

PUBLIC DISCLOSURE

January 16, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Bank of the Lake
Certificate Number: 26960

4558 Osage Beach Parkway, Suite 100
Osage Beach, Missouri 65065

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 **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.

- Community development loans and investments exceed the minimum established goals for outstanding performance during the two calendar years reviewed.
- Community development donations exceed the minimum established goals for outstanding performance during the two calendar years reviewed.
- Community development service hours exceed the minimum established goals for outstanding performance during the two calendar years reviewed.

DESCRIPTION OF INSTITUTION

First Bank of the Lake is a full-service bank headquartered in Osage Beach, Missouri. FBOL Bancshares, Inc., Osage Beach, Missouri, a one-bank holding company, owns 100 percent of the institution's common stock as of October 1, 2022. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated January 16, 2018, based on Interagency Small Institution Examination Procedures.

First Bank of the Lake operates from its sole office in Osage Beach, located in southcentral Missouri. The institution has one ATM adjacent to its main office. Since the previous evaluation, the bank opened a Government Guaranteed Loan Operation Center in Greenville, South Carolina, and closed its loan production office in St. Louis, Missouri.

While the bank offers traditional banking products and services, the primary business focus is providing Small Business Administration (SBA) and United States Department of Agriculture loans nationwide. Deposit products include checking accounts, savings accounts, money market accounts, and certificates of deposit. Alternative banking products and services include online banking, mobile deposit, and remote deposit capture. The bank offers a variety of credit products for consumers and businesses. Consumer credit products include installment loans and home mortgage loans.

According to the Consolidated Reports of Condition and Income (Call Report), dated September 30, 2023, total assets approximated \$835.9 million, and included total loans of \$771.3 million and total securities of \$32.1 million. Total deposits equaled \$709.4 million. Since the previous evaluation, total assets, total loans, and total securities have increased significantly. The loan portfolio mix shifted focus during the evaluation period, with commercial lending exceeding consumer lending as the dominant product category. Since the prior evaluation, the level of commercial loans increased significantly due to additional nationwide commercial loan products introduced by the bank.

As illustrated in the following table, the primary loan product is commercial loans.

Loan Portfolio Distribution as of 09/30/23		
Loan Category	\$(000s)	%
Construction and Land Development	10,256	1.3
Secured by Farmland	0	0.0
1-4 Family Residential	11,824	1.5
Multi-family (5 or more) Residential	603	0.1
Commercial Real Estate	296,360	38.4
Total Real Estate Loans	319,043	41.3
Commercial and Industrial	446,323	57.9
Agricultural	4,645	0.6
Consumer	1,264	0.2
Obligations of States and Political Subdivisions in the U.S.	0	0.0
Other	0	0.0
Lease Financing Receivables	0	0.0
Less: Unearned Income	0	0.0
Total Loans	771,275	100.0
<i>Source: Reports of Condition and Income</i>		
<i>Due to rounding, totals may not equal 100.0%</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 regulation requires financial institutions to define one or more assessment areas within which its CRA performance will be evaluated. First Bank of the Lake has delineated one assessment area in southcentral Missouri consisting of Benton, Camden, Dallas, Hickory, Laclede, Miller, Morgan, and Pulaski counties.

Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area consists of 1 low-, 8 moderate-, 41 middle-, and 23 upper-income census tracts and one tract with no income designation. The assessment area is rural, with the exception of Dallas County, which is part of the Springfield, Missouri Metropolitan Statistical Area. During the review period, portions of Benton, Hickory, and Morgan counties were designated as underserved due to being remote/rural. The boundaries of the assessment area have changed since the previous CRA Evaluation, with the addition of Benton, Dallas, Hickory, Laclede, Morgan, and Pulaski counties. 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 #	NA* % of #
Geographies (Census Tracts)	74	1.4	10.8	55.4	31.1	1.4
Population by Geography	223,211	2.4	7.6	58.5	30.7	0.9
Housing Units by Geography	134,530	1.8	10.6	49.7	37.5	0.4
Owner-Occupied Units by Geography	60,529	1.8	10.4	57.7	30.2	0.0
Occupied Rental Units by Geography	22,820	4.2	3.6	61.7	29.0	1.5
Vacant Units by Geography	51,181	0.8	14.1	34.8	50.0	0.3
Businesses by Geography	25,715	2.2	6.3	51.8	39.5	0.2
Farms by Geography	1,384	3.4	10.5	60.6	25.4	0.0
Family Distribution by Income Level	56,439	19.5	17.4	20.7	42.3	0.0
Household Distribution by Income Level	0	0.0	0.0	0.0	0.0	0.0
Median Family Income - Springfield, MO MSA		\$64,545	Median Housing Value			\$166,654
Median Family Income Non-MSAs - MO		\$56,957	Median Gross Rent			\$777
			Families Below Poverty Level			11.8%
<i>Source: 2020 U.S. Census and 2022 D&B data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Competition

The assessment area is relatively competitive for financial services despite its rural nature. Per 2023 FDIC Deposit Market Share data, 34 financial institutions operate 87 offices within the assessment area. Of these institutions, First Bank of the Lake ranks third with 10.1 percent of the deposit market share.

Community Contact

Examiners conduct community contact interviews to maintain a profile of the local community, identify credit needs and opportunities, and evaluate local financial institutions' responsiveness to those needs. Examiners reviewed a recent community contact interview that was conducted with an individual from an entity that advocates for small businesses in the assessment area. The contact stated that there is a need for home mortgage and small business lending, specifically noting the limited availability of affordable housing. The contact indicated that local businesses have a difficult time hiring employees. Finally, the contact stated that there is a high level of competition; however, local financial institutions are meeting the credit needs of the community, and individuals and businesses are able to obtain financing.

Credit and Community Development Needs and Opportunities

Considering information from the community contact and demographic and economic data, examiners determined that home mortgage and commercial lending represent the primary credit needs in the assessment area. Community development needs primarily include economic development and community services targeted to low- and moderate-income individuals. The assessment area provides opportunities for banks to participate in community development activities through various economic development initiatives, community services targeted to low- and moderate-income individuals, and revitalization and stabilization of underserved areas.

SCOPE OF EVALUATION

General Information

Examiners evaluated First Bank of the Lake’s CRA performance using the Strategic Plan Examination Procedures. This evaluation includes a review of the bank’s performance towards meeting the Strategic Plan goals for 2022 and 2023. The FDIC approved a Strategic Plan on October 27, 2021, which includes Satisfactory and Outstanding goals for 2022 and 2023 for lending and investments, qualified donations, and service hours.

This evaluation relied upon records and reports provided by First Bank of the Lake, publicly available financial information, demographic data, and information gathered as part of the evaluation process.

Activities Reviewed

First Bank of the Lake developed the Strategic Plan specifically to meet the credit and community development needs within its assessment area. The Strategic Plan contains measurable annual goals that the FDIC used to evaluate performance. The Strategic Plan outlines three main goals that measure the bank’s activities to help meet assessment area needs or broader statewide or regional areas, through community development lending and investments, community development donations, and community development service hours. Each of these activities include goals for satisfactory and outstanding performance. Bank management tracked and provided data for the 2022 and 2023 activities under each goal.

CONCLUSIONS ON PERFORMANCE CRITERIA

First Bank of the Lake exceeded all Strategic Plan goals for 2022 and 2023, resulting in outstanding performance.

Community Development Lending and Investments

The measurable goal for lending and investments consists of combined community development loans and investments expressed as a percentage of First Bank of the Lake’s annual average assets for each Plan year. The average assets are calculated by taking a rolling average of the last four quarter-end total assets as reported in the Call Report. The following table presents lending and investment goals and the bank’s actual performance in each year.

Community Development Loans and Investments							
Plan Year	Institution Established Goals				Average Assets	Institution Performance	
	Satisfactory		Outstanding			Total Loans and Investments	
	%	\$(000)	%	\$(000)	\$(000s)	\$(000s)	%
2022	0.50	760	0.75	1,140	448,000	3,450	0.77
2023	0.60	912	0.85	1,292	754,000	6,669	0.88

Source: Bank records; 2022-2023 Strategic Plan

Total community development loans and investments significantly exceeded the established minimum goal for outstanding performance in 2022 and 2023.

The following points summarize notable examples of qualified community development loans.

- In 2022, the bank provided \$3.5 million to an entity for a Low-Income Housing Tax Credit project, which provides affordable housing for low- and moderate-income individuals.
- In 2023, the bank purchased five SBA 7(a) loans totaling \$6.7 million from a Minority-Owned Financial Institution. The loans provide affordable housing and community services to low- and moderate-income individuals.

Community Development Donations

During the review period, qualified donations totaled \$37,819 for 2022 and \$61,848 for 2023. The bank’s performance significantly exceeded the 2022 and 2023 goals for outstanding performance. The qualified donations consist of charitable donations to organizations within the assessment area and a broader statewide or regional area that provide community development services targeted to low- and moderate-income individuals. For example, in 2022 and 2023, the bank made donations totaling approximately \$38,000 and \$30,000, respectively, to provide financial education materials and training to schools where the majority of students qualify for free or reduced-price lunches. The following table presents the goals for qualified donations and the bank’s actual performance in each year.

Qualified Donations			
Plan Year	Institution Established Goals		Institution Performance
	Satisfactory	Outstanding	Actual Donations
	\$(000s)	\$(000s)	\$(000)
2022	20	30	38
2023	25	35	62
Total	45	65	100

Source: Bank records; 2022 – 2023 Strategic Plan

Community Development Services

Community development services are evaluated by the number of hours spent performing qualified services. The actual community development service hours totaled 232 hours for the two-year period. Qualified service hours significantly exceed the established goal for outstanding performance in 2022 and 2023. The following table presents the goals for community development services and the bank’s actual performance in each year.

Community Development Services			
Plan Year	Institution Established Goals		Institution Performance
	Satisfactory	Outstanding	# of Qualified Service Hours
	# of Service Hours	# of Service Hours	
2022	60	90	121
2023	70	100	111
Total	130	190	232

Source: Bank records; 2022-2023 Strategic Plan

The following points summarize notable examples of community development services.

- In 2022 and 2023, an employee provided approximately 121 and 73 hours, respectively, of financial education to local school districts where the majority of students qualify for free or reduced-price lunches.
- In 2023, an employee provided 8 hours of SBA 7(a) training to a community development financial institution.

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 evidence of discriminatory or other illegal credit practices.

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.