

PUBLIC DISCLOSURE

January 8, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Senath State Bank
Certificate Number: 15101

117 E Commercial Street
Senath, Missouri 63876

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.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory 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.

Senath State Bank's Community Reinvestment Act (CRA) performance under the applicable performance criteria supports the overall rating. The following points summarize the bank's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of home mortgage and small farm loans were made in the assessment area.
- The geographic distribution of home mortgage and small farm loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and farms of different revenue sizes.
- The institution did not receive any CRA-related complaints since the prior evaluation performed as of January 8, 2018.

DESCRIPTION OF INSTITUTION

Senath State Bank is a full-service financial institution operating from its main location in Senath, Missouri, and branches in Arbyrd and Kennett, Missouri. No branches have been opened or closed, and no merger or acquisition activities have occurred since the previous evaluation. The bank is wholly owned by a one-bank holding company, Senath Bancshares, Inc., Senath, Missouri. The institution does not have any lending affiliates. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated January 8, 2018, which utilized Interagency Small Institution Examination Procedures.

Senath State Bank’s primary lending focus is home mortgage lending; however, the bank also offers consumer, commercial, and agriculture loans. The institution provides a variety of deposit services and accounts including checking, savings, money market, and certificate of deposit. Alternative banking services include online and mobile banking, debit cards, bill pay, and two ATMs located in the assessment area.

According to the September 30, 2023, Reports of Condition and Income (Call Report), the institution reported total assets of \$93.9 million, which included total loans of \$56.2 million. Deposits totaled \$80.5 million. These figures represent an increase since the prior evaluation where total assets equaled \$70.9 million, total loans equaled \$45.9 million, and total deposits equaled \$59.7 million. As presented in the following table, home mortgage lending represents the largest portion of the loan portfolio at 56.0 percent, followed by agriculture and farmland lending at 22.0 percent. The breakdown of the loan portfolio is consistent with the prior evaluation.

Loan Portfolio Distribution as of 09/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	664	1.2
Secured by Farmland	9,281	16.5
Secured by 1-4 Family Residential Properties	30,397	54.1
Secured by Multifamily (5 or more) Residential Properties	1,097	1.9
Secured by Nonfarm Nonresidential Properties	382	0.7
Total Real Estate Loans	41,821	74.4
Commercial and Industrial Loans	1,802	3.2
Agricultural Production and Other Loans to Farmers	3,080	5.5
Consumer Loans	9,523	16.9
Obligations of State and Political Subdivisions in the U.S.	0	0
Other Loans	0	0
Lease Financing Receivable (net of unearned income)	0	0
Less: Unearned Income	0	0
Total Loans	56,226	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments limiting the institution’s ability to meet the credit needs of the assessment area during the evaluation period.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires financial institutions to define one or more assessment area within which its CRA performance will be evaluated. Senath State Bank has designated one assessment area consisting of Dunklin County, Missouri. The assessment area delineation has not changed since the prior evaluation.

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)	10	0.0	50.0	50.0	0.0
Population by Geography	28,283	0.0	44.0	56.0	0.0
Housing Units by Geography	14,448	0.0	46.3	53.7	0.0
Owner-Occupied Units by Geography	7,472	0.0	40.7	59.3	0.0
Occupied Rental Units by Geography	4,647	0.0	50.7	49.3	0.0
Vacant Units by Geography	2,329	0.0	55.4	44.6	0.0
Businesses by Geography	2,273	0.0	47.4	52.6	0.0
Farms by Geography	227	0.0	53.3	46.7	0.0
Family Distribution by Income Level	7,744	26.7	20.1	20.5	32.7
Household Distribution by Income Level	12,119	31.2	17.2	17.7	33.9
Median Family Income - Nonmetropolitan Missouri		\$56,957	Median Housing Value		\$81,319
Families Below Poverty Level		17.1%	Median Gross Rent		\$572
<i>Source: 2020 U.S. Census and 2022 D&B Data</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

The 2022 FFIEC-updated median family income ranges are used to analyze home mortgage lending under the Borrower Profile criterion. The income categories for the nonmetropolitan areas of Missouri are presented in the following table.

Median Family Income Ranges - Nonmetropolitan Missouri				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$63,500)	<\$31,750	\$31,750 to <\$50,800	\$50,800 to <\$76,200	≥\$76,200
<i>Source: FFIEC</i>				

Competition

The assessment area is a moderately competitive market for financial services. According to FDIC Deposit Market Share data, as of June 30, 2023, 7 financial institutions operate 12 offices in the assessment area. Senath State Bank ranked 5th with 10.8 percent of the deposit market share. Institutions within the assessment area range from small community banks to large regional financial institutions.

The institution is not required to collect or report its home mortgage loan data; therefore, the analysis does not include direct comparisons to aggregate data. However, aggregate lending data

reflects the level of demand and competition for home mortgage loans within the assessment area. Aggregate home mortgage lending data for 2022, which is the most recent data available, shows that 91 lenders made 587 home mortgage loans within the assessment area. This level of activity indicates a moderate level of competition for home mortgage loans.

Community Contact

Examiners conduct community contact interviews to obtain a profile of the local community, identify credit needs and opportunities, and evaluate local financial institutions' responsiveness to those needs. Examiners utilized an existing community contact interview that was conducted with an individual from an economic development organization familiar with the bank's assessment area and the surrounding communities. The contact stated that the area is supported by the agricultural industry. The rural communities are in survival mode due to the economy and are focused on maintaining schools, streets, and jails. Finally, the contact stated that there is a high level of competition in and around the assessment area. However, local financial institutions are meeting the credit needs of the local community, and individuals and businesses are able to obtain financing.

Credit Needs

Considering information from bank management, the community contact, and demographic and economic data, home mortgage and small farm loans represent primary credit needs in the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the time period from the prior evaluation dated January 8, 2018, through the current evaluation dated January 8, 2024. Examiners used FFIEC Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance.

Activities Reviewed

Examiners considered the institution's business strategy, loan portfolio composition, and the number and dollar volume of loans originated during the evaluation period. As a result, examiners reviewed both home mortgage and small farm loans to evaluate CRA performance. Home mortgage loans received the most weight when drawing overall conclusions, as it is the bank's primary lending category. Commercial lending is not a major product line for the bank and comprises a small portion of the loan portfolio; therefore, small business loans were not reviewed.

The evaluation considered all home mortgage and small farm loans originated in 2022. Management indicated that a review of lending activity from this timeframe would yield a representative analysis of lending performance since the prior evaluation.

For the home mortgage analysis, examiners reviewed the entire universe of 84 loans totaling \$5.9 million for the Assessment Area Concentration analysis. The Geographic Distribution analysis focused on all home mortgage loans made within the assessment area. Specifically, the bank originated 63 home mortgage loans totaling \$3.4 million within the assessment area. The Borrower Profile analysis included a random sample of 38 home mortgage loans totaling \$2.1 million. Examiners compared home mortgage lending performance to 2020 U.S. Census data.

In addition, examiners reviewed the entire universe of 13 small farm loans totaling \$1.1 million for the Assessment Area Concentration analysis. The Geographic Distribution and Borrower Profile analyses of small farm loans focused on 9 loans totaling \$585,000 made within the assessment area. Examiners compared small farm lending performance to 2022 D&B data.

Examiners analyzed lending performance by both number and dollar volume of loans. However, examiners emphasized the performance by the number of loans for the Geographic Distribution and Borrower Profile analyses, as it is generally a better indicator of the number of farms and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Senath State Bank demonstrated satisfactory performance under the Lending Test. This conclusion is supported by performance under all evaluated criteria.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. Senath State Bank’s net loan-to-deposit ratio, calculated from Call Report data, averaged 62.2 percent over 24 calendar quarters from March 31, 2018, to September 30, 2023. The ratio ranged from a low of 49.8 percent, as of March 31, 2022, to a high of 77.8 percent, as of September 30, 2019. The institution’s average net loan-to-deposit ratio has slightly decreased since the prior evaluation when it was 68.4 percent.

As shown in the following table, Senath State Bank’s average net loan-to-deposit ratio is within a reasonable range of the comparable institution’s ratio. Examiners identified the comparable institution based on asset size, lending focus, branching structure, and product offerings.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 09/30/2023 (\$000s)	Average Net LTD Ratio (%)
Senath State Bank, Senath, Missouri	93,973	62.2
Kennett Trust Bank, Kennett, Missouri	136,311	71.5
<i>Source: Reports of Condition and Income 03/31/2018 - 09/30/2023</i>		

Assessment Area Concentration

As illustrated in the following table, Senath State Bank originated a majority of home mortgage and small farm loans within its assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	63	75.0	21	25.0	84	3,429	57.4	2,541	42.6	5,970
Small Farm	9	69.2	4	30.8	13	585	53.9	500	46.1	1,085
Total	72	74.2	25	25.8	97	4,014	56.9	3,041	43.1	7,055

*Source: 2022 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, which is supported by the excellent dispersion in both loan categories. Examiners focused on the percentages by number of loans made in moderate-income census tracts within the assessment area. The assessment area does not contain any low-income or upper-income census tracts.

Home Mortgage

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. As shown in the following table, lending in moderate-income census tracts exceeds demographic data by 14.9 percent.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	40.7	35	55.6	1,522	44.4
Middle	59.3	28	44.4	1,907	55.6
Total	100.0	63	100.0	3,429	100.0

*Source: 2020 U.S. Census, 2022 Bank Data
Due to rounding, totals may not equal 100.0%*

Small Farm

The geographic distribution of small farm loans reflects excellent dispersion throughout the assessment area. As shown in the following table, lending in moderate-income census tracts exceeds demographic data by 35.6 percent.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	53.3	8	88.9	429	73.3
Middle	46.7	1	11.1	156	26.7
Totals	100.0	9	100.0	585	100.0

*Source: 2022 D&B Data; 2022 Bank Data
Due to rounding, totals may not equal 100.0%*

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and farms of different sizes. This conclusion is supported by reasonable lending performance in both loan categories. Examiners focused on the percentage of home mortgage loans made to

low- and moderate-income individuals and the percentage of small farm loans made to entities with gross annual revenues of \$1 million or less.

Home Mortgage

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. As shown in the following table, lending to moderate-income borrowers is comparable to demographic data. Although lending to low-income borrowers is slightly less than demographic data, the poverty level for the assessment area is 17.1 percent. This level is almost double the poverty level for the entire State of Missouri, which is 8.9 percent. Given the high poverty level in the assessment area, low-income individuals may have difficulty meeting conventional underwriting standards and obtaining the necessary down payment to purchase a home. Considering this information, the bank’s performance is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	26.7	7	18.4	220	10.3
Moderate	20.1	8	21.1	218	10.2
Middle	20.5	13	34.2	872	40.9
Upper	32.7	7	18.4	564	26.4
Not Available	0.0	3	7.9	259	12.2
Total	100.0	38	100.0	2,133	100.0
<i>Source: 2020 U.S. Census; 2022 Bank Data Due to rounding, totals may not equal 100.0%</i>					

Small Farm

The distribution of borrowers reflects reasonable penetration among farms of different revenue sizes. As shown in the following table, the bank’s lending to farms with gross annual revenues of \$1 million or less is generally comparable to demographic data.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	95.2	8	88.9	429	73.3
>\$1,000,000	3.1	1	11.1	156	26.7
Revenue Not Available	1.8	0	0.0	0	0.0
Total	100.0	9	100.0	585	100.0
<i>Source: 2022 D&B Data, 2022 Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

The institution has not received any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

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.