

PUBLIC DISCLOSURE

September 28, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

State Bank of Bement
Certificate Number: 10855

180 East Bodman Street
Bement, Illinois 61813

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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 AREA.....	3
SCOPE OF EVALUATION.....	6
CONCLUSIONS ON PERFORMANCE CRITERIA.....	7
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	13
APPENDICES	14
SMALL BANK PERFORMANCE CRITERIA.....	14
GLOSSARY.....	15

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. State Bank of Bement's (SBB) outstanding Community Reinvestment Act (CRA) performance is supported by the following factors.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of the institution's small farm, small business, and home mortgage loans are in the assessment area.
- The geographic distribution of loans reflects excellent dispersion of small farm, small business, and home mortgage loans throughout the assessment area.
- The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.
- The bank's qualified investments and services enhance credit availability in the assessment area.

DESCRIPTION OF INSTITUTION

Background

State Bank of Bement (SBB) is a \$168.3 million institution headquartered in the village of Bement (population 1,484), in Piatt County, a primarily rural area in East Central Illinois. The institution is wholly-owned by Bement Bancshares, Inc., a one-bank holding company, also based in Bement, Illinois. SBB has no subsidiaries that engage in lending activities. The bank received an Outstanding rating at its previous FDIC Performance Evaluation dated July 17, 2017, based on Interagency Small Institution Examination Procedures.

Operations

The bank operates four full service locations in eastern-central Illinois. The main office is located in Bement with branch locations in the nearby cities of Ivesdale, Monticello and Cerro Gordo. The Cerro Gordo branch was obtained through the acquisition of the State Bank of Cerro Gordo in April 2022. The bank did not close any branches during the evaluation review period.

The bank continues to offer traditional loan and deposit products. Loan product offerings include agricultural, commercial, and home mortgage loans, which are primary product lines. Consumer loans for auto and personal purposes are offered as well. Deposit products offered include checking, savings, now accounts, and certificates of deposit. Alternative banking services include internet and mobile banking, electronic bill pay, and automated teller machines (ATMs).

Various loan programs are offered that may be particularly beneficial for low- and moderate – income borrowers, as well as small businesses and small farms. The bank entered into a third -party lending relationship during this review period that will allow them to refer customers for long-term fixed rate home mortgage loan programs that are beneficial for low- and moderate-income borrowers. New credit offerings through this relationship include loans through the Federal Housing Administration (FHA), United States Department of Veteran's Affairs (VA), and United States Department of Agriculture (USDA) Rural Housing loan programs. These programs generally allow lower down payments and have more flexible guidelines than conventional loans. Although originations under this arrangement is directly reflected in the bank's performance, its efforts to offer these programs help demonstrate a commitment to meeting the credit needs in the assessment area.

SBB participates in the Federal Home Loan Bank (FHLB) of Chicago's Downpayment Plus program that provides grants to eligible first time home buyers. During this review period, the bank assisted in securing grants for five borrowers totaling \$34,000. Additionally, FHLB provided its member institutions with various grant opportunities to provide funds to community organizations during the COVID-19 pandemic. SBB and the former State Bank of Cerro Gordo participated in the FHLB COVID-19 Relief Grant Program and received over \$60,000 in grant funds that were provided to local nonprofit organizations within the assessment area. Most of these grants supported affordable housing, food pantries, and other social service organizations.

The bank also offers small business loans secured by the Small Business Administration (SBA). These loans provide financing to new or expanding businesses, generally with longer terms and more flexible guidelines than conventional financing. In response to the economic impact on small

businesses resulting from the COVID-19 pandemic, the SBA created the Paycheck Protection Program (PPP). This loan program was designed to help small businesses and small farms maintain and compensate their workforce during the crisis. SBB participated in the PPP program and originated 57 small business loans totaling \$1.3 million and 59 small farm loans totaling \$1.2 million during this review period. Average loan amounts of \$23,393 and \$20,588 for small businesses and small farms, respectively, indicates that the majority of the bank's PPP lending was targeted towards assisting smaller operations.

Ability and Capacity

Assets totaled approximately \$168.3 million as of June 30, 2023, and included total loans of \$86.1 million, total securities of \$56.9 million, and total deposits of \$153.6 million. There were no financial, legal, or other impediments identified that would limit the bank's ability to meet the credit needs of the assessment area. The following table shows the bank's loan portfolio and reflects the bank's focus of home mortgage, small business and small farm lending.

Loan Portfolio Distribution as of 6/30/2023		
Loan Category	\$(000s)	%
Construction and Land Development	6,260	7.2
Secured by Farmland	4,876	5.7
1-4 Family Residential	14,802	17.2
Commercial Real Estate	4,854	5.6
Total Real Estate Loans	30,792	35.7
Commercial and Industrial	32,618	37.9
Agricultural	13,843	16.0
Consumer	8,512	9.9
Other	384	0.5
Total Loans	86,149	100.0
<i>Source: Reports of Income and Condition</i>		

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to delineate one or more assessment areas (AA) within which its CRA performance will be evaluated. SBB's AA consists of the following eight census tracts (CT):

Description of Assessment Area		
County	Census Tracts	Metropolitan Statistical Area (MSA)
Champaign	109.02	Champaign-Urbana, IL #16580
Macon	22, 23	Decatur, IL #19500
Moultrie	9770	Non-MSA
Piatt	9545, 9546, 9547, 9548	Non-MSA
<i>Source: Bank Data</i>		

The AA reflects a decrease in size from the previous evaluation when it included a total of nine CTs. Since the last evaluation, and after the merger with State Bank of Cerro Gordo, management

re-evaluated the AA and removed one CT in Douglas County. There was a considerable amount of overlap between both banks' delineated AAs prior to the merger. Management reviewed both AAs and determined the current delineation is the most reflective of current deposit activity, loan demand, distance from branches, and competition. The current AA conforms to the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies. The following sections discuss demographic and economic information for the AA.

Economic and Demographic Data

The economic profile of the AA continues to be rural in nature and heavily dependent on agriculture and related industries despite the fact it is located within MSA geographies. According to the 2020 Census, the area is comprised of eight CTs including one moderate-, six middle-, and one upper-income. This represents little change from the 2010 Census data utilized during the previous evaluation, when the same area was comprised of one moderate-, seven middle-, and one upper-income census tract. SBB's main office is located in Piatt CT 9547, which remains a moderate-income geography. The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	8	0.0	12.5	75.0	12.5	0.0
Population by Geography	31,435	0.0	10.1	73.1	16.8	0.0
Housing Units by Geography	13,665	0.0	11.3	72.4	16.4	0.0
Owner-Occupied Units by Geography	10,408	0.0	10.5	71.9	17.6	0.0
Occupied Rental Units by Geography	2,032	0.0	9.9	79.3	10.7	0.0
Vacant Units by Geography	1,225	0.0	20.0	64.3	15.7	0.0
Businesses by Geography	2,070	0.0	8.6	76.3	15.1	0.0
Farms by Geography	285	0.0	14.7	77.5	7.7	0.0
Family Distribution by Income Level	8,522	17.0	17.6	23.0	42.4	0.0
Household Distribution by Income Level	12,440	15.0	16.4	16.5	52.2	0.0
Median Family Income MSA - 16580 Champaign-Urbana, IL MSA		\$83,169	Median Housing Value			\$133,063
Median Family Income MSA - 19500 Decatur, IL MSA		\$71,270	Median Gross Rent			\$792
Median Family Income Non-MSAs – IL		\$68,958	Families Below Poverty Level			5%
Sources: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.						

According to D&B data, Service Industries represent the largest portion of businesses in the AA at 27.7 percent; followed by Non-Classifiable Establishments at 18.1 percent and Agriculture, Forestry & Fishing at 12.1 percent.

The analysis of small farm and small business loans under the borrower profile criterion compares the distribution of loans to the distribution of operations by revenue category. According to 2022 D&B data, the AA contained 2,070 businesses and 285 farms. Data from D&B suggests the majority of businesses and farms are small as 63.7 percent have four or fewer employees and 87.8 percent operate from a single location. Gross annual revenues (GARs) for businesses are below:

- 82.9 percent have GARs of \$1 million or less,
- 3.4 percent have GARs over \$1 million, and
- 13.7 percent have unknown GARs.

Further, GARs for farms are below:

- 99.3 percent have GARs of \$1 million or less,
- 0.7 percent have GARs over \$1 million.

Data obtained from the U.S. Bureau of Labor Statistics indicates that unemployment rates within the AA are similar to both the State of Illinois average and the national average, as detailed in the following table.

Unemployment Rates		
County or Area	August 2022	August 2023
	%	%
Piatt County	3.4	4.7
Moultrie County	3.2	4.3
Macon County	5.5	7.2
Champaign County	4.1	5.6
State of Illinois	4.8	5.3
National Average	3.8	3.9
<i>Source: Bureau of Labor Statistics</i>		

The Federal Financial Institutions Examination Council (FFIEC) median family income is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for the assessment area are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Champaign-Urbana, IL MSA Median Family Income (16580)				
2022 (\$91,300)	<\$45,650	\$45,650 to <\$73,040	\$73,040 to <\$109,560	≥\$109,560
Decatur, IL MSA Median Family Income (19500)				
2022 (\$84,100)	<\$42,050	\$42,050 to <\$67,280	\$67,280 to <\$100,920	≥\$100,920
IL NA Median Family Income (99999)				
2022 (\$76,100)	<\$38,050	\$38,050 to <\$60,880	\$60,880 to <\$91,320	≥\$91,320
<i>Source: FFIEC</i>				

Competition

The bank operates in a competitive environment for financial services. According to the FDIC Deposit Market Share data as of June 2023, 38 financial institutions operated 127 full-service branches within the four-county area comprising SBB's assessment area. Of these institutions, the SBB ranked 18th with a 1.46 percent deposit market share. This ranking is up from the last evaluation when the institution was ranked 22nd with a market share of 1.10 percent in June 2017. Besides banking competition, competition exists from other entities such as The Farm Credit Administration, and several credit unions that operate in the area. Additionally, some agricultural related vendors for heavy equipment and inputs (seed, chemicals) also offer financing directly to their customers.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine the responsiveness to these needs by local financial institutions. It also helps identify what credit and community development opportunities are available.

Examiners reviewed three recently conducted community contacts, which included two representatives from economic development organizations active in the AA to assist in identifying credit and community development needs and a third representative who is active in the real estate market. All three contacts stated housing stock is low and there is a need for financing for low- and moderate-income applicants and that housing prices continue to be inflated. While the availability of housing stock has somewhat improved, quality affordable housing remains scarce. The contacts opined that the overall economic conditions of the area are favorable and there is need for business, farm, and mortgage credit. One of the biggest needs is for low- and moderate-income borrower financing options. There is also a need for financial literacy programs throughout the AA. The contacts stated there is good competition for credit in the area and that financial institutions appeared to be responsive to the credit needs in the area.

Credit Needs

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that small farm, small business, and home mortgage loans represent the primary credit needs for this AA. Opportunities exist for originating such loans throughout the AA.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 17, 2017, to the current evaluation dated September 28, 2023. Examiners used the Interagency Small Institutions CRA Examination Procedures to evaluate SBB's CRA performance. The performance is evaluated according to the following criteria: loan-to-deposit ratio, AA concentration, geographic distribution,

borrower profile, and response to CRA-related complaints. At the bank's request, community development investments and services were also reviewed.

Activities Reviewed

Examiners determined that the bank's major product lines continue to be commercial, agricultural, and home mortgage loans. This conclusion was based on the bank's business strategy and number and dollar volume of loans originated during the evaluation period. The bank's record of originating all three loan products were given equal weight in the overall conclusions. Furthermore, no other loan types, such as consumer loans, represent a major product or provide material support for the conclusions or rating.

As of June 30, 2023, the loan portfolio was 43.5 percent commercial, 21.7 percent agricultural, 17.2 percent 1-4 family residential, and 9.9 percent consumer. The portfolio has grown approximately 18.5 percent overall, partially related to the merger. The current composition of the loan portfolio is largely similar to the last evaluation, although there has been a slight shift between the levels of commercial and agricultural, which were 32.5 and 33.9 percent, respectively as of June 30, 2020.

Bank records and Call Report data indicated the institution's lending focus and product offerings remained consistent throughout the evaluation period. Examiners analyzed all small farm, small business, and home mortgage loans originated since the prior evaluation and did not identify any trends that materially affect the conclusions.

This evaluation presents data from the universe of all three loan products originated from January 1, 2022, through December 31, 2022, which management confirmed is representative of the bank's performance during the evaluation period. In 2022, SBB originated 97 small farm loans totaling \$19.3 million and 89 small business loans totaling \$8.6 million. D&B data for 2022 is used as a comparative factor for small farm and small business lending performance. Additionally, the bank originated 47 home mortgage loans totaling \$5.9 million in 2022. The bank's performance is compared to the 2020 Census data. Qualified investment and service activity since the previous evaluation was also considered.

Examiners reviewed the number and dollar volume of all three loan products and while both number and dollar volume of loans are presented, examiners emphasized performance by number of loans because it is a better indicator of the number of individuals and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

SBB demonstrated outstanding performance under the Lending Test. The institution's performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile support this conclusion. The following is a discussion of each performance criterion and support for the institution's overall rating.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and AA credit needs. This indicator reveals how much the bank is lending relative to deposits. The bank's LTD ratio, calculated from Call Report data, averaged 69.1 percent over the past 24 calendar quarters from September 30, 2017, to June 30, 2023. The ratio ranged from a high of 90.1 percent as of December 31, 2018 to a low of 42.3 percent as of June 30, 2022. The ratio was generally stable during the evaluation period despite an influx of approximately \$50 million in deposits attributed to the merger.

Examiners evaluated SBB's average net LTD ratio by comparing it to three similarly-situated banks. Examiners selected these similarly-situated banks based on asset size, geographic location, and lending focus. As shown in the following table, SBB's average net LTD ratio was higher than all of the comparator banks. The bank's LTD ratio reflects a willingness to lend.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 06/30/2023 (\$000s)	Average Net LTD Ratio (%)
State Bank of Bement	168,293	69.1
Similarly-Situated Institution #1	88,384	45.1
Similarly-Situated Institution #2	123,388	19.6
Similarly-Situated Institution #3	130,083	64.1

Source: Reports of Condition and Income 09/30/2017 – 06/30/2023

Assessment Area Concentration

The bank originated a substantial majority of its small farm and home mortgage loans within its AA, by both number and dollar volume. A substantial majority of small business loans, by number, were originated within the AA, but only 47.8 percent of small business loans, by dollar amount, were originated in the AA. A review of bank data revealed a majority of the small business loan dollars outside the AA was primarily attributed to two borrowers that obtained multiple loans. The following table details lending inside and outside the AA by loan product and year.

Lending Inside and Outside of the AA										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	90	92.8	7	7.2	97	18,508	95.5	880	4.5	19,388
Small Business	65	73.0	24	27.0	89	4,149	47.8	4,522	52.2	8,671
Home Mortgage	35	74.5	12	25.5	47	4,320	73.2	1,582	26.8	5,902
Total	190	81.5	43	18.5	233	26,977	79.4	6,984	20.6	33,961
Source: Bank Data. Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank's performance among all three loan product categories supports this conclusion. Over one-third of the bank's lending in each category was to support small farms, small businesses, and individuals in the assessment area's only moderate-income geography. For this criterion, examiners compared the bank's performance to the percentage of small farms, small businesses, and owner-occupied housing units by tract income category, respectively.

Small Farm Loans

The geographic distribution of small farm loans reflects excellent dispersion throughout the assessment area. As detailed in the following table, SBB's lending performance in the moderate-income portion of the assessment area was more than double the area demographic.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	14.7	30	33.4	7,060	38.2
Middle	77.5	48	53.3	9,033	48.8
Upper	7.7	12	13.3	2,415	13.0
Totals	100.0	90	100.0	18,508	100.0
<i>Sources: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>					

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. As detailed in the following table, the bank's lending performance in the moderate-income portion of the assessment area far surpassed the area demographic, by more than four times.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	8.6	24	36.9	797	19.2
Middle	76.3	39	60.0	3,314	79.8
Upper	15.1	2	3.1	38	1.0
Totals	100.0	65	100.0	4,149	100.0
<i>Sources: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. As shown in the following table, the bank's lending in the moderate-income tract significantly outpaced the demographic, by nearly four times.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	10.5	14	40.0	1,441	33.4
Middle	71.9	20	57.1	2,804	64.9
Upper	17.6	1	2.9	75	1.7
Totals	100.0	35	100.0	4,320	100.0
<i>Sources: 2020 U.S. Census; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i>					

Borrower Profile

The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes and borrowers of different income levels (including low- and moderate-income) and, given the demographics of the assessment area. Performance across all three product lines supports this conclusion.

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration of loans to farming operations with GARs of \$1 million or less. While the bank's lending to farms with GARs of \$1 million or less is below the percentage of farms operating in the AA, the lending performance of three similarly situated banks revealed lending ranges of 62.5 to 79.5 percent and also showed similar demographics of farming operations in the AA. As such, the bank's performance is fairly comparable to the lending activity of the similarly situated institutions.

In addition, it is important to note and as detailed in the following table, SBB made 36 loans to operations reporting GARs greater than \$1 million, which is comprised of nine unique borrowers, some of which obtained multiple loans which somewhat skews the performance. The similarly situated banks also had a relatively high level of lending to farms with GARs greater than a \$1 million.

Overall, the bank's performance is considered reasonable based on the performance of the similarly situated banks, credit needs of the area, level of competition, and community contact feedback. Besides other financial institutions, there is also competition for small farm loans from equipment and input vendors that provide direct financing to their customers. In addition, the 2017 Agricultural Census Data revealed 51 percent of farmers in the bank's AA reported a primary occupation other than farming and 55.3 percent reported no interest expense, which suggests less demand for small farm loans. Overall, the bank's performance demonstrates a willingness to lend to small operations in the AA. This lending level is in-line with performance at the previous evaluation, which illustrates the bank's continuing commitment to meeting the credit needs of small farms in the assessment area.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	99.3	54	60.0	10,475	56.6
>\$1,000,000	0.7	36	40.0	8,033	43.4
Totals	100.0	90	100.0	18,508	100.0
<i>Sources: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The distribution of small business loans reflects reasonable penetration of small businesses of different sizes. The following table shows the institution's lending performance and commitment to serving the credit needs of small businesses with revenues of \$1 million or less, slightly exceeds the demographic data of 82.9 percent. Further, five of the six loans in the over \$1 million in revenue category were to the same two borrowers. This level of performance is noteworthy given the level of competition in the area.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	82.9	56	86.2	3,387	81.7
>\$1,000,000	3.4	6	9.2	591	14.2
Revenue Not Available	13.7	3	4.6	171	4.1
Totals	100.0	65	100.0	4,149	100.0
<i>Source: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>					

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, reflects excellent penetration of the AA. SBB's lending performance during this review period reflects increased efforts to meet credit needs in the area, particularly for low-income borrowers. Since the last evaluation, SBB's overall volume of home mortgage lending has more than doubled.

As detailed in the following table, the bank's level of lending to low-income borrowers exceeds area demographics for 2022. In addition, five percent of the AA's families had incomes below the poverty level and typically have difficulty qualifying for a home mortgage loan due to financial constraints. Extracting the five percent decreases the demographic comparative factor to 12 percent. SBB originated 25.7 percent of its home mortgage loans to low-income borrowers, which more than doubles the percentage of low-income families that can reasonably be expected to qualify for a home mortgage loan.

Lending performance for moderate-income borrowers reflects similar performance. SBB originated 34.3 percent of its loans to moderate-income borrowers, which is almost twice the demographic of

17.5 percent of families. Overall, the bank demonstrates a willingness to lend to borrowers of different incomes.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	17.0	9	25.7	728	16.9
Moderate	17.6	12	34.3	1,062	24.6
Middle	23.0	8	22.9	938	21.7
Upper	42.4	6	17.1	1,592	36.9
Totals	100.0	35	100.0	4,320	100.0
<i>Sources: 2020 U.S. Census; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i>					

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

QUALIFIED INVESTMENTS AND SERVICES

SBB's strong performance under the small bank lending test is enhanced by the bank's community development efforts, specifically through qualified investments and services, within its AA. Examiners reviewed those activities, which further supports the overall Outstanding CRA rating.

Investments

The bank's investment and donation record enhances credit availability in its assessment area. While no qualified investments were made during this evaluation, the institution made 31 qualified donations totaling \$43,000 to several community service donations to support entities located and serving a moderate-income tract, as well as low- and moderate-income residents of the AA.

Services

SBB provided several services to enhance credit availability in its assessment area. Bank facilities and services are readily accessible to all portions of the assessment area, and the bank's main office is located in a moderate-income census tract. Second, bank staff remain active in providing financial literacy classes at local schools, some of which have more than 50 percent of students receiving free and reduced lunches. Members of SBB's Board of Directors and management team have also served the AA in a variety of other ways. The following table provides additional examples of community development services the bank has been involved with since the previous evaluation.

Community Development Services				
Brief Service Description	Community Development Purpose	Bank Sponsored Event, Program or Seminar	Technical Assistance or Direct Involvement by Bank Employee	Bank Product or Service
Bank officers provide loan related technical assistance financial assistance to small business owners and first time homebuyers for grant programs through the Federal Home Loan Bank of Chicago.	Community Service		2017 - present	
SBB Director provides financial expertise on the Board the Habitat for Humanity in Bement, a non-profit organization that provides housing for low- and moderate-income individuals and families.	Community Service		2011 - Present	
Executive Vice President provides financial expertise as the Board Treasurer for the Kirby Medical Center, a non-profit hospital that provides services and community wellness initiatives throughout the AA and provides financial assistance programs based on need.	Community Service		2017 - Present	
Executive Vice President participates in a Small Business Bootcamp program that involves educating current and potential business owners about the financial aspects of running a business, such as obtaining a loan. The program includes a grant, and recipients must be located within a designated business district, which is part of a TIF district.	Economic Development		2017 - Present	
<i>Source: Bank Records</i>				

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this review was a non-existent factor with no impact on the institution's overall CRA rating.

APPENDICES

SMALL 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) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

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.

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.

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.

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.

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.

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 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.

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.