census tracts. Considering the bank's limited branching presence in the assessment area (the bank only operates one branch in an assessment area that spans a large metropolitan area) and performance compared to peers and demographic data in LMI geographies, there do not appear to be any conspicuous lending gaps in LMI areas.

**Loan Distribution by Borrower's Profile**

Overall, the bank's loan distribution by borrower's profile is reasonable based primarily on performance in the small business loan category, as the HMDA category carried minimal weight in this particular analysis.

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 ($74,300 for the St. Louis MSA as of 2017). The following table shows the distribution of 2017 small business lending by loan amount and business revenue compared to Dun & Bradstreet and aggregate lending data.

**Distribution of Loans Inside Assessment Area by Business Revenue**
**January 1, 2017 through December 31, 2017**

| Gross Revenue | Loan Amounts in $000s | | | | | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| | ≤$100 | | >$100 and ≤$250 | | >$250 and ≤$1,000 | | | |
| $1 Million or Less | 1 | 3.7% | 2 | 7.4% | 11 | 40.7% | **14** | **51.9%** |
| Greater than $1 Million/Unknown | 4 | 14.8% | 3 | 11.1% | 6 | 22.2% | **13** | **48.1%** |
| **TOTAL** | **5** | **18.5%** | **5** | **18.5%** | **17** | **63.0%** | **27** | **100%** |
| Dun & Bradstreet Businesses ≤ $1MM | | | | | | | **86.8%** | |
| 2017 CRA Aggregate Data | | | | | | | **48.2%** | |

The bank's level of lending to small businesses is 51.9 percent, which is below the demographic (86.8 percent) but above aggregate lending data (48.2 percent). Consequently, the bank's borrower profile performance for the small business loan category is reasonable.

The following table shows the distribution of HMDA-reported loans by borrower income level compared to family population income demographics for the assessment area and 2017 aggregate performance for the assessment area.

| Distribution of Loans Inside Assessment Area by Borrower Income<br>January 1, 2017 through December 31, 2017 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Borrower Income Level | | | | | | | | | | TOTAL | |
| | Low- | | Moderate- | | Middle- | | Upper- | | Unknown | | | |
| Home Purchase | 0 | 0.0% | 0 | 0.0% | 2 | 15.4% | 3 | 23.1% | 8 | 61.5% | **13** | **100%** |
| Refinance | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 1 | 50.0% | 1 | 50.0% | **2** | **100%** |
| Home Improvement | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 1 | 100.0% | **1** | **100%** |
| Multifamily | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 8 | 100.0% | **8** | **100%** |
| **TOTAL HMDA** | **0** | **0.0%** | **0** | **0.0%** | **2** | **8.3%** | **4** | **16.7%** | **18** | **75.0%** | **24** | **100%** |
| Family Population | 20.9% | | 16.7% | | 19.6% | | 42.8% | | 0.0% | | **100%** | |
| 2017 HMDA Aggregate | 7.8% | | 17.4% | | 19.8% | | 34.1% | | 20.9% | | **100%** | |

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (0.0 percent) is substantially below the low-income family population figure (20.9 percent) and the 2017 aggregate lending level to low-income borrowers (7.8 percent), which is considered very poor. Similarly, the bank's level of lending to moderate-income borrowers (0.0 percent) is substantially below the moderate-income family population percentage (16.7 percent) and the 2017 aggregate lending level to moderate-income borrowers (17.4 percent) and is also considered very poor. Therefore, the bank's overall distribution of HMDA loans by borrower's profile is considered very poor. However, as demonstrated in the table, a large number (18, or 75.0 percent) of the bank's HMDA loans are to borrowers with unknown incomes. These loans are primarily to non-natural persons—entities, such as corporations or partnerships. As a result of the substantial portion of loans in this analysis with unknown income levels, the significance of this analysis decreases considerably.

## Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (November 16, 2015 through August 18, 2019).

## COMMUNITY DEVELOPMENT TEST

Stifel 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 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 made 16 qualifying loans totaling approximately $10.5 million. Of those loans, 11 were for affordable housing, 4 were to promote economic development, and 1 was to revitalize/stabilize low- or moderate-income geographies. Examples of community development loans in the assessment area included:

- Six loans totaling $1.7 million were made to an organization that assists in the rehabbing and development of affordable housing for LMI individuals in the assessment area.

- One loan totaling $4.8 million to an organization that makes loans to qualified businesses in new market tax credits-qualified census tracts.

- One loan totaling $93,695 for the refinancing of a food mart located in a moderate-income census tracts. This food mart is a staple business, providing needed goods and services to area residents.

The bank also made community development investments and donations in its assessment area totaling $3.7 million. This amount included 3 new qualified investments totaling $2.6 million, 9 continuing investments with outstanding balances made in a prior review period totaling $1.1 million, and 15 donations totaling $16,300. All investments, both current and prior period, were to an organization that is dedicated to providing affordable housing options to LMI individuals. Furthermore, the 15 donations were to 8 separate organizations having a community development purpose.

During the review period, 7 bank employees used their financial expertise to provide services to 12 different community development organizations within the bank's assessment area. Service activities included delivering financial education in schools that primarily serve LMI families and providing financial expertise to community service organizations as board members.

In addition to adequately meeting the community development needs of its own assessment area, the bank made 17 community development loans outside its assessment area totaling $12.2 million. All community development loans made outside the assessment area were for affordable housing.

## 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.

## 2016 LENDING PERFORMANCE TABLES

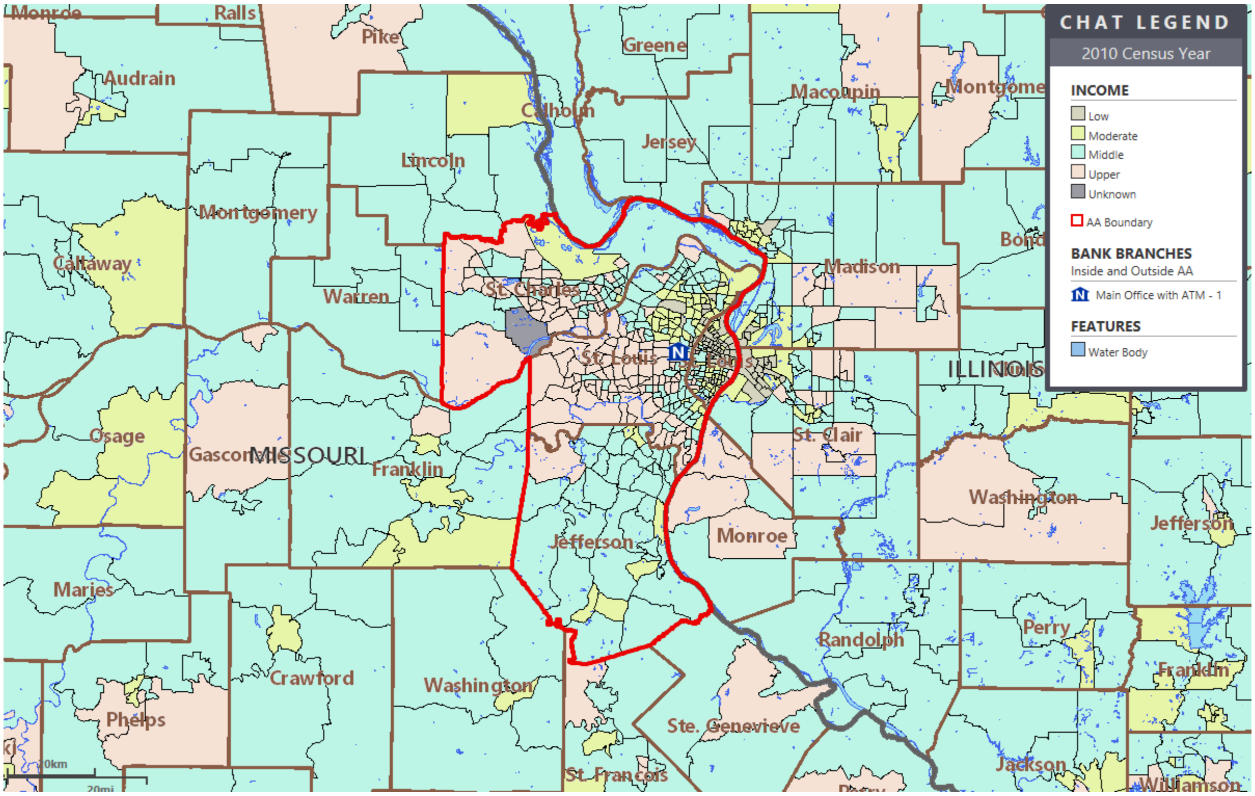
| Distribution of Loans Inside Assessment Area by Geography Income Level<br>January 1, 2016 through December 31, 2016 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Geography Income Level | | | | | | | | | | TOTAL | |
| | Low- | | Moderate- | | Middle- | | Upper- | | Unknown | | | |
| Small Business Loans | 4 | 17.4% | 3 | 13.0% | 3 | 13.0% | 13 | 56.5% | 0 | 0.0% | **23** | **100%** |
| Business Institutions | 5.9% | | 15.0% | | 33.1% | | 45.9% | | 0.1% | | **100%** | |
| 2016 Small Business Aggregate | 4.8% | | 14.4% | | 31.5% | | 49.1% | | 0.1% | | **100%** | |

| Distribution of Loans Inside Assessment Area by Geography Income Level<br>January 1, 2016 through December 31, 2016 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Geography Income Level | | | | | | | | | | TOTAL | |
| | Low- | | Moderate- | | Middle- | | Upper- | | Unknown | | | |
| Home Purchase | 1 | 5.3% | 0 | 0.0% | 4 | 21.1% | 14 | 73.7% | 0 | 0.0% | **19** | **100%** |
| Refinance | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 2 | 100.0% | 0 | 0.0% | **2** | **100%** |
| Home Improvement | 0 | 0.0% | 0 | 0.0% | 1 | 100.0% | 0 | 0.0% | 0 | 0.0% | **1** | **100%** |
| Multifamily | 1 | 14.3% | 3 | 42.9% | 2 | 28.6% | 1 | 14.3% | 0 | 0.0% | **7** | **100%** |
| **TOTAL HMDA** | **2** | **6.9%** | **3** | **10.3%** | **7** | **24.1%** | **17** | **58.6%** | **0** | **0.0%** | **29** | **100%** |
| Owner-Occupied Housing | 4.4% | | 16.0% | | 39.1% | | 40.4% | | 0.0% | | **100%** | |
| 2016 HMDA Aggregate | 1.6% | | 9.5% | | 38.6% | | 50.3% | | 0.0% | | **100%** | |

| Distribution of Loans Inside Assessment Area by Business Revenue<br>January 1, 2016 through December 31, 2016 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Gross Revenue | Loan Amounts in $000s | | | | | | TOTAL | |
| | ≤$100 | | >$100 and ≤$250 | | >$250 and ≤$1,000 | | | |
| $1 Million or Less | 5 | 21.7% | 3 | 13.0% | 7 | 30.4% | **15** | **65.2%** |
| Greater than $1 Million/Unknown | 2 | 8.7% | 0 | 0.0% | 6 | 26.1% | **8** | **34.8%** |
| **TOTAL** | **7** | **30.4%** | **3** | **13.0%** | **13** | **56.5%** | **23** | **100%** |
| Dun & Bradstreet Businesses ≤ $1MM | | | | | | | **88.1%** | |
| 2016 CRA Aggregate Data | | | | | | | **41.7%** | |

| Distribution of Loans Inside Assessment Area by Borrower Income<br>January 1, 2016 through December 31, 2016 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Borrower Income Level** | | | | | | | | | | **TOTAL** | |
| | **Low-** | | **Moderate-** | | **Middle-** | | **Upper-** | | **Unknown** | | | |
| Home Purchase | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 3 | 15.8% | 16 | 84.2% | **19** | **100%** |
| Refinance | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 1 | 50.0% | 1 | 50.0% | **2** | **100%** |
| Home Improvement | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 1 | 100.0% | **1** | **100%** |
| Multifamily | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 7 | 100.0% | **7** | **100%** |
| **TOTAL HMDA** | **0** | **0.0%** | **0** | **0.0%** | **0** | **0.0%** | **4** | **13.8%** | **25** | **86.2%** | **29** | **100%** |
| Family Population | 20.0% | | 16.5% | | 20.5% | | 43.0% | | 0.0% | | **100%** | |
| 2016 HMDA Aggregate | 5.5% | | 15.0% | | 18.0% | | 38.2% | | 23.4% | | **100%** | |

## ASSESSMENT AREA DETAIL



## 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) <u>affordable housing</u> (including multifamily rental housing) for low- and moderate-income (LMI) individuals; (2) <u>community services</u> targeted to LMI individuals; (3) activities that promote <u>economic development</u> 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 <u>revitalize or stabilize</u> LMI 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 (such as age, race, sex, income, etc.) 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 the income of applications, 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**: Is 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.