PUBLIC DISCLOSURE

February 14, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank of Old Monroe
Certificate Number: 1655

2100 Highway C
Old Monroe, Missouri 63369

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.

The Lending Test is rated Satisfactory.

- 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 business loans were made in the assessment area.
- The geographic distribution of home mortgage and small business loans reflects a reasonable dispersion throughout the assessment area.
- The distribution of home mortgage and small business loans reflects reasonable penetration among individuals of different income levels and businesses of different revenue sizes.
- The institution did not receive any CRA-related complaints since the prior evaluation performed as of April 6, 2020.

The Community Development Test is rated Satisfactory.

- The institution demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity, the need, and the availability of such opportunities.

DESCRIPTION OF INSTITUTION

The Bank of Old Monroe is a full-service, community bank headquartered in Old Monroe, Missouri. Cuivre River Bancshares, Inc., a one-bank holding company, owns the institution. The Bank of Old Monroe does not have any lending subsidiaries or affiliates. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated April 6, 2020, which utilized Intermediate Small Institution Examination Procedures.

In addition to its main office in Old Monroe, Missouri, The Bank of Old Monroe operates four full-service branches in Lincoln and St. Charles counties within the St. Louis, Missouri-Illinois Metropolitan Statistical Area (MSA). These branches are in the cities of Moscow Mills, Troy, O'Fallon, and Wentzville. Additionally, each office provides access to an ATM, none of which accepts deposits.

The Bank of Old Monroe offers traditional loan products including commercial, agriculture, residential, and consumer loans. Commercial and agriculture loans include loans to purchase real estate, equipment loans, construction loans, operating lines of credit, crop production loans, and livestock loans. Government guaranteed loans include the Small Business Administration Paycheck Protection Program (SBA PPP). Consumer credit product offerings include residential real estate, construction, automobile, and personal loans. Additionally, the bank offers deposit services for both commercial and consumer customers including checking accounts, savings accounts, money market accounts, and certificates of deposits. Alternative banking services include debit cards, internet and mobile banking, safe deposit boxes, and mobile check deposit.

According to the September 30, 2022, Reports of Condition and Income (Call Report), the institution reported total assets of $588.6 million, which included total loans of $305.6 million and securities of $234.8 million. Total deposits equaled $566.6 million. These figures represent an increase since the prior evaluation where total assets equaled $391.9 million, total loans equaled $263.9 million, total securities equaled $96.5 million, and total deposits equaled $317.9 million. As presented in the table below, commercial lending represents the largest portion of the loan portfolio at 38.1 percent, followed by residential real estate lending which represents 20.2 percent of the loan portfolio. The concentration in commercial and residential real estate lending is consistent with the loan portfolio distribution at the prior evaluation. Additionally, the institution originates and sells a significant number of home mortgage loans on the secondary market. Since the prior evaluation through January 30, 2023, the institution sold 754 loans totaling $176.7 million. Therefore, the volume of home mortgage originations is higher than reflected in the loan portfolio.

Loan Portfolio Distribution as of 09/30/2022		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	74,240	24.3
Secured by Farmland	43,838	14.3
Secured by 1-4 Family Residential Properties	55,046	18.0
Secured by Multifamily (5 or more) Residential Properties	6,721	2.2
Secured by Nonfarm Nonresidential Properties	80,012	26.1
Total Real Estate Loans	**259,857**	**84.9**
Commercial and Industrial Loans	36,716	12.0
Agricultural Production and Other Loans to Farmers	6,352	2.1
Consumer Loans	2,363	0.8
Obligations of State and Political Subdivisions in the U.S.	270	0.1
Other Loans	64	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	**305,622**	**100.0**
Source: Reports of Condition and Income		

Examiners did not identify any financial, legal, or other impediments affecting the bank's ability to meet assessment area credit needs.

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. The Bank of Old Monroe has designated one assessment area in Missouri, consisting of Lincoln and St. Charles counties. The assessment area is located within the northwestern Missouri portion of the St. Louis, Missouri-Illinois MSA.

Economic and Demographic Information

Based on 2015 American Community Survey (ACS) data, the assessment area consists of 1 low-, 9 moderate-, 33 middle-, 42 upper-income census tracts, and a census tract without an income designation. The following table illustrates select demographic and economic information of the assessment area based on 2015 ACS data and 2021 D&B data, which examiners utilized when evaluating home mortgage lending under the Lending Test.

Demographic Information of the Assessment Area

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	86	1.2	10.5	38.4	48.8	1.2
Population by Geography	428,655	1.3	9.6	39.3	49.8	0.0
Housing Units by Geography	166,775	1.0	11.3	39.6	48.1	0.0
Owner-Occupied Units by Geography	124,370	0.4	8.9	38.0	52.8	0.0
Occupied Rental Units by Geography	33,086	3.2	18.3	44.5	34.1	0.0
Vacant Units by Geography	9,319	1.4	19.9	44.1	34.6	0.0
Businesses by Geography	33,355	1.1	14.0	38.6	46.2	0.1
Farms by Geography	1,310	0.3	12.3	51.6	35.7	0.1
Family Distribution by Income Level	114,459	13.9	15.5	21.8	48.8	0.0
Household Distribution by Income Level	157,456	15.2	13.4	18.1	53.3	0.0
Median Family Income - St. Louis, MO-IL MSA		$70,718	Median Housing Value			$186,722
Families Below Poverty Level		5.5%	Median Gross Rent			$929

Source: 2015 ACS and 2021 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.

Demographic information changed between the release of 2015 ACS data and 2020 U.S. Census data. According to 2020 U.S. Census data, the assessment area consists of 1 low-, 8 moderate-, 45 middle-, 43 upper-income census tracts, and a census tract without an income designation. The census tract with no income designation includes the August A. Busch Memorial Conservation Area. The following table illustrates demographic and economic information based on the 2020 U.S. Census and 2022 D&B data, which examiners used to analyze small business lending under the Geographic Distribution and Borrower Profile criteria.

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	98	1.0	8.2	45.9	43.9	1.0
Population by Geography	464,836	0.5	6.7	45.8	47.0	0.0
Housing Units by Geography	178,217	0.5	7.6	46.7	45.2	0.0
Owner-Occupied Units by Geography	137,824	0.4	5.2	45.7	48.7	0.0
Occupied Rental Units by Geography	31,466	0.7	15.8	50.2	33.3	0.0
Vacant Units by Geography	8,927	0.8	16.2	49.3	33.8	0.0
Businesses by Geography	57,572	1.4	8.5	42.8	47.2	0.0
Farms by Geography	2,068	2.5	7.4	49.7	40.3	0.0
Family Distribution by Income Level	121,148	12.6	15.6	22.9	49.0	0.0
Household Distribution by Income Level	169,290	14.4	13.6	17.6	54.4	0.0
Median Family Income -St. Louis, MO-IL MSA		$84,758	Median Housing Value			$223,585
Families Below Poverty Level		3.7%	Median Gross Rent			$1,060

Source: 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.

Examiners utilized the FFIEC-updated median family incomes for the St. Louis, Missouri-Illinois MSA 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.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
2020 ($82,600)	<$41,300	$41,300 to <$66,080	$66,080 to <$99,120	≥$99,120
2021 ($84,700)	<$42,350	$42,350 to <$67,760	$67,760 to <$101,640	≥$101,640
2022 ($96,800)	<$48,400	$48,400 to <$77,440	$77,440 to <$116,160	≥$116,160

Source: FFIEC

Competition

The bank operates in a competitive market for credit products and financial services. According to the FDIC Deposit Market Share data as of June 30, 2022, there were 37 financial institutions operating 123 offices within the assessment area. These institutions range from small community banks to large regional and national financial institutions operating in the area. Of these institutions, The Bank of Old Monroe ranked seventh with 5.0 percent of the deposit market share.

There is a high degree of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. According to 2021 aggregate lending data, 451 lenders reported 51,757 mortgage loans originated or purchased in the assessment area. The Bank of Old Monroe ranked 37th out of this group of lenders, with a market share of 0.8 percent by number of loans.

The institution is not required to collect or report its small business loan data; therefore, the analysis under the Lending Test does not include direct comparisons to aggregate lending data for small business lending. However, aggregate lending data reflects the level of demand for different types of loans. The 2021 aggregate lending data shows that 122 financial institutions reported 10,518 small business loans in the assessment area. This level of activity indicates a high degree of competition for small business loans.

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 conducted with a representative from an economic development organization familiar with economic conditions in the assessment area. The contact stated the local economy is strong, many businesses are expanding, and the housing market is strong. There is a shortage of available commercial buildings in the area, and the county has been working with commercial realtors to attract developers to the area. Finally, they stated that area financial institutions are meeting the credit needs of the local community.

Credit and Community Development Needs

Considering information from bank management, the community contact, and demographic and economic data, commercial and home mortgage lending are the primary credit needs of the assessment area. The assessment area provides opportunities for banks to participate in community development activities through economic development initiatives.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated April 6, 2020, through February 14, 2023. Examiners used FFIEC Interagency Intermediate Small Institution Examination Procedures to evaluate the bank's CRA performance, which includes the Lending and Community Development tests. Please refer to the *Intermediate Small Bank Performance Criteria* section of the appendices for a summary of these tests.

Activities Reviewed

The Bank of Old Monroe primarily focuses on home mortgage and commercial lending. This conclusion considered the institution's business strategy, loan portfolio composition, and the number and dollar volume of loans originated during the evaluation period. Examiners reviewed home mortgage and small business loans to evaluate CRA performance, which were both weighted equally when drawing conclusions. A review of small farm loans was not included, as it is not a major product line for the bank and comprises a small portion of the bank's lending activity.

The evaluation considered the universe of home mortgage loans reported pursuant to the Home Mortgage Disclosure Act (HMDA) in 2020 and 2021. The bank originated 470 home mortgage loans totaling $100.8 million in 2020 and 439 home mortgage loans totaling $95.7 million in 2021. Both years of data are presented for the Assessment Area Concentration analysis. Examiners did not identify any trends or anomalies in 2020 and 2021 lending performance that materially affected overall conclusions. Consequently, this performance evaluation only presents information for 2021, the most recent year for which aggregate data is available, for the Geographic Distribution and

Borrower Profile analyses. Due to changes in census boundaries, examiners compared the bank's home mortgage lending to 2015 ACS data and 2021 HMDA aggregate lending data. Examiners primarily focused on comparisons to aggregate lending data since this data is a better indicator of market conditions and loan demand.

In addition, examiners considered small business loans originated, renewed, or extended in 2022 to evaluate CRA lending performance, as management indicated 2022 was reflective of the bank's lending efforts since the prior evaluation. For the Lending Test, examiners reviewed the entire universe of loans to evaluate Assessment Area Concentration. Specifically, this included 325 small business loans totaling $40.6 million. The Geographic Distribution analysis focused on all loans made within the assessment area, specifically 261 loans totaling $29.5 million. The Borrower Profile analysis reviewed a random sample of 56 loans totaling $5.3 million in the assessment area. Examiners compared the bank's small business lending performance to 2020 U.S. Census data and 2022 D&B business demographic data.

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

For the Community Development Test, examiners reviewed data and records provided by bank management for community development loans, qualified investments, and community development services since the prior evaluation. Examiners excluded loans considered under the Lending Test from the Community Development Test.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Bank of Old Monroe demonstrated satisfactory performance under the Lending Test. The institution's lending performance in all of the evaluated criteria supports this conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The Bank of Old Monroe's net loan-to-deposit ratio, calculated from Call Report data, averaged 63.0 percent over 10 calendar quarters from June 30, 2020, to September 30, 2022. The ratio ranged from a low of 52.5 percent, as of June 30, 2022, to a high of 77.7 percent, as of September 30, 2020. The institution's average net loan-to-deposit ratio decreased from 77.4 percent at the previous evaluation. Net loans and deposits have increased since the prior evaluation. However, deposit growth has significantly outpaced loan growth, which has consequently reduced the net loan-to-deposit ratio.

As shown in the following table, the institution's average net loan-to-deposit ratio is in between comparable institutions' ratios. As such, examiners consider this a reasonable comparison. Examiners identified comparable institutions based on asset size, lending focus, branching structure, markets served, and product offerings.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 09/30/2022 ($000s)	Average Net LTD Ratio (%)
The Bank of Old Monroe	**588,625**	**63.0**
Peoples Bank & Trust Company	749,955	52.1
First State Bank of St. Charles	459,688	83.9
Source: Reports of Condition and Income 06/30/2020 – 09/30/2022		

Assessment Area Concentration

The Bank of Old Monroe originated a majority of home mortgage and small business loans within its assessment area, as illustrated in the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans $(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%	#	$	%	$	%	$(000s)
Home Mortgage										
2020	404	86.0	66	14.0	470	85,453	84.8	15,352	15.2	100,805
2021	352	80.2	87	19.8	439	73,674	77.0	22,055	23.0	95,729
Subtotal	**756**	**83.2**	**153**	**16.8**	**909**	**159,127**	**81.0**	**37,408**	**19.0**	**196,534**
Small Business	261	80.3	64	19.7	325	29,455	72.5	11,164	27.5	40,619
Source: 2020-2021 HMDA Reported Data; 2022 Bank Data *Due to rounding, totals may not equal 100.0%*										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Although the dispersion of home mortgage loans is excellent, the dispersion of small business loans is reasonable. These products are weighted equally, so examiners considered geographic distribution to be reasonable overall. Examiners focused on percentages of loans, by number, in low- and moderate-income census tracts within the assessment area.

Home Mortgage

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. As reflected in the following table, The Bank of Old Monroe's home mortgage performance in low-income census tracts is comparable to demographic and aggregate data. However, the bank's lending performance in moderate-income census tracts is significantly greater than demographic and aggregate lending data, reflecting excellent performance.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low	0.4	0.5	2	0.6	174	0.2
Moderate	8.9	6.8	79	22.4	13,295	18.0
Middle	38.0	38.4	217	61.6	44,837	60.9
Upper	52.8	54.3	54	15.3	15,367	20.9
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	**100.0**	**100.0**	**352**	**100.0**	**73,674**	**100.0**
Source: 2015 ACS Data; 2021 HMDA Aggregate Data; 2021 HMDA Reported Data *Due to rounding, totals may not equal 100.0%*						

Small Business

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. While the bank's performance is slightly below comparable business demographic data in the moderate-income census tracts, the performance exceeds comparable data in low-income census tracts.

Geographic Distribution of Small Business Loans					
Tract Income Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
Low	1.4	8	3.1	1,049	3.6
Moderate	8.5	10	3.8	1,268	4.3
Middle	42.8	168	64.4	19,036	64.6
Upper	47.2	75	28.7	8,102	27.5
Not Available	0.0	0	0.0	0	0.0
Totals	**100.0**	**261**	**100.0**	**29,455**	**100.0**
Source: 2022 D&B Data; 2022 Bank Data *Due to rounding, totals may not equal 100.0%*					

Borrower Profile

The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different revenue sizes. Examiners focused on the percentage of home mortgage loans to low- and moderate-income individuals and the percentage of small business loans 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 individuals. As shown in the following table, the bank's percentage of lending to low-income borrowers exceeds aggregate lending data. The bank's percentage of lending to moderate-income borrowers is comparable to aggregate lending data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low	13.9	5.8	37	10.5	4,042	5.5
Moderate	15.5	16.5	63	17.9	10,436	14.2
Middle	21.8	21.7	70	19.9	13,745	18.7
Upper	48.8	32.8	126	35.8	35,726	48.5
Not Available	0.0	23.2	56	15.9	9,726	13.2
Totals	**100.0**	**100.0**	**352**	**100.0**	**73,674**	**100.0**

Source: 2015 ACS Data; 2021 HMDA Aggregate Data; 2021 HMDA Reported Data
Due to rounding, totals may not equal 100.0%

Small Business

The distribution of borrowers reflects reasonable penetration among businesses of different revenue sizes. As indicated in the following table, the percentage of sampled loans originated to businesses with gross annual revenues of $1 million or less significantly trails comparable demographic data. However, management indicated that 8.9 percent of the sampled loans did not use gross annual revenue in making the credit decision. Examiners conducted a supplemental analysis using loan size as a proxy for those loans without revenue data. Four of the five loans without revenue information available were for $50,000 or less, which indicates that the bank is helping serve the needs of small businesses in the assessment area.

Although The Bank of Old Monroe does not collect and report small business data, aggregate performance data provides an indicator of loan demand. Aggregate performance in 2021, the most recent data available, revealed that only 53.1 percent of loans were to small businesses with gross annual revenues of $1 million or less. The aggregate data shows the number of small businesses with gross annual revenues of $1 million or less who are seeking financing is significantly less than the demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000	92.6	36	64.3	1,741	32.7
>$1,000,000	2.1	15	26.8	3,366	63.2
Revenue Not Available	5.3	5	8.9	217	4.1
Total	**100.0**	**56**	**100.0**	**5,324**	**100.0**

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

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

The Bank of Old Monroe's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

Examiners compared the bank's level of community development activity to five financial institutions with similar business focuses and asset sizes operating in the St. Louis, Missouri-Illinois MSA. These comparable institutions were also evaluated using Interagency Small Institution Examination Procedures.

Community Development Loans

The Bank of Old Monroe originated or renewed 347 community development loans totaling $54.4 million during the evaluation period. This level of community development lending represents 9.3 percent of total assets and 18.1 percent of net loans as of September 30, 2022. These ratios have increased since the prior evaluation, when the ratios were 3.9 percent and 5.9 percent, respectively. This community development activity includes 303 SBA PPP loans originated in 2020 and 2021 totaling $28.4 million that promoted economic development and revitalization or stabilization. Of the SBA PPP originations, 273 loans totaling $24.9 million were within the bank's assessment area, and 30 loans totaling $3.5 million were in the broader statewide or regional area. Additionally, the bank extended five community development loans totaling $2.5 million in the broader statewide or regional area that promoted affordable housing, economic development, and revitalization or stabilization. These loans are included in this analysis since the bank appropriately addressed the community development needs of its assessment area.

The Bank of Old Monroe's community development lending levels are similar to the comparable institutions' lending levels. The comparable institutions originated or renewed community development loans ranging from $31.2 million to $178.2 million, which includes SBA PPP loan activity. These comparable institutions had community development loans ranging from 5.7 percent to 20.6 percent of total assets, and 9.1 percent to 30.1 percent of net loans.

The following tables illustrate the bank's community development lending activity by category, assessment area, and activity year.

Community Development Lending by Assessment Area										
Area	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	#	**$(000s)**	#	**$(000s)**	#	**$(000s)**	#	**$(000s)**
Assessment Area	1	238	7	6,643	201	31,055	103	10,426	312	48,362
Statewide/Regional	3	1,656	0	0	24	4,098	8	308	35	6,062
Total	**4**	**1,894**	**7**	**6,643**	**225**	**35,153**	**111**	**10,734**	**347**	**54,424**
Source: Bank Data										

Community Development Lending by Activity Year										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	#	**$(000s)**	#	**$(000s)**	#	**$(000s)**	#	**$(000s)**
2020 (partial)	0	0	1	635	158	19,621	85	7,844	244	28,100
2021	1	308	4	4,001	61	11,476	23	2,425	89	18,210
2022	3	1,586	2	2,007	6	4,056	3	465	14	8,114
Total	**4**	**1,894**	**7**	**6,643**	**225**	**35,153**	**111**	**10,734**	**347**	**54,424**
Source: Bank Data										

The following points summarize notable examples of the bank's community development lending.

- From 2020 to 2022, the bank renewed a $1.5 million line of credit to a business, which promotes economic development by retaining a business and jobs within a low- or moderate-income census tract.

- In 2021, the bank originated a $2.0 million loan to finance the expansion of a nursing facility for Medicaid patients, which promotes community service by providing essential support services in the assessment area.

- In 2022, the bank originated two loans totaling $468,000 and $868,000 to finance the purchase of multifamily rental properties reserved for low- to moderate-income individuals.

Qualified Investments

The Bank of Old Monroe made 39 qualified investments, including donations, totaling $1.4 million. The volume of qualified investments and donations represents 0.2 percent of total assets and 0.6 percent of total securities as of September 30, 2022. These ratios have declined since the prior evaluation, when the ratios were 0.7 percent and 2.9 percent, respectively.

The bank's qualified investment activity compares reasonably to the comparable institutions. These institutions had qualified investments to total assets ranging from 0.3 percent to 2.5 percent, and 2.9 percent to 17.7 percent of total securities.

The following table summarizes the bank's qualified investment and donation activity by category and activity year.

Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
2020 (partial)	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	5	900	5	900
2022	0	0	0	0	0	0	0	0	0	0
YTD 2023	0	0	2	435	0	0	0	0	2	435
Subtotal	**0**	**0**	**2**	**435**	**0**	**0**	**5**	**900**	**7**	**1,335**
Qualified Grants & Donations	5	1	26	47	1	1	0	0	32	49
Total	**5**	**1**	**28**	**482**	**1**	**1**	**5**	**900**	**39**	**1,384**
Source: Bank Data										

All the qualified investment activity considered benefitted the bank's assessment area. The following points summarize notable examples of the bank's qualified investment activities.

- In 2023, the bank purchased two bonds totaling $435,000 for a school district where the majority of students receive free or reduced-rate lunches.

- In 2020, the bank made a donation totaling $25,000 to a scholarship fund that benefits low- to moderate-income students in furthering their education.

Community Development Services

The Bank of Old Monroe received consideration for 38 community development services that consisted of bank employees providing financial expertise to community development related organizations within the assessment area. This level of activity increased from 23 activities at the prior evaluation. The bank's level of community development services is similar to the activity of comparable institutions. These institutions received consideration for community development services ranging from 22 to 86. The following tables illustrate the bank's community development services by category, assessment area, and activity year.

Community Development Services by Assessment Area					
Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Assessment Area	0	30	4	2	36
Statewide/Regional	0	2	0	0	2
Total	**0**	**32**	**4**	**2**	**38**
Source: Bank Data					

Community Development Services by Activity Year					
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	#	#	#	#
200 (partial)	0	3	0	1	4
2021	0	7	2	1	10
2022	0	22	2	0	24
Total	**0**	**32**	**4**	**2**	**38**
Source: Bank Data					

The following points summarize notable examples of the bank's community development services provided by bank employees.

- In 2021 and 2022, two bank officers provided expertise by serving on the Board as treasurer and on various finance committees for a community service organization that provides essential services to individuals on Medicaid in Lincoln County.

- From 2021 to 2022, a bank officer served on the Board of an industrial development authority that promotes job creation and economic development in the assessment area.

- From 2020 to 2022, 16 bank officers taught financial education courses to local schools where the majority of students receive free or reduced-rate lunches.

In addition to community development services, a variety of retail deposit and credit products are offered to consumers and businesses, including low- and moderate-income individuals and small business owners. In response to the COVID-19 pandemic, The Bank of Old Monroe offered payment accommodations to consumers impacted by the pandemic and SBA PPP loans to accommodate small businesses. Additionally, the bank offers free telephone banking, online banking, mobile banking, remote deposit capture, and bill payment services.

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

INTERMEDIATE 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).

Community Development Test

The Community Development Test considers the following criteria:

1) The number and amount of community development loans;
2) The number and amount of qualified investments;
3) The extent to which the bank provides community development services; and
4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

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. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution 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 institution:
  (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution'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 institution's assessment area(s) or a broader statewide or regional area including the institution'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 institution'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.

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.