PUBLIC DISCLOSURE

July 15, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Lindell Bank & Trust Company
RSSD# 185859

6900 Clayton Avenue
St. Louis, Missouri 63139

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, Missouri 63166-0442

NOTE: **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 the 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'S CRA RATING: This institution is rated SATISFACTORY.
The Lending Test is rated: Satisfactory
The Community Development Test is rated: Satisfactory

Lindell Bank & Trust Company meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending and community development activities. The factors supporting the institution's rating are as follows:

- The loan-to-deposit (LTD) ratio is less than reasonable given the institution's size, financial condition, and assessment area credit needs.

- A substantial majority of loans and other lending-related activities are in the assessment area.

- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.

- The borrower's profile analysis reveals reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI) levels and businesses of different sizes.

- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

- The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of its assessment areas, considering the bank's capacity and the need and availability of such opportunities for community development in its assessment area. The bank has responded to these needs through community development loans, qualified investments, and community development services.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) Intermediate Small Institution Examination Procedures. The intermediate small bank examination procedures entail two performance tests: the Lending Test and the Community Development Test. Residential real estate home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA) and small business loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. Additionally, bank performance by loan categories is often weighted by volume and assessment area impact when making overall performance conclusions. However, the composition of the bank's HMDA loan portfolio affected the process of weighting bank performance by loan categories. A review of loan activity during the evaluation period revealed that the bank has a particular emphasis on HMDA lending to business and investment property owners. Due to this emphasis, performance based on the HMDA loan category did not drive the bank's overall performance conclusions. As HMDA loans to business customers are oftentimes made to non-natural persons, such as corporations and partnerships, individual applicant income data for these borrowers is not reported, resulting in unknown income figures for these customers. Consequently, due to the frequent instances of unknown income figures, the analysis of HMDA loans by borrower's income profile is less significant when considering the bank's borrower distribution performance, and performance based on small business loans carried more weight when making overall performance conclusions under this test. Furthermore, overall significance of the borrower's profile analysis decreased in light of these circumstances, and the geographic distribution of loans performance carried the most weight when making overall Lending Test rating decisions.

The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	June 30, 2016 – June 30, 2019
Assessment Area Concentration	January 1, 2017 – December 31, 2017
Geographic Distribution of Loans	January 1, 2017 – December 31, 2017
Loan Distribution by Borrower's Profile	January 1, 2017 – December 31, 2017
Response to Written CRA Complaints	June 6, 2016 – July 14, 2019
Community Development Activities	June 6, 2016 – July 14, 2019

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 U.S. Census data; certain business demographics are based on 2017 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Four other banks were identified as similarly situated peers, with asset sizes ranging from $445.9 million to $633.4 million as of June 30, 2019.

As part of the Community Development Test, the bank's performance was evaluated using the following criteria, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

- The number and dollar amount of community development loans.
- The number and dollar amount of qualified investments and grants.
- The extent to which the bank provides community development services.

The review included community development activities initiated from the date of the bank's previous CRA evaluation to this review date. In addition, investments made prior to the date of the previous CRA evaluation, but still outstanding as of this review date, were also considered.

To augment this evaluation, five community contact interviews with members of the local community were utilized to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment areas. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from these community contact interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Lindell Bank & Trust Company is a full-service retail bank offering both consumer and commercial loan and deposit products; however, the bank has a primary focus on commercial real estate and residential real estate loans to businesses. As of April 1, 2017, the bank merged with an affiliated bank, First Illinois Bank, East St. Louis, Illinois, and retained its single office as an additional branch. The bank did not close any branch offices during this review period. Thus, the bank's branch network now consists of 12 full-service locations (including the main office), all of which have automated teller machines (ATMs) on site. The bank's main office and two branches are located in the city of St. Louis. The remaining eight Missouri branches are located in St. Charles and St. Louis Counties, including the cities of Chesterfield, Ellisville, Glendale, O'Fallon, St. Charles, and St. Peters; in addition, the bank maintains one stand-alone, cash dispensing-only ATM inside St. Mary's Health Center in St. Louis, Missouri. The bank's only Illinois branch is in the city of East St. Louis, and the bank maintains a cash dispensing-only ATM located in the East St. Louis City Hall. Three of the bank's branches are located in LMI census tracts, which equates to 25 percent of total branches. The bank is a subsidiary (99.0 percent owned) of First Illinois Bancorp, Inc., a one-bank holding company headquartered in East St. Louis, Illinois. Based on this branch network and other service delivery systems, such as extended banking hours of operation and full-service online banking capabilities, the bank is adequately positioned to deliver financial services to substantially all of its assessment area.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of June 30, 2019, the bank reported total assets of $519.4 million. As of the same date, total loans and leases outstanding were $280.7 million (54.0 percent of total assets), and deposits totaled $401.2 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of June 30, 2019		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$18,211	6.5%
Commercial Real Estate	$108,015	38.5%
Multifamily Residential	$16,524	5.9%
1–4 Family Residential	$96,304	34.3%
Farmland	$171	0.1%
Commercial and Industrial	$37,554	13.4%
Loans to Individuals	$2,392	0.9%
Total Other Loans	$1,578	0.6%
TOTAL	**$280,749**	**100%**

As indicated in the table above, a significant portion of the bank's lending resources are directed to commercial real estate loans and loans secured by 1–4 family residential properties. As noted previously, the substantial majority of these residential real estate loans are made to business/investment property owners.

The bank received a Satisfactory rating at its previous CRA evaluation conducted on June 6, 2019, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank has one CRA assessment area, which is located within the St. Louis, Missouri-Illinois metropolitan statistical area (St. Louis MSA). The St. Louis MSA includes seven counties in Missouri and eight counties in Illinois. The bank's assessment area includes four Missouri counties (St. Louis County, St. Charles County, Jefferson County, and St. Louis City) and two Illinois counties (Madison County and St. Clair County). The assessment area, which is centered around the city of St. Louis, is bisected by the Mississippi River that forms the border between Missouri and Illinois; however, the Missouri side is much more populous. Consequently, the substantial majority of the assessment area's population of 2,449,944 is in Missouri, with St. Louis County being the assessment area county with the largest population (1,001,327). According to the Federal

Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2018, there were 125 FDIC-insured depository institutions operating 893 offices in the St. Louis MSA, and the bank ranked 31st in terms of deposit market share, with 0.5 percent of the total deposit dollars.

While the entire St. Louis MSA covers an expansive region that includes some rural areas, the bank's assessment area is primarily a mix of urban and suburban geographies. Commercial lending products represent a strong credit need in the assessment area, along with the need for a standard blend of consumer loan products. Other particular credit needs in the assessment area, as noted primarily from community contacts, include loan products aimed at appraisal gap financing in LMI areas, increased utilization of Small Business Administration (SBA) loan programs (such as the 504 and 7A programs), and revolving small business microloan funds to help sustain new business start-ups. Also, based on information from community contacts, there is a continuous demand for various community development activities in the assessment area, along with numerous community development intermediaries; consequently, there is a high level of opportunity for financial institutions to lead or partner in support of community development activities in the assessment area.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	79	117	180	167	4	**547**
	14.4%	21.4%	32.9%	30.5%	0.7%	**100%**
Family Population	52,106	117,418	225,379	228,256	1,439	**624,598**
	8.3%	18.8%	36.1%	36.5%	0.2%	**100%**

As shown above, 35.8 percent of the census tracts in the assessment area are LMI geographies, but only 27.1 percent of the family population resides in these census tracts. By far, the largest portions of the assessment area family population reside in middle- and upper-income census tracts, representing 36.1 percent and 36.5 percent, respectively. The largest concentrations of LMI geographies in Missouri are in North St. Louis City, extending north and northwest into St. Louis County; smaller LMI pockets exist in South St. Louis City close to the eastern Missouri border/Mississippi River. In Illinois, LMI areas are concentrated in the East St. Louis and Granite City areas.

Based on 2015 U.S. Census data, the median family income for the assessment area was $71,338. At the same time, the median family income for the St. Louis MSA was $70,718. The Missouri state median family income was $60,809, and in Illinois, the figure was $71,546. More recently, the FFIEC estimates the 2017 median family income for the St. Louis MSA to be $74,300. The following table displays population percentages of assessment area families by income level compared to the overall family populations in the states of Missouri and Illinois.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	135,473	105,822	122,488	260,815	**624,598**
	21.7%	16.9%	19.6%	41.8%	**100%**
Missouri	327,815	275,076	319,230	607,885	**1,530,006**
	21.4%	18.0%	20.9%	39.7%	**100%**
Illinois	707,341	526,904	608,252	1,282,186	**3,124,683**
	22.6%	16.9%	19.5%	41.0%	**100%**

As shown in the table above, 38.6 percent of families within the assessment area were considered LMI, which is substantially similar to the LMI family percentages for both Missouri (39.4 percent) and Illinois (39.5 percent). The percentage of families living below the poverty threshold in the assessment area (9.8 percent) is just slightly below that of both Missouri (11.1 percent) and Illinois (10.5 percent). Considering these factors, the assessment area wealth demographics are largely reflective of the much broader, overall state figures used for comparison.

Housing Demographics

Housing Demographics			
Dataset	**Median Housing Value**	**Affordability Ratio**	**Median Gross Rent (Monthly)**
Assessment Area	$159,474	34.8%	$827
Missouri	$138,400	34.8%	$746
Illinois	$173,800	33.1%	$907

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be somewhat less affordable than overall housing costs in the state of Missouri but more affordable than in Illinois overall. The median housing value for the assessment area is $159,474, which is above the Missouri figure ($138,400) and below the Illinois figure ($173,800). However, considering the higher median family income in the assessment area compared to the state of Missouri, the affordability ratios are the same at 34.8 percent. Alternatively, the affordability ratio is higher in the assessment compared to the state of Illinois affordability ratio of 33.1 percent, which is due to the higher overall home prices in that state. Lastly, the median gross monthly rent amount in the assessment area ($827) is above the overall Missouri figure ($746) and below the Illinois median gross monthly rent figure ($907).

Industry and Employment Demographics

The assessment area supports a large and diverse business community, including a strong small business sector. County business patterns indicate that there are 1,152,766 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are healthcare and social assistance (16.0 percent), followed by retail trade (11.8 percent) and accommodation and food services (10.5 percent). In addition, business geodemographics estimate that 86,336 business are operating in the assessment area, 87.1 percent of which have gross annual revenues of $1 million or less. The following table details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to the overall figures for the states of Missouri and Illinois.

Unemployment Levels for the Assessment Area			
Time Period (Annual Average)	**Assessment Area**	**Missouri**	**Illinois**
2016	4.6%	4.6%	5.8%
2017	3.8%	3.8%	4.9%
2018	3.4%	3.2%	4.3%

As shown in the table above, unemployment levels for the assessment area, as well as for both states, have shown decreasing trends. Furthermore, the most recent annual average unemployment level in the assessment area did not decrease as much as the Missouri state figure; however, assessment area unemployment has consistently been below Illinois unemployment levels.

Community Contact Information

Information from five community contacts was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Interviews were conducted with representatives from the following types of organizations: small town, main street community development corporation (Illinois), small business incubator (Missouri), minority targeted small business assistance organization (Missouri), and two affordable housing and neighborhood revitalization organizations (one specific to Missouri and one working in both Illinois and Missouri). The community contact interviewees generally categorized the St. Louis MSA economy as stable and expanding, while noting certain areas that continue to struggle despite the economic growth taking place around them.

On the Missouri side, areas with the strongest growth included St. Charles County and south St. Louis County, and those areas not seeing economic development were North St. Louis City and parts of North St. Louis County. Positive economic forces in the Missouri portions of the St. Louis MSA with the highest growth included affordable costs of living (housing costs in particular), good school systems, and low crime rates. Despite growth in these areas and rising housing costs, the contacts still noted that homes were relatively affordable and that homeownership rates were still rising. One contact noted that the cities of Bridgeton and Fenton are still experiencing the residual effects of two major automotive plant closings; however, St. Louis still has a solid base of major employers, including two recently added large employers. Banking competition in the area was described as high, and one contact noted that local programs to reach the unbanked have improved the personal banking environment. Community contacts also highlighted that St. Louis has a flourishing entrepreneurial ecosystem, along with growing information technology and biotechnology industries, which are spurring growth in the region. In light of these circumstances, the community contacts recommended the following community development opportunities in order to address significant needs in the assessment area, particularly in the LMI areas that struggle to obtain investment despite the growing St. Louis economy.

- Utilization of SBA loan programs, such as the 504 and 7A programs.

- Fostering such programs as a revolving small business microloan fund to help start-up businesses.

- Forming bank partnerships with community development organizations to enhance development and improve utilization of flexible home loan programs tied to counseling activities; increase outreach and education among entrepreneurs and small business owners; and develop more industrial parks to attract industry to areas in need of investment.

In Illinois, both Madison and St. Clair Counties were noted as growing, particularly in Edwardsville (Madison County) and Belleville (St. Clair County), while areas such as East St. Louis, the western part of Granite City, and Alton continue to face high levels of poverty and disinvestment. Positive economic forces in these counties included the presence of a university, a strong healthcare industry, stimulus from casinos, a viable mass transit system, and close proximity to the employment opportunities in St. Louis, Missouri. Economic difficulties noted in these counties included problems stemming from the state's budget problems and lingering effects from the substantive disappearance of major employers in the 1980s, 1990s, and first part of 2000s. The negative effects from this major migration are most felt in the Illinois cities of East St. Louis, Granite City, and Alton. These areas still have high levels of poverty, unemployment, and crime, which pose major obstacles to attracting investment and development. Despite these challenges, contacts noted that there is adequate availability to banking services in these areas, including a mix of banks, credit unions, and access to at least one community development financial institution. Nevertheless, contacts noted that high levels of the populations in these areas are unbanked; this situation is exacerbated as banks move from a physical presence to online banking, since personal contact and a local presence is often a key factor to building trust with unbanked individuals. Lastly, contacts noted that the majority of the population on the western sides of these counties are renters; consequently, this population spends the majority of its income on rent and struggles to build wealth. In light of these circumstances, the community contacts recommended the following community development opportunities in order to address significant needs in the assessment area.

- Developing loan products aimed at appraisal gap financing to build single- and multifamily affordable housing projects.

- Fostering investment in mixed-use space and open green space to spur commercial development.

- Providing mentorship to small business owners centered on bookkeeping and financial management.

- Investing in and utilizing programs aimed at flexible home loan underwriting criteria for first- time homebuyers, rental assistance, and short-term construction loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The chart below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 13-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of June 30, 2019**	**Average LTD Ratio**
Lindell Bank & Trust Company	St. Louis, Missouri	$519,444	61.1%
Regional Banks	St. Louis, Missouri	$633,432	91.5%
	Maplewood, Missouri	$510,267	90.0%
	Clayton, Missouri	$505,205	92.1%
	Town and Country, Missouri	$445,908	79.8%

Based on data from the previous table, the bank's level of lending is below that of other banks in the region. At the beginning of the review period, June 30, 2016, the bank's LTD ratio was 64.6 percent, which subsequently dropped to a low of 57.8 percent before rising back up to 64.5 percent as of June 30, 2019. Consequently, the bank's LTD ratio performance remains largely unchanged from the previous review period. In comparison to the bank's average LTD ratio of 61.1 percent, regional bank peers' average LTD ratios for the same period ranged from 79.8 percent to 92.1 percent, all of which are significantly above the bank's average LTD ratio.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment area.

Lending Inside and Outside of Assessment Area January 1, 2017 through December 31, 2017						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
HMDA	165	99.4%	1	0.6%	**166**	**100%**
	29,022	99.6%	115	0.4%	**$29,137**	**100%**
Small Business	63	96.9%	2	3.1%	**65**	**100%**
	10,938	98.1%	215	1.9%	**$11,153**	**100%**
TOTAL LOANS	**228**	**98.7%**	**3**	**1.3%**	**231**	**100%**
	39,960	**99.2%**	**330**	**0.8%**	**$40,290**	**100%**

A substantial majority of loans and other lending-related activities were made in the bank's assessment area. As shown above, 98.7 percent of the total loans were made inside the assessment area, accounting for 99.2 percent of the dollar volume of total loans.

Geographic Distribution of Loans

As noted previously, the assessment area includes 79 low-income and 117 moderate-income census tracts, representing 35.8 percent of all assessment area census tracts. Initial analysis revealed percentages of loans made in LMI geographies that compared very favorably to both demographics and the performance of other lenders in the assessment area. However, the geographic distribution of loans analysis also includes reviewing the dispersion of LMI areas with and without loan activity, as compared to loan penetration in middle- and upper-income areas. This dispersion analysis revealed lower loan penetration in certain LMI areas. Overall, however, the bank's geographic distribution of HMDA and small business loans reflects reasonable performance, despite weaknesses noted in the bank's dispersion of loans. The following table displays the geographic distribution of 2017 HMDA loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

Distribution of Loans Inside Assessment Area by Geography Income Level

January 1, 2017 through December 31, 2017

	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	3	3.8%	15	19.2%	22	28.2%	38	48.7%	0	0.0%	**78**	**100%**
Refinance	6	10.3%	26	44.8%	13	22.4%	13	22.4%	0	0.0%	**58**	**100%**
Home Improvement	2	7.4%	5	18.5%	9	33.3%	11	40.7%	0	0.0%	**27**	**100%**
Multifamily	0	0.0%	1	50.0%	0	0.0%	1	50.0%	0	0.0%	**2**	**100%**
TOTAL HMDA	**11**	**6.7%**	**47**	**28.5%**	**44**	**26.7%**	**63**	**38.2%**	**0**	**0.0%**	**165**	**100%**
Owner-Occupied Housing	5.7%		17.6%		38.0%		38.7%		0.1%		**100%**	
2017 HMDA Aggregate	2.0%		13.8%		40.0%		44.0%		0.1%		**100%**	

The bank's level of lending in low-income census tracts by number of loans (6.7 percent) is above the percentage of owner-occupied housing units in low-income census tracts (5.7 percent). Furthermore, bank performance is also well above that of other lenders based on 2017 HMDA aggregate data, which indicate that 2.0 percent of aggregate HMDA loans inside the assessment area were made to borrowers residing in low-income geographies. Consequently, the bank's geographic distribution of HMDA loans reflects excellent performance in low-income geographies. Similarly, bank performance in moderate-income census tracts is significantly above comparison data, which reflects excellent performance. The bank's total level of lending in moderate-income census tracts by number of loans (28.5 percent) is well above the percentage of owner-occupied housing units in moderate-income census tracts (17.6 percent). The bank's performance in moderate-income census tracts is also significantly above that of other lenders based on 2017 aggregate lending data, which indicate that 13.8 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in moderate-income census tracts.

Next, the bank's geographic distribution of small business loans was reviewed. The following table displays 2017 small business loan activity by geography income level compared to the location of businesses throughout the bank's assessment area and 2017 small business aggregate data.

Distribution of Loans Inside Assessment Area by Geography Income Level January 1, 2017 through December 31, 2017												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Small Business Loans	3	4.8%	14	22.2%	21	33.3%	25	39.7%	0	0.0%	**63**	**100%**
Business Institutions	6.4%		17.9%		33.3%		41.5%		0.9%		**100%**	
2017 Small Business Aggregate	5.7%		17.1%		32.2%		43.4%		1.5%		**100%**	

The bank's level of lending in low-income census tracts is below, but reasonably close to, data used for comparison purposes. The bank made three small business loans (4.8 percent) in low-income census tracts, which is below the estimated percentage of businesses operating inside these census tracts (6.4 percent). Bank performance is also below, but within close range of, 2017 aggregate lending levels in low-income census tracts (5.7 percent); consequently, bank performance in low-income geographies is reasonable. Alternatively, the bank's level of lending in moderate-income census tracts (22.2 percent) is higher than the percentage of small businesses in moderate-income census tracts (17.9 percent), and it is higher than the 2017 aggregate lending percentage in moderate-income census tracts (17.1 percent), representing excellent performance. Therefore, in consideration of slightly more weight placed on the moderate-income category (due to the higher percentage of businesses/impact as compared to low-income geographies), the overall geographic distribution of small business loans is excellent.

Lastly, the dispersion analysis of HMDA loans and small business loans across the assessment area revealed conspicuous lending gaps, detracting from the bank's previously discussed geographic distribution performance. Based on reviews from both loan categories, the bank had loan activity in 144 of 543 (26.5 percent) assessment area census tracts.[1] Focusing on LMI areas, the bank had loan activity in 45 of 196 LMI census tracts (23.0 percent), which is below the previously mentioned overall penetration ratio, as well as the penetration of middle- and upper-income geographies (99 of 347 census tracts, 28.5 percent). This lower penetration level in LMI areas was particularly apparent in the Illinois portion of the bank's assessment area. The bank's East St. Louis, Illinois branch is in and heavily surrounded by LMI geographies; however, there were no loans made in this area during the review period. While the city of East St. Louis and surrounding area are plagued by numerous barriers to lending, including high levels of poverty and disinvestment (circumstances that were highlighted by community contacts in the area), lending opportunities remain in both East St. Louis and adjoining Granite City, Illinois. Based on 2017 HMDA aggregate activity specific to these two cities, a total of 655 HMDA loans were made

[1] This number excludes four geographies where income levels were unknown/not able to be calculated.

in 2017 by other lenders (101 in East St. Louis and 554 in Granite City). This data reflects viable home mortgage lending opportunities persist, despite the challenges to making loans in these areas. The bank's lack of lending in proximity to the East St. Louis, Illinois branch represents a conspicuous lending gap in an LMI area, negatively impacting the bank's overall performance under this lending test criterion. Despite excellent levels of HMDA and small business loans made in LMI areas, the bank's overall geographic distribution of loans is reasonable,

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from both loan categories reviewed and greater weight being placed on the small business loan category. While the bank's HMDA loan distribution by borrower's profile is poor, and performance under the small business category is reasonable, greater significance is placed on performance in the small business loan category, given the circumstances regarding unknown income levels in the HMDA loan category, which were previously discussed in the *Scope of Examination* section.

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($74,300 for the St. Louis MSA as of 2017). The following table shows the distribution of HMDA reported loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2017 aggregate data for the assessment area is displayed.

Distribution of Loans Inside Assessment Area by Borrower Income January 1, 2017 through December 31, 2017												
	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	1	1.3%	1	1.3%	7	9.0%	10	12.8%	59	75.6%	**78**	**100%**
Refinance	0	0.0%	6	10.3%	1	1.7%	8	13.8%	43	74.1%	**58**	**100%**
Home Improvement	0	0.0%	0	0.0%	1	3.7%	0	0.0%	26	96.3%	**27**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2	100.0%	**2**	**100%**
TOTAL HMDA	**1**	**0.6%**	**7**	**4.2%**	**9**	**5.5%**	**18**	**10.9%**	**130**	**78.8%**	**165**	**100%**
Family Population	21.7%		16.9%		19.6%		41.8%		0.0%		**100%**	
2017 HMDA Aggregate	8.2%		17.5%		20.0%		33.4%		20.9%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (0.6 percent) is lower than both the low-income family population figure (21.7 percent) and the 2017 aggregate lending level to low-income borrowers (8.2 percent), reflecting poor performance. Similarly, the bank's level of lending to moderate-income borrowers (4.2 percent) is lower than both the moderate-income family population percentage (16.9 percent) and the 2017 aggregate lending level to moderate-income borrowers (17.5 percent), reflecting poor performance. However, as demonstrated in the table, a substantial number (130, or 78.8 percent) of the bank's HMDA loans are to borrowers with unknown incomes. As previously discussed in the *Scope of Examination* section, these loans are primarily to non-natural persons—entities such as corporations or partnerships. Analyzing the bank's performance by removing loans with unknown income levels more accurately reflects the bank's distribution of HMDA loans to borrowers of different incomes. Based on adjusted figures, the bank made 2.9 percent of its HMDA loans to low-income borrowers (adjusted HMDA aggregate lending to low-income borrowers is 10.3 percent) and 20.0 percent of HMDA loans to moderate-income borrowers (adjusted HMDA aggregate lending to moderate-income borrowers is 22.1 percent). Consequently, the adjusted performance figures reflect some improvement, particularly in the moderate-income borrower category. Ultimately, however, the bank's overall distribution of HMDA loans by borrower's profile is poor. As a related matter, the significance of this analysis substantially decreases, considering the small number of borrowers in this loan category with available income information.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2017 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

<table>
<tr><th colspan="9">Distribution of Loans Inside Assessment Area by Business Revenue
January 1, 2017 through December 31, 2017</th></tr>
<tr><th rowspan="2">Gross Revenue</th><th colspan="6">Loan Amounts in $000s</th><th colspan="2" rowspan="2">TOTAL</th></tr>
<tr><th colspan="2">≤$100</th><th colspan="2">>$100 and ≤$250</th><th colspan="2">>$250 and ≤$1,000</th></tr>
<tr><td>$1 Million or Less</td><td>17</td><td>27.0%</td><td>8</td><td>12.7%</td><td>9</td><td>14.3%</td><td>34</td><td>54.0%</td></tr>
<tr><td>Greater than $1 Million/Unknown</td><td>14</td><td>22.2%</td><td>8</td><td>12.7%</td><td>7</td><td>11.1%</td><td>29</td><td>46.0%</td></tr>
<tr><td>TOTAL</td><td>31</td><td>49.2%</td><td>16</td><td>25.4%</td><td>16</td><td>25.4%</td><td>63</td><td>100%</td></tr>
<tr><td>Dun & Bradstreet Businesses ≤ $1MM</td><td colspan="6"></td><td colspan="2">87.1%</td></tr>
<tr><td>2017 CRA Aggregate Data</td><td colspan="6"></td><td colspan="2">48.6%</td></tr>
</table>

The bank's level of lending to small businesses is reasonable. The bank originated the majority of its small business loans (54.0 percent) to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that 87.1 percent of businesses in the assessment area had annual revenues of $1 million or less and the 2017 aggregate lending level to small businesses is 48.6 percent. Furthermore, the highest percentage of the bank's loans to small businesses (17 of 34 loans, 50.0 percent) was originated in amounts of $100,000 or less. These smaller dollar loans further substantiate the bank's willingness to meet the credit needs of small businesses.

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (June 6, 2016 through July 14, 2019).

COMMUNITY DEVELOPMENT TEST

The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of the assessment area, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area. The bank has addressed the community development needs of the assessment area through community development loans, qualified investments, and community development services.

During the review period, the bank made 30 qualifying loans totaling approximately $7.6 million. Of those loans, several were particularly responsive to assessment area community development needs, including the following items.

- A $208,000 bridge loan funding a grant project to build a sustainable and income-producing urban farm in a Missouri LMI neighborhood.

- Multiple working line of credit renewals and credit increases, most recently for $600,000, to a nonprofit agency dedicated to the LMI population and small businesses in LMI areas, having a focus on building wealth through homeownership (these specific loans were targeted to areas in the Illinois side of the St. Louis MSA).

- A $292,350 loan to construct three affordable homes in a Missouri LMI area.

Community development investments and donations made in the assessment area totaled $1.5 million. This amount included new qualified investments in a community development investment fund and the purchase of low-income tax credits, totaling $1.1 million. The bank also had previous investments in the fund still outstanding, which totaled $401,996. These equity investments and tax credits focused on building affordable housing in both Missouri and Illinois LMI areas. In addition, the bank made nine donations to community development organizations serving the assessment area, which totaled $1,425.

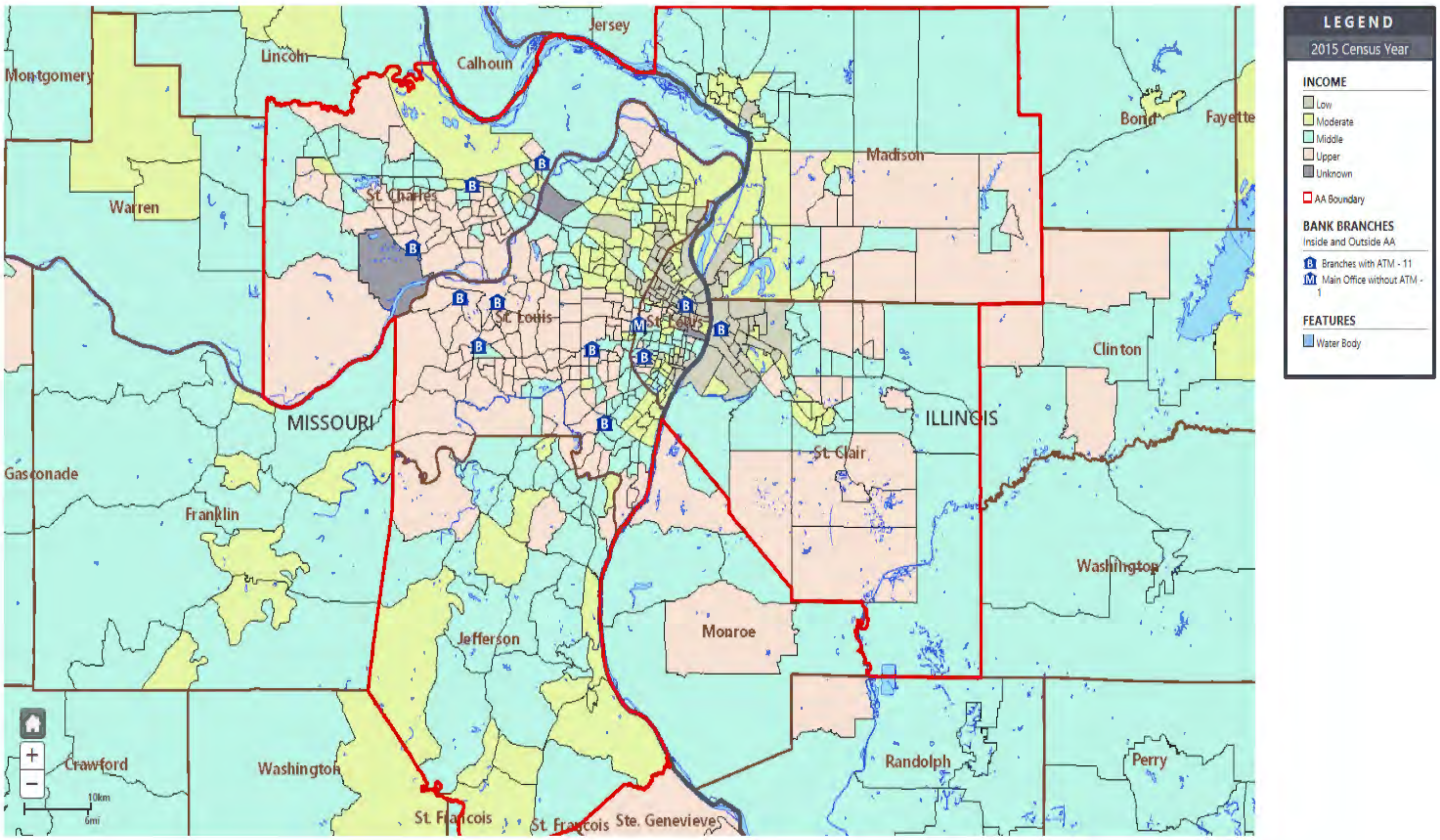
Lastly, five employees contributed community development services to 15 different agencies, totaling approximately 317 hours of services.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

ASSESSMENT AREA DETAIL

Lindell Bank & Trust Company - St. Louis, MO
Tract Income Map



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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely, depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- and moderate-income (LMI) individuals; (2) community services targeted to LMI individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; (4) activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan 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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which 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).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 who 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, 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 family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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 percent 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 percent and less than 80 percent in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

Qualified investment: A qualified investment is defined as any 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.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in 'loans to small businesses' as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): That is, "small farm loans" are included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Reports of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate 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.