

# **PUBLIC DISCLOSURE**

November 7, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First State Community Bank  
Certificate Number: 17323

201 East Columbia Street  
Farmington, Missouri 63640

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Kansas City Regional Office

1100 Walnut Street, Suite 2100  
Kansas City, Missouri 64106

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 this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## TABLE OF CONTENTS

|   |    |
|---|----|
| INSTITUTION RATING .....                                      | 1  |
| DESCRIPTION OF INSTITUTION .....                              | 2  |
| DESCRIPTION OF ASSESSMENT AREAS.....                          | 4  |
| SCOPE OF EVALUATION.....                                      | 4  |
| CONCLUSIONS ON PERFORMANCE CRITERIA.....                      | 6  |
| DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW ..... | 15 |
| HEADQUARTERS ASSESSMENT AREA – Full-Scope Review .....        | 15 |
| ST. LOUIS ASSESSMENT AREA – Full-Scope Review.....            | 26 |
| SOUTH CENTRAL ASSESSMENT AREA – Full-Scope Review .....       | 36 |
| BOOTHEEL ASSESSMENT AREA – Full-Scope Review .....            | 47 |
| CAPE GIRARDEAU ASSESSMENT AREA – Full-Scope Review .....      | 57 |
| COLUMBIA ASSESSMENT AREA – Full-Scope Review.....             | 67 |
| NORTH CENTRAL ASSESSMENT AREA – Full-Scope Review .....       | 77 |
| SALINE ASSESSMENT AREA – Full-Scope Review .....              | 87 |
| APPENDICES .....  | 95 |
| LARGE BANK PERFORMANCE CRITERIA .....                         | 95 |
| GLOSSARY.....   | 97 |

## INSTITUTION RATING

**INSTITUTION’S CRA RATING:** This institution is rated **Outstanding**.

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

| PERFORMANCE LEVELS  | PERFORMANCE TESTS |                 |              |
|---|-------------------|-----------------|--------------|
|   | Lending Test*     | Investment Test | Service Test |
| Outstanding   |                   | X               | X            |
| High Satisfactory   | X                 |                 |              |
| Low Satisfactory  |                   |                 |              |
| Needs to Improve  |                   |                 |              |
| Substantial Noncompliance   |                   |                 |              |
| * The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating. |                   |                 |              |

**The Lending Test is rated High Satisfactory.**

- Lending levels reflect excellent responsiveness to assessment areas’ credit needs.
- A substantial majority of loans are made in the institution’s assessment areas.
- The geographic distribution of home mortgage, small business, and small farm lending reflects good penetration throughout the assessment areas.
- The distribution of borrowers reflects excellent penetration among businesses and farms of different revenue sizes and individuals of different income levels.
- The institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals, and very small businesses.
- The institution uses innovative and/or flexible lending practices in order to serve assessment areas’ credit needs.
- The institution has made a relatively high level of community development loans.

**The Investment Test is rated Outstanding.**

- The institution has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors.

- The institution exhibits good responsiveness to credit and community development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

**The Service Test is rated Outstanding.**

- Delivery systems are readily accessible to all portions of the institution’s assessment areas.
- To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services (including business hours) do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals.
- The institution is a leader in providing community development services.

## **DESCRIPTION OF INSTITUTION**

### **Background**

First State Community Bank is a full-service financial institution headquartered in Farmington, Missouri. The bank is wholly owned by First State Bancshares, Inc., Farmington, Missouri. There are no affiliates or subsidiaries involved in lending. First State Community Bank was assigned a Satisfactory CRA rating at the November 4, 2019 FDIC Performance Evaluation based on Interagency Large Institution Examination Procedures.

### **Operations**

First State Community Bank operates 56 offices located in Missouri. Of these 56 offices, 43 offices are full service and 13 offices are limited service. The limited-service offices serve primarily as depository facilities with teller services and an ATM available at each location. Some of the limited-service offices also provide new account services and offer safety deposit boxes. One office is in a low-income census tract, 16 offices are in moderate-income census tracts, 31 offices are in middle-income census tracts, and eight offices are in upper-income census tracts. In addition, the bank operates 62 ATMs, of which, 56 accept deposits.

There have been some changes in branch structure since the previous evaluation. In August 2020, the bank acquired seven offices (Dutzow, Gerald, Hermann, Owensville, Sainte Genevieve, Warrenton, and Washington) via a merger transaction. Additionally, the Washington office was closed in October 2020, and the Owensville office was closed in November 2020. In August 2022, the bank opened a new office in Columbia (Discovery Park).

First State Community Bank offers a wide range of loan products, including commercial, agricultural, residential real estate, and consumer loans. Management indicated that the bank’s business strategy focuses on commercial and residential real estate lending in all markets. Management further indicated that agricultural lending is also emphasized in some of the rural markets served by the bank. The bank continues to offer loan products through secondary market programs and government programs for consumers, businesses, and farms. These programs include loans through the Federal Housing Administration, Small Business Administration, U.S.

Department of Agriculture, and U.S. Department of Veterans Affairs. Additional loan programs include the Habitat for Humanity Loan Program Pilot and the FSCB Pass Loan Program. Details on these programs are presented in the Lending Test under the Innovative or Flexible Lending Practices section.

In addition to loan products, First State Community Bank offers retail deposit products including checking, savings, money market, certificates of deposit, and individual retirement accounts. Alternative banking products and services include debit and ATM cards; direct deposit; wire transfers; electronic statements; and telephone, mobile, and online banking. The bank also offers investment and insurance services through bank subsidiaries.

**Ability and Capacity**

According to the Call Report dated June 30, 2022, the bank had total loans of \$2.6 billion; total deposits of \$3.4 billion; and total assets of \$3.8 billion. These figures represent an increase from the previous evaluation when total loans were \$1.9 billion, total deposits were \$2.1 billion, and total assets were \$2.5 billion. Securities increased from \$266.0 million at the previous evaluation to \$701.7 million as of June 30, 2022. The following table details the loan portfolio composition. The bank’s loan portfolio composition has remained relatively consistent since the previous CRA evaluation.

| <b>Loan Portfolio Distribution as of 6/30/2022</b>          |                  |              |
|---|------------------|--------------|
| <b>Loan Category</b>  | <b>\$(000s)</b>  | <b>%</b>     |
| Construction, Land Development, and Other Land Loans        | 245,549          | 9.4          |
| Secured by Farmland   | 167,232          | 6.4          |
| Secured by 1-4 Family Residential Properties                | 799,805          | 30.7         |
| Secured by Multifamily (5 or more) Residential Properties   | 80,806           | 3.1          |
| Secured by Nonfarm Nonresidential Properties                | 832,695          | 31.9         |
| <b>Total Real Estate Loans</b>                              | <b>2,126,087</b> | <b>81.5</b>  |
| Commercial and Industrial Loans                             | 220,822          | 8.5          |
| Agricultural Production and Other Loans to Farmers          | 26,284           | 1.0          |
| Consumer Loans  | 76,814           | 2.9          |
| Obligations of State and Political Subdivisions in the U.S. | 14,973           | 1.0          |
| Other Loans   | 2,878            | 0.1          |
| Lease Financing Receivable (net of unearned income)         | 139,608          | 5.4          |
| Less: Unearned Income                                       | 0                | 0.0          |
| <b>Total Loans</b>  | <b>2,607,466</b> | <b>100.0</b> |
| <i>Source: Reports of Condition and Income</i>              |                  |              |

There are no financial, legal, or other impediments, other than legal lending limits, that affect the bank’s ability to meet the credit needs of its assessment areas.

## DESCRIPTION OF ASSESSMENT AREAS

The institution has delineated eight assessment areas. The following table lists these areas based on the type of geographic area in which the assessment area is located. All assessment areas were in place at the previous evaluation. The Columbia Assessment Area now includes Cooper County, which at the prior evaluation was not part of the Columbia Metropolitan Statistical Area (MSA), and was evaluated as its own assessment area. There have been no changes in the physical boundaries of the remaining assessment areas.

| <b>Description of Assessment Areas</b>  |  |                           |                      |
|---|--|---------------------------|----------------------|
| <b>Assessment Area</b>  | <b>Counties in Assessment Area</b>                                 | <b># of Census Tracts</b> | <b># of Branches</b> |
| <b>Non-Metropolitan Assessment Areas</b>  |  |                           |                      |
| Headquarters  | Iron, Madison, Perry, Ste. Genevieve, St. Francois, and Washington | 32                        | 14                   |
| Bootheel  | Scott, New Madrid, Pemiscot, and Dunklin                           | 32                        | 5                    |
| South Central   | Gasconade, Phelps*, Pulaski*, and Laclede                          | 30                        | 10                   |
| North Central   | Audrain, Randolph, and Macon                                       | 18                        | 4                    |
| Saline  | Saline   | 8                         | 1                    |
| <b>Metropolitan Statistical Area Assessment Areas</b>   |  |                           |                      |
| St. Louis (§)   | Franklin, Jefferson, and Warren                                    | 64                        | 15                   |
| Cape Girardeau (§)  | Cape Girardeau   | 16                        | 3                    |
| Columbia  | Boone and Cooper   | 34                        | 4                    |
| (§) These are multi-state metropolitan statistical areas; however, all the bank's office locations are in Missouri.<br>*Denotes counties in which only a portion of the county, rather than the entire county, is included in the bank's assessment area. |  |                           |                      |
| <i>Source: Bank Records</i>   |  |                           |                      |

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from the prior evaluation dated November 4, 2019, to the current evaluation dated November 7, 2022. Examiners used the Interagency Large Institution Examination Procedures to evaluate First State Community Bank's CRA performance. These procedures include the Lending, Investment, and Service tests, which are described in the Appendices.

Banks must achieve at least a Low Satisfactory rating under the Lending Test to receive an overall rating of Satisfactory or higher. This evaluation does not include any lending, investment, or service activity performed by affiliates.

Examiners performed full-scope reviews of the institution's performance in each assessment area. The most weight was placed on the Headquarters, St. Louis, and South Central assessment areas, as

a majority of the bank’s lending, deposits, and branches are in these assessment areas. The following table illustrates a breakdown of loans, deposits, and branches by assessment area.

| <b>Assessment Area Breakdown of Loans, Deposits, and Branches</b> |                  |              |                  |              |                 |              |
|---|------------------|--------------|------------------|--------------|-----------------|--------------|
| <b>Assessment Area</b>  | <b>Loans</b>     |              | <b>Deposits</b>  |              | <b>Branches</b> |              |
|   | <b>\$(000s)</b>  | <b>%</b>     | <b>\$(000s)</b>  | <b>%</b>     | <b>#</b>        | <b>%</b>     |
| Headquarters  | 738,338          | 31.0         | 1,229,820        | 35.6         | 14              | 25.0         |
| Bootheel  | 203,641          | 8.6          | 190,088          | 5.5          | 5               | 8.9          |
| Cape Girardeau  | 179,886          | 7.6          | 255,807          | 7.4          | 3               | 5.4          |
| Columbia  | 304,199          | 12.8         | 212,904          | 6.2          | 4               | 7.1          |
| North Central   | 88,081           | 3.7          | 95,040           | 2.7          | 4               | 7.1          |
| Saline  | 7,014            | 0.3          | 26,135           | 0.8          | 1               | 1.8          |
| South Central   | 321,403          | 13.5         | 546,029          | 15.8         | 10              | 17.9         |
| St. Louis   | 536,719          | 22.5         | 898,079          | 26.0         | 15              | 26.8         |
| <b>Total</b>  | <b>2,379,281</b> | <b>100.0</b> | <b>3,453,902</b> | <b>100.0</b> | <b>56</b>       | <b>100.0</b> |

*Source: Bank Records*

### **Activities Reviewed**

Examiners determined that the bank’s major product lines are commercial and residential real estate lending, as these respective loan products represented 40.4 percent and 33.8 percent of the dollar volume of the loan portfolio, as of June 30, 2022. This conclusion considered the bank’s business strategy and the number and dollar volume of loans originated during the evaluation period. Although agricultural lending only represents 7.4 percent of the loan portfolio based on dollar volume, management collected and reported small farm loan data that received consideration in this evaluation. Considering this information, examiners weighted small business and home mortgage loans more heavily in evaluating the bank’s CRA performance.

Regulatory personnel reviewed home mortgage loans originated in 2020 and 2021 that were reported on the institution’s Home Mortgage Disclosure Act (HMDA) loan application registers and small business and small farm loans reported on the CRA loan registers for 2020 and 2021. The following table provides detailed loan review information.

| <b>Loan Products Reviewed</b> |                 |                 |
|-------------------------------|-----------------|-----------------|
| <b>Loan Category</b>          | <b>Reviewed</b> |                 |
|                               | <b>#</b>        | <b>\$(000s)</b> |
| Home Mortgage                 |                 |                 |
| 2020                          | 2,961           | 576,441         |
| 2021                          | 2,509           | 453,152         |
| Small Business                |                 |                 |
| 2020                          | 3,466           | 295,291         |
| 2021                          | 3,463           | 270,633         |
| Small Farm                    |                 |                 |
| 2020                          | 832             | 64,873          |
| 2021                          | 1,597           | 74,546          |

*Source: 2020 and 2021 CRA Loan Registers; 2020 and 2021 HMDA Loan Application Registers*

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage, small business, and small farm loans. While the number and dollar volume of loans are presented in this evaluation, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals, businesses, and farms served. Examiners utilized 2015 American Community Survey (ACS) Data and 2020 HMDA aggregate lending data to evaluate home mortgage lending performance. Further, examiners used 2020 and 2021 D&B data and 2020 CRA aggregate lending data to evaluate small business and small farm lending performance. The bank's 2021 home mortgage, small business, and small farm lending was not compared to aggregate lending data, as it was not available as of the date of this evaluation. Given that aggregate lending data is typically a better indicator of market conditions and loan demand than demographic data, examiners used the D&B and ACS Data only as an indicator of applicable demographics in the assessment areas. Therefore, when arriving at conclusions, examiners primarily focused on the bank's performance in comparison to aggregate lending data.

Examiners also reviewed community development loans, investments, and services, as well as innovative and/or flexible lending practices (product innovation) from the prior evaluation date to the current evaluation date.

For the Service Test, examiners reviewed delivery systems for providing retail banking services, including branch locations and alternative delivery systems, and the impact of any branch openings/closings during the evaluation period. Examiners also reviewed retail banking products and services targeted toward low- and moderate-income individuals or small businesses and/or tailored to meet specific needs in the assessment areas. When evaluating the Service Test, community development services received the greatest weight when taking into consideration community credit needs and opportunities.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

First State Community Bank demonstrated high satisfactory performance under the Lending Test. The bank demonstrated high satisfactory performance in the Headquarters, Cape Girardeau, Columbia, North Central, and Saline assessment areas and outstanding performance in the St. Louis, South Central, and Bootheel assessment areas.

#### **Lending Activity**

Lending levels reflect excellent responsiveness to the credit needs of the bank's assessment areas. First State Community Bank continues to be an active lender, originating or purchasing home mortgage, small business, and small farm loans. In the combined assessment areas, the bank ranked first among 158 small business lenders, first among 38 small farm lenders, and second among 456 home mortgage lenders, according to 2020 CRA and 2020 HMDA aggregate lending data, respectively. In addition, the institution originated 93 community development loans totaling \$125.4 million since the prior evaluation.

First State Community Bank's net loan-to-deposit ratio, as of June 30, 2022, was 72.8 percent,

based on Call Report data. The average net loan-to-deposit ratio was 80.6 percent over the 11 quarter-ends since the previous evaluation. During the review period, the net loan-to-deposit ratio ranged from a high of 91.1 percent as of December 31, 2019, to a low of 72.8 percent as of June 30, 2022.

The net loan-to-deposit ratio does not represent all lending activity since home mortgage loans sold on the secondary market are not reflected on the bank’s balance sheet. Specifically, the bank sold 2,940 loans totaling approximately \$536.0 million since the previous evaluation. While the sale of secondary market loans does not influence the average net loan-to-deposit ratio, this activity provides liquidity to originate additional home mortgage loans. Furthermore, the secondary market lending is responsive to assessment areas’ credit needs by providing long-term home mortgage financing.

**Assessment Area Concentration**

Overall, a substantial majority of the home mortgage, small business, and small farm loans reviewed were made within the assessment areas, as shown in the following table. The bank’s performance reflects a strong commitment to meeting the credit needs of its assessment areas.

| <b>Lending Inside and Outside of the Assessment Area</b>                   |                        |             |                |             |                    |  |             |                |             |                           |
|--|------------------------|-------------|----------------|-------------|--------------------|--|-------------|----------------|-------------|---------------------------|
| <b>Loan Category</b>   | <b>Number of Loans</b> |             |                |             | <b>Total<br/>#</b> | <b>Dollar Amount of Loans \$(000s)</b> |             |                |             | <b>Total<br/>\$(000s)</b> |
|  | <b>Inside</b>          |             | <b>Outside</b> |             |                    | <b>Inside</b>                          |             | <b>Outside</b> |             |                           |
|  | <b>#</b>               | <b>%</b>    | <b>#</b>       | <b>%</b>    |                    | <b>\$</b>                              | <b>%</b>    | <b>\$</b>      | <b>%</b>    |                           |
| Home Mortgage  |                        |             |                |             |                    |  |             |                |             |                           |
| 2020   | 2,495                  | 84.3        | 466            | 15.7        | 2,961              | 410,717                                | 71.3        | 165,724        | 28.7        | 576,441                   |
| 2021   | 2,210                  | 88.1        | 299            | 11.9        | 2,509              | 367,936                                | 81.2        | 85,217         | 18.8        | 453,152                   |
| <b>Subtotal</b>  | <b>4,705</b>           | <b>86.0</b> | <b>765</b>     | <b>14.0</b> | <b>5,470</b>       | <b>778,653</b>                         | <b>75.6</b> | <b>250,940</b> | <b>24.4</b> | <b>1,029,593</b>          |
| Small Business   |                        |             |                |             |                    |  |             |                |             |                           |
| 2020   | 2,944                  | 84.9        | 522            | 15.1        | 3,466              | 238,572                                | 80.8        | 56,719         | 19.2        | 295,291                   |
| 2021   | 2,950                  | 85.2        | 513            | 14.8        | 3,463              | 212,984                                | 78.7        | 57,649         | 21.3        | 270,633                   |
| <b>Subtotal</b>  | <b>5,894</b>           | <b>85.1</b> | <b>1,035</b>   | <b>14.9</b> | <b>6,929</b>       | <b>451,556</b>                         | <b>79.8</b> | <b>114,368</b> | <b>20.2</b> | <b>565,924</b>            |
| Small Farm   |                        |             |                |             |                    |  |             |                |             |                           |
| 2020   | 692                    | 83.2        | 140            | 16.8        | 832                | 52,692                                 | 81.2        | 12,181         | 18.8        | 64,873                    |
| 2021   | 1,311                  | 82.1        | 286            | 17.9        | 1,597              | 59,769                                 | 80.2        | 14,777         | 19.8        | 74,546                    |
| <b>Subtotal</b>  | <b>2,003</b>           | <b>82.5</b> | <b>426</b>     | <b>17.5</b> | <b>2,429</b>       | <b>112,461</b>                         | <b>80.7</b> | <b>26,958</b>  | <b>19.3</b> | <b>139,419</b>            |
| <b>Total</b>   | <b>12,602</b>          | <b>85.0</b> | <b>2,226</b>   | <b>15.0</b> | <b>14,828</b>      | <b>1,342,670</b>                       | <b>77.4</b> | <b>392,266</b> | <b>22.6</b> | <b>1,734,936</b>          |
| <i>Source: Bank Data.<br/>Due to rounding, totals may not equal 100.0%</i> |                        |             |                |             |                    |  |             |                |             |                           |

### **Geographic Distribution**

Overall, the geographic distribution of loans reflects good penetration throughout the institution's assessment areas. Emphasis under geographic distribution is placed on the bank's record of lending in low- and moderate-income census tracts in the assessment areas, as applicable. The Cape Girardeau and Columbia Assessment Areas include low- and moderate-income census tracts. The remaining assessment areas do not contain any low-income census tracts. The bank's performance is generally consistent in all assessment areas; however, the bank demonstrated excellent performance in the St. Louis and Bootheel assessment areas and low satisfactory performance in the Cape Girardeau Assessment Area. The Headquarters, St. Louis, and South Central assessment areas received the most weight when drawing overall conclusions. A complete discussion of the bank's lending performance is included in the separate assessment area sections of this evaluation.

### **Borrower Profile**

Overall, the distribution of borrowers reflects excellent penetration among businesses and farms of different revenue sizes and individuals of different income levels. Emphasis under this criterion is placed on the bank's record of lending to businesses and farms with gross annual revenues of \$1 million or less and to low- and moderate-income individuals in the assessment areas. The bank's performance is generally consistent in all assessment areas; however, the bank demonstrated good performance in the Cape Girardeau and Columbia assessment areas. The Headquarters, St. Louis, and South Central assessment areas received the most weight when drawing overall conclusions. A complete discussion of the bank's lending performance is included in the separate assessment area sections of this evaluation.

### **Innovative or Flexible Lending Practices**

First State Community Bank uses innovative and/or flexible lending practices in order to serve the credit needs of its assessment areas. Although these loan programs are more flexible than innovative, they benefit low- and moderate-income borrowers and small businesses and farms. Several of the flexible loan programs involve government-guaranteed loans and sponsored affordable housing program loans. The details of these loan activities since the previous evaluation are summarized below.

FSCB Pass Loan Program – The bank established this program to provide automobile purchase loans to low- and moderate-income applicants who would otherwise not qualify under a conventional loan program. As part of this program, the bank sets aside a prescribed amount to fund the loans, and the applicant must complete credit counseling provided by bank staff. The bank originated five loans totaling just over \$24,000 under this program since the previous evaluation.

Habitat for Humanity Loan Program – The bank participates in a program to provide home construction permanent financing to low- and moderate-income individuals receiving affordable housing through St. Francois County Habitat for Humanity. Loan recipients complete a home ownership education course conducted by bank staff. The bank originated one loan totaling \$113,600 under this program since the previous evaluation.

Workforce Resource Assistance Program Pilot – The bank participates in a program in the North Central Assessment Area to provide financial assistance to individuals that have been employed for

at least a year, but need additional financial assistance. This also helps individuals build their credit. The bank originated seven loans totaling \$6,050 under this program since the previous evaluation.

Governmental Programs – Government-guaranteed loan programs can provide flexibility to eligible borrowers and support small business and farm development, as well as homeownership. The bank participated in the following programs during this evaluation period.

- Small Business Administration – 2 loans totaling \$2,493,000
- United States Department of Agriculture – 9 loans totaling \$2,912,604
- United States Department of Agriculture Rural Development – 207 loans totaling \$26,230,015
- United States Department of Veterans Affairs – 34 loans totaling \$7,712,629
- Federal Housing Administration – 94 loans totaling \$14,170,228

### **Community Development Loans**

First State Community Bank has made a relatively high level of community development loans. The institution originated or renewed 93 community development loans totaling \$125.4 million that received consideration at this evaluation. As the bank was responsive to assessment areas' needs, the qualified community development lending activity included three loans totaling \$3.9 million, which benefitted the greater statewide area. Community development lending activity, by number, is consistent with the previous evaluation in which the bank received consideration for 97 loans totaling \$93.0 million. However, it is noted that the bank did not originate any community development loans in the Saline Assessment Area since the previous evaluation.

Overall, community development loans represented 4.9 percent of the bank's net loans and 3.3 percent of total assets, as of June 30, 2022. Examiners compared the bank's ratios to four other large institutions operating in Missouri. These institutions had community development loans to total assets ratios ranging from 4.6 percent to 25.4 percent and community development loans to net loans ratios ranging from 7.1 percent to 34.8 percent.

The following tables detail community development lending by assessment area and by activity year. As noted in these tables, the bank's community development lending activities primarily supported community services targeted to low- and moderate-income individuals and revitalization and stabilization efforts. Further details regarding the bank's community development lending activities are provided in the discussion of performance in each assessment area, as applicable.

| <b>Community Development Lending by Assessment Area</b> |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |
|---|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| <b>Assessment Area</b>                                  | <b>Affordable Housing</b> |                 | <b>Community Services</b> |                 | <b>Economic Development</b> |                 | <b>Revitalize or Stabilize</b> |                 | <b>Totals</b> |                 |
|   | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| Headquarters  | 1                         | 1,200           | 15                        | 7,260           | 3                           | 2,358           | 10                             | 8,150           | <b>29</b>     | <b>18,968</b>   |
| Bootheel  | 0                         | 0               | 8                         | 13,504          | 0                           | 0               | 3                              | 10,680          | <b>11</b>     | <b>24,184</b>   |
| South Central   | 3                         | 876             | 5                         | 4,990           | 4                           | 6,960           | 4                              | 19,395          | <b>16</b>     | <b>32,221</b>   |
| North Central   | 1                         | 1,400           | 6                         | 5               | 0                           | 0               | 0                              | 0               | <b>7</b>      | <b>1,405</b>    |
| St. Louis   | 2                         | 1,750           | 10                        | 4,985           | 1                           | 4,327           | 3                              | 2,567           | <b>16</b>     | <b>13,629</b>   |
| Cape Girardeau  | 1                         | 3,034           | 4                         | 19,071          | 0                           | 0               | 1                              | 21              | <b>6</b>      | <b>22,126</b>   |
| Columbia  | 3                         | 8,824           | 2                         | 164             | 0                           | 0               | 0                              | 0               | <b>5</b>      | <b>8,988</b>    |
| Saline  | 0                         | 0               | 0                         | 0               | 0                           | 0               | 0                              | 0               | <b>0</b>      | <b>0</b>        |
| Statewide Activities                                    | 0                         | 0               | 3                         | 3,916           | 0                           | 0               | 0                              | 0               | <b>3</b>      | <b>3,916</b>    |
| <b>Total</b>  | <b>11</b>                 | <b>17,084</b>   | <b>53</b>                 | <b>53,895</b>   | <b>8</b>                    | <b>13,645</b>   | <b>21</b>                      | <b>40,813</b>   | <b>93</b>     | <b>125,437</b>  |

*Source: Bank Records*

| <b>Community Development Lending by Activity Year</b> |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |
|---|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| <b>Activity Year</b>                                  | <b>Affordable Housing</b> |                 | <b>Community Services</b> |                 | <b>Economic Development</b> |                 | <b>Revitalize or Stabilize</b> |                 | <b>Totals</b> |                 |
|   | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| 2019 (partial)  | 0                         | 0               | 2                         | 2,209           | 0                           | 0               | 0                              | 0               | <b>2</b>      | <b>2,209</b>    |
| 2020  | 6                         | 10,684          | 15                        | 18,380          | 3                           | 6,491           | 8                              | 24,461          | <b>32</b>     | <b>60,016</b>   |
| 2021  | 2                         | 4,234           | 21                        | 23,886          | 5                           | 7,154           | 11                             | 7,512           | <b>39</b>     | <b>42,786</b>   |
| Year-to-Date 2022                                     | 3                         | 2,166           | 15                        | 9,420           | 0                           | 0               | 2                              | 8,840           | <b>20</b>     | <b>20,426</b>   |
| <b>Total</b>  | <b>11</b>                 | <b>17,084</b>   | <b>53</b>                 | <b>53,895</b>   | <b>8</b>                    | <b>13,645</b>   | <b>21</b>                      | <b>40,813</b>   | <b>93</b>     | <b>125,437</b>  |

*Source: Bank Records*

## **INVESTMENT TEST**

First State Community Bank demonstrated outstanding performance under the Investment Test. The bank's outstanding performance in the Headquarters, South Central, and Bootheel assessment areas primarily supports this conclusion. The bank demonstrated high satisfactory performance in the Columbia, North Central, and St. Louis assessment areas and low satisfactory performance in the Cape Girardeau and Saline assessment areas.

### **Investment and Grant Activity**

The bank has an excellent level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. Qualified investments and donations funded since the previous evaluation were considered under this criterion as well as qualifying investments purchased prior to this evaluation that are still outstanding as of the date of this evaluation.

First State Community Bank received consideration for 424 qualified investments totaling \$62.6 million at this evaluation, which included 71 prior period investments with a book value of \$29.6 million and 257 qualifying donations or grants totaling \$333,000. These totals also include 75 investments totaling \$30.4 million, which provided benefits to the greater statewide area. At the previous evaluation, the bank received consideration for 147 qualified investments totaling \$36.9 million. These qualified investments represented 8.3 percent of the bank’s total securities and 1.7 percent of total assets, as of June 30, 2022. Comparable institutions’ qualified investments to total assets ratios ranged from 1.3 percent to 2.5 percent and qualified investments to total securities ratios ranged from 7.3 percent to 21.2 percent.

The following tables detail the bank’s qualified investments by assessment area and by activity year. As noted in these tables, First State Community Bank’s qualified investments primarily supported community services targeted to low- and moderate-income individuals and affordable housing. Further details regarding qualified investments are provided in the discussion of performance in each assessment area.

| <b>Qualified Investments by Assessment Area</b> |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |
|---|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| <b>Assessment Area</b>                          | <b>Affordable Housing</b> |                 | <b>Community Services</b> |                 | <b>Economic Development</b> |                 | <b>Revitalize or Stabilize</b> |                 | <b>Totals</b> |                 |
|   | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| Headquarters                                    | 13                        | 2,434           | 92                        | 13,002          | 0                           | 0               | 1                              | 300             | <b>106</b>    | <b>15,736</b>   |
| Bootheel  | 0                         | 0               | 60                        | 7,200           | 0                           | 0               | 0                              | 0               | <b>60</b>     | <b>7,200</b>    |
| South Central                                   | 0                         | 0               | 72                        | 3,345           | 0                           | 0               | 0                              | 0               | <b>72</b>     | <b>3,345</b>    |
| North Central                                   | 0                         | 0               | 23                        | 1,250           | 0                           | 0               | 0                              | 0               | <b>23</b>     | <b>1,250</b>    |
| St. Louis                                       | 0                         | 0               | 46                        | 3,180           | 0                           | 0               | 0                              | 0               | <b>46</b>     | <b>3,180</b>    |
| Cape Girardeau                                  | 0                         | 0               | 29                        | 239             | 0                           | 0               | 0                              | 0               | <b>29</b>     | <b>239</b>      |
| Columbia  | 0                         | 0               | 8                         | 1,309           | 0                           | 0               | 0                              | 0               | <b>8</b>      | <b>1,309</b>    |
| Saline  | 0                         | 0               | 5                         | 6               | 0                           | 0               | 0                              | 0               | <b>5</b>      | <b>6</b>        |
| Statewide Activities                            | 27                        | 12,874          | 48                        | 17,496          | 0                           | 0               | 0                              | 0               | <b>75</b>     | <b>30,370</b>   |
| <b>Total</b>                                    | <b>40</b>                 | <b>15,308</b>   | <b>383</b>                | <b>47,027</b>   | <b>0</b>                    | <b>0</b>        | <b>1</b>                       | <b>300</b>      | <b>424</b>    | <b>62,635</b>   |

*Source: Bank Records*

| Qualified Investments by Activity Year |                    |               |                    |               |                      |          |                         |            |            |               |
|--|--------------------|---------------|--------------------|---------------|----------------------|----------|-------------------------|------------|------------|---------------|
| Activity Year                          | Affordable Housing |               | Community Services |               | Economic Development |          | Revitalize or Stabilize |            | Totals     |               |
|  | #                  | \$(000s)      | #                  | \$(000s)      | #                    | \$(000s) | #                       | \$(000s)   | #          | \$(000s)      |
| Prior Period                           | 13                 | 5,882         | 57                 | 23,427        | 0                    | 0        | 1                       | 300        | 71         | 29,609        |
| 2019 (partial)                         | 1                  | 1,000         | 17                 | 1,591         | 0                    | 0        | 0                       | 0          | 18         | 2,591         |
| 2020                                   | 10                 | 2,690         | 31                 | 11,770        | 0                    | 0        | 0                       | 0          | 41         | 14,460        |
| 2021                                   | 8                  | 4,029         | 12                 | 4,498         | 0                    | 0        | 0                       | 0          | 20         | 8,527         |
| Year-to-Date 2022                      | 5                  | 1,700         | 12                 | 5,415         | 0                    | 0        | 0                       | 0          | 17         | 7,115         |
| <b>Subtotal</b>                        | <b>37</b>          | <b>15,301</b> | <b>129</b>         | <b>46,701</b> | <b>0</b>             | <b>0</b> | <b>1</b>                | <b>300</b> | <b>167</b> | <b>62,302</b> |
| Qualified Grants & Donations           | 3                  | 7             | 254                | 326           | 0                    | 0        | 0                       | 0          | 257        | 333           |
| <b>Total</b>                           | <b>40</b>          | <b>15,308</b> | <b>383</b>         | <b>47,027</b> | <b>0</b>             | <b>0</b> | <b>1</b>                | <b>300</b> | <b>424</b> | <b>62,635</b> |

*Source: Bank Records*

First State Community Bank also invests in numerous other community activities that do not specifically meet the definition of community development. The bank’s efforts in supporting its communities are commended.

**Responsiveness to Credit and Community Development Needs**

First State Community Bank exhibits good responsiveness to credit and community development needs. The bank has displayed a good commitment to community development by disbursing funds to organizations that have a qualified community development purpose and funding financial education, credit counseling, and affordable housing for low- and moderate-income individuals. Additionally, the bank’s qualified donations help ensure that community development organizations have sustained funding.

**Community Development Initiatives**

First State Community Bank occasionally uses innovative and/or complex investments to support community development initiatives. For example, the bank has investments in an entity that provides affordable housing to low- and moderate-income individuals.

**SERVICE TEST**

First State Community Bank demonstrated outstanding performance under the Service Test. The leadership role in providing community development services and the accessibility of delivery systems received the most consideration when determining the bank’s overall Service Test performance. The bank’s outstanding performance in all assessment areas, with the exception of the Saline Assessment Area, supports this conclusion. The bank demonstrated high satisfactory performance in the Saline Assessment Area.

**Accessibility of Delivery Systems**

First State Community Bank’s delivery systems are readily accessible to all portions of the institution’s assessment areas. The bank operates 56 offices and 62 ATMs throughout its assessment areas. The Headquarters, South Central, and St. Louis assessment areas include a

majority of the bank’s offices, and these assessment areas received the most weight in evaluating this criterion.

These banking facilities provide excellent access to banking services for individuals throughout the assessment areas, including individuals in low- and moderate-income geographies, as well as in distressed and/or underserved geographies. The following table outlines the distribution of offices and ATMs throughout all assessment areas in comparison to the census tracts and population based on tract income level. The bank’s percentages of offices and ATMs in low- and moderate-income census tracts compares favorably to the percentages of census tracts and population by tract income level.

| <b>Branch and ATM Distribution by Geography Income Level</b> |                      |              |                   |              |                |              |             |              |
|--|----------------------|--------------|-------------------|--------------|----------------|--------------|-------------|--------------|
| <b>Tract Income Level</b>                                    | <b>Census Tracts</b> |              | <b>Population</b> |              | <b>Offices</b> |              | <b>ATMs</b> |              |
|  | <b>#</b>             | <b>%</b>     | <b>#</b>          | <b>%</b>     | <b>#</b>       | <b>%</b>     | <b>#</b>    | <b>%</b>     |
| Low  | 4                    | 2.0          | 9,640             | 0.9          | 1              | 1.8          | 1           | 1.6          |
| Moderate   | 46                   | 21.0         | 206,070           | 19.4         | 16             | 28.6         | 15          | 24.2         |
| Middle   | 140                  | 62.0         | 687,436           | 64.9         | 31             | 55.4         | 36          | 58.1         |
| Upper  | 31                   | 14.0         | 143,764           | 13.6         | 8              | 14.3         | 10          | 16.1         |
| Not Applicable   | 3                    | 1.0          | 12,780            | 1.2          | 0              | 0.0          | 0           | 0.0          |
| <b>Total</b>   | <b>224</b>           | <b>100.0</b> | <b>1,059,690</b>  | <b>100.0</b> | <b>56</b>      | <b>100.0</b> | <b>62</b>   | <b>100.0</b> |

*Source: 2015 ACS Data; Bank Data  
Due to rounding, totals may not equal 100.0*

First State Community Bank offers alternative delivery systems to enhance accessibility to financial services. In addition to its physical branch and ATM network, the bank offers electronic delivery systems that include telephone, mobile, and internet banking. Bank customers have 24-hour telephone access, through which customers can verify balances, transfer funds between accounts, make loan payments, and obtain other account information. Mobile banking is available for customers to access account information, transfer funds, and make loan payments, bill payments, and deposits. The bank also operates a website that has general information about its products and services, allows the user to open an account, and provides customers access to online banking services.

**Changes in Branch Locations**

The institution’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies, or to low- and moderate-income individuals. The bank acquired seven offices via a merger transaction since the previous evaluation (Dutzow, Gerald, Hermann, Owensville, Sainte Genevieve, Warrenton, and Washington), and opened an office in Columbia, Missouri. Two of these offices (Columbia and Warrenton) are in moderate-income census tracts. The bank also closed two offices since the previous evaluation (Washington and Owensville), which were in upper- and middle-income census tracts, respectively.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. Business hours and services are convenient and comparable to other financial institutions operating in the assessment areas. First State Community Bank offers a variety of financial products and services through its branch and ATM network.

### **Community Development Services**

First State Community Bank is a leader in providing community development services. These community development services demonstrate the bank's excellent responsiveness to community development needs, particularly within the three assessment areas where the bank has the most substantial portions of its operations. The bank's community development services that received consideration at this evaluation focus extensively on community services targeted to low- and moderate-income individuals. Community development services also supported economic development and revitalization or stabilization of low- and moderate-income geographies.

Of particular note, the bank continues to be a leader in providing community development services with FSCB IMPACT, a company-wide initiative. Through this campaign, the bank provides financial education (credit awareness, homeownership, and basic banking) to individuals and families, donations to support numerous projects throughout its assessment areas, and assistance to non-profit organizations that primarily serve low- and moderate-income individuals. FSCB IMPACT requires large-scale direct participation of employees, and the goal of each project is to make a positive impact on the lives of people in need. To qualify as a FSCB IMPACT activity, the target organization must meet the definition of community development. Examples of organizations served include homeless shelters, at-risk youth groups, affordable housing agencies, food banks, assistance organizations for low- and moderate-income communities, and vocational rehabilitation programs.

The following tables detail the bank's qualified community development services by assessment area and activity year. The bank received consideration for 346 community development services at this evaluation, indicating the bank's strong commitment to helping the communities in which it serves. Comparable institutions reported between 137 and 263 community development services during recent evaluation periods. Further details regarding qualified community development services are provided in the discussion of performance in each assessment area.

| <b>Community Development Services by Assessment Area</b> |                           |                           |                             |                                |               |
|--|---------------------------|---------------------------|-----------------------------|--------------------------------|---------------|
| <b>Assessment Area</b>                                   | <b>Affordable Housing</b> | <b>Community Services</b> | <b>Economic Development</b> | <b>Revitalize or Stabilize</b> | <b>Totals</b> |
|  | <b>#</b>                  | <b>#</b>                  | <b>#</b>                    | <b>#</b>                       | <b>#</b>      |
| Headquarters   | 3                         | 95                        | 16                          | 0                              | <b>114</b>    |
| Bootheel   | 0                         | 31                        | 1                           | 0                              | <b>32</b>     |
| South Central  | 3                         | 85                        | 6                           | 0                              | <b>94</b>     |
| North Central  | 0                         | 20                        | 0                           | 0                              | <b>20</b>     |
| St. Louis  | 0                         | 30                        | 3                           | 0                              | <b>33</b>     |
| Cape Girardeau   | 0                         | 33                        | 0                           | 0                              | <b>33</b>     |
| Columbia   | 1                         | 11                        | 6                           | 0                              | <b>18</b>     |
| Saline   | 0                         | 2                         | 0                           | 0                              | <b>2</b>      |
| <b>Total</b>   | <b>7</b>                  | <b>307</b>                | <b>32</b>                   | <b>0</b>                       | <b>346</b>    |

*Source: Bank Records*

| <b>Community Development Services by Activity Year</b> |                           |                           |                             |                                |               |
|--|---------------------------|---------------------------|-----------------------------|--------------------------------|---------------|
| <b>Activity Year</b>                                   | <b>Affordable Housing</b> | <b>Community Services</b> | <b>Economic Development</b> | <b>Revitalize or Stabilize</b> | <b>Totals</b> |
|  | <b>#</b>                  | <b>#</b>                  | <b>#</b>                    | <b>#</b>                       | <b>#</b>      |
| 2020   | 2                         | 32                        | 15                          | 0                              | <b>49</b>     |
| 2021   | 5                         | 115                       | 8                           | 0                              | <b>128</b>    |
| Year-to-Date 2022                                      | 0                         | 160                       | 9                           | 0                              | <b>169</b>    |
| <b>Total</b>   | <b>7</b>                  | <b>307</b>                | <b>32</b>                   | <b>0</b>                       | <b>346</b>    |

*Source: Bank Records*

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

### **HEADQUARTERS ASSESSMENT AREA – Full-Scope Review**

#### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE HEADQUARTERS ASSESSMENT AREA**

The Headquarters Assessment Area includes St. Francois, Ste. Genevieve, Perry, Washington, Iron, and Madison counties. There have been no changes to this assessment area since the previous evaluation. One office in Ste. Genevieve County was opened during the evaluation period. This assessment area accounts for 31.0 percent of the bank’s outstanding loan portfolio, 35.6 percent of total deposits, and 25.0 percent of total branches. The following table details how branches and ATMs are dispersed throughout the assessment area. There are no low-income census tracts in the assessment area.

| Branch and ATM Distribution by Geography Income Level |               |              |                |              |           |              |           |              |                 |              |                 |            |
|---|---------------|--------------|----------------|--------------|-----------|--------------|-----------|--------------|-----------------|--------------|-----------------|------------|
| Tract Income Level                                    | Census Tracts |              | Population     |              | Branches  |              | ATMs      |              | Opened Branches |              | Closed Branches |            |
|   | #             | %            | #              | %            | #         | %            | #         | %            | #               | %            | #               | %          |
| Low   | 0             | 0.0          | 0              | 0.0          | 0         | 0.0          | 0         | 0.0          | 0               | 0.0          | 0               | 0.0        |
| Moderate  | 3             | 9.4          | 15,975         | 10.6         | 4         | 28.6         | 1         | 5.3          | 0               | 0.0          | 0               | 0.0        |
| Middle  | 23            | 71.9         | 110,892        | 73.5         | 8         | 57.1         | 13        | 68.4         | 1               | 100.0        | 0               | 0.0        |
| Upper   | 6             | 18.8         | 24,004         | 15.9         | 2         | 14.3         | 5         | 26.3         | 0               | 0.0          | 0               | 0.0        |
| <b>Totals</b>   | <b>32</b>     | <b>100.0</b> | <b>150,871</b> | <b>100.0</b> | <b>14</b> | <b>100.0</b> | <b>20</b> | <b>100.0</b> | <b>1</b>        | <b>100.0</b> | <b>0</b>        | <b>0.0</b> |

*Source: 2015 ACS Data & Bank Data  
Due to rounding, totals may not equal 100.0*

### **Economic and Demographic Data**

Iron, Madison, St. Francois, and Washington counties include census tracts that were designated as underserved or distressed during the evaluation period. The following table illustrates select demographic characteristics of this assessment area.

| Demographic Information of the Assessment Area |         |            |                      |               |              |
|--|---------|------------|----------------------|---------------|--------------|
| Demographic Characteristics                    | #       | Low % of # | Moderate % of #      | Middle % of # | Upper % of # |
| Geographies (Census Tracts)                    | 32      | 0.0        | 9.4                  | 71.9          | 18.8         |
| Population by Geography                        | 150,871 | 0.0        | 10.6                 | 73.5          | 15.9         |
| Housing Units by Geography                     | 68,549  | 0.0        | 11.3                 | 72.3          | 16.4         |
| Owner-Occupied Units by Geography              | 41,600  | 0.0        | 10.8                 | 70.0          | 19.3         |
| Occupied Rental Units by Geography             | 15,546  | 0.0        | 13.3                 | 77.7          | 8.9          |
| Vacant Units by Geography                      | 11,403  | 0.0        | 10.6                 | 73.4          | 16.0         |
| Businesses by Geography                        | 9,033   | 0.0        | 8.9                  | 75.3          | 15.8         |
| Farms by Geography                             | 573     | 0.0        | 4.0                  | 57.2          | 38.7         |
| Family Distribution by Income Level            | 38,820  | 19.7       | 17.3                 | 21.9          | 41.2         |
| Household Distribution by Income Level         | 57,146  | 22.2       | 15.9                 | 18.7          | 43.2         |
| Median Family Income Non-MSAs - MO             |         | \$48,341   | Median Housing Value |               | \$104,980    |
| Families Below Poverty Level                   |         | 13.1%      | Median Gross Rent    |               | \$594        |

*Source: 2015 ACS and 2021 D&B Data  
Due to rounding, totals may not equal 100.0%*

The 2020 and 2021 FFIEC-updated median family income figure for the non-metropolitan portion of Missouri were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

| <b>Median Family Income Ranges</b> |                        |                                    |                                   |                        |
|------------------------------------|------------------------|------------------------------------|-----------------------------------|------------------------|
| <b>Median Family Incomes</b>       | <b>Low<br/>&lt;50%</b> | <b>Moderate<br/>50% to &lt;80%</b> | <b>Middle<br/>80% to &lt;120%</b> | <b>Upper<br/>≥120%</b> |
| 2020 (\$54,400)                    | <\$27,200              | \$27,200 to <\$43,520              | \$43,520 to <\$65,280             | ≥\$65,280              |
| 2021 (\$55,700)                    | <\$27,850              | \$27,850 to <\$44,560              | \$44,560 to <\$66,840             | ≥\$66,840              |

*Source: FFIEC*

### **Competition**

There is a moderate level of competition for financial services in the Headquarters Assessment Area. According to FDIC Deposit Market Share data as of June 30, 2022, there are 15 financial institutions that operate 60 branches within the assessment area. Of these institutions, First State Community Bank ranked first in market share with 33.5 percent of the assessment area's deposits.

To illustrate the level of competition and demand for home mortgage, small business, and small farm loans, 2020 HMDA and CRA aggregate lending data shows numerous lenders originating loans in the assessment area. Specifically, 215 lenders reported 5,673 residential mortgage loans; 72 lenders reported 2,596 small business loans; and 19 lenders reported 583 small farm loans originated in the assessment area.

### **Community Contact**

Examiners reviewed a recent community contact interview conducted with a representative from an economic development organization familiar with the assessment area. The contact categorized the economy as stable and showing improvement following the COVID-19 pandemic. The contact indicated that there is a need for affordable housing. No unmet community needs regarding local banking products and services were identified; however, the contact did state that the area is competitive for financial services. It was noted that the area is well banked, and local financial institutions are meeting the credit needs of local businesses and individuals.

### **Credit and Community Development Needs and Opportunities**

Bank management categorized the overall economy in the assessment area as remaining relatively stable to improving. Overall loan demand has been decreasing, primarily due to the rising interest rates, inflation, and the fear of a recession. Management described the housing market as strong, due to a shortage in supply and high demand for reasonably priced housing. Management indicated there is a need for the rehabilitation of existing homes and a need for multi-unit dwellings. Overall, business conditions in the assessment area are good; however, management noted many of the local businesses are struggling to find a trained workforce due to a lack of workers. Management primarily focuses on residential real estate and commercial lending within this assessment area.

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and home mortgage loans represent the primary credit needs in the assessment area. Opportunities exist for originating such loans, as indicated by the percentages of small businesses and families in the assessment area. Based on relevant information, examiners determined that the assessment area has community development

needs and opportunities that include economic development, revitalization and stabilization, affordable housing, and community services targeted to low- and moderate-income individuals.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE HEADQUARTERS ASSESSMENT AREA**

### **LENDING TEST**

First State Community Bank demonstrated high satisfactory performance under the Lending Test in the Headquarters Assessment Area. The bank's cumulative Lending Test performance factors support this conclusion.

#### **Lending Activity**

First State Community Bank's lending activity in the Headquarters Assessment Area reflects excellent responsiveness to assessment area credit needs. In total, 31.0 percent of the bank's loans were originated or purchased in the Headquarters Assessment Area. An analysis of 2020 aggregate data shows that First State Community Bank ranked first in market share in each lending category with 16.9 percent market share of home mortgage loans, 44.7 percent market share of small business loans, and 66.9 percent market share of small farm loans.

Approximately 38.6 percent, 39.4 percent, and 56.4 percent of the bank's 2020 reported home mortgage, small business, and small farm loans, respectively, were originated or purchased in the assessment area. In 2021, 40.5 percent, 40.4 percent, and 53.4 percent of the reported home mortgage, small business, and small farm loans, respectively, were originated or purchased in the assessment area. This lending activity consisted of 2,513 home mortgage, small business, and small farm loans totaling \$243.9 million in 2020, and 2,788 home mortgage, small business, and small farm loans totaling \$241.0 million in 2021. In addition, the bank received consideration for 29 community development loans totaling \$19.0 million.

#### **Geographic Distribution**

Overall, the geographic distribution of loans reflects good penetration throughout the Headquarters Assessment Area, including moderate-income census tracts. There are no low-income census tracts in the assessment area. The geographic distribution of each product reflects good penetration throughout the assessment area.

#### ***Small Business Loans***

The geographic distribution of small business lending reflects good penetration throughout the assessment area. As detailed in the following table, the lending percentage in moderate-income census tracts, based on the number of loans, compares favorably to aggregate lending and demographic data.

| <b>Geographic Distribution of Small Business Loans</b>   |                        |                                     |              |              |                 |              |
|--|------------------------|-------------------------------------|--------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>  | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>     | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate   |                        |                                     |              |              |                 |              |
| 2020   | 8.7                    | 7.5                                 | 101          | 8.7          | 7,435           | 8.4          |
| 2021   | 8.9                    | --                                  | 99           | 8.3          | 5,787           | 7.0          |
| Middle   |                        |                                     |              |              |                 |              |
| 2020   | 75.3                   | 71.3                                | 911          | 78.5         | 69,708          | 79.1         |
| 2021   | 75.3                   | --                                  | 947          | 79.4         | 64,951          | 78.9         |
| Upper  |                        |                                     |              |              |                 |              |
| 2020   | 16.0                   | 21.2                                | 148          | 12.8         | 10,946          | 12.4         |
| 2021   | 15.8                   | --                                  | 147          | 12.3         | 11,602          | 14.1         |
| <b>Totals</b>  |                        |                                     |              |              |                 |              |
| <b>2020</b>  | <b>100.0</b>           | <b>100.0</b>                        | <b>1,160</b> | <b>100.0</b> | <b>88,089</b>   | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>           | <b>--</b>                           | <b>1,193</b> | <b>100.0</b> | <b>82,340</b>   | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                        |                                     |              |              |                 |              |

### ***Home Mortgage Loans***

The geographic distribution of home mortgage lending reflects good penetration throughout the assessment area. The following table shows that the bank's lending performance in moderate-income census tracts, based on the number of loans, is comparable to aggregate lending data.

| <b>Geographic Distribution of Home Mortgage Loans</b>   |  |                                     |            |              |                 |              |
|---|--|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate  |  |                                     |            |              |                 |              |
| 2020  | 10.8                                     | 8.2                                 | 73         | 7.6          | 8,617           | 6.6          |
| 2021  | 10.8                                     | --                                  | 80         | 8.9          | 10,302          | 8.0          |
| Middle  |  |                                     |            |              |                 |              |
| 2020  | 70.0                                     | 67.7                                | 736        | 76.4         | 98,224          | 75.3         |
| 2021  | 70.0                                     | --                                  | 675        | 75.4         | 97,288          | 75.4         |
| Upper   |  |                                     |            |              |                 |              |
| 2020  | 19.3                                     | 24.1                                | 154        | 16.0         | 23,606          | 18.1         |
| 2021  | 19.3                                     | --                                  | 140        | 15.6         | 21,460          | 16.6         |
| <b>Totals</b>   |  |                                     |            |              |                 |              |
| <b>2020</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>963</b> | <b>100.0</b> | <b>130,447</b>  | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>                             | <b>--</b>                           | <b>895</b> | <b>100.0</b> | <b>129,050</b>  | <b>100.0</b> |
| <i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |  |                                     |            |              |                 |              |

### ***Small Farm Loans***

The geographic distribution of small farm lending reflects good penetration throughout the assessment area. The lending percentage in moderate-income census tracts, based on the number of loans, compares favorably to aggregate lending data.

| <b>Geographic Distribution of Small Farm Loans</b> |                   |                                     |            |              |                 |              |
|--|-------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>                          | <b>% of Farms</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate   |                   |                                     |            |              |                 |              |
| 2020   | 4.0               | 4.5                                 | 18         | 4.6          | 891             | 3.5          |
| 2021   | 4.0               | --                                  | 26         | 3.7          | 1,420           | 4.8          |
| Middle   |                   |                                     |            |              |                 |              |
| 2020   | 58.6              | 58.0                                | 264        | 67.7         | 15,909          | 62.7         |
| 2021   | 57.2              | --                                  | 464        | 66.3         | 17,263          | 58.3         |
| Upper  |                   |                                     |            |              |                 |              |
| 2020   | 37.5              | 37.5                                | 108        | 27.7         | 8,575           | 33.8         |
| 2021   | 38.7              | --                                  | 210        | 30.0         | 10,931          | 36.9         |
| <b>Totals</b>                                      |                   |                                     |            |              |                 |              |
| <b>2020</b>  | <b>100.0</b>      | <b>100.0</b>                        | <b>390</b> | <b>100.0</b> | <b>25,375</b>   | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>      | <b>--</b>                           | <b>700</b> | <b>100.0</b> | <b>29,614</b>   | <b>100.0</b> |

*Source: 2020 & 2021 D&B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

### **Borrower Profile**

Overall, the distribution of borrowers reflects excellent performance for this criterion. The distribution of borrowers reflects excellent penetration for small business and small farm lending, and good penetration for home mortgage lending.

### ***Small Business Loans***

The distribution of small business loans reflects excellent penetration among businesses of different revenue sizes in the assessment area. The lending percentage to businesses with gross annual revenues of \$1 million or less, based on the number of loans, significantly exceeds aggregate lending data. See the following table for details.

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>   |                        |                                     |              |              |                 |              |
|--|------------------------|-------------------------------------|--------------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>   | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>     | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>&lt;=\$1,000,000</b>  |                        |                                     |              |              |                 |              |
| 2020   | 82.9                   | 47.6                                | 662          | 57.1         | 38,650          | 43.9         |
| 2021   | 84.1                   | --                                  | 955          | 80.1         | 47,370          | 57.5         |
| <b>&gt;\$1,000,000</b>   |                        |                                     |              |              |                 |              |
| 2020   | 4.9                    | --                                  | 193          | 16.6         | 35,023          | 39.8         |
| 2021   | 4.5                    | --                                  | 193          | 16.2         | 32,179          | 39.1         |
| <b>Revenue Not Available</b>   |                        |                                     |              |              |                 |              |
| 2020   | 12.2                   | --                                  | 305          | 26.3         | 14,416          | 16.4         |
| 2021   | 11.4                   | --                                  | 45           | 3.8          | 2,791           | 3.4          |
| <b>Totals</b>  |                        |                                     |              |              |                 |              |
| <b>2020</b>  | <b>100.0</b>           | <b>100.0</b>                        | <b>1,160</b> | <b>100.0</b> | <b>88,089</b>   | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>           | <b>--</b>                           | <b>1,193</b> | <b>100.0</b> | <b>82,340</b>   | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                        |                                     |              |              |                 |              |

### ***Home Mortgage Loans***

The distribution of home mortgage lending in the assessment area reflects good penetration to individuals of different income levels, including low- and moderate-income individuals. The lending percentages to low- and moderate-income borrowers, based on the number of loans, compare reasonably to aggregate lending data. See the following table for details.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level</b>   |                      |                                     |            |              |                 |              |
|---|----------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Borrower Income Level</b>  | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>  |                      |                                     |            |              |                 |              |
| 2020  | 19.7                 | 4.4                                 | 46         | 4.8          | 2,843           | 2.2          |
| 2021  | 19.7                 | --                                  | 68         | 7.6          | 5,076           | 3.9          |
| <b>Moderate</b>   |                      |                                     |            |              |                 |              |
| 2020  | 17.3                 | 12.8                                | 102        | 10.6         | 8,227           | 6.3          |
| 2021  | 17.3                 | --                                  | 129        | 14.4         | 12,272          | 9.5          |
| <b>Middle</b>   |                      |                                     |            |              |                 |              |
| 2020  | 21.9                 | 19.9                                | 179        | 18.6         | 19,682          | 15.1         |
| 2021  | 21.9                 | --                                  | 158        | 17.7         | 17,093          | 13.2         |
| <b>Upper</b>  |                      |                                     |            |              |                 |              |
| 2020  | 41.2                 | 44.0                                | 459        | 47.7         | 67,263          | 51.6         |
| 2021  | 41.2                 | --                                  | 400        | 44.7         | 65,529          | 50.8         |
| <b>Not Available</b>  |                      |                                     |            |              |                 |              |
| 2020  | 0.0                  | 18.9                                | 177        | 18.4         | 32,432          | 24.9         |
| 2021  | 0.0                  | --                                  | 140        | 15.6         | 29,081          | 22.5         |
| <b>Totals</b>   |                      |                                     |            |              |                 |              |
| <b>2020</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>963</b> | <b>100.0</b> | <b>130,447</b>  | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>         | <b>--</b>                           | <b>895</b> | <b>100.0</b> | <b>129,050</b>  | <b>100.0</b> |
| <i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                      |                                     |            |              |                 |              |

### ***Small Farm Loans***

The distribution of small farm loans represents excellent penetration among farms of different revenue sizes in the assessment area. The lending percentage to farms with gross annual revenues of \$1 million or less is significantly greater than aggregate lending data, as detailed in the following table.

| Distribution of Small Farm Loans by Gross Annual Revenue Category  |              |                              |            |              |               |              |
|--|--------------|------------------------------|------------|--------------|---------------|--------------|
| Gross Revenue Level  | % of Farms   | Aggregate Performance % of # | #          | %            | \$(000s)      | %            |
| <b>&lt;=\$1,000,000</b>  |              |                              |            |              |               |              |
| 2020   | 97.6         | 77.1                         | 362        | 92.8         | 22,838        | 90.0         |
| 2021   | 97.9         | --                           | 665        | 95.0         | 26,950        | 91.0         |
| <b>&gt;\$1,000,000</b>   |              |                              |            |              |               |              |
| 2020   | 0.4          | --                           | 12         | 3.1          | 1,925         | 7.6          |
| 2021   | 0.3          | --                           | 13         | 1.9          | 2,090         | 7.1          |
| <b>Revenue Not Available</b>   |              |                              |            |              |               |              |
| 2020   | 2.0          | --                           | 16         | 4.1          | 612           | 2.4          |
| 2021   | 1.7          | --                           | 22         | 3.1          | 574           | 1.9          |
| <b>Totals</b>  |              |                              |            |              |               |              |
| <b>2020</b>  | <b>100.0</b> | <b>100.0</b>                 | <b>390</b> | <b>100.0</b> | <b>25,375</b> | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b> | <b>--</b>                    | <b>700</b> | <b>100.0</b> | <b>29,614</b> | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |              |                              |            |              |               |              |

### **Community Development Loans**

First State Community Bank has made a relatively high level of community development loans in the Headquarters Assessment Area. Specifically, the bank originated or renewed 29 loans totaling \$19.0 million during the evaluation period that benefited this assessment area. The loans made primarily served to provide community services targeted to low- and moderate-income individuals and to revitalize and stabilize low- and moderate-income geographies. The following points summarize notable examples in this assessment area.

- In 2020, the bank made a \$1.1 million loan to fund a medical facility that primarily serves low- and moderate-income individuals.
- In 2021, the bank made a \$1.2 million loan for an apartment complex that provides affordable housing to low- and moderate-income individuals.

### **INVESTMENT TEST**

First State Community Bank demonstrated outstanding performance under the Investment Test in the Headquarters Assessment Area, which is primarily demonstrated by the bank's responsiveness to credit and community development needs.

### **Investment and Grant Activity**

First State Community Bank has a significant level of qualified community development investments and grants in the Headquarters Assessment Area. During the evaluation period, the bank received consideration for 106 investments and donations totaling \$15.7 million that benefited

the assessment area. This level of investment activity represents an increase since the previous evaluation in the number of qualifying activities from 63 and a decline in the total dollar volume from \$16.9 million.

The bank promoted community development through investments and donations that primarily supported affordable housing and community services. For example, the bank invested \$2.2 million and \$2.8 million in 2020 and 2021, respectively, in school bonds to districts throughout the assessment area, where the majority of the students receive free or reduced-price lunch.

### **Responsiveness to Credit and Community Development Needs**

The institution exhibits excellent responsiveness to credit and community development needs in the Headquarters Assessment Area. The bank's investments are structured to meet key community development needs such as affordable housing and community services targeted to low- and moderate-income individuals. The bank's responsiveness is further demonstrated by its involvement in meeting community development needs in distressed and/or underserved census tracts in this assessment area.

### **Community Development Initiatives**

First State Community Bank occasionally uses innovative and/or complex investments to support community development initiatives in the Headquarters Assessment Area. The majority of the qualified investments in the assessment area represent those routinely provided by private investors.

### **SERVICE TEST**

First State Community Bank demonstrated outstanding performance under the Service Test in the Headquarters Assessment Area. The bank's retail banking services and the overall impact of the community development services provided during the review period supports this conclusion.

### **Accessibility of Delivery Systems**

The institution's delivery systems are readily accessible to all portions of the Headquarters Assessment Area. Delivery systems in this assessment area are consistent with those described at the institution level.

### **Changes in Branch Locations**

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank opened one office in a middle-income census tract in Ste. Genevieve County during the evaluation period.

### **Reasonableness of Business Hours and Services**

The bank's services, including business hours, do not vary in a way that inconveniences certain portions of the Headquarters Assessment Area, particularly low- and moderate-income geographies and/or individuals. Business hours and services in the assessment area are consistent with the institution's overall performance.

**Community Development Services**

First State Community Bank is a leader in providing community development services with 114 qualifying services that benefited the Headquarters Assessment Area. Community development services in this assessment area are consistent with the bank-wide focus on community services targeted to low- and moderate-income individuals through FSCB IMPACT. In addition, there are a number of qualifying services involving financial literacy at schools in which a majority of students receive free or reduced-price lunch. Finally, bank staff has provided financial or technical expertise to qualifying community development organizations in the assessment area.

**ST. LOUIS ASSESSMENT AREA – Full-Scope Review**

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ST. LOUIS ASSESSMENT AREA**

The St. Louis Assessment Area includes Franklin, Jefferson, and Warren counties. There have been no changes to this assessment area since the previous evaluation. This assessment area accounts for 22.5 percent of the bank’s outstanding loan portfolio, 26.0 percent of total deposits, and 26.8 percent of total branches. The following table contains details on how branches and ATMs are dispersed throughout the assessment area. There are no low-income census tracts in the assessment area.

| <b>Branch and ATM Distribution by Geography Income Level</b> |                      |              |                   |              |                 |              |             |              |                        |              |                        |              |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|-------------|--------------|------------------------|--------------|------------------------|--------------|
| <b>Tract Income Level</b>                                    | <b>Census Tracts</b> |              | <b>Population</b> |              | <b>Branches</b> |              | <b>ATMs</b> |              | <b>Opened Branches</b> |              | <b>Closed Branches</b> |              |
|  | <b>#</b>             | <b>%</b>     | <b>#</b>          | <b>%</b>     | <b>#</b>        | <b>%</b>     | <b>#</b>    | <b>%</b>     | <b>#</b>               | <b>%</b>     | <b>#</b>               | <b>%</b>     |
| Low  | 0                    | 0.0          | 0                 | 0.0          | 0               | 0.0          | 0           | 0.0          | 0                      | 0.0          | 0                      | 0.0          |
| Moderate   | 20                   | 31.3         | 107,794           | 30.2         | 6               | 40.0         | 6           | 40.0         | 1                      | 33.3         | 0                      | 0.0          |
| Middle   | 40                   | 62.5         | 229,055           | 64.3         | 8               | 53.3         | 8           | 53.3         | 1                      | 33.3         | 0                      | 0.0          |
| Upper  | 4                    | 6.3          | 19,599            | 5.5          | 1               | 6.7          | 1           | 6.7          | 1                      | 33.3         | 1                      | 100.0        |
| <b>Totals</b>  | <b>64</b>            | <b>100.0</b> | <b>356,448</b>    | <b>100.0</b> | <b>15</b>       | <b>100.0</b> | <b>15</b>   | <b>100.0</b> | <b>3</b>               | <b>100.0</b> | <b>1</b>               | <b>100.0</b> |

*Source: 2015 ACS Data & Bank Data  
Due to rounding, totals may not equal 100.0*

**Economic and Demographic Data**

The following table illustrates select demographic characteristics of this assessment area.

| Demographic Information of the Assessment Area      |         |               |                      |                  |                 |
|---|---------|---------------|----------------------|------------------|-----------------|
| Demographic Characteristics                         | #       | Low<br>% of # | Moderate<br>% of #   | Middle<br>% of # | Upper<br>% of # |
| Geographies (Census Tracts)                         | 64      | 0.0           | 31.3                 | 62.5             | 6.3             |
| Population by Geography                             | 356,448 | 0.0           | 30.2                 | 64.3             | 5.5             |
| Housing Units by Geography                          | 147,210 | 0.0           | 30.9                 | 64.1             | 5.1             |
| Owner-Occupied Units by Geography                   | 105,258 | 0.0           | 27.5                 | 67.0             | 5.5             |
| Occupied Rental Units by Geography                  | 28,598  | 0.0           | 43.7                 | 52.3             | 4.0             |
| Vacant Units by Geography                           | 13,354  | 0.0           | 30.2                 | 65.8             | 4.1             |
| Businesses by Geography                             | 22,690  | 0.0           | 32.5                 | 63.1             | 4.4             |
| Farms by Geography                                  | 1,181   | 0.0           | 23.9                 | 70.8             | 5.3             |
| Family Distribution by Income Level                 | 96,704  | 21.8          | 21.6                 | 23.0             | 33.6            |
| Household Distribution by Income Level              | 133,856 | 22.0          | 18.3                 | 20.4             | 39.2            |
| Median Family Income - St. Louis, MO-IL MSA         |         | \$70,718      | Median Housing Value |                  | \$150,396       |
| Families Below Poverty Level                        |         | 8.4%          | Median Gross Rent    |                  | \$754           |
| <i>Source: 2015 ACS and 2021 D&amp;B Data</i>       |         |               |                      |                  |                 |
| <i>Due to rounding, totals may not equal 100.0%</i> |         |               |                      |                  |                 |

The 2020 and 2021 FFIEC-updated median family income figures for the St. Louis, Missouri-Illinois MSA were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

| Median Family Income Ranges |             |                         |                        |                |
|-----------------------------|-------------|-------------------------|------------------------|----------------|
| Median Family Incomes       | Low<br><50% | Moderate<br>50% to <80% | Middle<br>80% to <120% | Upper<br>≥120% |
| 2020 (\$82,600)             | <\$41,300   | \$41,300 to <\$66,080   | \$66,080 to <\$99,120  | ≥\$99,120      |
| 2021 (\$84,700)             | <\$42,350   | \$42,350 to <\$67,760   | \$67,760 to <\$101,640 | ≥\$101,640     |
| <i>Source: FFIEC</i>        |             |                         |                        |                |

### **Competition**

There is a moderate level of competition for financial services in the St. Louis Assessment Area. According to FDIC Deposit Market Share data as of June 30, 2022, there are 36 financial institutions that operate 97 branches within the assessment area. Of these institutions, First State Community Bank ranked first in market share with 12.2 percent of the assessment area's deposits.

To illustrate the level of competition and demand for home mortgage, small business, and small farm loans, 2020 HMDA and CRA aggregate lending data shows numerous lenders originating loans in the area. Specifically, 344 lenders reported 24,953 residential mortgage loans; 105 lenders reported 6,215 small business loans; and 14 lenders reported 150 small farm loans originated in the assessment area.

### **Community Contact**

Examiners reviewed a recent community contact interview conducted with representatives from an economic development organization familiar with the assessment area. The contact characterized the local economy as steadily improving since the COVID 19 pandemic. The contact indicated the need for small business lending, affordable housing, and an alternative to payday lending. The contact stated that access to affordable housing is difficult to obtain, due to the increase in rental properties and the overall high cost of rent. The contact indicated that there is a high level of competition for banking services in the assessment area.

### **Credit and Community Development Needs and Opportunities**

Bank management categorized the overall economy in the assessment area as strong. Overall loan demand is good; however, the area is now seeing some slowing down as interest rates continue to rise. Construction costs have stabilized and somewhat reduced, which is helping. Lending needs in the assessment area include financing single- and multi-family homes and commercial/small business loans. There is a need for affordable rental units in the assessment area as well. This market has a limited need for agricultural lending. Management primarily focuses on residential real estate and commercial lending within this assessment area.

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and home mortgage loans represent the primary credit needs for the assessment area. Many opportunities exist for originating such loans, as indicated by the percentages of small businesses and families in this assessment area. Based on relevant information, examiners determined that the assessment area has community development needs and opportunities that include economic development, revitalization and stabilization, affordable housing, and community services targeted to low- and moderate-income individuals.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE ST. LOUIS ASSESSMENT AREA**

### **LENDING TEST**

First State Community Bank demonstrated outstanding performance under the Lending Test in the St. Louis Assessment Area. The bank's cumulative Lending Test performance factors support this conclusion.

### **Lending Activity**

First State Community Bank's lending activity in the St. Louis Assessment Area reflects excellent responsiveness to assessment area credit needs. In total, 22.5 percent of the bank's loans were originated or purchased in the St. Louis Assessment Area. In addition, the bank ranked ninth in market share for home mortgage lending, third for small business lending, and first for small farm lending. Specifically, 2020 aggregate lending data shows that First State Community Bank had a market share of 9.3 percent for small business lending, 2.4 percent for home mortgage lending, and 40.7 percent for small farm lending.

Approximately 23.6 percent, 20.7 percent, and 8.8 percent of the bank’s 2020 reported home mortgage, small business, and small farm loans, respectively, were originated or purchased in the assessment area. In 2021, 22.1 percent, 19.0 percent, and 9.4 percent of reported home mortgage, small business, and small farm loans, respectively, were originated or purchased in the assessment area. This lending activity consisted of 1,262 home mortgage, small business, and small farm loans totaling \$181.6 million in 2020 and 1,172 home mortgage, small business, and small farm loans totaling \$157.3 million in 2021. In addition, the bank received consideration for 16 community development loans totaling \$13.6 million in this assessment area during the evaluation period.

**Geographic Distribution**

Overall, the geographic distribution of loans reflects excellent penetration throughout the St. Louis Assessment Area, including moderate-income census tracts. There are no low-income census tracts in the assessment area. The geographic distribution of small business and home mortgage lending reflects excellent penetration, and small farm lending reflects good penetration throughout the assessment area.

***Small Business Loans***

The geographic distribution of small business lending reflects excellent penetration throughout the assessment area. As displayed in the following table, the lending percentage in moderate-income census tracts significantly exceeds aggregate lending in 2020 and demographic data in both years.

| <b>Geographic Distribution of Small Business Loans</b> |                        |                                     |            |              |                 |              |
|--|------------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>                              | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate   |                        |                                     |            |              |                 |              |
| 2020   | 32.6                   | 30.9                                | 307        | 50.2         | 27,075          | 47.7         |
| 2021   | 32.5                   | --                                  | 284        | 50.7         | 28,369          | 59.1         |
| Middle   |                        |                                     |            |              |                 |              |
| 2020   | 63.0                   | 63.8                                | 300        | 49.1         | 29,479          | 51.9         |
| 2021   | 63.1                   | --                                  | 269        | 48.0         | 19,384          | 40.4         |
| Upper  |                        |                                     |            |              |                 |              |
| 2020   | 4.4                    | 5.3                                 | 4          | 0.7          | 231             | 0.4          |
| 2021   | 4.4                    | --                                  | 7          | 1.2          | 240             | 0.5          |
| <b>Totals</b>  |                        |                                     |            |              |                 |              |
| <b>2020</b>  | <b>100.0</b>           | <b>100.0</b>                        | <b>611</b> | <b>100.0</b> | <b>56,785</b>   | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>           | <b>--</b>                           | <b>560</b> | <b>100.0</b> | <b>47,993</b>   | <b>100.0</b> |

*Source: 2020 & 2021 D&B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

**Home Mortgage Loans**

The geographic distribution of home mortgage lending reflects excellent penetration throughout the assessment area. The shown in the following table, the lending percentage in moderate-income census tracts significantly exceeds aggregate lending in 2020 and demographic data in both years.

| <b>Geographic Distribution of Home Mortgage Loans</b>   |  |                                     |            |              |                 |              |
|---|--|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate  |  |                                     |            |              |                 |              |
| 2020  | 27.5                                     | 23.8                                | 228        | 38.6         | 45,392          | 38.4         |
| 2021  | 27.5                                     | --                                  | 192        | 39.3         | 34,352          | 33.3         |
| Middle  |  |                                     |            |              |                 |              |
| 2020  | 67.0                                     | 68.6                                | 357        | 60.5         | 72,345          | 61.2         |
| 2021  | 67.0                                     | --                                  | 282        | 57.7         | 66,131          | 64.1         |
| Upper   |  |                                     |            |              |                 |              |
| 2020  | 5.5                                      | 7.6                                 | 5          | 0.8          | 529             | 0.4          |
| 2021  | 5.5                                      | --                                  | 15         | 3.1          | 2,718           | 2.6          |
| <b>Totals</b>   |  |                                     |            |              |                 |              |
| <b>2020</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>590</b> | <b>100.0</b> | <b>118,265</b>  | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>                             | <b>--</b>                           | <b>489</b> | <b>100.0</b> | <b>103,201</b>  | <b>100.0</b> |
| <i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |  |                                     |            |              |                 |              |

**Small Farm Loans**

The geographic distribution of small farm lending reflects good penetration throughout the assessment area. The lending percentage in moderate-income census tracts, based on the number of loans, is comparable to aggregate lending data. See the following table for details.

| <b>Geographic Distribution of Small Farm Loans</b>   |                   |                                     |            |              |                 |              |
|--|-------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>  | <b>% of Farms</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate   |                   |                                     |            |              |                 |              |
| 2020   | 24.1              | 18.0                                | 12         | 19.7         | 1,384           | 21.0         |
| 2021   | 23.9              | --                                  | 20         | 16.3         | 1,048           | 17.2         |
| Middle   |                   |                                     |            |              |                 |              |
| 2020   | 70.7              | 80.0                                | 49         | 80.3         | 5,202           | 79.0         |
| 2021   | 70.8              | --                                  | 100        | 81.3         | 4,985           | 81.8         |
| Upper  |                   |                                     |            |              |                 |              |
| 2020   | 5.2               | 2.0                                 | 0          | 0.0          | 0               | 0.0          |
| 2021   | 5.3               | --                                  | 3          | 2.4          | 58              | 1.0          |
| <b>Totals</b>  |                   |                                     |            |              |                 |              |
| <b>2020</b>  | <b>100.0</b>      | <b>100.0</b>                        | <b>61</b>  | <b>100.0</b> | <b>6,586</b>    | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>      | <b>--</b>                           | <b>123</b> | <b>100.0</b> | <b>6,091</b>    | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                   |                                     |            |              |                 |              |

### **Borrower Profile**

Overall, the distribution of borrowers reflects excellent performance for this criterion in the assessment area. The distribution of borrowers reflects excellent penetration for small business and small farm lending, and good penetration for home mortgage lending.

### ***Small Business Loans***

The distribution of small business loans reflects excellent penetration among businesses of different revenue sizes in the assessment area. The lending percentage to businesses with gross annual revenues of \$1 million or less, based on the number of loans, significantly exceeds aggregate lending performance. See the following table for details.

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>   |                        |                                     |            |              |                 |              |
|--|------------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>   | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>&lt;=\$1,000,000</b>  |                        |                                     |            |              |                 |              |
| 2020   | 85.9                   | 39.8                                | 310        | 50.7         | 25,338          | 44.6         |
| 2021   | 87.0                   | --                                  | 377        | 67.3         | 18,697          | 39.0         |
| <b>&gt;\$1,000,000</b>   |                        |                                     |            |              |                 |              |
| 2020   | 4.7                    | --                                  | 120        | 19.6         | 21,258          | 37.4         |
| 2021   | 4.2                    | --                                  | 156        | 27.9         | 27,875          | 58.1         |
| <b>Revenue Not Available</b>   |                        |                                     |            |              |                 |              |
| 2020   | 9.3                    | --                                  | 181        | 29.6         | 10,189          | 17.9         |
| 2021   | 8.8                    | --                                  | 27         | 4.8          | 1,421           | 3.0          |
| <b>Totals</b>  |                        |                                     |            |              |                 |              |
| <b>2020</b>  | <b>100.0</b>           | <b>100.0</b>                        | <b>611</b> | <b>100.0</b> | <b>56,785</b>   | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>           | <b>--</b>                           | <b>560</b> | <b>100.0</b> | <b>47,993</b>   | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                        |                                     |            |              |                 |              |

### ***Home Mortgage Loans***

The distribution of home mortgage lending in the assessment area reflects good penetration to individuals of different income levels, including low- and moderate-income individuals. The lending percentages to low- and moderate-income borrowers, based on the number of loans, compare reasonably to aggregate lending performance. See the following table for details.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level</b> |                      |                                     |            |              |                 |              |
|---|----------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Borrower Income Level</b>  | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>  |                      |                                     |            |              |                 |              |
| 2020  | 21.8                 | 9.2                                 | 77         | 13.1         | 6,874           | 5.8          |
| 2021  | 21.8                 | --                                  | 60         | 12.3         | 5,778           | 5.6          |
| <b>Moderate</b>   |                      |                                     |            |              |                 |              |
| 2020  | 21.6                 | 21.1                                | 107        | 18.1         | 15,699          | 13.3         |
| 2021  | 21.6                 | --                                  | 100        | 20.5         | 14,618          | 14.2         |
| <b>Middle</b>   |                      |                                     |            |              |                 |              |
| 2020  | 23.1                 | 21.9                                | 143        | 24.2         | 20,836          | 17.6         |
| 2021  | 23.1                 | --                                  | 103        | 21.1         | 16,678          | 16.2         |
| <b>Upper</b>  |                      |                                     |            |              |                 |              |
| 2020  | 33.6                 | 27.0                                | 179        | 30.3         | 36,046          | 30.5         |
| 2021  | 33.6                 | --                                  | 149        | 30.5         | 34,271          | 33.2         |
| <b>Not Available</b>  |                      |                                     |            |              |                 |              |
| 2020  | 0.0                  | 20.8                                | 84         | 14.2         | 38,810          | 32.8         |
| 2021  | 0.0                  | --                                  | 77         | 15.7         | 31,856          | 30.9         |
| <b>Totals</b>   |                      |                                     |            |              |                 |              |
| <b>2020</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>590</b> | <b>100.0</b> | <b>118,265</b>  | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>         | <b>--</b>                           | <b>489</b> | <b>100.0</b> | <b>103,201</b>  | <b>100.0</b> |

*Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

### ***Small Farm Loans***

The distribution of small farm loans reflects excellent penetration among farms of different revenue sizes in the assessment area. The lending percentage to farms with gross annual revenues of \$1 million or less significantly exceeds aggregate lending data. See the following table for details.

| Distribution of Small Farm Loans by Gross Annual Revenue Category  |              |                              |            |              |              |              |
|--|--------------|------------------------------|------------|--------------|--------------|--------------|
| Gross Revenue Level  | % of Farms   | Aggregate Performance % of # | #          | %            | \$(000s)     | %            |
| <b>&lt;=\$1,000,000</b>  |              |                              |            |              |              |              |
| 2020   | 99.0         | 62.7                         | 57         | 93.4         | 5,540        | 84.1         |
| 2021   | 99.0         | --                           | 113        | 91.9         | 4,286        | 70.4         |
| <b>&gt;\$1,000,000</b>   |              |                              |            |              |              |              |
| 2020   | 0.7          | --                           | 2          | 3.3          | 750          | 11.4         |
| 2021   | 0.8          | --                           | 8          | 6.5          | 1,372        | 22.5         |
| <b>Revenue Not Available</b>   |              |                              |            |              |              |              |
| 2020   | 0.4          | --                           | 2          | 3.3          | 296          | 4.5          |
| 2021   | 0.3          | --                           | 2          | 1.6          | 433          | 7.1          |
| <b>Totals</b>  |              |                              |            |              |              |              |
| <b>2020</b>  | <b>100.0</b> | <b>100.0</b>                 | <b>61</b>  | <b>100.0</b> | <b>6,586</b> | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b> | <b>--</b>                    | <b>123</b> | <b>100.0</b> | <b>6,091</b> | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |              |                              |            |              |              |              |

### **Community Development Loans**

First State Community Bank is a leader in making community development loans in the St. Louis Assessment Area. Specifically, the bank originated or renewed 16 loans totaling \$13.6 million during the evaluation period that benefited this assessment area. This level of lending represents a significant increase since the previous evaluation in which the bank received consideration for 10 loans totaling \$3.8 million. The loans made served to provide community services targeted to low- and moderate-income individuals and to revitalize and stabilize low- and moderate-income geographies. For example, during the review period, the bank extended a \$1.6 million loan to an entity to purchase a low-income mobile home park.

### **INVESTMENT TEST**

First State Community Bank demonstrated high satisfactory performance under the Investment Test in the St. Louis Assessment Area, which is primarily demonstrated by the level of investment activity and responsiveness to credit and community development needs.

### **Investment and Grant Activity**

First State Community Bank has a significant level of qualified community development investments and grants in the St. Louis Assessment Area. The bank promoted community development through investments and donations that supported community services targeted to low- and moderate-income individuals. For example, the bank invested \$1.5 million in a school bond to a district where majority of the students receive free or reduced-price lunch.

During the evaluation period, the bank received consideration for 46 investments and donations totaling \$3.2 million that benefited the assessment area. This level of investment activity represents an increase in number and a decrease in dollar volume since the previous evaluation, in which the bank received credit for 24 qualifying activities totaling \$7.7 million.

### **Responsiveness to Credit and Community Development Needs**

The institution exhibits good responsiveness to credit and community development needs in the St. Louis Assessment Area. This conclusion is consistent with the bank's performance overall.

### **Community Development Initiatives**

First State Community Bank occasionally uses innovative and/or complex investments to support community development initiatives in the St. Louis Assessment Area. The majority of the qualified investments in the assessment area represent those routinely provided by private investors.

## **SERVICE TEST**

First State Community Bank demonstrated outstanding performance under the Service Test in the St. Louis Assessment Area. The bank's retail banking services and the overall impact of the community development services provided during the review period supports this conclusion.

### **Accessibility of Delivery Systems**

The bank's delivery systems are readily accessible to all portions of the St. Louis Assessment Area. Delivery systems in this assessment area are consistent with those described at the institution level.

### **Changes in Branch Locations**

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank acquired three branches in the assessment area in August 2020. One of these branches (Warrenton) is in a moderate-income census tract. In October 2020, the bank closed the acquired Washington office.

### **Reasonableness of Business Hours and Services**

The bank's services, including business hours, do not vary in a way that inconveniences certain portions of the St. Louis Assessment Area, particularly low- and moderate-income geographies and/or individuals. Business hours and services in the assessment area are consistent with the institution's overall performance.

### **Community Development Services**

First State Community Bank is a leader in providing community development services with 33 qualifying services that benefited the St. Louis Assessment Area. Community development services in this assessment area are consistent with the bank-wide focus on community services targeted to low- and moderate-income individuals through FSCB IMPACT. In addition, there are a number of qualifying services involving financial literacy at schools in which a majority of students receive free or reduced-price lunch. Finally, bank staff has provided financial or technical expertise to qualifying community development organizations in the assessment area.

## SOUTH CENTRAL ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE SOUTH CENTRAL ASSESSMENT AREA

The South Central Assessment Area includes the entireties of Gasconade and Laclede counties; the southwestern, central, and northeastern portions of Phelps County; and the northern portion of Pulaski County. There have been no changes to this assessment area since the previous evaluation. This assessment area accounts for 13.5 percent of the bank’s outstanding loan portfolio, 15.8 percent of total deposits, and 17.9 percent of total branches. The following table details how branches and ATMs are dispersed throughout the assessment area. There are no low-income census tracts in the assessment area.

| <b>Branch and ATM Distribution by Geography Income Level</b>                                 |                      |              |                   |              |                 |              |             |              |                        |              |                        |              |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|-------------|--------------|------------------------|--------------|------------------------|--------------|
| <b>Tract Income Level</b>  | <b>Census Tracts</b> |              | <b>Population</b> |              | <b>Branches</b> |              | <b>ATMs</b> |              | <b>Opened Branches</b> |              | <b>Closed Branches</b> |              |
|  | <b>#</b>             | <b>%</b>     | <b>#</b>          | <b>%</b>     | <b>#</b>        | <b>%</b>     | <b>#</b>    | <b>%</b>     | <b>#</b>               | <b>%</b>     | <b>#</b>               | <b>%</b>     |
| Low  | 0                    | 0.0          | 0                 | 0.0          | 0               | 0.0          | 0           | 0.0          | 0                      | 0.0          | 0                      | 0.0          |
| Moderate   | 2                    | 9.1          | 10,319            | 10.5         | 1               | 10.0         | 0           | 0.0          | 0                      | 0.0          | 0                      | 0.0          |
| Middle   | 16                   | 72.7         | 73,681            | 75.3         | 9               | 90.0         | 10          | 90.0         | 2                      | 100.0        | 1                      | 100.0        |
| Upper  | 4                    | 18.2         | 13,876            | 14.2         | 0               | 0.0          | 1           | 10.0         | 0                      | 0.0          | 0                      | 0.0          |
| <b>Totals</b>  | <b>22</b>            | <b>100.0</b> | <b>97,876</b>     | <b>100.0</b> | <b>10</b>       | <b>100.0</b> | <b>11</b>   | <b>100.0</b> | <b>2</b>               | <b>100.0</b> | <b>1</b>               | <b>100.0</b> |
| <i>Source: 2015 ACS Data &amp; Bank Data<br/>Due to rounding, totals may not equal 100.0</i> |                      |              |                   |              |                 |              |             |              |                        |              |                        |              |

#### **Economic and Demographic Data**

Laclede and Phelps counties include census tracts that were designated as underserved or distressed during the evaluation period. The following table illustrates select demographic characteristics of the assessment area.

| Demographic Information of the Assessment Area   |        |            |                      |               |              |
|--|--------|------------|----------------------|---------------|--------------|
| Demographic Characteristics  | #      | Low % of # | Moderate % of #      | Middle % of # | Upper % of # |
| Geographies (Census Tracts)  | 22     | 0.0        | 9.1                  | 72.7          | 18.2         |
| Population by Geography  | 97,876 | 0.0        | 10.5                 | 75.3          | 14.2         |
| Housing Units by Geography   | 44,336 | 0.0        | 9.8                  | 76.3          | 13.9         |
| Owner-Occupied Units by Geography  | 24,706 | 0.0        | 5.8                  | 79.2          | 14.9         |
| Occupied Rental Units by Geography   | 12,278 | 0.0        | 17.2                 | 70.5          | 12.3         |
| Vacant Units by Geography  | 7,352  | 0.0        | 10.9                 | 75.9          | 13.2         |
| Businesses by Geography  | 6,898  | 0.0        | 9.2                  | 72.1          | 18.7         |
| Farms by Geography   | 408    | 0.0        | 2.0                  | 84.3          | 13.7         |
| Family Distribution by Income Level  | 24,367 | 19.7       | 16.9                 | 22.4          | 41.0         |
| Household Distribution by Income Level   | 36,984 | 23.2       | 15.7                 | 17.8          | 43.3         |
| Median Family Income Non-MSAs - MO   |        | \$48,341   | Median Housing Value |               | \$107,948    |
| Families Below Poverty Level   |        | 13.8%      | Median Gross Rent    |               | \$625        |
| <i>Source: 2015 ACS and 2021 D&amp;B Data<br/>Due to rounding, totals may not equal 100.0%</i> |        |            |                      |               |              |

The 2020 and 2021 FFIEC-updated median family income figures for the non-metropolitan portion of Missouri were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

| Median Family Income Ranges |           |                       |                       |             |
|-----------------------------|-----------|-----------------------|-----------------------|-------------|
| Median Family Incomes       | Low <50%  | Moderate 50% to <80%  | Middle 80% to <120%   | Upper ≥120% |
| 2020 (\$54,400)             | <\$27,200 | \$27,200 to <\$43,520 | \$43,520 to <\$65,280 | ≥\$65,280   |
| 2021 (\$55,700)             | <\$27,850 | \$27,850 to <\$44,560 | \$44,560 to <\$66,840 | ≥\$66,840   |
| <i>Source: FFIEC</i>        |           |                       |                       |             |

### **Competition**

There is a moderate level of competition for financial services in the South Central Assessment Area. According to FDIC Deposit Market Share data as of June 30, 2022, there are 22 financial institutions that operate 50 branches within Gasconade, Laclede, Phelps, and Pulaski counties. Of these institutions, First State Community Bank ranked first in market share with 16.4 percent of the deposits.

To illustrate the level of competition and demand for home mortgage, small business, and small farm loans, 2020 HMDA and CRA aggregate lending data shows numerous lenders originating loans in the area. Specifically, 212 lenders reported 3,014 residential mortgage loans; 76 lenders

reported 2,005 small business loans; and 19 lenders reported 443 small farm loans originated within Gasconade, Laclede, Phelps, and Pulaski counties.

### **Community Contact**

Examiners reviewed a recent community contact interview conducted with a representative from a community development organization located in the assessment area. The contact explained that the local economy is currently in a growth phase, as several businesses are expanding their operations. However, this has created a labor shortage, as there are not enough people to fill the job openings. Affordable housing continues to be an issue as local home prices continue to increase. The contact stated that there are several housing projects in the beginning stages to rehabilitate blighted areas. When asked about lending needs in the area, small business and agriculture lending are of the highest need. The contact mentioned that several local financial institutions participate in a loan program to offer fixed-rate financing to new and existing businesses that do not meet typical credit standards. Overall, the contact indicated that financial institutions have demonstrated an adequate level of responsiveness to area credit and community development needs.

### **Credit and Community Development Needs and Opportunities**

Bank management categorized the overall economy in the assessment area as strong. Unemployment remains low, and local manufacturing firms are all hiring. Loan demand was strong early in the year; however, with the rising interest rates, demand has started to slow down. The rise in interest rates, along with the increase in residential real estate values has made affordable housing an issue for many borrowers. The agricultural market in the assessment area has been affected by the high agricultural real estate prices. Farms that were listed for sale were generally purchased by non-farmers that seemed to be from out of town or out of state. Management focuses on providing all types of credit including agricultural, residential real estate, and commercial lending.

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business, small farm, and home mortgage loans represent the primary credit needs in the assessment area. Opportunities exist for originating such loans, as indicated by the percentages of small businesses, small farms, and families in the assessment area. Based on relevant information, examiners determined that the assessment area has community development needs and opportunities that include economic development, revitalization and stabilization, affordable housing, and community services targeted to low- and moderate-income individuals.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SOUTH CENTRAL ASSESSMENT AREA**

### **LENDING TEST**

First State Community Bank demonstrated outstanding performance under the Lending Test in the South Central Assessment Area. The bank's cumulative Lending Test performance factors support this conclusion.

### **Lending Activity**

First State Community Bank's lending activity in the South Central Assessment Area reflects excellent responsiveness to assessment area credit needs. In total, 13.5 percent of the bank's loans were originated or purchased in the South Central Assessment Area. An analysis of aggregate data shows that First State Community Bank ranked first in each lending category with 8.2 percent market share of home mortgage loans, 28.3 percent market share of small business loans, and 40.9 percent of small farm loans.

Approximately 11.4 percent, 13.0 percent, and 23.7 percent of the bank's 2020 reported home mortgage, small business, and small farm loans, respectively, were originated or purchased in this assessment area. In 2021, 10.9 percent, 16.3 percent, and 24.9 percent of reported home mortgage, small business, and small farm loans, respectively, were originated in the assessment area. This lending activity consisted of 830 home mortgage, small business, and small farm loans totaling \$74.5 million in 2020, and 1,048 home mortgage, small business, and small farm loans totaling \$71.2 million in 2021. In addition, the bank received consideration for 16 community development loans totaling \$32.2 million in this assessment area during the evaluation period.

### **Geographic Distribution**

Overall, the geographic distribution of loans reflects good penetration throughout the South Central Assessment Area. There are no low-income census tracts in the assessment area. The geographic distribution of small business loans reflects excellent penetration, and the geographic distribution of home mortgage and small farm loans reflects good penetration.

### ***Small Business Loans***

The geographic distribution of small business lending reflects excellent penetration throughout the assessment area. As shown in the following table, the lending percentage in moderate-income census tracts exceeds aggregate lending performance and demographic data.

| <b>Geographic Distribution of Small Business Loans</b>   |                        |                                     |            |              |                 |              |
|--|------------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>  | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate   |                        |                                     |            |              |                 |              |
| 2020   | 9.4                    | 9.1                                 | 63         | 16.5         | 5,247           | 20.3         |
| 2021   | 9.2                    | --                                  | 55         | 11.4         | 3,167           | 11.0         |
| Middle   |                        |                                     |            |              |                 |              |
| 2020   | 71.7                   | 80.7                                | 297        | 77.7         | 19,569          | 75.9         |
| 2021   | 72.1                   | --                                  | 407        | 84.6         | 24,626          | 85.8         |
| Upper  |                        |                                     |            |              |                 |              |
| 2020   | 18.9                   | 10.3                                | 22         | 5.8          | 973             | 3.8          |
| 2021   | 18.7                   | --                                  | 19         | 4.0          | 911             | 3.2          |
| <b>Totals</b>  |                        |                                     |            |              |                 |              |
| <b>2020</b>  | <b>100.0</b>           | <b>100.0</b>                        | <b>382</b> | <b>100.0</b> | <b>25,789</b>   | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>           | <b>--</b>                           | <b>481</b> | <b>100.0</b> | <b>28,704</b>   | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                        |                                     |            |              |                 |              |

### ***Home Mortgage Loans***

The geographic distribution of home mortgage lending reflects good penetration throughout the assessment area. The lending percentage in moderate-income census tracts, based on the number of loans, compares favorably to aggregate lending performance and demographic data. See the following table for details.

| <b>Geographic Distribution of Home Mortgage Loans</b>   |  |                                     |            |              |                 |              |
|---|--|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate  |  |                                     |            |              |                 |              |
| 2020  | 5.8                                      | 5.9                                 | 24         | 8.5          | 1,859           | 5.0          |
| 2021  | 5.8                                      | --                                  | 29         | 12.1         | 4,425           | 14.2         |
| Middle  |  |                                     |            |              |                 |              |
| 2020  | 79.2                                     | 83.0                                | 241        | 84.9         | 32,412          | 87.4         |
| 2021  | 79.2                                     | --                                  | 201        | 83.8         | 24,591          | 79.0         |
| Upper   |  |                                     |            |              |                 |              |
| 2020  | 14.9                                     | 11.1                                | 19         | 6.7          | 2,805           | 7.6          |
| 2021  | 14.9                                     | --                                  | 10         | 4.2          | 2,114           | 6.8          |
| <b>Totals</b>   |  |                                     |            |              |                 |              |
| <b>2020</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>284</b> | <b>100.0</b> | <b>37,077</b>   | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>                             | <b>--</b>                           | <b>240</b> | <b>100.0</b> | <b>31,129</b>   | <b>100.0</b> |
| <i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |  |                                     |            |              |                 |              |

### ***Small Farm Loans***

The geographic distribution of small farm lending reflects good penetration throughout the assessment area. The following table shows that lending in moderate-income census tracts is comparable to aggregate lending performance.

| <b>Geographic Distribution of Small Farm Loans</b>   |                   |                                     |            |              |                 |              |
|--|-------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>  | <b>% of Farms</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate   |                   |                                     |            |              |                 |              |
| 2020   | 2.5               | 0.5                                 | 1          | 0.6          | 4               | 0.0          |
| 2021   | 2.0               | --                                  | 4          | 1.2          | 682             | 6.0          |
| Middle   |                   |                                     |            |              |                 |              |
| 2020   | 86.7              | 96.7                                | 160        | 97.6         | 11,396          | 98.2         |
| 2021   | 86.0              | --                                  | 317        | 96.9         | 10,425          | 92.0         |
| Upper  |                   |                                     |            |              |                 |              |
| 2020   | 10.8              | 2.9                                 | 3          | 1.8          | 203             | 1.8          |
| 2021   | 12.0              | --                                  | 6          | 1.8          | 226             | 2.0          |
| <b>Totals</b>  |                   |                                     |            |              |                 |              |
| <b>2020</b>  | <b>100.0</b>      | <b>100.0</b>                        | <b>164</b> | <b>100.0</b> | <b>11,603</b>   | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>      | <b>--</b>                           | <b>327</b> | <b>100.0</b> | <b>11,333</b>   | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                   |                                     |            |              |                 |              |

### **Borrower Profile**

Overall, the distribution of borrowers reflects excellent performance for this criterion. The distribution of borrowers reflects excellent penetration for small business and small farm lending, and good penetration for home mortgage lending.

### ***Small Business Loans***

The distribution of small business loans reflects excellent penetration among businesses of different revenue sizes in the assessment area. The lending percentage to businesses with gross annual revenues of \$1 million or less, based on the number of loans, significantly exceeds aggregate lending data. See the following table for details.

| Distribution of Small Business Loans by Gross Annual Revenue Category   |                 |                              |            |              |               |              |
|---|-----------------|------------------------------|------------|--------------|---------------|--------------|
| Gross Revenue Level   | % of Businesses | Aggregate Performance % of # | #          | %            | \$(000s)      | %            |
| <b>&lt;=\$1,000,000</b>   |                 |                              |            |              |               |              |
| 2020  | 82.4            | 46.1                         | 240        | 62.8         | 12,370        | 48.0         |
| 2021  | 83.6            | --                           | 407        | 84.6         | 15,480        | 53.9         |
| <b>&gt;\$1,000,000</b>  |                 |                              |            |              |               |              |
| 2020  | 4.2             | --                           | 55         | 14.4         | 7,468         | 29.0         |
| 2021  | 3.9             | --                           | 64         | 13.3         | 11,868        | 41.3         |
| <b>Revenue Not Available</b>  |                 |                              |            |              |               |              |
| 2020  | 13.4            | --                           | 87         | 22.8         | 5,951         | 23.1         |
| 2021  | 12.5            | --                           | 10         | 2.1          | 1,356         | 4.7          |
| <b>Totals</b>   |                 |                              |            |              |               |              |
| <b>2020</b>   | <b>100.0</b>    | <b>100.0</b>                 | <b>382</b> | <b>100.0</b> | <b>25,789</b> | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>    | <b>--</b>                    | <b>481</b> | <b>100.0</b> | <b>28,704</b> | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available.<br/>           Due to rounding, totals may not equal 100.0%</i> |                 |                              |            |              |               |              |

### ***Home Mortgage Loans***

The distribution of home mortgage lending in the assessment area reflects good penetration to individuals of different income levels, including low- and moderate-income individuals. The lending percentages to low- and moderate-income borrowers, based on the number of loans, compare favorably to aggregate lending performance. See the following table for details.

| Distribution of Home Mortgage Loans by Borrower Income Level |               |                              |            |              |               |              |
|--|---------------|------------------------------|------------|--------------|---------------|--------------|
| Borrower Income Level  | % of Families | Aggregate Performance % of # | #          | %            | \$(000s)      | %            |
| Low  |               |                              |            |              |               |              |
| 2020   | 19.7          | 5.0                          | 18         | 6.3          | 969           | 2.6          |
| 2021   | 19.7          | --                           | 15         | 6.3          | 1,053         | 3.4          |
| Moderate   |               |                              |            |              |               |              |
| 2020   | 16.9          | 14.3                         | 49         | 17.3         | 4,085         | 11.0         |
| 2021   | 16.9          | --                           | 42         | 17.5         | 3,087         | 9.9          |
| Middle   |               |                              |            |              |               |              |
| 2020   | 22.4          | 16.7                         | 53         | 18.7         | 6,191         | 16.7         |
| 2021   | 22.4          | --                           | 50         | 20.8         | 5,494         | 17.7         |
| Upper  |               |                              |            |              |               |              |
| 2020   | 41.0          | 35.0                         | 120        | 42.3         | 18,937        | 51.1         |
| 2021   | 41.0          | --                           | 95         | 39.6         | 14,860        | 47.7         |
| Not Available  |               |                              |            |              |               |              |
| 2020   | 0.0           | 29.0                         | 44         | 15.5         | 6,895         | 18.6         |
| 2021   | 0.0           | --                           | 38         | 15.8         | 6,635         | 21.3         |
| <b>Totals</b>  |               |                              |            |              |               |              |
| <b>2020</b>  | <b>100.0</b>  | <b>100.0</b>                 | <b>284</b> | <b>100.0</b> | <b>37,077</b> | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>  | <b>--</b>                    | <b>240</b> | <b>100.0</b> | <b>31,129</b> | <b>100.0</b> |

Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

### ***Small Farm Loans***

The distribution of small farm loans represents excellent penetration among farms of different revenue sizes in the assessment area. The lending percentage to farms with gross annual revenues of \$1 million or less is significantly greater than aggregate lending data. See the following table for details.

| <b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>   |                   |                                     |            |              |                 |              |
|--|-------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>   | <b>% of Farms</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>&lt;=\$1,000,000</b>  |                   |                                     |            |              |                 |              |
| 2020   | 99.2              | 83.6                                | 158        | 96.3         | 11,015          | 94.9         |
| 2021   | 99.3              | --                                  | 320        | 97.9         | 10,748          | 94.8         |
| <b>&gt;\$1,000,000</b>   |                   |                                     |            |              |                 |              |
| 2020   | 0.0               | --                                  | 4          | 2.4          | 513             | 4.4          |
| 2021   | 0.0               | --                                  | 0          | 0.0          | 0               | 0.0          |
| <b>Revenue Not Available</b>   |                   |                                     |            |              |                 |              |
| 2020   | 0.8               | --                                  | 2          | 1.2          | 75              | 0.6          |
| 2021   | 0.8               | --                                  | 7          | 2.1          | 585             | 5.2          |
| <b>Totals</b>  |                   |                                     |            |              |                 |              |
| <b>2020</b>  | <b>100.0</b>      | <b>100.0</b>                        | <b>164</b> | <b>100.0</b> | <b>11,603</b>   | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>      | <b>--</b>                           | <b>327</b> | <b>100.0</b> | <b>11,333</b>   | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i> |                   |                                     |            |              |                 |              |

### **Community Development Loans**

First State Community Bank is a leader in making community development loans in the South Central Assessment Area. Specifically, the bank originated or renewed 16 loans totaling \$32.2 million during the evaluation period that benefited this assessment area. This level of lending represents a significant increase since the previous evaluation in which the bank received consideration for seven loans totaling \$3.4 million.

The loans originated primarily promoted economic development initiatives or revitalization/stabilization efforts in low- and moderate-income areas. For example, the bank made a loan for \$7.6 million for improvements to a waste water treatment plant that helped revitalize/stabilize the area.

### **INVESTMENT TEST**

First State Community Bank demonstrated outstanding performance under the Investment Test in the South Central Assessment Area, which is primarily demonstrated by the level of investment activity and responsiveness to credit and community development needs.

### **Investment and Grant Activity**

First State Community Bank has an excellent level of qualified community development investments and grants in the South Central Assessment Area. During the evaluation period, the bank received consideration for 72 investments and donations totaling \$3.3 million that benefited

the assessment area. This level of investment activity represents a notable increase since the previous evaluation in which the bank received consideration for 12 investments and donations totaling \$2.2 million.

The bank promoted community development through investments and donations that served to provide community services targeted to low- and moderate-income individuals. For example, the bank purchased \$500,000 in bonds that benefited a school district in which a majority of the students receive free or reduced-price lunch.

### **Responsiveness to Credit and Community Development Needs**

The institution exhibits excellent responsiveness to credit and community development needs in the South Central Assessment Area. The bank's investments are structured to meet key community development needs, such as community services targeted to low- and moderate-income individuals.

### **Community Development Initiatives**

First State Community Bank occasionally uses innovative and/or complex investments to support community development initiatives in the South Central Assessment Area. The majority of the qualified investments in the assessment area represent those routinely provided by private investors.

## **SERVICE TEST**

First State Community Bank demonstrated outstanding performance under the Service Test in the South Central Assessment Area. The bank's retail banking services and the overall impact of the community development services provided during the review period supports this conclusion.

### **Accessibility of Delivery Systems**

The institution's delivery systems are readily accessible to all portions of the South Central Assessment Area. Delivery systems in this assessment area are consistent with those described at the institution level.

### **Changes in Branch Locations**

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank acquired two branches in middle-income census tracts via merger in August 2020. In November 2020, the bank closed the acquired Owensville office.

### **Reasonableness of Business Hours and Services**

The bank's services, including business hours, do not vary in a way that inconveniences certain portions of the South Central Assessment Area, particularly low- and moderate-income geographies and/or individuals. Business hours and services in the assessment area are consistent with the institution's overall performance.

**Community Development Services**

First State Community Bank is a leader in providing community development services with 94 qualifying services that benefited the South Central Assessment Area. Community development services in this assessment area are consistent with the bank-wide focus on community services targeted to low- and moderate-income individuals through FSCB IMPACT. In addition, there are a number of qualifying services involving financial literacy at schools in which a majority of students receive free or reduced-price lunch. Finally, bank staff has provided financial or technical expertise to qualifying community development organizations in the assessment area.

**BOOTHEEL ASSESSMENT AREA – Full-Scope Review**

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE BOOTHEEL ASSESSMENT AREA**

The Bootheel Assessment Area includes the entireties of Dunklin, New Madrid, Pemiscot, and Scott counties. There have been no changes to this assessment area since the previous evaluation. This assessment area accounts for 8.6 percent of the bank’s outstanding loan portfolio, 5.5 percent of total deposits, and 8.9 percent of total branches. The following table details how branches and ATMs are dispersed throughout the assessment area. There are no low-income census tracts in the assessment area.

| <b>Branch and ATM Distribution by Geography Income Level</b> |                      |              |                   |              |                 |              |             |              |                        |            |                        |            |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|-------------|--------------|------------------------|------------|------------------------|------------|
| <b>Tract Income Level</b>                                    | <b>Census Tracts</b> |              | <b>Population</b> |              | <b>Branches</b> |              | <b>ATMs</b> |              | <b>Opened Branches</b> |            | <b>Closed Branches</b> |            |
|  | <b>#</b>             | <b>%</b>     | <b>#</b>          | <b>%</b>     | <b>#</b>        | <b>%</b>     | <b>#</b>    | <b>%</b>     | <b>#</b>               | <b>%</b>   | <b>#</b>               | <b>%</b>   |
| Low  | 0                    | 0.0          | 0                 | 0.0          | 0               | 0.0          | 0           | 0.0          | 0                      | 0.0        | 0                      | 0.0        |
| Moderate   | 11                   | 34.4         | 35,993            | 33.7         | 2               | 40.0         | 2           | 40.0         | 0                      | 0.0        | 0                      | 0.0        |
| Middle   | 19                   | 59.4         | 65,779            | 61.6         | 2               | 40.0         | 2           | 40.0         | 0                      | 0.0        | 0                      | 0.0        |
| Upper  | 2                    | 6.2          | 5,099             | 4.7          | 1               | 20.0         | 1           | 20.0         | 0                      | 0.0        | 0                      | 0.0        |
| <b>Totals</b>  | <b>32</b>            | <b>100.0</b> | <b>106,871</b>    | <b>100.0</b> | <b>5</b>        | <b>100.0</b> | <b>5</b>    | <b>100.0</b> | <b>0</b>               | <b>0.0</b> | <b>0</b>               | <b>0.0</b> |

*Source: 2015 ACS Data & Bank Data  
Due to rounding, totals may not equal 100.0*

**Economic and Demographic Data**

The following table illustrates select demographic characteristics of the assessment area.

| Demographic Information of the Assessment Area   |         |            |                      |               |              |
|--|---------|------------|----------------------|---------------|--------------|
| Demographic Characteristics  | #       | Low % of # | Moderate % of #      | Middle % of # | Upper % of # |
| Geographies (Census Tracts)  | 32      | 0.0        | 34.4                 | 59.4          | 6.3          |
| Population by Geography  | 106,871 | 0.0        | 33.7                 | 61.5          | 4.8          |
| Housing Units by Geography   | 47,995  | 0.0        | 34.9                 | 60.0          | 5.1          |
| Owner-Occupied Units by Geography  | 26,534  | 0.0        | 30.0                 | 64.4          | 5.6          |
| Occupied Rental Units by Geography   | 15,558  | 0.0        | 42.4                 | 53.4          | 4.2          |
| Vacant Units by Geography  | 5,903   | 0.0        | 37.4                 | 57.4          | 5.1          |
| Businesses by Geography  | 5,712   | 0.0        | 38.3                 | 54.3          | 7.4          |
| Farms by Geography   | 644     | 0.0        | 25.6                 | 65.4          | 9.0          |
| Family Distribution by Income Level  | 27,820  | 26.4       | 19.4                 | 18.5          | 35.8         |
| Household Distribution by Income Level   | 42,092  | 29.6       | 16.3                 | 17.7          | 36.4         |
| Median Family Income Non-MSAs - MO   |         | \$48,341   | Median Housing Value |               | \$80,759     |
| Families Below Poverty Level   |         | 19.0%      | Median Gross Rent    |               | \$549        |
| <i>Source: 2015 ACS and 2021 D&amp;B Data<br/>Due to rounding, totals may not equal 100.0%</i> |         |            |                      |               |              |

The 2020 and 2021 FFIEC-updated median family income figures for the non-metropolitan portion of Missouri were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

| Median Family Income Ranges |           |                       |                       |             |
|-----------------------------|-----------|-----------------------|-----------------------|-------------|
| Median Family Incomes       | Low <50%  | Moderate 50% to <80%  | Middle 80% to <120%   | Upper ≥120% |
| 2020 (\$54,400)             | <\$27,200 | \$27,200 to <\$43,520 | \$43,520 to <\$65,280 | ≥\$65,280   |
| 2021 (\$55,700)             | <\$27,850 | \$27,850 to <\$44,560 | \$44,560 to <\$66,840 | ≥\$66,840   |
| <i>Source: FFIEC</i>        |           |                       |                       |             |

### **Competition**

There is a moderate level of competition for financial services in the Bootheel Assessment Area. According to FDIC Deposit Market Share data as of June 30, 2022, there are 17 financial institutions that operate 42 branches within the assessment area. Of these institutions, First State Community Bank ranked fourth in market share with 7.1 percent of the deposits.

To illustrate the level of competition and demand for home mortgage, small business, and small farm loans, 2020 HMDA and CRA aggregate lending data shows numerous lenders originating loans in the area. Specifically, 132 lenders reported 2,122 residential mortgage loans; 67 lenders

reported 1,579 small business loans; and 18 lenders reported 397 small farm loans originated in the assessment area.

### **Community Contact**

Examiners reviewed a recent community contact interview conducted with a representative from a government agency familiar with the assessment area. The individual indicated that there is a relatively high poverty level in the area; however, economic conditions are positive, with growth in local businesses. The contact indicated that the younger population tends to move away to larger towns such as Cape Girardeau and St. Louis. The contact indicated a need for financial literacy training in the area, specifically to middle-aged residents. It was noted that local financial institutions are meeting the credit needs of the area. The contact stated that the greatest credit needs in the area include small business and agricultural lending.

### **Credit and Community Development Needs and Opportunities**

Bank management categorized the overall economy in the assessment area as stable; however, notes that hiring is still an issue, as it seems to be everywhere. The population in the area is stable to slightly declining. Management indicated that loan demand has been steady, with a slight decline in recent months due to rising interest rates. Similarly, the housing market is also beginning to slow due to rising interest rates.

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business, small farm, and home mortgage loans represent the primary credit needs in the assessment area. Opportunities exist for originating such loans, as indicated by the percentages of small businesses, small farms, and families in the assessment area. Based on relevant information, examiners determined that the assessment area has community development needs and opportunities that include economic development, revitalization and stabilization, affordable housing, and community services targeted to low- and moderate-income individuals.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE BOOTHEEL ASSESSMENT AREA**

### **LENDING TEST**

First State Community Bank demonstrated outstanding performance under the Lending Test in the Bootheel Assessment Area. The bank's cumulative Lending Test performance factors support this conclusion.

### **Lending Activity**

First State Community Bank's lending activity in the Bootheel Assessment Area reflects excellent responsiveness to assessment area credit needs. In total, 8.6 percent of the bank's loans were originated or purchased in the Bootheel Assessment Area. In addition, the bank ranked no lower than fourth in market share in the assessment area for all three loan products reviewed. Specifically, 2020 aggregate lending data shows that First State Community Bank had a market share of 19.3 percent for small business lending, 7.6 percent for home mortgage lending, and 9.1 percent for small farm lending.

Approximately 6.5 percent, 10.3 percent, and 5.2 percent of the bank’s 2020 reported home mortgage, small business, and small farm loans, respectively, were originated or purchased in the assessment area. This lending activity consisted of 502 home mortgage, small business, and small farm loans totaling \$52.2 million. In 2021, 6.2 percent, 8.9 percent, and 5.0 percent of reported home mortgage, small business, and small farm loans, respectively, were originated or purchased in the assessment area. This lending activity consisted of 465 home mortgage, small business, and small farm loans totaling \$39.4 million. In addition, the bank received consideration for 11 community development loans totaling \$24.2 million in this assessment area during the evaluation period.

**Geographic Distribution**

Overall, the geographic distribution of loans reflects excellent penetration throughout the Bootheel Assessment Area, including moderate-income census tracts. There are no low-income census tracts in the assessment area. The geographic distribution of small business, home mortgage, and small farm loans reflects excellent penetration throughout the assessment area.

***Small Business Loans***

The geographic distribution of small business lending reflects excellent penetration throughout the assessment area. The lending percentage in moderate-income census tracts significantly exceeds aggregate lending performance. See the following table for details.

| <b>Geographic Distribution of Small Business Loans</b> |                        |                                     |            |              |                 |              |
|--|------------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>                              | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate   |                        |                                     |            |              |                 |              |
| 2020   | 38.0                   | 29.6                                | 119        | 39.1         | 8,791           | 37.8         |
| 2021   | 38.3                   | --                                  | 108        | 41.2         | 6,317           | 33.9         |
| Middle   |                        |                                     |            |              |                 |              |
| 2020   | 54.7                   | 63.7                                | 148        | 48.7         | 10,938          | 47.0         |
| 2021   | 54.3                   | --                                  | 126        | 48.1         | 11,626          | 62.4         |
| Upper  |                        |                                     |            |              |                 |              |
| 2020   | 7.2                    | 6.7                                 | 37         | 12.2         | 3,524           | 15.2         |
| 2021   | 7.4                    | --                                  | 28         | 10.7         | 703             | 3.8          |
| <b>Totals</b>  |                        |                                     |            |              |                 |              |
| <b>2020</b>  | <b>100.0</b>           | <b>100.0</b>                        | <b>304</b> | <b>100.0</b> | <b>23,253</b>   | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>           | <b>--</b>                           | <b>262</b> | <b>100.0</b> | <b>18,646</b>   | <b>100.0</b> |

*Source: 2020 & 2021 D&B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

### ***Home Mortgage Loans***

The geographic distribution of home mortgage lending reflects excellent penetration throughout the assessment area. As shown in the following table, the lending percentage in moderate-income census tracts significantly exceeds aggregate lending performance.

| <b>Geographic Distribution of Home Mortgage Loans</b>   |  |                                     |            |              |                 |              |
|---|--|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate  |  |                                     |            |              |                 |              |
| 2020  | 30.0                                     | 19.8                                | 51         | 31.5         | 4,044           | 16.7         |
| 2021  | 30.0                                     | --                                  | 37         | 26.8         | 2,750           | 19.6         |
| Middle  |  |                                     |            |              |                 |              |
| 2020  | 64.4                                     | 72.4                                | 94         | 58.0         | 10,855          | 44.9         |
| 2021  | 64.4                                     | --                                  | 90         | 65.2         | 9,508           | 67.9         |
| Upper   |  |                                     |            |              |                 |              |
| 2020  | 5.6                                      | 7.8                                 | 17         | 10.5         | 9,288           | 38.4         |
| 2021  | 5.6                                      | --                                  | 11         | 8.0          | 1,754           | 12.5         |
| <b>Totals</b>   |  |                                     |            |              |                 |              |
| <b>2020</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>162</b> | <b>100.0</b> | <b>24,186</b>   | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>                             | <b>--</b>                           | <b>138</b> | <b>100.0</b> | <b>14,012</b>   | <b>100.0</b> |
| <i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |  |                                     |            |              |                 |              |

### ***Small Farm Loans***

The geographic distribution of small farm lending reflects excellent penetration throughout the assessment area. The lending percentage in moderate-income census tracts exceeds aggregate lending performance by 8.6 percent. See the following table for details.

| <b>Geographic Distribution of Small Farm Loans</b>   |                   |                                     |           |              |                 |              |
|--|-------------------|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>  | <b>% of Farms</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate   |                   |                                     |           |              |                 |              |
| 2020   | 26.4              | 24.7                                | 12        | 33.3         | 2,153           | 44.8         |
| 2021   | 25.6              | --                                  | 19        | 29.2         | 2,107           | 31.2         |
| Middle   |                   |                                     |           |              |                 |              |
| 2020   | 65.0              | 68.3                                | 23        | 63.9         | 2,608           | 54.2         |
| 2021   | 65.4              | --                                  | 42        | 64.6         | 4,341           | 64.2         |
| Upper  |                   |                                     |           |              |                 |              |
| 2020   | 8.6               | 7.1                                 | 1         | 2.8          | 50              | 1.0          |
| 2021   | 9.0               | --                                  | 4         | 6.2          | 313             | 4.6          |
| <b>Totals</b>  |                   |                                     |           |              |                 |              |
| <b>2020</b>  | <b>100.0</b>      | <b>100.0</b>                        | <b>36</b> | <b>100.0</b> | <b>4,811</b>    | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>      | <b>--</b>                           | <b>65</b> | <b>100.0</b> | <b>6,761</b>    | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                   |                                     |           |              |                 |              |

### **Borrower Profile**

Overall, the distribution of borrowers reflects excellent performance for this criterion. The distribution of borrowers reflects excellent penetration for small business and small farm lending, and good penetration for home mortgage lending.

### ***Small Business Loans***

The distribution of small business loans reflects excellent penetration among businesses of different revenue sizes in the assessment area. As detailed in the following table, the lending percentage to businesses with gross annual revenues of \$1 million or less exceeds aggregate lending performance by 10.1 percent.

| Distribution of Small Business Loans by Gross Annual Revenue Category   |                 |                              |            |              |               |              |
|---|-----------------|------------------------------|------------|--------------|---------------|--------------|
| Gross Revenue Level   | % of Businesses | Aggregate Performance % of # | #          | %            | \$(000s)      | %            |
| <b>&lt;=\$1,000,000</b>   |                 |                              |            |              |               |              |
| 2020  | 74.6            | 43.5                         | 163        | 53.6         | 8,708         | 37.4         |
| 2021  | 76.8            | --                           | 211        | 80.5         | 11,942        | 64.0         |
| <b>&gt;\$1,000,000</b>  |                 |                              |            |              |               |              |
| 2020  | 6.5             | --                           | 46         | 15.1         | 9,369         | 40.3         |
| 2021  | 6.0             | --                           | 36         | 13.7         | 5,411         | 29.0         |
| <b>Revenue Not Available</b>  |                 |                              |            |              |               |              |
| 2020  | 19.0            | --                           | 95         | 31.3         | 5,176         | 22.3         |
| 2021  | 17.2            | --                           | 15         | 5.7          | 1,293         | 6.9          |
| <b>Totals</b>   |                 |                              |            |              |               |              |
| <b>2020</b>   | <b>100.0</b>    | <b>100.0</b>                 | <b>304</b> | <b>100.0</b> | <b>23,253</b> | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>    | <b>--</b>                    | <b>262</b> | <b>100.0</b> | <b>18,646</b> | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available.<br/>           Due to rounding, totals may not equal 100.0%</i> |                 |                              |            |              |               |              |

### ***Home Mortgage Loans***

The distribution of home mortgage lending in the assessment area reflects good penetration to individuals of different income levels, including low- and moderate-income individuals. The lending percentages to low- and moderate-income borrowers compare reasonably to aggregate lending performance, as displayed in the following table.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level</b>   |                      |                                     |            |              |                 |              |
|---|----------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Borrower Income Level</b>  | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>  |                      |                                     |            |              |                 |              |
| 2020  | 26.4                 | 5.3                                 | 4          | 2.5          | 249             | 1.0          |
| 2021  | 26.4                 | --                                  | 5          | 3.6          | 251             | 1.8          |
| <b>Moderate</b>   |                      |                                     |            |              |                 |              |
| 2020  | 19.4                 | 14.2                                | 27         | 16.7         | 2,177           | 9.0          |
| 2021  | 19.4                 | --                                  | 23         | 16.7         | 1,891           | 13.5         |
| <b>Middle</b>   |                      |                                     |            |              |                 |              |
| 2020  | 18.5                 | 18.4                                | 31         | 19.1         | 3,020           | 12.5         |
| 2021  | 18.5                 | --                                  | 28         | 20.3         | 1,896           | 13.5         |
| <b>Upper</b>  |                      |                                     |            |              |                 |              |
| 2020  | 35.8                 | 37.2                                | 64         | 39.5         | 13,022          | 53.8         |
| 2021  | 35.8                 | --                                  | 59         | 42.8         | 7,655           | 54.6         |
| <b>Not Available</b>  |                      |                                     |            |              |                 |              |
| 2020  | 0.0                  | 24.9                                | 36         | 22.2         | 5,718           | 23.6         |
| 2021  | 0.0                  | --                                  | 23         | 16.7         | 2,319           | 16.6         |
| <b>Totals</b>   |                      |                                     |            |              |                 |              |
| <b>2020</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>162</b> | <b>100.0</b> | <b>24,186</b>   | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>         | <b>--</b>                           | <b>138</b> | <b>100.0</b> | <b>14,012</b>   | <b>100.0</b> |
| <i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                      |                                     |            |              |                 |              |

### ***Small Farm Loans***

The distribution of small farm loans represents excellent penetration among farms of different revenue sizes in the assessment area. The lending percentage to farms with gross annual revenues of \$1 million or less significantly exceeds aggregate lending performance. See the following table for details.

| Distribution of Small Farm Loans by Gross Annual Revenue Category  |              |                              |           |              |              |              |
|--|--------------|------------------------------|-----------|--------------|--------------|--------------|
| Gross Revenue Level  | % of Farms   | Aggregate Performance % of # | #         | %            | \$(000s)     | %            |
| <b>&lt;=\$1,000,000</b>  |              |                              |           |              |              |              |
| 2020   | 94.4         | 49.1                         | 26        | 72.2         | 3,214        | 66.8         |
| 2021   | 94.6         | --                           | 50        | 76.9         | 3,905        | 57.8         |
| <b>&gt;\$1,000,000</b>   |              |                              |           |              |              |              |
| 2020   | 3.6          | --                           | 3         | 8.3          | 740          | 15.4         |
| 2021   | 3.7          | --                           | 13        | 20.0         | 1,856        | 27.5         |
| <b>Revenue Not Available</b>   |              |                              |           |              |              |              |
| 2020   | 2.0          | --                           | 7         | 19.4         | 857          | 17.8         |
| 2021   | 1.7          | --                           | 2         | 3.1          | 1,000        | 14.8         |
| <b>Totals</b>  |              |                              |           |              |              |              |
| <b>2020</b>  | <b>100.0</b> | <b>100.0</b>                 | <b>36</b> | <b>100.0</b> | <b>4,811</b> | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b> | <b>--</b>                    | <b>65</b> | <b>100.0</b> | <b>6,761</b> | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |              |                              |           |              |              |              |

### **Community Development Loans**

First State Community Bank is a leader in making community development loans in the Bootheel Assessment Area. Specifically, the bank originated or renewed 11 loans totaling \$24.2 million during the evaluation period that benefited this assessment area. This level of lending represents a significant increase since the previous evaluation in which the bank received consideration for seven loans totaling \$3.4 million. The loans made served to provide community services targeted to low- and moderate-income individuals and to revitalize or stabilize low- and moderate-income census tracts. For example, the bank made a loan for \$850,000 in 2021 to update the local emergency response system, which helps revitalize/stabilize the area.

### **INVESTMENT TEST**

First State Community Bank demonstrated outstanding performance under the Investment Test in the Bootheel Assessment Area, which is primarily demonstrated by the level of investment activity.

### **Investment and Grant Activity**

First State Community Bank has an excellent level of qualified community development investments and grants in the Bootheel Assessment Area. The bank promoted community development through investments and donations that served to provide community services targeted to low- and moderate-income individuals. For example, during the evaluation period the bank purchased \$1.0 million in school bonds for a district in which a majority of the students receive free or reduced-price lunch.

During the evaluation period, the bank received consideration for 60 investments and donations totaling \$7.2 million that benefited the assessment area. This level of investment activity represents a significant increase from the previous evaluation in which the bank received consideration for 12 investments and donations totaling \$2.2 million.

### **Responsiveness to Credit and Community Development Needs**

The institution exhibits good responsiveness to credit and community development needs in the Bootheel Assessment Area. This conclusion is consistent with the bank's performance overall.

### **Community Development Initiatives**

First State Community Bank occasionally uses innovative and/or complex investments to support community development initiatives in the Bootheel Assessment Area. The majority of the qualified investments in the assessment area represent those routinely provided by private investors.

## **SERVICE TEST**

First State Community Bank demonstrated outstanding performance under the Service Test in the Bootheel Assessment Area. The bank's retail banking services and the overall impact of the community development services provided during the review period supports this conclusion.

### **Accessibility of Delivery Systems**

The institution's delivery systems are readily accessible to all portions of the Bootheel Assessment Area. Delivery systems in this assessment area are consistent with those described at the institution level.

### **Changes in Branch Locations**

No offices were opened or closed in this assessment area during the review period.

### **Reasonableness of Business Hours and Services**

The bank's services, including business hours, do not vary in a way that inconveniences certain portions of the Bootheel Assessment Area, particularly low- and moderate-income geographies and/or individuals. Business hours and services in the assessment area are consistent with the institution's overall performance.

### **Community Development Services**

First State Community Bank is a leader in providing community development services with 32 qualifying services that benefited the Bootheel Assessment Area. Community development services in this assessment area are consistent with the bank-wide focus on community services targeted to low- and moderate-income individuals through FSCB IMPACT. In addition, there are a number of qualifying services involving financial literacy at schools in which a majority of students receive free or reduced-price lunch. Finally, bank staff has provided financial or technical expertise to qualifying community development organizations in the assessment area.

## CAPE GIRARDEAU ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE CAPE GIRARDEAU ASSESSMENT AREA

The Cape Girardeau Assessment Area includes the entirety of Cape Girardeau County, which is part of the Cape Girardeau, Missouri-Illinois MSA. There have been no changes to this assessment area since the previous evaluation. This assessment area accounts for 7.6 percent of the bank’s outstanding loan portfolio, 7.4 percent of total deposits, and 5.4 percent of total branches. The following table details how branches and ATMs are dispersed throughout the assessment area.

| <b>Branch and ATM Distribution by Geography Income Level</b> |                      |              |                   |              |                 |              |             |              |                      |              |                        |            |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|-------------|--------------|----------------------|--------------|------------------------|------------|
| <b>Tract Income Level</b>                                    | <b>Census Tracts</b> |              | <b>Population</b> |              | <b>Branches</b> |              | <b>ATMs</b> |              | <b>Open Branches</b> |              | <b>Closed Branches</b> |            |
|  | #                    | %            | #                 | %            | #               | %            | #           | %            | #                    | %            | #                      | %          |
| Low  | 1                    | 6.3          | 2,492             | 3.2          | 0               | 0.0          | 0           | 0.0          | 0                    | 0.0          | 0                      | 0.0        |
| Moderate   | 3                    | 18.7         | 7,918             | 10.2         | 0               | 0.0          | 0           | 0.0          | 0                    | 0.0          | 0                      | 0.0        |
| Middle   | 9                    | 56.3         | 52,057            | 64.3         | 2               | 66.7         | 2           | 100.0        | 0                    | 0.0          | 0                      | 0.0        |
| Upper  | 3                    | 18.7         | 15,139            | 19.5         | 1               | 33.3         | 0           | 0.0          | 0                    | 0.0          | 0                      | 0.0        |
| <b>Totals</b>  | <b>16</b>            | <b>100.0</b> | <b>77,606</b>     | <b>100.0</b> | <b>3</b>        | <b>100.0</b> | <b>2</b>    | <b>100.0</b> | <b>0</b>             | <b>100.0</b> | <b>0</b>               | <b>0.0</b> |

*Source: 2015 ACS Data & Bank Data  
Due to rounding, totals may not equal 100.0*

#### **Economic and Demographic Data**

The following table illustrates select demographic characteristics of this assessment area.

| Demographic Information of the Assessment Area      |        |            |                      |               |              |
|---|--------|------------|----------------------|---------------|--------------|
| Demographic Characteristics                         | #      | Low % of # | Moderate % of #      | Middle % of # | Upper % of # |
| Geographies (Census Tracts)                         | 16     | 6.3        | 18.8                 | 56.3          | 18.8         |
| Population by Geography                             | 77,606 | 3.2        | 10.2                 | 67.1          | 19.5         |
| Housing Units by Geography                          | 32,904 | 4.1        | 11.4                 | 63.9          | 20.6         |
| Owner-Occupied Units by Geography                   | 19,167 | 2.0        | 6.4                  | 68.6          | 23.0         |
| Occupied Rental Units by Geography                  | 10,628 | 6.9        | 18.1                 | 57.7          | 17.3         |
| Vacant Units by Geography                           | 3,109  | 7.2        | 19.4                 | 56.2          | 17.2         |
| Businesses by Geography                             | 6,352  | 3.5        | 9.8                  | 66.5          | 20.2         |
| Farms by Geography                                  | 323    | 0.9        | 2.8                  | 84.5          | 11.8         |
| Family Distribution by Income Level                 | 18,991 | 19.6       | 15.9                 | 21.3          | 43.3         |
| Household Distribution by Income Level              | 29,795 | 22.7       | 15.7                 | 17.0          | 44.6         |
| Median Family Income - Cape Girardeau, MO-IL MSA    |        | \$56,012   | Median Housing Value |               | \$137,506    |
| Families Below Poverty Level                        |        | 11.3%      | Median Gross Rent    |               | \$700        |
| <i>Source: 2015 ACS and 2021 D&amp;B Data</i>       |        |            |                      |               |              |
| <i>Due to rounding, totals may not equal 100.0%</i> |        |            |                      |               |              |

The 2020 and 2021 FFIEC-updated median family income figures for the Cape Girardeau, Missouri-Illinois MSA were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

| Median Family Income Ranges |           |                       |                       |             |
|-----------------------------|-----------|-----------------------|-----------------------|-------------|
| Median Family Incomes       | Low <50%  | Moderate 50% to <80%  | Middle 80% to <120%   | Upper ≥120% |
| 2020 (\$67,000)             | <\$33,500 | \$33,500 to <\$53,600 | \$53,600 to <\$80,400 | ≥\$80,400   |
| 2021 (\$62,800)             | <\$31,400 | \$31,400 to <\$50,240 | \$50,240 to <\$75,360 | ≥\$75,360   |
| <i>Source: FFIEC</i>        |           |                       |                       |             |

### **Competition**

There is a moderate level of competition for financial services in the Cape Girardeau Assessment Area. According to FDIC Deposit Market Share data as of June 30, 2022, there are 15 financial institutions that operate 38 branches within the assessment area. Of these institutions, First State Community Bank ranked fifth in market share with 8.4 percent of the assessment area's deposits.

To illustrate the level of competition and demand for home mortgage, small business, and small farm loans, 2020 HMDA and CRA aggregate lending data shows numerous lenders originating loans in the area. Specifically, 177 lenders reported 4,285 residential mortgage loans; 67 lenders

reported 2,094 small business loans; and 10 lenders reported 183 small farm loans originated in the assessment area.

### **Community Contact**

Examiners reviewed a recent community contact interview conducted with representatives from an economic development organization. The contact categorized the area's economy as stable and could not identify any unmet community needs regarding banking products and services. The contact stated that the area is well banked and local financial institutions are meeting the banking needs of the community, including home mortgage and small business credit needs. The contact indicated that home mortgage loans would likely be the area's greatest credit need. The contact was generally satisfied with the level of banking products and services offered in the community by all financial institutions. Overall, the contact indicated that financial institutions have been responsive to the area's credit needs.

### **Credit and Community Development Needs and Opportunities**

Bank management categorized the overall economy in the assessment area as strong. Management indicated that Cape Girardeau manages to avoid big economic swings. The housing market and demand for home loans tends to slow as interest rates increase. Affordable housing for lower income individuals is a necessity in the assessment area.

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and home mortgage loans represent the primary credit needs for the assessment area. Many opportunities exist for originating such loans, as indicated by the percentages of small businesses and families in this assessment area. Based on relevant information, examiners determined that the assessment area has community development needs and opportunities that include economic development, revitalization and stabilization, affordable housing, and community services targeted to low- and moderate-income individuals.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE CAPE GIRARDEAU ASSESSMENT AREA**

### **LENDING TEST**

First State Community Bank demonstrated high satisfactory performance under the Lending Test in the Cape Girardeau Assessment Area. The bank's cumulative Lending Test performance factors support this conclusion.

### **Lending Activity**

First State Community Bank's lending activity in the Cape Girardeau Assessment Area reflects excellent responsiveness to assessment area credit needs. In total, 7.6 percent of the bank's loans were originated or purchased in the Cape Girardeau Assessment Area. In addition, the bank ranked first in market share for small business and home mortgage lending and ranked sixth in market share for small farm lending. Specifically, 2020 aggregate lending data shows that First State Community Bank had a market share of 11.5 percent for small business lending, 6.6 percent for home mortgage lending, and 6.6 percent for small farm lending.

Approximately 11.4 percent, 8.2 percent, and 1.7 percent of the bank’s 2020 reported home mortgage, small business, and small farm loans, respectively, were originated or purchased in the assessment area. This lending activity consisted of 536 home mortgage, small business, and small farm loans totaling \$71.9 million. In 2021, approximately 9.9 percent, 6.9 percent, and 3.5 percent of reported home mortgage, small business, and small farm loans, respectively, were originated or purchased in the assessment area. This lending activity consists of 470 home mortgage, small business, and small farm loans totaling \$52.8 million. In addition, the bank received consideration for six community development loans totaling \$22.1 million in this assessment area during the evaluation period.

**Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout this assessment area, including low- and moderate-income census tracts. The geographic distribution of small business and small farm loans reflects adequate penetration throughout the assessment area, and the distribution of home mortgage loans reflects good penetration throughout the assessment area.

***Small Business Loans***

The geographic distribution of small business lending reflects adequate penetration throughout the assessment area. The lending percentage in low- and moderate-income census tracts is generally comparable to aggregate lending data. See the following table for details.

| <b>Geographic Distribution of Small Business Loans</b> |                        |                                     |            |              |                 |              |
|--|------------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>                              | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Low  |                        |                                     |            |              |                 |              |
| 2020   | 3.5                    | 3.3                                 | 4          | 1.7          | 61              | 0.4          |
| 2021   | 3.5                    | --                                  | 2          | 1.0          | 59              | 0.5          |
| Moderate   |                        |                                     |            |              |                 |              |
| 2020   | 9.7                    | 10.6                                | 15         | 6.2          | 1,349           | 8.6          |
| 2021   | 9.8                    | --                                  | 13         | 6.3          | 793             | 6.3          |
| Middle   |                        |                                     |            |              |                 |              |
| 2020   | 66.5                   | 67.7                                | 173        | 72.1         | 10,992          | 70.0         |
| 2021   | 66.5                   | --                                  | 154        | 75.1         | 8,998           | 71.4         |
| Upper  |                        |                                     |            |              |                 |              |
| 2020   | 20.4                   | 18.5                                | 48         | 20.0         | 3,307           | 21.1         |
| 2021   | 20.2                   | --                                  | 36         | 17.6         | 2,744           | 21.8         |
| <b>Totals</b>  |                        |                                     |            |              |                 |              |
| <b>2020</b>  | <b>100.0</b>           | <b>100.0</b>                        | <b>240</b> | <b>100.0</b> | <b>15,709</b>   | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>           | <b>--</b>                           | <b>205</b> | <b>100.0</b> | <b>12,594</b>   | <b>100.0</b> |

*Source: 2020 & 2021 D&B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

### ***Home Mortgage Loans***

The geographic distribution of home mortgage lending reflects good penetration throughout the assessment area. As detailed in the following table, the lending percentage in low- and moderate-income census tracts is comparable to aggregate lending data.

| <b>Geographic Distribution of Home Mortgage Loans</b> |  |                                     |            |              |                 |              |
|---|--|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>                             | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Low   |  |                                     |            |              |                 |              |
| 2020  | 2.0                                      | 0.6                                 | 5          | 1.8          | 192             | 0.4          |
| 2021  | 2.0                                      | --                                  | 2          | 0.9          | 572             | 1.5          |
| Moderate  |  |                                     |            |              |                 |              |
| 2020  | 6.4                                      | 3.7                                 | 15         | 5.3          | 2,496           | 4.6          |
| 2021  | 6.4                                      | --                                  | 13         | 5.9          | 904             | 2.3          |
| Middle  |  |                                     |            |              |                 |              |
| 2020  | 68.6                                     | 76.1                                | 222        | 78.2         | 45,312          | 82.8         |
| 2021  | 68.6                                     | --                                  | 165        | 75.3         | 31,565          | 81.4         |
| Upper   |  |                                     |            |              |                 |              |
| 2020  | 23.0                                     | 19.6                                | 42         | 14.8         | 6,725           | 12.3         |
| 2021  | 23.0                                     | --                                  | 39         | 17.8         | 5,737           | 14.8         |
| <b>Totals</b>   |  |                                     |            |              |                 |              |
| <b>2020</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>284</b> | <b>100.0</b> | <b>54,725</b>   | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>                             | <b>--</b>                           | <b>219</b> | <b>100.0</b> | <b>38,777</b>   | <b>100.0</b> |

*Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

### ***Small Farm Loans***

The geographic distribution of small farm lending reflects adequate penetration throughout the assessment area. While the bank did not make any small farm loans in low- or moderate-income tracts, there was no aggregate lending in those tracts. Further, demographic data shows there are limited farms in these low- and moderate-income census tracts. See the following table for details.

| <b>Geographic Distribution of Small Farm Loans</b>   |                   |                                     |           |              |                 |              |
|--|-------------------|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>  | <b>% of Farms</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>   |                   |                                     |           |              |                 |              |
| 2020   | 0.3               | 0.0                                 | 0         | 0.0          | 0               | 0.0          |
| 2021   | 0.9               | --                                  | 0         | 0.0          | 0               | 0.0          |
| <b>Moderate</b>  |                   |                                     |           |              |                 |              |
| 2020   | 2.4               | 0.0                                 | 0         | 0.0          | 0               | 0.0          |
| 2021   | 2.8               | --                                  | 0         | 0.0          | 0               | 0.0          |
| <b>Middle</b>  |                   |                                     |           |              |                 |              |
| 2020   | 85.0              | 97.8                                | 11        | 91.7         | 1,241           | 82.6         |
| 2021   | 84.5              | --                                  | 46        | 100.0        | 1,572           | 100.0        |
| <b>Upper</b>   |                   |                                     |           |              |                 |              |
| 2020   | 12.3              | 2.2                                 | 1         | 8.3          | 262             | 17.4         |
| 2021   | 11.8              | --                                  | 0         | 0.0          | 0               | 0.0          |
| <b>Totals</b>  |                   |                                     |           |              |                 |              |
| <b>2020</b>  | <b>100.0</b>      | <b>100.0</b>                        | <b>12</b> | <b>100.0</b> | <b>1,503</b>    | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>      | <b>--</b>                           | <b>46</b> | <b>100.0</b> | <b>1,572</b>    | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                   |                                     |           |              |                 |              |

### **Borrower Profile**

Overall, the distribution of borrowers reflects good performance for this criterion in the assessment area. The distribution of borrowers reflects good penetration for small business and home mortgage lending and excellent penetration for small farm lending.

### ***Small Business Loans***

The distribution of small business loans reflects good penetration among businesses of different revenue sizes in the assessment area. The lending percentage to businesses with gross annual revenues of \$1 million or less compares reasonably to aggregate lending data. See the following table for details.

| Distribution of Small Business Loans by Gross Annual Revenue Category   |                 |                              |            |              |               |              |
|---|-----------------|------------------------------|------------|--------------|---------------|--------------|
| Gross Revenue Level   | % of Businesses | Aggregate Performance % of # | #          | %            | \$(000s)      | %            |
| <b>&lt;=\$1,000,000</b>   |                 |                              |            |              |               |              |
| 2020  | 80.2            | 44.9                         | 122        | 50.8         | 7,909         | 50.3         |
| 2021  | 81.7            | --                           | 166        | 81.0         | 7,436         | 59.0         |
| <b>&gt;\$1,000,000</b>  |                 |                              |            |              |               |              |
| 2020  | 6.5             | --                           | 33         | 13.8         | 4,790         | 30.5         |
| 2021  | 6.0             | --                           | 27         | 13.2         | 4,791         | 38.0         |
| <b>Revenue Not Available</b>  |                 |                              |            |              |               |              |
| 2020  | 13.3            | --                           | 85         | 35.4         | 3,010         | 19.2         |
| 2021  | 12.3            | --                           | 12         | 5.9          | 367           | 2.9          |
| <b>Totals</b>   |                 |                              |            |              |               |              |
| <b>2020</b>   | <b>100.0</b>    | <b>100.0</b>                 | <b>240</b> | <b>100.0</b> | <b>15,709</b> | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>    | <b>--</b>                    | <b>205</b> | <b>100.0</b> | <b>12,594</b> | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available.<br/>           Due to rounding, totals may not equal 100.0%</i> |                 |                              |            |              |               |              |

### ***Home Mortgage Loans***

The distribution of home mortgage lending in the assessment area reflects good penetration to individuals of different income levels, including low- and moderate-income individuals. As detailed in the following table, the lending percentages to low- and moderate-income borrowers compare reasonably to aggregate lending data.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level</b>   |                      |                                     |            |              |                 |              |
|---|----------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Borrower Income Level</b>  | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>  |                      |                                     |            |              |                 |              |
| 2020  | 19.6                 | 6.9                                 | 15         | 5.3          | 1,350           | 2.5          |
| 2021  | 19.6                 | --                                  | 10         | 4.6          | 1,001           | 2.6          |
| <b>Moderate</b>   |                      |                                     |            |              |                 |              |
| 2020  | 15.9                 | 16.2                                | 39         | 13.7         | 5,269           | 9.6          |
| 2021  | 15.9                 | --                                  | 34         | 15.5         | 3,583           | 9.2          |
| <b>Middle</b>   |                      |                                     |            |              |                 |              |
| 2020  | 21.3                 | 20.7                                | 71         | 25.0         | 11,327          | 20.7         |
| 2021  | 21.3                 | --                                  | 42         | 19.2         | 5,835           | 15.0         |
| <b>Upper</b>  |                      |                                     |            |              |                 |              |
| 2020  | 43.3                 | 36.7                                | 114        | 40.1         | 22,957          | 41.9         |
| 2021  | 43.3                 | --                                  | 110        | 50.2         | 19,438          | 50.1         |
| <b>Not Available</b>  |                      |                                     |            |              |                 |              |
| 2020  | 0.0                  | 19.5                                | 45         | 15.8         | 13,823          | 25.3         |
| 2021  | 0.0                  | --                                  | 23         | 10.5         | 8,920           | 23.0         |
| <b>Totals</b>   |                      |                                     |            |              |                 |              |
| <b>2020</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>284</b> | <b>100.0</b> | <b>54,725</b>   | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>         | <b>--</b>                           | <b>219</b> | <b>100.0</b> | <b>38,777</b>   | <b>100.0</b> |
| <i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                      |                                     |            |              |                 |              |

### ***Small Farm Loans***

The distribution of small farm loans represents excellent penetration among farms of different revenue sizes in the assessment area. The lending percentage to farms with gross annual revenues of \$1 million or less significantly exceeds aggregate lending data. See the following table for details.

| Distribution of Small Farm Loans by Gross Annual Revenue Category |              |                              |           |              |              |              |
|---|--------------|------------------------------|-----------|--------------|--------------|--------------|
| Gross Revenue Level   | % of Farms   | Aggregate Performance % of # | #         | %            | \$(000s)     | %            |
| <=\$1,000,000   |              |                              |           |              |              |              |
| 2020  | 98.3         | 72.1                         | 10        | 83.3         | 1,203        | 80.0         |
| 2021  | 98.5         | --                           | 42        | 91.3         | 1,000        | 63.6         |
| >\$1,000,000  |              |                              |           |              |              |              |
| 2020  | 0.3          | --                           | 2         | 16.7         | 300          | 20.0         |
| 2021  | 0.3          | --                           | 3         | 6.5          | 570          | 36.3         |
| Revenue Not Available   |              |                              |           |              |              |              |
| 2020  | 1.4          | --                           | 0         | 0.0          | 0            | 0.0          |
| 2021  | 1.2          | --                           | 1         | 2.2          | 2            | 0.1          |
| <b>Totals</b>   |              |                              |           |              |              |              |
| <b>2020</b>   | <b>100.0</b> | <b>100.0</b>                 | <b>12</b> | <b>100.0</b> | <b>1,503</b> | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b> | <b>--</b>                    | <b>46</b> | <b>100.0</b> | <b>1,572</b> | <b>100.0</b> |

*Source: 2020 & 2021 D&B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available.  
Due to rounding, totals may not equal 100.0%*

### **Community Development Loans**

First State Community Bank has made an excellent level of community development loans in the Cape Girardeau Assessment Area. Specifically, the bank originated or renewed six loans totaling \$22.1 million during the evaluation period that benefited this assessment area. The loans made served to provide affordable housing and community services targeted to low- and moderate-income individuals. For example, during the evaluation period the bank extended a \$9.5 million loan to an entity that serves and employs low- and moderate-income individuals.

### **INVESTMENT TEST**

First State Community Bank demonstrated low satisfactory performance under the Investment Test in the Cape Girardeau Assessment Area, which is primarily demonstrated by the level of investment activity.

### **Investment and Grant Activity**

First State Community Bank has an adequate level of qualified community development investments and grants in the Cape Girardeau Assessment Area. The bank promoted community development through investments and donations that served to provide community services targeted to low- and moderate-income individuals. During the evaluation period, the bank received consideration for 29 investments and donations totaling \$239,000 that benefited the assessment area. For example, the bank invested \$207,000 in a school bond for district improvements for a school where a majority of students receive free or reduced-price lunch.

### **Responsiveness to Credit and Community Development Needs**

The institution exhibits good responsiveness to credit and community development needs in the Cape Girardeau Assessment Area. This conclusion is consistent with the bank's performance overall.

### **Community Development Initiatives**

First State Community Bank occasionally uses innovative and/or complex investments to support community development initiatives in the Cape Girardeau Assessment Area. The majority of the qualified investments in the assessment area represent those routinely provided by private investors.

### **SERVICE TEST**

First State Community Bank demonstrated outstanding performance under the Service Test in the Cape Girardeau Assessment Area. The bank's retail banking services and the overall impact of the community development services provided during the review period supports this conclusion.

### **Accessibility of Delivery Systems**

The institution's delivery systems are readily accessible to all portions of the Cape Girardeau Assessment Area. Delivery systems in this assessment area are consistent with those described at the institution level.

### **Changes in Branch Locations**

The bank has not opened or closed any offices in this assessment area since the previous evaluation.

### **Reasonableness of Business Hours and Services**

The bank's services, including business hours, do not vary in a way that inconveniences certain portions of the Cape Girardeau Assessment Area, particularly low- and moderate-income geographies and/or individuals. Business hours and services in the assessment area are consistent with the institution's overall performance.

### **Community Development Services**

First State Community Bank is a leader in providing community development services with 33 qualifying services that benefited the Cape Girardeau Assessment Area. Community development services in this assessment area are consistent with the bank-wide focus on community services targeted to low- and moderate-income individuals through FSCB IMPACT. In addition, there are a number of qualifying services involving financial literacy at schools in which a majority of students receive free or reduced-price lunch. Finally, bank staff has provided financial or technical expertise to qualifying community development organizations in the assessment area.

## COLUMBIA ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE COLUMBIA ASSESSMENT AREA

The Columbia Assessment Area includes Boone County and the census tracts that comprise Boonville in Cooper County, which are part of the Columbia, Missouri MSA. At the prior evaluation, Cooper County was not part of the Columbia, Missouri MSA and was evaluated as a separate assessment area. There have been no other changes to this assessment area since the previous evaluation. This assessment area accounts for 12.8 percent of the bank’s outstanding loan portfolio, 6.2 percent of total deposits, and 7.1 percent of total branches. The following table details how branches and ATMs are dispersed throughout the assessment area.

| <b>Branch and ATM Distribution by Geography Income Level</b> |                      |              |                   |              |                 |              |             |              |                        |              |                        |            |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|-------------|--------------|------------------------|--------------|------------------------|------------|
| <b>Tract Income Level</b>                                    | <b>Census Tracts</b> |              | <b>Population</b> |              | <b>Branches</b> |              | <b>ATMs</b> |              | <b>Opened Branches</b> |              | <b>Closed Branches</b> |            |
|  | <b>#</b>             | <b>%</b>     | <b>#</b>          | <b>%</b>     | <b>#</b>        | <b>%</b>     | <b>#</b>    | <b>%</b>     | <b>#</b>               | <b>%</b>     | <b>#</b>               | <b>%</b>   |
| Low  | 3                    | 9.4          | 7,148             | 3.9          | 1               | 0.0          | 1           | 0.0          | 0                      | 0.0          | 0                      | 0.0        |
| Moderate   | 5                    | 15.6         | 20,971            | 11.6         | 1               | 41.7         | 2           | 38.5         | 1                      | 100.0        | 0                      | 0.0        |
| Middle   | 14                   | 43.7         | 90,428            | 50.2         | 1               | 50.0         | 0           | 53.8         | 0                      | 0.0          | 0                      | 0.0        |
| Upper  | 7                    | 21.9         | 48,979            | 27.2         | 1               | 8.3          | 1           | 7.7          | 0                      | 0.0          | 0                      | 0.0        |
| NA   | 3                    | 9.4          | 12,780            | 7.1          | 0               | 0.0          | 0           | 0.0          | 0                      | 0.0          | 0                      | 0.0        |
| <b>Totals</b>  | <b>32</b>            | <b>100.0</b> | <b>356,448</b>    | <b>100.0</b> | <b>4</b>        | <b>100.0</b> | <b>4</b>    | <b>100.0</b> | <b>1</b>               | <b>100.0</b> | <b>0</b>               | <b>0.0</b> |

*Source: 2015 ACS Data & Bank Data  
Due to rounding, totals may not equal 100.0*

#### **Economic and Demographic Data**

The following table illustrates select demographic characteristics of this assessment area.

| Demographic Information of the Assessment Area   |         |               |                      |                  |                 |               |
|--|---------|---------------|----------------------|------------------|-----------------|---------------|
| Demographic Characteristics  | #       | Low<br>% of # | Moderate<br>% of #   | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)  | 32      | 9.4           | 15.6                 | 43.8             | 21.9            | 9.4           |
| Population by Geography  | 180,306 | 4.0           | 11.6                 | 50.2             | 27.2            | 7.1           |
| Housing Units by Geography   | 76,020  | 4.6           | 12.5                 | 51.2             | 27.5            | 4.2           |
| Owner-Occupied Units by Geography  | 39,637  | 1.5           | 8.9                  | 57.5             | 31.6            | 0.4           |
| Occupied Rental Units by Geography   | 30,803  | 8.1           | 16.6                 | 43.6             | 23.0            | 8.6           |
| Vacant Units by Geography  | 5,580   | 7.3           | 15.5                 | 48.3             | 22.9            | 6.0           |
| Businesses by Geography  | 14,282  | 9.1           | 12.4                 | 44.5             | 27.5            | 6.5           |
| Farms by Geography   | 549     | 2.0           | 9.7                  | 69.0             | 18.4            | 0.9           |
| Family Distribution by Income Level  | 40,362  | 20.9          | 17.1                 | 21.8             | 40.2            | 0.0           |
| Household Distribution by Income Level   | 70,440  | 26.4          | 15.0                 | 16.0             | 42.6            | 0.0           |
| Median Family Income - Columbia, MO MSA  |         | \$69,408      | Median Housing Value |                  |                 | \$164,719     |
| Families Below Poverty Level   |         | 9.2%          | Median Gross Rent    |                  |                 | \$791         |
| <i>Source: 2015 ACS and 2021 D&amp;B Data</i><br><i>Due to rounding, totals may not equal 100.0%</i><br><i>(*) The NA category consists of geographies that have not been assigned an income classification.</i> |         |               |                      |                  |                 |               |

The 2020 and 2021 FFIEC-updated median family income figures for the Columbia, Missouri MSA were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

| Median Family Income Ranges |             |                         |                        |                |
|-----------------------------|-------------|-------------------------|------------------------|----------------|
| Median Family Incomes       | Low<br><50% | Moderate<br>50% to <80% | Middle<br>80% to <120% | Upper<br>≥120% |
| 2020 (\$77,100)             | <\$38,550   | \$38,550 to <\$61,680   | \$61,680 to <\$92,520  | ≥\$92,520      |
| 2021 (\$78,100)             | <\$39,050   | \$39,050 to <\$62,480   | \$62,480 to <\$93,720  | ≥\$93,720      |
| <i>Source: FFIEC</i>        |             |                         |                        |                |

### **Competition**

There is a moderate level of competition for financial services in the Columbia Assessment Area. According to FDIC Deposit Market Share data as of June 30, 2022, there are 25 financial institutions that operate 84 branches within Boone and Cooper counties. Of these institutions, First State Community Bank ranked seventh in market share with 3.3 percent of the deposits.

To illustrate the level of competition and demand for home mortgage, small business, and small farm loans, 2020 HMDA and CRA aggregate lending data shows numerous lenders originating loans in the area. Specifically, 277 lenders reported 9,976 home mortgage loans; 96 lenders reported 4,832 small business loans; and 17 lenders reported 258 small farm loans originated in Boone and Cooper counties.

### **Community Contact**

Examiners reviewed a recent community contact interview conducted with a representative from a government organization familiar with the assessment area. The contact categorized the area's economy as relatively stable, and stated that local financial institutions are meeting the banking and credit needs of the community. The contact indicated that home mortgage loans are likely the area's greatest credit need, followed by small business and agricultural loans.

### **Credit and Community Development Needs and Opportunities**

Bank management categorized the overall economy in the assessment area as strong. Overall loan demand is stable; however, residential real estate loan demand has slowed due to the increasing interest rates. Commercial and rental real estate loan demand has remained strong. The Columbia area continues to grow due to the University of Missouri. Booneville has also seen moderate growth. Affordable housing continues to be the greatest need in the assessment area.

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and home mortgage loans represent the primary credit needs for the assessment area. Many opportunities exist for originating such loans, as indicated by the percentages of small businesses and families in this assessment area. Based on relevant information, examiners determined that the assessment area has community development needs and opportunities that include economic development, revitalization and stabilization, affordable housing, and community services targeted to low- and moderate-income individuals.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE COLUMBIA ASSESSMENT AREA**

### **LENDING TEST**

First State Community Bank demonstrated high satisfactory performance under the Lending Test in the Columbia Assessment Area. The bank's cumulative Lending Test performance factors support this conclusion.

### **Lending Activity**

First State Community Bank's lending activity in the Columbia Assessment Area reflects good responsiveness to assessment area credit needs. In total, 12.8 percent of the bank's loans were originated or purchased in Columbia Assessment Area. In addition, the bank ranked eighth in market share for small business lending, twentieth for home mortgage lending, and ninth for small farm lending. Specifically, 2020 aggregate lending data shows that First State Community Bank had a market share of 3.0 percent for small business lending, 1.2 percent for home mortgage lending, and 2.7 percent for small farm lending.

Approximately 4.6 percent, 4.8 percent, and 1.0 percent of the bank's 2020 reported home mortgage, small business, and small farm loans, respectively, were originated or purchased in the assessment area. This lending activity consisted of 264 home mortgage, small business, and small farm loans totaling \$58.8 million. In 2021, approximately 4.6 percent, 5.2 percent, and 0.8 percent of reported home mortgage, small business, and small farm loans, respectively, were originated or purchased in the

assessment area. This lending activity consisted of 267 home mortgage, small business, and small farm loans totaling \$52.5 million. In addition, the bank received consideration for five community development loans totaling \$9.0 million in this assessment area during the evaluation period.

**Geographic Distribution**

Overall, the geographic distribution of loans reflects good penetration throughout the Columbia Assessment Area, including low- and moderate-income census tracts. The geographic distribution of small business and home mortgage reflects good penetration throughout the assessment area, and the distribution of small farm loans reflects adequate penetration throughout the assessment area.

***Small Business Loans***

The geographic distribution of small business lending reflects good penetration throughout the assessment area. The lending percentages in low- and moderate-income census tracts are comparable to aggregate lending and show an increasing trend. See the following table for details.

| <b>Geographic Distribution of Small Business Loans</b> |                        |                                     |            |              |                 |              |
|--|------------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>                              | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Low  |                        |                                     |            |              |                 |              |
| 2020   | 9.5                    | 10.8                                | 8          | 5.6          | 1,553           | 7.1          |
| 2021   | 9.1                    | --                                  | 11         | 7.1          | 894             | 5.7          |
| Moderate   |                        |                                     |            |              |                 |              |
| 2020   | 12.2                   | 9.2                                 | 11         | 7.7          | 1,362           | 6.3          |
| 2021   | 12.4                   | --                                  | 21         | 13.6         | 2,031           | 12.9         |
| Middle   |                        |                                     |            |              |                 |              |
| 2020   | 44.4                   | 44.7                                | 69         | 48.6         | 9,486           | 43.6         |
| 2021   | 44.5                   | --                                  | 89         | 57.8         | 6,724           | 42.6         |
| Upper  |                        |                                     |            |              |                 |              |
| 2020   | 26.9                   | 30.8                                | 33         | 23.2         | 4,534           | 20.9         |
| 2021   | 27.5                   | --                                  | 27         | 17.5         | 3,451           | 21.8         |
| Not Available  |                        |                                     |            |              |                 |              |
| 2020   | 6.9                    | 4.5                                 | 21         | 14.8         | 4,800           | 22.1         |
| 2021   | 6.5                    | --                                  | 6          | 3.9          | 2,699           | 17.1         |
| <b>Totals</b>  |                        |                                     |            |              |                 |              |
| <b>2020</b>  | <b>100.0</b>           | <b>100.0</b>                        | <b>142</b> | <b>100.0</b> | <b>21,735</b>   | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>           | <b>--</b>                           | <b>154</b> | <b>100.0</b> | <b>15,799</b>   | <b>100.0</b> |

*Source: 2020 & 2021 D&B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

### ***Home Mortgage Loans***

The geographic distribution of home mortgage lending reflects good penetration throughout the assessment area. The lending percentage in low- and moderate-income census tracts, based on the number of loans, is comparable to aggregate lending data. As displayed in the following table, the bank's lending in moderate-income census tracts showed an increasing trend from 2020 to 2021.

| <b>Geographic Distribution of Home Mortgage Loans</b>   |  |                                     |            |              |                 |              |
|---|--|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>  |  |                                     |            |              |                 |              |
| 2020  | 1.5                                      | 1.3                                 | 1          | 0.9          | 276             | 0.8          |
| 2021  | 1.5                                      | --                                  | 0          | 0.0          | 0               | 0.0          |
| <b>Moderate</b>   |  |                                     |            |              |                 |              |
| 2020  | 8.9                                      | 8.6                                 | 7          | 6.1          | 694             | 1.9          |
| 2021  | 8.9                                      | --                                  | 10         | 9.8          | 1,361           | 3.9          |
| <b>Middle</b>   |  |                                     |            |              |                 |              |
| 2020  | 57.5                                     | 56.9                                | 67         | 58.3         | 22,712          | 62.6         |
| 2021  | 57.5                                     | --                                  | 62         | 60.8         | 24,411          | 69.3         |
| <b>Upper</b>  |  |                                     |            |              |                 |              |
| 2020  | 31.6                                     | 32.8                                | 39         | 33.9         | 12,497          | 34.4         |
| 2021  | 31.6                                     | --                                  | 30         | 29.4         | 9,448           | 26.8         |
| <b>Not Available</b>  |  |                                     |            |              |                 |              |
| 2020  | 0.4                                      | 0.5                                 | 1          | 0.9          | 123             | 0.3          |
| 2021  | 0.4                                      | --                                  | 0          | 0.0          | 0               | 0.0          |
| <b>Totals</b>   |  |                                     |            |              |                 |              |
| <b>2020</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>115</b> | <b>100.0</b> | <b>36,302</b>   | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>                             | <b>--</b>                           | <b>102</b> | <b>100.0</b> | <b>35,220</b>   | <b>100.0</b> |
| <i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |  |                                     |            |              |                 |              |

### ***Small Farm Loans***

The geographic distribution of small farm lending reflects adequate penetration throughout the assessment area. While the bank did not make any small farm loans in low- and moderate-income tracts, aggregate lending performance in those tracts was minimal. See the following table for details.

| <b>Geographic Distribution of Small Farm Loans</b> |                   |                                     |           |              |                 |              |
|--|-------------------|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>                          | <b>% of Farms</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>   |                   |                                     |           |              |                 |              |
| 2020   | 1.8               | 0.6                                 | 0         | 0.0          | 0               | 0.0          |
| 2021   | 2.0               | --                                  | 0         | 0.0          | 0               | 0.0          |
| <b>Moderate</b>                                    |                   |                                     |           |              |                 |              |
| 2020   | 10.4              | 1.9                                 | 0         | 0.0          | 0               | 0.0          |
| 2021   | 9.7               | --                                  | 0         | 0.0          | 0               | 0.0          |
| <b>Middle</b>                                      |                   |                                     |           |              |                 |              |
| 2020   | 67.8              | 84.6                                | 7         | 100.0        | 771             | 100.0        |
| 2021   | 69.0              | --                                  | 10        | 90.9         | 1,464           | 99.6         |
| <b>Upper</b>                                       |                   |                                     |           |              |                 |              |
| 2020   | 18.8              | 13.0                                | 0         | 0.0          | 0               | 0.0          |
| 2021   | 18.4              | --                                  | 1         | 9.1          | 6               | 0.4          |
| <b>Not Available</b>                               |                   |                                     |           |              |                 |              |
| 2020   | 1.2               | 0.0                                 | 0         | 0.0          | 0               | 0.0          |
| 2021   | 0.9               | --                                  | 0         | 0.0          | 0               | 0.0          |
| <b>Totals</b>                                      |                   |                                     |           |              |                 |              |
| <b>2020</b>  | <b>100.0</b>      | <b>100.0</b>                        | <b>7</b>  | <b>100.0</b> | <b>771</b>      | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>      | <b>--</b>                           | <b>11</b> | <b>100.0</b> | <b>1,470</b>    | <b>100.0</b> |

*Source: 2020 & 2021 D&B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

### **Borrower Profile**

Overall, the distribution of borrowers reflects good performance for this criterion in the assessment area. The distribution of borrowers reflects good penetration for small business and home mortgage lending and excellent penetration for small farm lending.

### ***Small Business Loans***

The distribution of small business loans reflects good penetration among businesses of different revenue sizes in the assessment area. As detailed in the following table, the lending percentage to businesses with gross annual revenues of \$1 million or less compares reasonably to aggregate lending data.

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>   |                        |                                     |            |              |                 |              |
|--|------------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>   | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>&lt;=\$1,000,000</b>  |                        |                                     |            |              |                 |              |
| 2020   | 82.5                   | 38.3                                | 62         | 43.7         | 7,414           | 34.1         |
| 2021   | 83.9                   | --                                  | 121        | 78.6         | 9,228           | 58.4         |
| <b>&gt;\$1,000,000</b>   |                        |                                     |            |              |                 |              |
| 2020   | 4.6                    | --                                  | 31         | 21.8         | 10,431          | 48.0         |
| 2021   | 4.2                    | --                                  | 29         | 18.8         | 6,377           | 40.4         |
| <b>Revenue Not Available</b>   |                        |                                     |            |              |                 |              |
| 2020   | 12.8                   | --                                  | 49         | 34.5         | 3,890           | 17.9         |
| 2021   | 11.9                   | --                                  | 4          | 2.6          | 194             | 1.2          |
| <b>Totals</b>  |                        |                                     |            |              |                 |              |
| <b>2020</b>  | <b>100.0</b>           | <b>100.0</b>                        | <b>142</b> | <b>100.0</b> | <b>21,735</b>   | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>           | <b>--</b>                           | <b>154</b> | <b>100.0</b> | <b>15,799</b>   | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                        |                                     |            |              |                 |              |

### ***Home Mortgage Loans***

The distribution of home mortgage lending in the assessment area reflects good penetration to individuals of different income levels, including low- and moderate-income individuals. The lending percentages to low- and moderate-income borrowers compare reasonably to aggregate lending data. See the following table for details.

| Distribution of Home Mortgage Loans by Borrower Income Level   |               |                              |            |              |               |              |
|--|---------------|------------------------------|------------|--------------|---------------|--------------|
| Borrower Income Level  | % of Families | Aggregate Performance % of # | #          | %            | \$(000s)      | %            |
| Low  |               |                              |            |              |               |              |
| 2020   | 20.9          | 6.4                          | 4          | 3.5          | 492           | 1.4          |
| 2021   | 20.9          | --                           | 11         | 10.8         | 1,408         | 4.0          |
| Moderate   |               |                              |            |              |               |              |
| 2020   | 17.1          | 16.6                         | 14         | 12.2         | 2,147         | 5.9          |
| 2021   | 17.1          | --                           | 12         | 11.8         | 1,543         | 4.4          |
| Middle   |               |                              |            |              |               |              |
| 2020   | 21.8          | 19.0                         | 17         | 14.8         | 2,843         | 7.8          |
| 2021   | 21.8          | --                           | 13         | 12.7         | 2,132         | 6.1          |
| Upper  |               |                              |            |              |               |              |
| 2020   | 40.2          | 36.3                         | 43         | 37.4         | 10,132        | 27.9         |
| 2021   | 40.2          | --                           | 35         | 34.3         | 11,420        | 32.4         |
| Not Available  |               |                              |            |              |               |              |
| 2020   | 0.0           | 21.7                         | 37         | 32.2         | 20,688        | 57.0         |
| 2021   | 0.0           | --                           | 31         | 30.4         | 18,717        | 53.1         |
| <b>Totals</b>  |               |                              |            |              |               |              |
| <b>2020</b>  | <b>100.0</b>  | <b>100.0</b>                 | <b>115</b> | <b>100.0</b> | <b>36,302</b> | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>  | <b>--</b>                    | <b>102</b> | <b>100.0</b> | <b>35,220</b> | <b>100.0</b> |
| <i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.<br/>           Due to rounding, totals may not equal 100.0%</i> |               |                              |            |              |               |              |

### ***Small Farm Loans***

The distribution of small farm loans represents excellent penetration among farms of different revenue sizes in the assessment area. The lending percentage to farms with gross annual revenues of \$1 million or less significantly exceeds aggregate lending data. See the following table for details.

| Distribution of Small Farm Loans by Gross Annual Revenue Category  |              |                              |           |              |              |              |
|--|--------------|------------------------------|-----------|--------------|--------------|--------------|
| Gross Revenue Level  | % of Farms   | Aggregate Performance % of # | #         | %            | \$(000s)     | %            |
| <b>&lt;=\$1,000,000</b>  |              |                              |           |              |              |              |
| 2020   | 95.4         | 58.0                         | 7         | 100.0        | 771          | 100.0        |
| 2021   | 95.6         | --                           | 11        | 100.0        | 1,470        | 100.0        |
| <b>&gt;\$1,000,000</b>   |              |                              |           |              |              |              |
| 2020   | 1.4          | --                           | 0         | 0.0          | 0            | 0.0          |
| 2021   | 1.3          | --                           | 0         | 0.0          | 0            | 0.0          |
| <b>Revenue Not Available</b>   |              |                              |           |              |              |              |
| 2020   | 3.2          | --                           | 0         | 0.0          | 0            | 0.0          |
| 2021   | 3.1          | --                           | 0         | 0.0          | 0            | 0.0          |
| <b>Totals</b>  |              |                              |           |              |              |              |
| <b>2020</b>  | <b>100.0</b> | <b>100.0</b>                 | <b>7</b>  | <b>100.0</b> | <b>771</b>   | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b> | <b>--</b>                    | <b>11</b> | <b>100.0</b> | <b>1,470</b> | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |              |                              |           |              |              |              |

### **Community Development Loans**

First State Community Bank has made an adequate level of community development loans in the Columbia Assessment Area. Specifically, the bank originated or renewed five loans totaling \$9.0 million during the evaluation period that benefited this assessment area. The loans made served to provide affordable housing and community services targeted to low- and moderate-income individuals. For example, the bank extended a \$5.3 million loan to finance an affordable housing complex for senior citizens.

### **INVESTMENT TEST**

First State Community Bank demonstrated high satisfactory performance under the Investment Test in the Columbia Assessment Area, which is primarily demonstrated by the level of investment activity and responsiveness to credit and community development needs.

### **Investment and Grant Activity**

First State Community Bank has a significant level of qualified community development investments and grants in the Columbia Assessment Area. The bank promoted community development through investments and donations that served to provide community services targeted to low- and moderate-income individuals. During the evaluation period, the bank received consideration for eight investments and donations totaling \$1.3 million that benefited the assessment area. For example, the bank invested \$155,000 and \$250,000 in 2020 and 2021,

respectively, in school bonds to districts where the majority of the students receive free or reduced-price lunch.

### **Responsiveness to Credit and Community Development Needs**

The institution exhibits good responsiveness to credit and community development needs in the Columbia Assessment Area. This conclusion is consistent with the bank's performance overall.

### **Community Development Initiatives**

First State Community Bank occasionally uses innovative and/or complex investments to support community development initiatives in the Columbia Assessment Area. The majority of the qualified investments in the assessment area represent those routinely provided by private investors.

## **SERVICE TEST**

First State Community Bank demonstrated outstanding performance under the Service Test in the Columbia Assessment Area. The bank's retail banking services and the overall impact of the community development services provided during the review period supports this conclusion.

### **Accessibility of Delivery Systems**

The institution's delivery systems are readily accessible to all portions of the Columbia Assessment Area. Delivery systems in this assessment area are consistent with those described at the institution level.

### **Changes in Branch Locations**

To the extent changes have been made, the institution's opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank opened one office in a moderate-income census tract in Columbia during the evaluation period.

### **Reasonableness of Business Hours and Services**

The bank's services, including business hours, do not vary in a way that inconveniences certain portions of the Columbia Assessment Area, particularly low- and moderate-income geographies and/or individuals. Business hours and services in the assessment area are consistent with the institution's overall performance.

### **Community Development Services**

First State Community Bank is a leader in providing community development services with 18 qualifying services that benefited the Columbia Assessment Area. Community development services in this assessment area are consistent with the bank-wide focus on community services targeted to low- and moderate-income individuals through the FSCB IMPACT. In addition, there are a number of qualifying services involving financial literacy at schools in which a majority of students receive free or reduced-price lunch. Finally, bank staff has provided financial or technical expertise to qualifying community development organizations in the assessment area.

## NORTH CENTRAL ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NORTH CENTRAL ASSESSMENT AREA

The North Central Assessment Area includes the entireties of Audrain, Macon, and Randolph counties. There have been no changes to this assessment area since the previous evaluation. This assessment area accounts for 3.7 percent of the bank’s outstanding loan portfolio, 2.7 percent of total deposits, and 7.1 percent of total branches. The following table details how branches and ATMs are dispersed throughout the assessment area. There are no low-income census tracts in the assessment area.

| <b>Branch and ATM Distribution by Geography Income Level</b>  |                      |              |                   |              |                 |              |             |              |                      |            |                        |            |
|---|----------------------|--------------|-------------------|--------------|-----------------|--------------|-------------|--------------|----------------------|------------|------------------------|------------|
| <b>Tract Income Level</b>   | <b>Census Tracts</b> |              | <b>Population</b> |              | <b>Branches</b> |              | <b>ATMs</b> |              | <b>Open Branches</b> |            | <b>Closed Branches</b> |            |
|   | <b>#</b>             | <b>%</b>     | <b>#</b>          | <b>%</b>     | <b>#</b>        | <b>%</b>     | <b>#</b>    | <b>%</b>     | <b>#</b>             | <b>%</b>   | <b>#</b>               | <b>%</b>   |
| Low   | 0                    | 0.0          | 0                 | 0.0          | 0               | 0.0          | 0           | 0.0          | 0                    | 0.0        | 0                      | 0.0        |
| Moderate  | 1                    | 5.6          | 4,373             | 6.6          | 1               | 25.0         | 1           | 25.0         | 0                    | 0.0        | 0                      | 0.0        |
| Middle  | 13                   | 72.2         | 47,467            | 71.5         | 1               | 25.0         | 1           | 25.0         | 0                    | 0.0        | 0                      | 0.0        |
| Upper   | 4                    | 22.2         | 14,538            | 21.9         | 2               | 50.0         | 2           | 50.0         | 0                    | 0.0        | 0                      | 0.0        |
| <b>Totals</b>   | <b>18</b>            | <b>100.0</b> | <b>97,876</b>     | <b>100.0</b> | <b>4</b>        | <b>100.0</b> | <b>4</b>    | <b>100.0</b> | <b>0</b>             | <b>0.0</b> | <b>0</b>               | <b>0.0</b> |
| <i>Source: 2015 ACS Data &amp; Bank Data<br/>                     Due to rounding, totals may not equal 100.0</i> |                      |              |                   |              |                 |              |             |              |                      |            |                        |            |

#### **Economic and Demographic Data**

The following table illustrates select demographic characteristics of the assessment area.

| Demographic Information of the Assessment Area      |        |            |                      |               |              |
|---|--------|------------|----------------------|---------------|--------------|
| Demographic Characteristics                         | #      | Low % of # | Moderate % of #      | Middle % of # | Upper % of # |
| Geographies (Census Tracts)                         | 18     | 0.0        | 5.6                  | 72.2          | 22.2         |
| Population by Geography                             | 66,378 | 0.0        | 6.6                  | 71.5          | 21.9         |
| Housing Units by Geography                          | 29,114 | 0.0        | 7.7                  | 71.6          | 20.7         |
| Owner-Occupied Units by Geography                   | 17,290 | 0.0        | 5.6                  | 73.2          | 21.2         |
| Occupied Rental Units by Geography                  | 6,676  | 0.0        | 11.5                 | 66.3          | 22.1         |
| Vacant Units by Geography                           | 5,148  | 0.0        | 9.7                  | 73.4          | 16.9         |
| Businesses by Geography                             | 4,205  | 0.0        | 11.1                 | 64.4          | 24.5         |
| Farms by Geography                                  | 424    | 0.0        | 2.4                  | 80.0          | 17.7         |
| Family Distribution by Income Level                 | 15,293 | 19.4       | 16.9                 | 20.7          | 42.9         |
| Household Distribution by Income Level              | 23,966 | 22.4       | 17.1                 | 18.3          | 42.2         |
| Median Family Income Non-MSAs - MO                  |        | \$48,341   | Median Housing Value |               | \$89,842     |
| Families Below Poverty Level                        |        | 13.6%      | Median Gross Rent    |               | \$588        |
| <i>Source: 2015 ACS and 2021 D&amp;B Data</i>       |        |            |                      |               |              |
| <i>Due to rounding, totals may not equal 100.0%</i> |        |            |                      |               |              |

The 2020 and 2021 FFIEC-updated median family income figures for the non-metropolitan portion of Missouri were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

| Median Family Income Ranges |           |                       |                       |             |
|-----------------------------|-----------|-----------------------|-----------------------|-------------|
| Median Family Incomes       | Low <50%  | Moderate 50% to <80%  | Middle 80% to <120%   | Upper ≥120% |
| 2020 (\$54,400)             | <\$27,200 | \$27,200 to <\$43,520 | \$43,520 to <\$65,280 | ≥\$65,280   |
| 2021 (\$55,700)             | <\$27,850 | \$27,850 to <\$44,560 | \$44,560 to <\$66,840 | ≥\$66,840   |
| <i>Source: FFIEC</i>        |           |                       |                       |             |

### **Competition**

There is a moderate level of competition for financial services in the North Central Assessment Area. According to FDIC Deposit Market Share data as of June 30, 2022, there are 14 financial institutions that operate 28 branches within Audrain, Macon, and Randolph counties. Of these institutions, First State Community Bank ranked sixth in market share with 5.8 percent of the deposits.

To illustrate the level of competition and demand for home mortgage, small business, and small farm loans, 2020 HMDA and CRA aggregate lending data shows numerous lenders originating loans in the area. Specifically, 138 lenders reported 1,733 home mortgage loans, 45 lenders

reported 853 small business loans, and 21 lenders reported 383 small farm loans originated in the assessment area.

### **Community Contact**

Examiners reviewed a recent community contact interview conducted with a representative from a government agency that operates within the assessment area. The individual indicated that the local economy has remained stable. The contact indicated that Small Business Administration Paycheck Protection Program loans were beneficial to businesses and individuals during the pandemic. The contact stated that local financial institutions are doing a good job of meeting the banking needs in the area. The contact indicated that commercial and agricultural loans are primary credit needs in the area.

### **Credit and Community Development Needs and Opportunities**

Bank management categorized the overall economy in the assessment area as good, despite the labor shortages. Management indicated that Mexico is over-banked, Moberly is stable, and Macon has competition from banks, Farm Credit Services, and credit unions. Loan demand in the area has been strong, until the recent interest rate increases. Land prices are high in the Mexico area, which could impact farmers. Moberly and Macon tend to be more of a livestock market. Livestock prices have not followed the inflation prices. Management focuses on providing all types of credit including agricultural, residential real estate, and commercial lending.

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business, small farm, and home mortgage loans represent the primary credit needs in the assessment area. Opportunities exist for originating such loans, as indicated by the percentages of small businesses, small farms, and families in the assessment area. Based on relevant information, examiners determined that the assessment area has community development needs and opportunities that include economic development, revitalization and stabilization, affordable housing, and community services targeted to low- and moderate-income individuals.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NORTH CENTRAL ASSESSMENT AREA**

### **LENDING TEST**

First State Community Bank demonstrated good performance under the Lending Test in the North Central Assessment Area. The bank's cumulative Lending Test performance factors support this conclusion.

### **Lending Activity**

First State Community Bank's lending activity in the North Central Assessment Area reflects good responsiveness to assessment area credit needs. In total, 3.7 percent of the bank's loans were originated or purchased in the North Central Assessment Area. In addition, the bank ranked no less than fifth in market share in the assessment area for all three loan products reviewed. Specifically, 2020 aggregate lending data shows that First State Community Bank had a market share of 11.9

percent for small business lending, 5.4 percent for home mortgage lending, and 5.5 percent for small farm lending.

Approximately 3.7 percent, 3.4 percent, and 3.0 percent of the bank’s 2020 reported home mortgage, small business, and small farm loans, respectively, were originated or purchased in the assessment area. This lending activity consisted of 215 home mortgage, small business, and small farm loans totaling \$18.7 million. In 2021, 5.1 percent, 3.1 percent, and 2.7 percent of home mortgage, small business, and small farm loans, respectively, were originated or purchased in the assessment area. This lending activity consisted of 240 home mortgage, small business, and small farm loans totaling \$25.5 million. In addition, the bank received consideration for seven community development loans totaling \$1.4 million in this assessment area during the evaluation period.

### **Geographic Distribution**

Overall, the geographic distribution of loans reflects good penetration throughout the North Central Assessment Area, including moderate-income census tracts. There are no low-income census tracts in the assessment area. The geographic distribution of small business, home mortgage, and small farm loans reflects good penetration throughout the assessment area.

### ***Small Business Loans***

The geographic distribution of small business lending reflects good penetration throughout the assessment area. The lending percentage in moderate-income census tracts, based on the number of loans, compares favorably to aggregate lending performance. See the following table for details.

| <b>Geographic Distribution of Small Business Loans</b> |                        |                                     |            |              |                 |              |
|--|------------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>                              | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate   |                        |                                     |            |              |                 |              |
| 2020   | 11.2                   | 11.2                                | 11         | 10.9         | 549             | 7.7          |
| 2021   | 11.1                   | --                                  | 12         | 13.2         | 744             | 11.0         |
| Middle   |                        |                                     |            |              |                 |              |
| 2020   | 64.7                   | 61.9                                | 63         | 62.4         | 4,640           | 65.4         |
| 2021   | 64.4                   | --                                  | 44         | 48.4         | 2,321           | 34.5         |
| Upper  |                        |                                     |            |              |                 |              |
| 2020   | 24.2                   | 26.8                                | 27         | 26.7         | 1,909           | 26.9         |
| 2021   | 24.5                   | --                                  | 35         | 38.5         | 3,670           | 54.5         |
| <b>Totals</b>  |                        |                                     |            |              |                 |              |
| <b>2020</b>  | <b>100.0</b>           | <b>100.0</b>                        | <b>101</b> | <b>100.0</b> | <b>7,098</b>    | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>           | <b>--</b>                           | <b>91</b>  | <b>100.0</b> | <b>6,735</b>    | <b>100.0</b> |

*Source: 2020 & 2021 D&B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

### ***Home Mortgage Loans***

The geographic distribution of home mortgage lending reflects good penetration throughout the assessment area. The lending percentage in moderate-income census tracts compares favorably to aggregate lending performance. See the following table for details.

| <b>Geographic Distribution of Home Mortgage Loans</b>   |  |                                     |            |              |                 |              |
|---|--|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate  |  |                                     |            |              |                 |              |
| 2020  | 5.6                                      | 6.2                                 | 8          | 8.6          | 792             | 8.2          |
| 2021  | 5.6                                      | --                                  | 6          | 5.3          | 469             | 3.0          |
| Middle  |  |                                     |            |              |                 |              |
| 2020  | 73.2                                     | 65.5                                | 56         | 60.2         | 6,043           | 62.9         |
| 2021  | 73.2                                     | --                                  | 72         | 63.7         | 10,884          | 69.1         |
| Upper   |  |                                     |            |              |                 |              |
| 2020  | 21.2                                     | 28.3                                | 29         | 31.2         | 2,767           | 28.8         |
| 2021  | 21.2                                     | --                                  | 35         | 31.0         | 4,392           | 27.9         |
| <b>Totals</b>   |  |                                     |            |              |                 |              |
| <b>2020</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>93</b>  | <b>100.0</b> | <b>9,602</b>    | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>                             | <b>--</b>                           | <b>113</b> | <b>100.0</b> | <b>15,745</b>   | <b>100.0</b> |
| <i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |  |                                     |            |              |                 |              |

### ***Small Farm Loans***

The geographic distribution of small farm lending reflects good penetration throughout the assessment area. The bank did not extend any small farm loans in moderate-income census tracts in the assessment area in 2020. However, this is in line with aggregate lending performance. The bank originated one loan in a moderate-income census tract in 2021, which indicates an upward trend. See the following table for details.

| <b>Geographic Distribution of Small Farm Loans</b>   |                   |                                     |           |              |                 |              |
|--|-------------------|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>  | <b>% of Farms</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate   |                   |                                     |           |              |                 |              |
| 2020   | 2.4               | 0.0                                 | 0         | 0.0          | 0               | 0.0          |
| 2021   | 2.4               | --                                  | 1         | 2.8          | 257             | 9.0          |
| Middle   |                   |                                     |           |              |                 |              |
| 2020   | 77.6              | 75.2                                | 18        | 85.7         | 1,160           | 57.3         |
| 2021   | 80.0              | --                                  | 33        | 91.7         | 2,475           | 86.5         |
| Upper  |                   |                                     |           |              |                 |              |
| 2020   | 20.0              | 24.8                                | 3         | 14.3         | 863             | 42.7         |
| 2021   | 17.7              | --                                  | 2         | 5.6          | 130             | 4.5          |
| <b>Totals</b>  |                   |                                     |           |              |                 |              |
| <b>2020</b>  | <b>100.0</b>      | <b>100.0</b>                        | <b>21</b> | <b>100.0</b> | <b>2,023</b>    | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>      | <b>--</b>                           | <b>36</b> | <b>100.0</b> | <b>2,862</b>    | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                   |                                     |           |              |                 |              |

### **Borrower Profile**

Overall, the distribution of borrowers reflects excellent performance for this criterion. The distribution of borrowers reflects excellent penetration for small business lending and small farm lending, and adequate penetration for home mortgage lending.

### ***Small Business Loans***

The distribution of small business loans reflects excellent penetration among businesses of different revenue sizes in the assessment area. The lending percentage to businesses with gross annual revenues of \$1 million or less, based on the number of loans, significantly exceeds aggregate lending data. See the following table for details.

| Distribution of Small Business Loans by Gross Annual Revenue Category   |                 |                              |            |              |              |              |
|---|-----------------|------------------------------|------------|--------------|--------------|--------------|
| Gross Revenue Level   | % of Businesses | Aggregate Performance % of # | #          | %            | \$(000s)     | %            |
| <b>&lt;=\$1,000,000</b>   |                 |                              |            |              |              |              |
| 2020  | 78.1            | 49.1                         | 64         | 63.4         | 3,373        | 47.5         |
| 2021  | 79.5            | --                           | 70         | 76.9         | 3,258        | 48.4         |
| <b>&gt;\$1,000,000</b>  |                 |                              |            |              |              |              |
| 2020  | 5.4             | --                           | 15         | 14.9         | 2,702        | 38.1         |
| 2021  | 5.1             | --                           | 19         | 20.9         | 3,407        | 50.6         |
| <b>Revenue Not Available</b>  |                 |                              |            |              |              |              |
| 2020  | 16.5            | --                           | 22         | 21.8         | 1,023        | 14.4         |
| 2021  | 15.5            | --                           | 2          | 2.2          | 70           | 1.0          |
| <b>Totals</b>   |                 |                              |            |              |              |              |
| <b>2020</b>   | <b>100.0</b>    | <b>100.0</b>                 | <b>101</b> | <b>100.0</b> | <b>7,098</b> | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>    | <b>--</b>                    | <b>91</b>  | <b>100.0</b> | <b>6,735</b> | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available.<br/>           Due to rounding, totals may not equal 100.0%</i> |                 |                              |            |              |              |              |

### ***Home Mortgage Loans***

The distribution of home mortgage lending in the assessment area reflects adequate penetration to individuals of different income levels, including low- and moderate-income individuals. The lending percentages to low- and moderate-income borrowers, based on the number of loans, is generally comparable to aggregate lending performance. See the following table for details.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level</b>   |                      |                                     |            |              |                 |              |
|---|----------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Borrower Income Level</b>  | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Low   |                      |                                     |            |              |                 |              |
| 2020  | 19.4                 | 5.8                                 | 4          | 4.3          | 137             | 1.4          |
| 2021  | 19.4                 | --                                  | 2          | 1.8          | 51              | 0.3          |
| Moderate  |                      |                                     |            |              |                 |              |
| 2020  | 16.9                 | 17.4                                | 13         | 14.0         | 875             | 9.1          |
| 2021  | 16.9                 | --                                  | 14         | 12.4         | 1,005           | 6.4          |
| Middle  |                      |                                     |            |              |                 |              |
| 2020  | 20.7                 | 18.9                                | 23         | 24.7         | 2,181           | 22.7         |
| 2021  | 20.7                 | --                                  | 19         | 16.8         | 1,918           | 12.2         |
| Upper   |                      |                                     |            |              |                 |              |
| 2020  | 42.9                 | 37.3                                | 31         | 33.3         | 3,908           | 40.7         |
| 2021  | 42.9                 | --                                  | 47         | 41.6         | 9,469           | 60.1         |
| Not Available   |                      |                                     |            |              |                 |              |
| 2020  | 0.0                  | 20.6                                | 22         | 23.7         | 2,501           | 26.0         |
| 2021  | 0.0                  | --                                  | 31         | 27.4         | 3,302           | 21.0         |
| <b>Totals</b>   |                      |                                     |            |              |                 |              |
| <b>2020</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>93</b>  | <b>100.0</b> | <b>9,602</b>    | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>         | <b>--</b>                           | <b>113</b> | <b>100.0</b> | <b>15,745</b>   | <b>100.0</b> |
| <i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                      |                                     |            |              |                 |              |

### ***Small Farm Loans***

The distribution of small farm loans represents excellent penetration among farms of different revenue sizes in the assessment area. As shown in the following table, the lending percentage to farms with gross annual revenues of \$1 million or less is significantly greater than aggregate lending performance.

| Distribution of Small Farm Loans by Gross Annual Revenue Category  |              |                              |           |              |              |              |
|--|--------------|------------------------------|-----------|--------------|--------------|--------------|
| Gross Revenue Level  | % of Farms   | Aggregate Performance % of # | #         | %            | \$(000s)     | %            |
| <=\$1,000,000  |              |                              |           |              |              |              |
| 2020   | 98.1         | 62.7                         | 21        | 100.0        | 2,023        | 100.0        |
| 2021   | 98.1         | --                           | 35        | 97.2         | 2,812        | 98.3         |
| >\$1,000,000   |              |                              |           |              |              |              |
| 2020   | 0.7          | --                           | 0         | 0.0          | 0            | 0.0          |
| 2021   | 0.7          | --                           | 0         | 0.0          | 0            | 0.0          |
| Revenue Not Available  |              |                              |           |              |              |              |
| 2020   | 1.2          | --                           | 0         | 0.0          | 0            | 0.0          |
| 2021   | 1.2          | --                           | 1         | 2.8          | 50           | 1.7          |
| <b>Totals</b>  |              |                              |           |              |              |              |
| <b>2020</b>  | <b>100.0</b> | <b>100.0</b>                 | <b>21</b> | <b>100.0</b> | <b>2,023</b> | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b> | <b>--</b>                    | <b>36</b> | <b>100.0</b> | <b>2,862</b> | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |              |                              |           |              |              |              |

### **Community Development Loans**

First State Community Bank has made a relatively high level of community development loans in the North Central Assessment Area. Specifically, the bank originated or renewed seven loans totaling \$1.4 million during the evaluation period that benefited this assessment area. The loans made served to provide affordable housing or community services targeted to low- and moderate-income individuals. For example, the bank refinanced a \$1.4 million loan for single-family housing units that provide affordable housing.

### **INVESTMENT TEST**

First State Community Bank demonstrated high satisfactory performance under the Investment Test in the North Central Assessment Area, which is primarily demonstrated by the level of investment activity and responsiveness to credit and community development needs.

### **Investment and Grant Activity**

First State Community Bank has a significant level of qualified community development investments and grants in the North Central Assessment Area. During the evaluation period, the bank received consideration for 23 investments and donations totaling \$1.3 million that benefited the assessment area. The bank promoted community development through investments and donations that served to provide community services targeted to low- and moderate-income individuals. For example, the bank purchased \$415,000 in bonds used to make improvements in a school district in which a majority of the students receive free or reduced-price lunch.

### **Responsiveness to Credit and Community Development Needs**

The institution exhibits good responsiveness to credit and community development needs in the North Central Assessment Area. This conclusion is consistent with the bank's performance overall.

### **Community Development Initiatives**

First State Community Bank occasionally uses innovative and/or complex investments to support community development initiatives in the North Central Assessment Area. The majority of the qualified investments in the assessment area represent those routinely provided by private investors.

### **SERVICE TEST**

First State Community Bank demonstrated outstanding performance under the Service Test in the North Central Assessment Area. The bank's retail banking services and the overall impact of the community development services provided during the review period supports this conclusion.

### **Accessibility of Delivery Systems**

The institution's delivery systems are readily accessible to all portions of the North Central Assessment Area. Delivery systems in this assessment area are consistent with those described at the institution level.

### **Changes in Branch Locations**

No offices were opened or closed in this assessment area during the review period.

### **Reasonableness of Business Hours and Services**

The bank's services, including business hours, do not vary in a way that inconveniences certain portions of the North Central Assessment Area, particularly low- and moderate-income geographies and/or individuals. Business hours and services in the assessment area are consistent with the institution's overall performance.

### **Community Development Services**

First State Community Bank is a leader in providing community development services with 20 qualifying services that benefited the North Central Assessment Area. Community development services in this assessment area are consistent with the bank-wide focus on community services targeted to low- and moderate-income individuals through FSCB IMPACT. In addition, there are a number of qualifying services involving financial literacy at schools in which a majority of students receive free or reduced-price lunch. Finally, bank staff has provided financial or technical expertise to qualifying community development organizations in the assessment area.

## SALINE ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE SALINE ASSESSMENT AREA

The Saline Assessment Area includes the entirety of Saline County, which contains one moderate-, six middle-, and one upper-income census tract based on 2015 ACS Data. There have been no changes to the assessment area since the previous evaluation. First State Community Bank operates one office and one ATM within the assessment area (both in a middle-income census tract). The bank did not open or close any offices in the assessment area during the review period. This assessment area accounts for 0.3 percent of the bank’s outstanding loan portfolio, 0.8 percent of total deposits, and 1.8 percent of total branches.

#### **Economic and Demographic Data**

The following table illustrates select demographic characteristics of the assessment area.

| <b>Demographic Information of the Assessment Area</b> |          |                       |                            |                          |                         |
|---|----------|-----------------------|----------------------------|--------------------------|-------------------------|
| <b>Demographic Characteristics</b>                    | <b>#</b> | <b>Low<br/>% of #</b> | <b>Moderate<br/>% of #</b> | <b>Middle<br/>% of #</b> | <b>Upper<br/>% of #</b> |
| Geographies (Census Tracts)                           | 8        | 0.0                   | 12.5                       | 75.0                     | 12.5                    |
| Population by Geography                               | 23,334   | 0.0                   | 11.7                       | 77.5                     | 10.8                    |
| Housing Units by Geography                            | 10,083   | 0.0                   | 12.5                       | 76.9                     | 10.7                    |
| Owner-Occupied Units by Geography                     | 5,993    | 0.0                   | 10.7                       | 76.5                     | 12.8                    |
| Occupied Rental Units by Geography                    | 2,851    | 0.0                   | 16.3                       | 79.5                     | 4.2                     |
| Vacant Units by Geography                             | 1,239    | 0.0                   | 12.0                       | 72.5                     | 15.5                    |
| Businesses by Geography                               | 1,435    | 0.0                   | 10.6                       | 77.1                     | 12.3                    |
| Farms by Geography                                    | 145      | 0.0                   | 2.1                        | 71.0                     | 26.9                    |
| Family Distribution by Income Level                   | 5,788    | 18.2                  | 20.1                       | 22.7                     | 39.0                    |
| Household Distribution by Income Level                | 8,844    | 21.2                  | 16.3                       | 19.0                     | 43.6                    |
| Median Family Income Non-MSAs - MO                    |          | \$48,341              | Median Housing Value       |                          | \$95,181                |
| Families Below Poverty Level                          |          | 12.4%                 | Median Gross Rent          |                          | \$612                   |
| <i>Source: 2015 ACS and 2021 D&amp;B Data</i>         |          |                       |                            |                          |                         |
| <i>Due to rounding, totals may not equal 100.0%</i>   |          |                       |                            |                          |                         |

The 2020 and 2021 FFIEC-updated median family income figures for the non-metropolitan portion of Missouri were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

| <b>Median Family Income Ranges</b> |                        |                                    |                                   |                        |
|------------------------------------|------------------------|------------------------------------|-----------------------------------|------------------------|
| <b>Median Family Incomes</b>       | <b>Low<br/>&lt;50%</b> | <b>Moderate<br/>50% to &lt;80%</b> | <b>Middle<br/>80% to &lt;120%</b> | <b>Upper<br/>≥120%</b> |
| 2020 (\$54,400)                    | <\$27,200              | \$27,200 to <\$43,520              | \$43,520 to <\$65,280             | ≥\$65,280              |
| 2021 (\$55,700)                    | <\$27,850              | \$27,850 to <\$44,560              | \$44,560 to <\$66,840             | ≥\$66,840              |
| <i>Source: FFIEC</i>               |                        |                                    |                                   |                        |

### **Competition**

There is a moderate level of competition for financial services in the Saline Assessment Area. According to FDIC Deposit Market Share data as of June 30, 2022, six financial institutions operate 16 branches within Saline County. Of these institutions, First State Community Bank ranked fifth in market share with 3.6 percent of the deposits.

To illustrate the level of competition and demand for home mortgage, small business, and small farm loans, 2020 HMDA and CRA aggregate lending data shows numerous lenders originating loans in the area. Specifically, 81 lenders reported 660 residential mortgage loans, 35 lenders reported 155 small business loans, and 9 lenders reported 53 small farm loans originated in the assessment area.

### **Credit and Community Development Needs and Opportunities**

Bank management categorized the overall economy in the assessment area as stable. The area is primarily a farming community, with agriculture being the driver of the economy. There is a general need for affordable housing in the area. The housing market is somewhat stagnant, due to slow population growth in the area. Management focuses on providing all types of credit including agricultural, residential real estate, and commercial lending.

Considering information from bank management, and demographic and economic data, examiners determined that small business, small farm, and home mortgage loans represent the primary credit needs in the assessment area. Opportunities exist for originating such loans, as indicated by the percentages of small businesses, small farms, and families in the assessment area. Based on relevant information, examiners determined that the assessment area has community development needs and opportunities that include economic development, revitalization and stabilization, affordable housing, and community services targeted to low- and moderate-income individuals.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SALINE ASSESSMENT AREA**

### **LENDING TEST**

First State Community Bank demonstrated high satisfactory performance under the Lending Test in the Saline Assessment Area. The bank's cumulative Lending Test performance factors support this conclusion.

### **Lending Activity**

First State Community Bank's lending activity in the Saline Assessment Area reflects good responsiveness to assessment area credit needs. In total, 0.3 percent of the bank's loans were originated or purchased in the Saline Assessment Area. According to 2020 aggregate lending data, the bank ranked sixth in market share for small business lending, ninth for home mortgage lending, and fifth for small farm lending. First State Community Bank had a market share of 3.9 percent for small business lending, 1.8 percent for home mortgage lending, and 2.0 percent for small farm lending.

Approximately 0.5 percent, 0.2 percent, and 0.1 percent of the bank's 2020 reported home mortgage, small business, and small farm loans, respectively, were originated or purchased in the assessment area. This lending activity consisted of 19 home mortgage, small business, and small farm loans totaling approximately \$1.1 million. In 2021, 0.8 percent, 0.2 percent, and 0.2 percent of reported home mortgage, small business, and small farm loans, respectively, were originated or purchased in the assessment area. This lending activity consisted of 26 home mortgage, small business, and small farm loans totaling approximately \$1.4 million.

### **Geographic Distribution**

Overall, the geographic distribution of loans reflects good penetration throughout the Saline Assessment Area, including moderate-income census tracts. There are no low-income census tracts in the assessment area. The geographic distribution of small business and home mortgage loans reflects good penetration throughout the assessment area, and the geographic distribution of small farm loans reflects adequate penetration.

### ***Small Business Loans***

The geographic distribution of small business lending reflects good penetration throughout the assessment area. The bank did not originate any loans in moderate-income census tracts in 2020; however, the bank originated one loan in 2021. This shows improvement, as the bank's presence in this market is limited. See the following table for details.

| <b>Geographic Distribution of Small Business Loans</b>   |                        |                                     |          |              |                 |              |
|--|------------------------|-------------------------------------|----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>  | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b> | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate   |                        |                                     |          |              |                 |              |
| 2020   | 10.8                   | 6.6                                 | 0        | 0.0          | 0               | 0.0          |
| 2021   | 10.6                   | --                                  | 1        | 16.7         | 140             | 70.7         |
| Middle   |                        |                                     |          |              |                 |              |
| 2020   | 77.0                   | 84.9                                | 6        | 100.0        | 123             | 100.0        |
| 2021   | 77.1                   | --                                  | 4        | 66.7         | 53              | 26.8         |
| Upper  |                        |                                     |          |              |                 |              |
| 2020   | 12.2                   | 8.6                                 | 0        | 0.0          | 0               | 0.0          |
| 2021   | 12.3                   | --                                  | 1        | 16.7         | 5               | 2.5          |
| <b>Totals</b>  |                        |                                     |          |              |                 |              |
| <b>2020</b>  | <b>100.0</b>           | <b>100.0</b>                        | <b>6</b> | <b>100.0</b> | <b>123</b>      | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>           | <b>--</b>                           | <b>6</b> | <b>100.0</b> | <b>198</b>      | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                        |                                     |          |              |                 |              |

### ***Home Mortgage Loans***

The geographic distribution of home mortgage lending reflects good penetration throughout the assessment area. The lending percentage in moderate-income census tracts compares favorably to aggregate lending data. See the following table for details.

| Geographic Distribution of Home Mortgage Loans  |                                   |                              |           |              |              |              |
|---|-----------------------------------|------------------------------|-----------|--------------|--------------|--------------|
| Tract Income Level  | % of Owner-Occupied Housing Units | Aggregate Performance % of # | #         | %            | \$(000s)     | %            |
| Moderate  |                                   |                              |           |              |              |              |
| 2020  | 10.7                              | 12.7                         | 2         | 16.7         | 136          | 15.0         |
| 2021  | 10.7                              | --                           | 4         | 23.5         | 238          | 20.6         |
| Middle  |                                   |                              |           |              |              |              |
| 2020  | 76.5                              | 78.9                         | 10        | 83.3         | 772          | 85.0         |
| 2021  | 76.5                              | --                           | 11        | 64.7         | 830          | 71.9         |
| Upper   |                                   |                              |           |              |              |              |
| 2020  | 12.8                              | 8.3                          | 0         | 0.0          | 0            | 0.0          |
| 2021  | 12.8                              | --                           | 2         | 11.8         | 87           | 7.5          |
| <b>Totals</b>   |                                   |                              |           |              |              |              |
| <b>2020</b>   | <b>100.0</b>                      | <b>100.0</b>                 | <b>12</b> | <b>100.0</b> | <b>908</b>   | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>                      | <b>--</b>                    | <b>17</b> | <b>100.0</b> | <b>1,155</b> | <b>100.0</b> |
| <i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                                   |                              |           |              |              |              |

### ***Small Farm Loans***

The geographic distribution of small farm lending reflects adequate penetration throughout the assessment area, given the limited loan volume. The bank originated only one small farm loan in 2020 and three small farm loans in 2021 within this assessment area. None of these small farm loans were in moderate-income census tracts. However, only 1.9 percent of 2020 aggregate small farm lending occurred in moderate-income census tracts in the assessment area. As a result, the bank's performance is adequate.

### **Borrower Profile**

Overall, the distribution of borrowers reflects excellent performance for this criterion. The distribution of borrowers reflects excellent penetration for small business lending, home mortgage lending, and small farm lending.

### ***Small Business Loans***

The distribution of small business loans reflects excellent penetration among businesses of different revenue sizes in the assessment area. The lending percentage to businesses with gross annual revenues of \$1 million or less, based on the number of loans, significantly exceeds aggregate lending data. See the following table for details.

| Distribution of Small Business Loans by Gross Annual Revenue Category   |                 |                              |          |              |            |              |
|---|-----------------|------------------------------|----------|--------------|------------|--------------|
| Gross Revenue Level   | % of Businesses | Aggregate Performance % of # | #        | %            | \$(000s)   | %            |
| <b>&lt;=\$1,000,000</b>   |                 |                              |          |              |            |              |
| 2020  | 77.2            | 35.5                         | 3        | 50.0         | 48         | 39.0         |
| 2021  | 78.4            | --                           | 6        | 100.0        | 198        | 100.0        |
| <b>&gt;\$1,000,000</b>  |                 |                              |          |              |            |              |
| 2020  | 4.6             | --                           | 0        | 0.0          | 0          | 0.0          |
| 2021  | 4.3             | --                           | 0        | 0.0          | 0          | 0.0          |
| <b>Revenue Not Available</b>  |                 |                              |          |              |            |              |
| 2020  | 18.3            | --                           | 3        | 50.0         | 75         | 61.0         |
| 2021  | 17.3            | --                           | 0        | 0.0          | 0          | 0.0          |
| <b>Totals</b>   |                 |                              |          |              |            |              |
| <b>2020</b>   | <b>100.0</b>    | <b>100.0</b>                 | <b>6</b> | <b>100.0</b> | <b>123</b> | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>    | <b>--</b>                    | <b>6</b> | <b>100.0</b> | <b>198</b> | <b>100.0</b> |
| <i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available.<br/>           Due to rounding, totals may not equal 100.0%</i> |                 |                              |          |              |            |              |

### ***Home Mortgage Loans***

The distribution of home mortgage lending in the assessment area reflects excellent penetration to individuals of different income levels, including low- and moderate-income individuals. The lending percentages to low- and moderate-income borrowers, based on the number of loans, significantly exceeds aggregate lending data. See the following table for details.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level</b>   |                      |                                     |           |              |                 |              |
|---|----------------------|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Borrower Income Level</b>  | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>  |                      |                                     |           |              |                 |              |
| 2020  | 18.2                 | 5.9                                 | 2         | 16.7         | 116             | 12.8         |
| 2021  | 18.2                 | --                                  | 2         | 11.8         | 126             | 10.9         |
| <b>Moderate</b>   |                      |                                     |           |              |                 |              |
| 2020  | 20.1                 | 20.9                                | 3         | 25.0         | 141             | 15.5         |
| 2021  | 20.1                 | --                                  | 3         | 17.6         | 156             | 13.5         |
| <b>Middle</b>   |                      |                                     |           |              |                 |              |
| 2020  | 22.7                 | 18.6                                | 2         | 16.7         | 65              | 7.2          |
| 2021  | 22.7                 | --                                  | 4         | 23.5         | 259             | 22.4         |
| <b>Upper</b>  |                      |                                     |           |              |                 |              |
| 2020  | 39.0                 | 38.3                                | 4         | 33.3         | 286             | 31.5         |
| 2021  | 39.0                 | --                                  | 7         | 41.2         | 558             | 48.3         |
| <b>Not Available</b>  |                      |                                     |           |              |                 |              |
| 2020  | 0.0                  | 16.2                                | 1         | 8.3          | 300             | 33.0         |
| 2021  | 0.0                  | --                                  | 1         | 5.9          | 57              | 4.9          |
| <b>Totals</b>   |                      |                                     |           |              |                 |              |
| <b>2020</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>12</b> | <b>100.0</b> | <b>908</b>      | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>         | <b>--</b>                           | <b>17</b> | <b>100.0</b> | <b>1,155</b>    | <b>100.0</b> |
| <i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                      |                                     |           |              |                 |              |

***Small Farm Loans***

The distribution of small farm loans reflects excellent penetration among farms of different revenue sizes in the assessment area. All small farm loans originated in this assessment area were to farms with gross annual revenues of \$1 million or less, which is significantly greater than aggregate lending performance at only 30.2 percent.

**Community Development Loans**

First State Community Bank did not originate or renew any community development loans in the Saline Assessment Area

**INVESTMENT TEST**

First State Community Bank demonstrated low satisfactory performance under the Investment Test in the Saline Assessment Area.

### **Investment and Grant Activity**

First State Community Bank has an adequate level of qualified community development investments and grants in the Saline Assessment Area. During the evaluation period, the bank received consideration for five donations totaling \$6,000 that benefited the assessment area. The bank promoted community development through investments and donations that served to provide community services targeted to low- and moderate-income individuals. For example, the bank made a donation of approximately \$1,800 to purchase computer room supplies for an entity that provides affordable housing in the assessment area.

### **Responsiveness to Credit and Community Development Needs**

The institution exhibits good responsiveness to credit and community development needs in the Saline Assessment Area. This is consistent with the bank's overall performance.

### **Community Development Initiatives**

First State Community Bank's investment and grant activity was limited to grants in this assessment area; therefore, this factor was not evaluated for the Saline Assessment Area.

### **SERVICE TEST**

First State Community Bank demonstrated high satisfactory performance under the Service Test in the Saline Assessment Area.

### **Accessibility of Delivery Systems**

The institution's delivery systems are readily accessible to all portions of the Saline Assessment Area. Delivery systems in this assessment area are consistent with those described at the institution level.

### **Changes in Branch Locations**

No offices were opened or closed in this assessment area during the review period.

### **Reasonableness of Business Hours and Services**

The bank's services, including business hours, do not vary in a way that inconveniences certain portions of the Saline Assessment Area, particularly low- and moderate-income geographies and/or individuals. Business hours and services in the assessment area are consistent with the institution's overall performance.

### **Community Development Services**

First State Community Bank provided an adequate level of community development services, with two qualifying services that benefited the Saline Assessment Area. Community development services in this assessment area are consistent with the bank-wide focus on community services targeted to low- and moderate-income individuals through the FSCB IMPACT.

## APPENDICES

### LARGE BANK PERFORMANCE CRITERIA

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
  - i. The proportion of the bank's lending in the bank's assessment area(s);
  - ii. The dispersion of lending in the bank's assessment areas(s); and
  - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
  - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
  - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
  - iii. Small business and small farm loans by loan amount at origination; and
  - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

#### **Investment Test**

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

## **Service Test**

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

## 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

**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.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income 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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**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 Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**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 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 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

**Qualified Investment:** A 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.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

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

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating 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.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.