

PUBLIC DISCLOSURE

May 5, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Silex Banking Company
Certificate Number: 14178

20 South Second Street
Silex, Missouri 63377

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.

Silex Banking Company's Community Reinvestment Act (CRA) performance under the Lending Test criteria supports the overall rating. The following points summarize the bank's Lending Test performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of small farm loans, home mortgage loans, and small business loans were made in the assessment area.
- The institution's assessment area does not contain any low- or moderate-income geographies; therefore, this criterion did not affect the rating.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue 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 rating.

DESCRIPTION OF INSTITUTION

Silex Banking Company is a full-service financial institution operating from its sole location in Silex, Missouri. No branching structure changes, and no merger or acquisition activities have occurred since the previous evaluation. The bank is wholly owned by Silex Bancshares, Inc, a one-bank holding company. The institution does not have any lending affiliates or subsidiaries. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated May 6, 2019, which utilized Interagency Small Institution Examination Procedures.

The institution primarily focuses on agricultural lending, home mortgage lending, and commercial lending. The institution provides a variety of deposit services and accounts including checking accounts, NOW accounts, money market accounts, Christmas Club accounts, certificates of deposit, health savings accounts, and individual retirement accounts. Alternative banking services include online and mobile banking, debit cards, and one onsite ATM.

According to the December 31, 2024, Reports of Condition and Income (Call Report), the institution reported total assets of \$93.4 million, which included total loans of \$54.2 million. Deposits totaled \$80.9 million. As presented in the following table, agricultural lending represents

the largest portion of the loan portfolio at 48.5 percent, followed by home mortgage lending at 29.8 percent, and commercial lending at 9.7 percent. The breakdown of the loan portfolio is consistent with the previous evaluation. Examiners did not identify any financial, legal, or other impediments affecting the institution’s ability to meet the credit needs of its assessment area.

Loan Portfolio Distribution as of 12/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	5,718	10.5
Secured by Farmland	21,299	39.3
Secured by 1-4 Family Residential Properties	14,772	27.2
Secured by Multifamily (5 or more) Residential Properties	1,441	2.6
Secured by Nonfarm Nonresidential Properties	3,450	6.4
Total Real Estate Loans	46,680	86.0
Commercial and Industrial Loans	1,781	3.3
Agricultural Production and Other Loans to Farmers	4,959	9.2
Consumer Loans	766	1.4
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	3	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	54,189	100.0
<i>Source: Reports of Condition and Income</i>		

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. Silex Banking Company has designated one assessment area that includes census tracts 8102.03, 8102.04, 8102.05, 8102.06, 8103.05, 8103.06, 8103.07, 8103.08, 8103.09, and 8103.10 in Lincoln County. Lincoln County is located in the northwestern portion of the St. Louis, Missouri-Illinois Metropolitan Statistical Area (MSA). The boundaries of the assessment area have not changed since the prior evaluation. However, based on 2020 U.S. Census data, the number of census tracts increased from 5 to 10 due to population growth.

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	0.0	100.0	0.0
Population by Geography	46,690	0.0	0.0	100.0	0.0
Housing Units by Geography	16,688	0.0	0.0	100.0	0.0
Owner-Occupied Units by Geography	12,497	0.0	0.0	100.0	0.0
Occupied Rental Units by Geography	2,748	0.0	0.0	100.0	0.0
Vacant Units by Geography	1,443	0.0	0.0	100.0	0.0
Businesses by Geography	5,981	0.0	0.0	100.0	0.0
Farms by Geography	493	0.0	0.0	100.0	0.0
Family Distribution by Income Level	11,463	20.2	19.7	23.9	36.3
Household Distribution by Income Level	15,245	21.9	13.9	19.2	45.0
Median Family Income - 41180 St. Louis, MO-IL MSA		\$84,758	Median Housing Value		\$175,126
Households Below Poverty Level		10.4%	Median Gross Rent		\$938
<i>Source: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0%</i>					

The FFIEC-updated median family incomes for the St. Louis, Missouri-Illinois MSA were used to analyze home mortgage lending performance under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

St. Louis, MO-IL MSA Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2024 (\$103,200)	<\$51,600	\$51,600 to <\$82,560	\$82,560 to <\$123,840	≥\$123,840
<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, 2024, there were 8 financial institutions operating 15 branches within the assessment area. Of these institutions, Silex Banking Company ranked 4th in deposit market share with 5.6 percent of total deposits.

The institution is not required to collect or report its small farm, home mortgage, or small business loan data; therefore, the analysis does not include direct comparisons to aggregate data. However, aggregate data provides an indicator of loan demand and competition for these loan categories in the assessment area. The 2023 aggregate lending data, which is the most recent data available, revealed that 10 institutions reported 71 small farm loans, 153 institutions reported 1,503 home mortgage loans, and 56 institutions reported 1,126 small business loans in Lincoln County. Collectively, these activity levels indicate the assessment area is highly competitive for these loan products.

Community Contact

Examiners conduct community contact interviews to obtain a profile of the local community, identify general credit needs, and evaluate local financial institutions' responsiveness to those needs. Examiners interviewed an individual from an economic development organization familiar with Lincoln County, Missouri.

The contact indicated Lincoln County is the fastest growing county in the St. Louis MSA. There are many employment opportunities in the area from start-up businesses to large manufacturing plants. Limited affordable housing stock and limited affordable childcare resources are challenges of the area, which has resulted in hiring challenges for some local businesses. However, there are developers focusing on providing affordable housing in the area, including multi-family housing, which presents community development opportunities for local financial institutions. In general, local financial institutions have demonstrated a willingness to invest in local businesses and farms and support affordable housing initiatives. The contact indicated local financial institutions are meeting the credit needs within Lincoln County.

Credit Needs

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated May 6, 2019, through May 5, 2025. Examiners used FFIEC Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance. Please refer to the Small Bank Performance Criteria section of the Appendix for more information about these procedures.

Activities Reviewed

Examiners considered the institution's business strategy, loan portfolio composition, and the number and dollar volume of loans originated, renewed, or extended during the evaluation period. As a result, examiners reviewed small farm loans, home mortgage loans, and small business loans to evaluate CRA performance. Small farm lending carried the most weight when drawing overall conclusions since agricultural lending represents the largest portion of the loan portfolio and is a business focus for the institution. Home mortgage lending received the second-most weight, followed by small business lending.

The evaluation considered all small farm loans, home mortgage loans, and small business loans originated, renewed, or extended in 2024. Management indicated that a review of lending activity from this timeframe would yield a representative analysis of lending performance since the previous evaluation.

For the small farm analysis, examiners reviewed the entire universe of 80 loans totaling \$8.1 million for the Assessment Area Concentration analysis. The Borrower Profile analysis focused on a random sample of 36 small farm loans totaling \$2.6 million made within the assessment area. For

the small business analysis, examiners also reviewed the entire universe of 26 small business loans totaling \$2.4 million for the Assessment Area Concentration analysis. The Borrower Profile analysis focused on all small business loans made within the assessment area consisting of 17 loans totaling \$1.4 million. Examiners compared the bank’s small farm and small business lending performance to 2024 D&B data.

For the home mortgage analysis, examiners reviewed the entire universe of 35 loans totaling \$6.4 million for the Assessment Area Concentration analysis. The Borrower Profile analysis focused on all home mortgage loans made within the assessment area consisting of 14 loans totaling \$2.5 million. Examiners compared the bank’s home mortgage lending performance to 2020 U.S. Census 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 Borrower Profile analysis, as it is generally a better indicator of the number of individuals, farms, and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Silex Banking Company demonstrated satisfactory performance under the Lending Test. This conclusion is supported by collective performance under all the 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. Silex Banking Company’s net loan-to-deposit ratio, calculated from Call Report data, averaged 57.7 percent over 23 calendar quarters from June 30, 2019, to December 31, 2024. The ratio ranged from a low of 48.2 percent as of June 30, 2021, to a high of 66.4 percent as of December 31, 2024. The institution’s average net loan-to-deposit ratio has increased since the previous evaluation when it was 48.0 percent.

As shown in the following table, Silex Banking Company’s average net loan-to-deposit ratio trails that of the comparable institutions’ ratios. Examiners identified the comparable institutions based on asset size, lending focus, branching structure, and product offerings. Despite lagging comparable institutions, the bank’s loan-to-deposit ratio is reasonable given its steady upward trend since the prior evaluation.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2024 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Silex Banking Company, Silex, MO	93,413	57.7
Jonesburg State Bank, Jonesburg, MO	133,921	72.3
New Frontier Bank, St. Charles, MO	168,955	75.3
<i>Source: Reports of Condition and Income 06/30/2019 – 12/31/2024</i>		

Assessment Area Concentration

Overall, the bank originated a majority of its loans inside the assessment area. However, a majority of home mortgage loans were originated outside the assessment area. Management indicates available housing stock is limited within the assessment area, and the bank has recently made some home mortgage loans to existing customers just outside the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$ (000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$ (000s)	%	\$ (000s)	%	
Home Mortgage	14	40.0	21	60.0	35	2,476	38.8	3,905	61.2	6,381
Small Business	17	65.4	9	34.6	26	1,402	59.5	954	40.5	2,356
Small Farm	57	71.3	23	28.8	80	4,595	56.9	3,483	43.1	8,078
Total	88	62.4	53	37.6	141	8,473	50.4	8,342	49.6	16,815

*Source: 2024 Bank Data
Due to rounding, totals may not equal 100.0%*

Geographic Distribution

The assessment area does not contain any low- and moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes and individuals of different income levels, considering all relevant factors. Examiners focused on the percentage of small farm and small business loans made to entities with gross annual revenues of \$1 million or less and the percentage of home mortgage loans made to low- and moderate-income individuals.

Small Farm

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

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	99.0	35	97.2	2,419	93.9
>\$1,000,000	0.6	1	2.8	158	6.1
Revenue Not Available	0.4	0	0.0	0	0.0
Total	100.0	36	100.0	2,577	100.0

*Source: 2024 D&B Data, 2024 Bank Data.
Due to rounding, totals may not equal 100.0%*

Home Mortgage

The distribution of borrowers reflects reasonable penetration to individuals of different income levels, considering relevant performance context factors. As shown in the following table, the

bank’s lending to low-income borrowers trails demographic data, and the bank did not originate any home mortgage loans to moderate-income borrowers in 2024. However, the community contact and bank management indicated there is limited affordable housing available in the assessment area, which is reflected in the institution’s application volume. Further, management has noticed an uptick in new construction loan applications in comparison to purchase and refinance applications. Given the high costs associated with constructing a new home, low- and moderate-income individuals may have difficulty obtaining the necessary down payment to meet underwriting requirements. Additionally, 2020 U.S. Census data indicates 10.4 percent of the population within the assessment area live below the poverty line.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	20.2	2	14.3	110	4.4
Moderate	19.7	0	0.0	0	0.0
Middle	23.9	1	7.1	564	22.8
Upper	36.3	8	57.2	1,723	69.6
Not Available	0.0	3	21.4	79	3.2
Total	100.0	14	100.0	2,476	100.0
<i>Source: 2020 U.S. Census; 2024 Bank Data Due to rounding, totals may not equal 100.0%</i>					

Small Business

The distribution of borrowers reflects reasonable penetration among businesses with gross annual revenues of \$1 million or less. As reflected in the following table, the bank’s performance is comparable to demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	93.9	16	94.1	1,329	5.2
>\$1,000,000	1.7	1	5.9	73	94.8
Revenue Not Available	4.4	0	0.0	0	0.0
Total	100.0	17	100.0	1,402	100.0
<i>Source: 2024 D&B Data, 2024 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 previous 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.