



PUBLIC DISCLOSURE

June 08, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Montgomery Bank, National Association
Charter Number: 15302

One Montgomery Bank Plaza
Sikeston, MO 63801

Office of the Comptroller of the Currency

500 N. Broadway, Suite 1700
St. Louis, MO 63102

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 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.

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

- The bank originated or purchased a substantial majority of its loans within its assessment areas (AAs).
- The bank's quarterly average loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and AA credit needs.
- The distribution of loans to individuals of different income levels and to businesses of different sizes reflects reasonable penetration in the AAs.
- The geographic distribution of loans reflects reasonable dispersion within the census tracts (CTs) in the AAs.
- Community development activities reflect excellent responsiveness to community needs in the AAs.

Scope of Evaluation

This Performance Evaluation of Montgomery Bank, N.A. (Montgomery Bank) assesses the bank's record of meeting the credit needs of the communities in which it operates. We evaluated Montgomery Bank under the Intermediate Small Bank performance criteria, which consist of a lending test and a community development (CD) test. The lending test evaluates a bank's record of helping meet the credit needs of its AA through its lending activities. The CD test evaluates the bank's CD lending, qualified investments, and CD services.

The bank has identified three AAs: three rural counties in Southeast Missouri, St. Louis County in the St. Louis MO-IL Metropolitan Statistical Area (MSA) #41180, and Cape Girardeau County in the Cape Girardeau MO-IL MSA #16020. Please see the Description of Assessment Areas section for details on these AAs. All AAs received a full-scope review.

The evaluation period covers August 16, 2011 through June 8, 2015. We evaluated CD activities over the entire evaluation period. The lending test analyzed loans originated or purchased from January 1, 2012 through December 31, 2013. Conclusions regarding the bank's lending performance are based on Montgomery Bank's primary loan products: commercial (non-agricultural) and residential real estate (RRE) in all AAs, and consumer loans as an additional primary product for the Southeast Missouri AA.

Prior to this evaluation, we conducted a data integrity review of the RRE loans reported under the Home Mortgage Disclosure Act (HMDA). We found the HMDA data to be accurate and reliable. The loan data we analyzed included all HMDA loans and a sample of commercial and consumer loans that were originated or purchased in 2012 and 2013. We also tested the bank-generated reports used for one analysis of the lending test, Lending in Assessment Area; we found these reports to be accurate.

Description of Institution

Montgomery Bank is a full-service intrastate bank headquartered in Sikeston, Missouri. The bank is wholly owned by Montgomery Bancorporation, a one-bank holding company located in Sikeston, Missouri. As of March 31, 2015, Montgomery Bank reported assets of \$879 million, net loans of \$674 million, and deposits of \$691 million. The bank has eleven offices and thirteen ATMs within the State of Missouri. Four offices are located in upper-income CTs and seven offices in middle-income CTs.

Montgomery Bank's main office and two branches with 24-hour, full-service ATMs are located in the Southeast Missouri AA. In the Cape Girardeau MSA AA, the bank has three branches with 24-hour, full-service ATMs and two withdrawal-only ATMs at local hospitals. The St. Louis MSA AA has five branches, each with 24-hour, full-service ATMs. Montgomery Bank did not open any new branches or ATMs since the last CRA evaluation. The bank sold the Chaffee Branch and ATM in January 2013, and closed the Sikeston/Miner ATM in October 2014. Chaffee and Sikeston/Miner are in Scott County, within the Southeast Missouri AA.

The bank provides its customers with a full range of banking products and services. The bank's business strategy focuses on lending products including RRE, commercial, commercial real estate, and consumer loans. As of March 31, 2015, the loan portfolio is comprised of commercial (65%), 1-4 family residential (31%), agricultural (3%), and consumer loans (1%).

Montgomery Bank was rated "Satisfactory" at the prior CRA examination dated August 15, 2011. There are no legal, financial, or other factors impeding the bank's ability to meet the credit needs of the communities it serves.

Description of Assessment Areas

Montgomery Bank has identified three AAs within the State of Missouri: The Southeast Missouri Non-Metropolitan Statistical Area (Non-MSA) AA, St. Louis County in the St. Louis MSA, and Cape Girardeau County in the Cape Girardeau MSA.

Southeast Missouri Non-MSA AA

This rural AA consists of three counties near the Missouri Bootheel: New Madrid County, Scott County, and Stoddard County. Based on the 2010 Census, this AA comprises 24 CTs. There are no low-income CTs, two moderate-income CTs, 17 middle-income CTs, and five upper-income CTs. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

Based upon FDIC deposit data as of June 30, 2014, Montgomery Bank’s deposits in this AA total \$245 million. Montgomery Bank is the largest deposit-taking institution with a 15% market share among the 17 banks operating 50 offices in this AA. Major competitors include a mix of larger regional banks and smaller community banks. The next five largest deposit-taking banks in this AA are The Bank of Advance, First Commercial Bank, First Midwest Bank of Dexter, First State Bank and Trust Company, and Southern Bank. Collectively they total 48% of the deposit market share.

The Southeast Missouri Non-MSA AA is heavy in agricultural business, and several manufacturing companies have large operations within the region. Major employers of Southeast Missouri include Monsanto, Orgill, Alan Wire, Dewitt Auction, and Pullen Bros.

According to the Bureau of Labor Statistics, unemployment in the AA has declined since the recession eased in 2011, but remains above the Missouri unemployment rate. December 2014 unemployment is 7.2% in Stoddard County, 6.8% in New Madrid County, and 6.1% in Scott County. The statewide Missouri unemployment rate is 5.1% for December 2014.

Two of the counties in this AA were identified as having Distressed Middle-Income Nonmetropolitan Tracts due to high poverty rates. The following table shows the counties and the number of affected middle-income CTs designated distressed by the applicable year of designation.

County	2011	2012	2013	2014	2015
New Madrid	6	6	5	6	6
Scott	0	0	0	5	5

The 2010 Census data reports the majority of the housing within the AA is owner-occupied (62%). The following table provides additional demographic data for the AA.

Demographic Information for: Southeast Missouri NonMSA AA – 2010 Census					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	24	0.00	8.33	70.83	20.83
Population by Geography	88,115	0.00	7.63	70.13	22.25
Owner-Occupied Housing by Geography	24,329	0.00	5.98	68.74	25.28
Business by Geography	6,314	0.00	7.06	71.03	21.90
Farms by Geography	917	0.00	7.52	64.56	27.92
Family Distribution by Income Level	24,297	21.63	17.56	20.13	40.68
Median Family Income (MFI) for 2010		45,840	Median Housing Value		85,659
Median Household Income		36,764	Households Below Poverty Level		19%
FFIEC Adjusted Median Family Income for 2013		48,200	Families Below Poverty Level		13%

Source: 2010 US Census, 2013 Federal Financial Institutions Examination Council (FFIEC) updated MFI and June 2013 Dunn and Bradstreet Data

To further our understanding of the community’s credit needs, we referenced a community contact completed on a community service organization knowledgeable about the areas served by the bank. An opportunity for investment includes financial education including money management and understanding credit scores. The contact did not identify any unmet credit needs.

St. Louis MSA AA

The bank has designated this AA as all of St. Louis County, part of the St. Louis MO-IL MSA #41180. Based on the 2010 Census, this AA includes 199 CTs. There are 11 low-income CTs, 43 moderate-income CTs, 61 middle-income CTs, and 84 upper-income CTs in the AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

Based upon June 30, 2014 FDIC deposit data, Montgomery Bank’s deposits in this AA total \$245 million. Montgomery Bank is the 28th largest deposit-taking institution with 0.5% market share. Competition for financial services is strong in the AA with 54 banks operating 323 offices. The five largest financial institutions in this AA are Scottrade Bank, U.S. Bank N.A., Commerce Bank, Bank of America, N.A., and PNC Bank, N.A. Collectively, they hold 66% of the deposits in this market.

Major employers in the St. Louis MSA consist of trade, transportation, utilities, education and health services, professional and business services, and government.¹ Major employers include Boeing Defense, Space & Security, Washington University, SSM Healthcare, and Mercy Health.²

¹ United States Department of Labor – Economy at a Glance Reporting for December 2014

² Stlregionalchamber.com – March 2015

According to the Bureau of Labor Statistics, unemployment in the AA has steadily declined since 2011. As of December 2014, St. Louis County’s unemployment rate was 4.8%, slightly better than the Missouri unemployment rate of 5.1%.

The 2010 Census data reports the majority of the housing within the AA is owner-occupied (67%). Only 4% of the population lives in the low-income CTs, limiting lending opportunities in these geographies. The following table provides additional demographic data for the AA.

Demographic Information for: St. Louis County - 2010 Census					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	199	5.53	21.61	30.65	42.21
Population by Geography	998,954	3.81	20.66	30.81	44.72
Owner-Occupied Housing by Geography	293,482	2.00	18.30	31.73	47.97
Business by Geography	95,291	1.90	14.53	27.00	56.57
Farms by Geography	1,781	1.46	16.51	27.34	54.69
Family Distribution by Income Level	264,290	18.03	16.11	20.01	45.85
Median Family Income (MFI) for 2010		67,013	Median Housing Value		208,891
Median Household Income		63,878	Families Below Poverty Level		7%
FFIEC Adjusted Median Family Income for 2013		69,200			

Source: 2010 US Census, 2013 Federal Financial Institutions Examination Council (FFIEC) updated MFI and June 2013 Dunn and Bradstreet Data

To determine the community’s needs, we contacted representatives from two economic development entities and three housing organizations serving the St. Louis MSA AA. We identified the following credit and non-credit related needs in the AA:

- Investments in Community Development Financial Institutions to allow more credit to local businesses
- Investments in revolving loan pools
- Mortgage loan products for low- and moderate-income borrowers, including down payment assistance loans
- Loans for new construction and/or rehabilitation of affordable rental housing units and owner-occupied housing units
- Home improvement and remodeling loan products
- Availability of additional loan products including small-dollar loans to low- and moderate-income borrowers
- Financial education including credit counseling and home-buyer counseling
- Providing Second Chance Checking accounts
- Serving on boards of directors and providing general operating support for non-profit organizations working with low- and moderate-income individuals.

Cape Girardeau MSA AA

The bank’s third AA is the entire Cape Girardeau County in the Cape Girardeau MO-IL MSA #16020. Based on the 2010 Census, this AA encompasses 16 CTs. The AA has only one low-income CT, three moderate-income CTs, eight middle-income CTs, and four upper-income CTs. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

Based upon FDIC deposit data as of June 30, 2014, Montgomery Bank’s deposits in this AA total \$207 million. Of the 15 banks in Cape Girardeau County, Montgomery Bank is the second largest deposit-taking institution with a 12% market share. A mix of large regional banks and smaller community banks operate 40 offices throughout the AA. The five main competitor banks in the AA include the Bank of Missouri, U.S. Bank, N.A., First State Community Bank, Wood & Huston Bank, and Regions Bank. Collectively they total 52% of the market share.

Major employers in the Cape Girardeau MSA consist of professional and business services, health services, retail trade, finance/insurance/real estate, and construction. Major employers include P&G Paper Products, St. Francis Healthcare Systems, and Southeast Health.

According to the Bureau of Labor Statistics, unemployment in the AA has slowly declined since 2011. As of December 2014, the unemployment rate for Cape Girardeau County was 4.1%, better than the Missouri unemployment rate of 5.1%.

Per the 2010 Census data, 62% of the housing within the AA is owner-occupied. Only 3% of the population lives in the low-income CT, limiting lending opportunities in that geography. The following table has additional demographic data for this AA.

Demographic Information for: Montgomery Bank Cape Girardeau County – 2010 Census					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	16	6.25	18.75	50.00	25.00
Population by Geography	75,674	3.33	9.67	59.39	27.61
Owner-Occupied Housing by Geography	19,971	1.45	6.07	60.65	31.83
Business by Geography	6,682	3.61	10.40	63.77	22.22
Farms by Geography	499	0.60	1.00	68.74	29.66
Family Distribution by Income Level	19,794	17.68	17.17	22.20	42.95
Median Family Income (MFI) for 2010		51,873	Median Housing Value		127,565
Median Household Income		44,688	Families Below Poverty Level		10%
FFIEC Adjusted Median Family Income for 2013		55,000			

Source: 2010 US Census, 2013 Federal Financial Institutions Examination Council (FFIEC) updated MFI and June 2013 Dunn and Bradstreet Data

We conducted one community contact with a local organization to better understand the AA's credit, investment, and financial service needs. The organization provides a variety of services to small businesses. The organization focuses on the redevelopment of economically underserved areas in and around the Cape Girardeau area, support for the creation of jobs, and "Gap Financing" for new and expanding businesses. The contact did not identify any unmet credit needs and felt that the local banks are involved in the community and are meeting its credit needs.

Conclusions with Respect to Performance Tests

LENDING TEST

Montgomery Bank's performance is rated Satisfactory in meeting the credit needs of its respective AAs, including those of low- and moderate-income borrowers, given the performance context, demographics, economic factors, and competitive pressures faced by the bank.

Loan-to-Deposit Ratio

The bank's loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and AA credit needs. As of March 31, 2015, Montgomery Bank's LTD ratio was 98%. The bank's quarterly average of LTD ratios since the last CRA evaluation was 99%. The quarterly average LTD ratio for similarly situated banks within the AAs ranged from a low of 69% to a high of 103%. Montgomery Bank has the second highest quarterly average LTD ratio for the 10 banks in the AAs with total assets between \$300 million and \$1 billion.

Lending in Assessment Area

A substantial majority of the loans are originated or purchased inside the bank's three AAs. Of the 4,543 total loans originated or purchased by the bank from January 1, 2012 through December 31, 2013, 85% (3,879 loans) were to borrowers located within the bank's three AAs. By dollar volume, 77% (\$1.1 billion of the \$1.4 billion in loans) were originated or purchased within the three AAs. We utilized bank-generated reports that took into account all loans originated or purchased in and out of the AAs between January 1, 2012 and December 31, 2013.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

Southeast Missouri Non-MSA AA

The distribution of loans reflects reasonable penetration in this AA.

Residential Real Estate Loans

The borrower distribution of RRE loans originated or purchased during the evaluation period is reasonable. In evaluating this distribution, we considered the percentage of families who live below the poverty level (13%) and the barriers this may have on home ownership.

Montgomery Bank’s home purchase lending to moderate-income borrowers exceeded the percentage of moderate-income families in the AA; however, the bank’s home purchase lending to low-income borrowers was lower than the percentage of low-income families in the AA.

Montgomery Bank’s home improvement lending to low-income borrowers exceeded the percentage of low-income families in the AA. Montgomery Bank’s home improvement lending to moderate-income borrowers was lower than the percentage of moderate-income families in the AA.

Montgomery Bank’s home mortgage refinance lending to low-income borrowers was significantly lower than the percentage of low-income families in the AA. The bank’s home mortgage refinance lending to moderate-income borrowers was also lower than the percentage of moderate-income families in the AA.

Borrower Distribution of Residential Real Estate Loans in the Southeast Missouri Non-MSA AA 2012-2013								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans						
Home Purchase	21.63%	6.25%	17.56%	20.83%	20.13%	12.50%	40.68%	60.42%
Home Improvement	21.63%	26.32%	17.56%	5.26%	20.13%	21.05%	40.68%	47.37%
Home Mortgage Refinance	21.63%	1.61%	17.56%	9.68%	20.13%	15.32%	40.68%	73.39%

Source: RRE loan data reported under HMDA for the period January 1, 2012 through December 31, 2013; and 2010 U.S. Census Data.

Business Loans

Montgomery Bank’s distribution of loans to businesses of different sizes is excellent based on the sample of 20 loans originated or purchased between January 1, 2012 and December 31, 2013. The percentage of loans extended to businesses with gross annual revenues of \$1 million or less.

Borrower Distribution of Loans to Businesses in the Southeast Missouri Non-MSA AA 2012-2013				
Business Revenues	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	69.00%	4.00%	27.00%	100%
% of Bank Loans in AA by #	70.00%	30.00%	0.00%	100%
% of Bank Loans in AA by \$	47.45%	52.55%	0.00%	100%

Source: Sample of 20 business loans originated between January 1, 2012 and December 31, 2013; and 2013 Business Geodemographic Data

Consumer Loans

Montgomery Bank’s distribution of consumer lending during the evaluation period reflects a reasonable level of lending to borrowers of different income levels within the AA. In evaluating this distribution, we considered the percentage of households who live below the poverty level and the barriers this may have on ability to borrow. According to the 2010 census, 19% of households lived below the poverty level in this AA.

Montgomery Bank’s consumer lending to low-income households was much lower than the percentage of low-income households in the AA, but the bank’s consumer lending to moderate-income borrowers exceeded the percentage of moderate-income households in the AA.

Borrower Distribution of Consumer Loans in the Southeast Missouri Non-MSA AA 2012-2013								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% AA of Households	% of Number of Loans
Consumer Loans	27%	10%	16%	25%	17%	25%	40%	40%

Source: Sample of 20 consumer loans originated between January 1, 2012 and December 31, 2013; and 2010 U.S. Census Data

St. Louis MSA AA

The distribution of loans reflects reasonable penetration in this AA.

Residential Real Estate Loans

The borrower distribution of RRE loans originated or purchased during the evaluation period is reasonable. In evaluating this distribution, we considered the percentage of families who live below the poverty level (7%) and the barriers this may have on home ownership.

Montgomery Bank’s home purchase lending to moderate-income borrowers far exceeded the percentage of moderate-income families in the AA; however, the bank’s home purchase lending to low-income borrowers was lower than the percentage of low-income families in the AA.

Montgomery Bank’s home improvement lending to low-income borrowers was near the percentage of low-income families in the AA. Montgomery Bank did not have any home improvement loans to moderate-income families.

Montgomery Bank’s home mortgage refinance lending to low-income borrowers was significantly lower than the percentage of low-income families in the AA. The bank’s home mortgage refinance lending to moderate-income borrowers was also lower than the percentage of low-income families in the AA.

Borrower Distribution of Residential Real Estate Loans in the St. Louis MSA AA 2012-2013								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Families	% of Number of Loans						
Home Purchase	18.03%	12.73%	16.11%	29.09%	20.01%	14.55%	45.85%	43.64%
Home Improvement	18.03%	14.29%	16.11%	0.00%	20.01%	0.00%	45.85%	85.71%
Home Mortgage Refinance	18.03%	2.08%	16.11%	11.46%	20.01%	20.83%	45.85%	65.63%

Source: RRE loan data reported under HMDA for the period January 1, 2012 through December 31, 2013; and 2010 U.S. Census Data.

Business Loans

Montgomery Bank’s distribution of loans to businesses of different sizes is poor based on a sample of 20 loans originated or purchased between January 1, 2012 and December 31, 2013. The percentage of loans extended to businesses with gross annual revenues of \$1 million or less was significantly lower than the percentage of businesses in the AA with revenues of \$1 million or less.

The bank’s business strategy drives their performance relative to loans to small businesses. Montgomery Bank’s current business practice includes annual renewals for all large commercial relationships. This practice distorts the ratios documenting the bank’s efforts to target small business customers with new loan generation.

Borrower Distribution of Loans to Businesses in the St. Louis MSA AA 2012-2013				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	68%	6%	26%	100%
% of Bank Loans in AA by #	35.00%	65.00%	0.00%	100%
% of Bank Loans in AA by \$	16.93%	83.07%	0.00%	100%

Source: Sample of 20 business loans originated between January 1, 2012 and December 31, 2013; and 2013 Business Geodemographic Data

Cape Girardeau MSA AA

The distribution of loans reflects poor penetration in this AA.

Residential Real Estate Loans

The borrower distribution of RRE loans originated or purchased during the evaluation period is poor. In evaluating the distribution, we considered the percentage of families who live below the poverty level (10%) and the barriers this may have on home ownership.

Montgomery Bank’s home purchase, home mortgage refinance and home improvement lending to moderate-income borrowers was lower than the percentage of moderate-income families in the AA. Lending to low-income borrowers was significantly lower than the percentage of low-income families in the AA.

Borrower Distribution of Residential Real Estate Loans in the Cape Girardeau MSA AA 2012-2013								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans						
Home Purchase	17.68%	0.95%	17.17%	9.52%	22.20%	30.48%	42.95%	59.05%
Home Improvement	17.68%	5.26%	17.17%	10.53%	22.20%	31.58%	42.95%	52.63%
Home Mortgage Refinance	17.68%	3.41%	17.17%	10.24%	22.20%	20.49%	42.95%	65.85%

Source: RRE loan data reported under HMDA for the period January 1, 2012 through December 31, 2013; and 2010 U.S. Census Data.

Business Loans

Montgomery Bank's distribution of loans to businesses of different sizes is poor based on a sample of 20 loans originated or purchased between January 1, 2012 and December 31, 2013. The percentage of loans extended to businesses with gross annual revenues of \$1 million or less was significantly lower than the percentage of businesses in the AA with revenues of \$1 million or less during the same period.

The bank's business strategy drives their performance relative to loans to small businesses. Montgomery Bank's current business practice includes annual renewals for all large commercial relationships. This practice distorts the ratios documenting the bank's efforts to target small business customers.

Borrower Distribution of Loans to Businesses in the Cape Girardeau MSA AA 2012-2013				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	69%	6%	25%	100%
% of Bank Loans in AA by #	40.00%	60.00%	0.00%	100%
% of Bank Loans in AA by \$	25.78%	74.22%	0.00%	100%

Source: Sample of 20 business loans originated between January 1, 2012 and December 31, 2013; and 2013 Business Geodemographic Data

Geographic Distribution of Loans

The geographic distribution of RRE, business, and consumer loans originated or purchased during the evaluation period reflects reasonable dispersion. The analysis of data reflects Montgomery Bank lends in most geographies within its AAs; there were no conspicuous gaps in the bank's lending patterns.

Southeast Missouri Non-MSA AA

The distribution of loans reflects excellent dispersion among the geographies in this AA. As there are no low-income geographies in this AA, our analysis is based on the analysis of lending in moderate-income CTs.

Residential Real Estate Loans

The geographic distribution of RRE loans originated or purchased during the evaluation period is excellent. The percentage of Montgomery Bank's home purchase loans, home mortgage refinance, and home improvement loans in moderate-income geographies exceeds the percentage of owner-occupied housing in those geographies.

Geographic Distribution of Residential Real Estate Loans in the Southeast Missouri Non-MSA AA 2012-2013								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans						
Home Purchase	N/A	N/A	5.98%	14.29%	68.74%	51.79%	25.28%	33.93%
Home Improvement	N/A	N/A	5.98%	8.00%	68.74%	52.00%	25.28%	40.00%
Home Mortgage Refinance	N/A	N/A	5.98%	6.77%	68.74%	45.86%	25.28%	47.37%

Source: RRE loan data reported under HMDA for the period January 1, 2012 through December 31, 2013; and 2010 U.S. Census Data.

Business Loans

Montgomery Bank’s geographic distribution of business loans reflects an excellent level of dispersion across CTs of different income levels. Based on our sample, the percentage originated in moderate-income CTs exceeds the percentage of businesses located in the moderate-income CTs.

Geographic Distribution of Loans to Businesses in the Southeast Missouri Non-MSA AA 2012-2013								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Businesses	% of Number of Loans						
Small Business	N/A	N/A	7.06%	10.00%	71.03%	60.00%	21.90%	30.00%

Source: Sample of 20 business loans originated between January 1, 2012 and December 31, 2013; and 2013 Business Geodemographic Data

Consumer Loans

Montgomery Bank’s geographic distribution reflects a reasonable dispersion across CTs of different income levels. Based on our sample, the percentage of consumer loans originated in moderate-income CTs exceeds the percentage of households located in the moderate-income CTs.

Geographic Distribution of Consumer Loans in Southeast Missouri Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	N/A	N/A	7.60%	10.00%	70.28%	55.00%	22.13 %	35.00%

Source: Sample of 20 consumer loans originated between January 1, 2012 and December 31, 2013; and 2010 U.S. Census data.

St. Louis MSA AA

The distribution of loans reflects reasonable dispersion among the geographies in this AA.

Residential Real Estate Loans

The geographic distribution of RRE loans originated or purchased during the evaluation period is reasonable. The percentage of home purchase loans and home improvement loans made in the moderate-income CTs exceeded the percentage of owner-occupied housing in these geographies. The percentage of home mortgage refinance loans made in the moderate-income geographies is much lower than the percentage of owner-occupied housing units in these geographies. Even though Montgomery Bank did not originate or purchase any RRE loans in low-income CTs, that percentage is near the percentage of owner-occupied housing in these CTs.

Geographic Distribution of Residential Real Estate Loans in the St. Louis MSA AA 2012-2013								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans						
Home Purchase	2.00%	0.00%	18.30%	18.64%	31.73%	20.34%	47.97%	61.02%
Home Improvement	2.00%	0.00%	18.30%	25.00%	31.73%	25.00%	47.97%	50.00%
Home Mortgage Refinance	2.00%	0.00%	18.30%	4.85%	31.73%	26.21%	47.97%	68.93%

Source: RRE loan data reported under HMDA for the period January 1, 2012 through December 31, 2013; and 2010 U.S. Census Data.

Business Loans

Montgomery Bank’s geographic distribution of business loans reflects a reasonable level of dispersion. Based on our sample, the bank did not originate any loans in low-income geographies, but the number of loans originated or purchased in moderate-

income CTs exceeds the percentage of businesses located in the moderate-income CTs.

Geographic Distribution of Loans to Businesses in the St. Louis MSA AA 2012-2013								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business	1.90%	0.00%	14.53%	20.00%	27.00%	30.00%	56.57%	50.00%

Source: Sample of 20 business loans originated between January 1, 2012 and December 31, 2013; and 2013 Business Geodemographic Data

Cape Girardeau MSA AA

The distribution of loans reflects reasonable dispersion among the geographies in this AA.

Residential Real Estate Loans

The geographic distribution of RRE loans is reasonable. The percentage of home purchase loans and home mortgage refinances extended in low- and moderate-income geographies is slightly below the percentage of owner-occupied housing in those geographies. The bank’s home improvement lending in low- and moderate-income geographies exceeds the percentage of owner-occupied housing in those geographies.

Geographic Distribution of Residential Real Estate Loans in the Cape Girardeau MSA AA 2012-2013								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	1.45%	0.83%	6.07%	4.96%	60.65%	56.20%	31.83%	38.02%
Home Improvement	1.45%	4.55%	6.07%	18.18%	60.65%	59.09%	31.83%	18.18%
Home Mortgage Refinance	1.45%	0.00%	6.07%	5.86%	60.65%	49.10%	31.83%	45.05%

Source: RRE loan data reported under HMDA for the period January 1, 2012 through December 31, 2013; and 2010 U.S. Census Data.

Business Loans

Montgomery Bank’s geographic distribution of business loans reflects an excellent level of dispersion. Based on our sample, the percentage of loans originated in low-income CTs exceeds the number of businesses located in low-income geographies. The percentage of loans originated in moderate-income CTs meets the number of businesses located in these CTs.

Geographic Distribution of Loans to Businesses in the Cape Girardeau MSA AA 2012-2013								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business	3.61%	10.00%	10.40%	10.00%	63.77%	75.00%	22.22%	5.00%

Source: Sample of 20 business loans originated between January 1, 2012 and December 31, 2013; and 2013 Business Geodemographic Data

Responses to Complaints

Montgomery Bank has not received any complaints about its performance in helping to meet the credit needs of the three AAs during this evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the CD test is rated Outstanding. The bank’s CD performance in the three AAs reflects excellent responsiveness to the needs of the community. Officers and employees of the bank are involved in several community service organizations. Since Montgomery Bank addressed the needs of its AA, we also considered CD activities within the larger regional area in evaluating the bank’s performance.

Number and Amount of Community Development Loans

Montgomery Bank’s CD lending is excellent in the AAs. During this evaluation period, Montgomery Bank originated 86 CD loans totaling \$121.2 million. Information regarding these loans is summarized below.

Southeast Missouri Non-MSA AA

The bank CD lending is excellent in this AA, originating 22 CD loans totaling \$41.6 million.

- Montgomery Bank originated twelve loans totaling \$21.5 million to provide funding for revitalization or stabilization in distressed geographies.
- Montgomery Bank originated four loans totaling \$13.9 million that provide access to medical services to low- and moderate-income individuals.
- Montgomery Bank originated four loans totaling \$993,000 to fund various apartment buildings. The 28 units in the buildings are targeted to low- or moderate-income individuals.
- Montgomery Bank originated one loan in the amount of \$3.3 million to a nursing home facility located in a moderate CT.
- Montgomery Bank originated one loan in the amount of \$2 million. Loan proceeds financed an office building in a moderate CT. The building is leased to the State of Missouri, providing social services to low- and moderate-individuals.

St. Louis MSA AA

The bank CD lending is excellent in this AA. During this evaluation period, the bank originated 32 CD loans totaling \$45.3 million.

- Montgomery Bank originated nine loans totaling \$23.8 million to provide funding for job creation retention at small businesses.
- Montgomery Bank originated eighteen loans for \$21.2 million in the St. Louis MSA AA to fund various apartment buildings. The units in these buildings are targeted to low- or moderate-income individuals. In total, these loans funded 687 units of affordable housing.
- Montgomery Bank originated five loans totaling \$280,000 to provide funding to a non-profit agency that operates group homes for disabled adults.

Cape Girardeau MSA AA

The bank CD lending is excellent in this AA. During this evaluation period, the bank originated 32 CD loans totaling \$34.3 million.

- Montgomery Bank originated twelve loans totaling \$20.8 million that provide access to medical services for low- and moderate-income individuals.
- Montgomery Bank originated two loans totaling \$5.8 million to provide funding for job creation retention at small businesses located in low-income CTs.

- Montgomery Bank originated fifteen loans totaling \$4.6 million to fund various apartment buildings. The 152 units in the buildings are targeted to low- or moderate-income individuals.
- Montgomery Bank originated three loans totaling \$3.2 million to fund three grocery stores in moderate-income CTs.

Number and Amount of Qualified Investments

Montgomery Bank's qualified investments (QI) reflects excellent responsiveness to AA needs. The bank's QIs total \$5.8 million during this evaluation period. One prior period investment with a balance of \$1.57 million remains on the books. Information regarding these investments is summarized below.

- Montgomery Bank purchased two targeted Government National Mortgage Association (GNMA) mortgage-backed securities totaling \$4.4 million and one targeted Federal National Mortgage Association (FNMA) mortgage-backed security totaling \$1.2 million. The pool of mortgages backing the investments consisted of smaller loans which provided for affordable housing within the St. Louis MSA.
- Montgomery Bank made donations totaling \$271,124 to qualifying CD organizations. The organizations have a CD purpose and serve low- and moderate-income individuals inside the AA.
- The bank's prior period investment was made in the St. Louis MSA AA. An old manufacturing facility was converted to an apartment building in the City of St. Louis. The building is located in a tax increment financing (TIF) district. This represents an activity that revitalized and stabilized a distressed community. The bank invested \$2.8 million in TIF bonds during a prior period and has a \$1.57 million balance remaining.

Extent to Which the Bank Provides Community Development Services

Montgomery Bank offers an excellent level of CD services based on the capacity of the bank and the need and availability of opportunities in the AAs. The bank has provided CD services to 66 organizations during this evaluation period. Bank employees are active with several organizations that provide affordable housing, community services, or financial education in the AAs.

Delivery systems are reasonably accessible to geographies and individuals of different income levels. The bank has eleven offices and thirteen ATMs within the State of Missouri. None of the bank's branches are located in low- or moderate-income CTs; however, several of the branches are adjacent to moderate-income CTs. Extended hours are available at all locations, most offices are open on Saturdays, and drive-up locations are open longer on weekdays and on Saturdays. All of the bank's loan and

deposit products are available at all branch locations. In January 2013, the bank sold the Chaffee branch in Scott County and in October 2014, the bank closed the Sikeston Mall ATM. These actions did not affect the availability and accessibility of the bank's products and services. Montgomery Bank offers alternative methods (online banking and mobile banking) to supplement its branch network and to reach customers without access to a branch location.

Southeast Missouri Non-MSA AA

Community development services in this AA are excellent. Bank employees are involved with twenty-five different CD organizations within this AA. Seventeen of these organizations provide community services targeted to low- and moderate-income individuals. Seven organizations promote economic development and revitalization and one organization focuses on affordable housing for low- and moderate-income individuals. The employees are involved in community development by participating on various economic development committees, providing financial assistance to homeless shelters and food banks, and delivering financial training through savings and credit presentations at schools. Some examples of the CD services provided in this AA are detailed below.

- One bank employee serves on the school district's Technology Advisory Board. As part of his duties, he oversees the district's budget and provides advice on the school's business plans. The majority of the students in the district are eligible for the free or reduced lunch programs.
- A bank employee participates on the board and serves as the Treasurer of the local hospital, which serves the moderate-income areas of the AA.
- One bank employee served on the executive board of an economic development council and is involved in their budgeting and funding decisions.
- One employee serves as Treasurer for a community service organization that supports a local women's shelter and food bank services.
- One employee is on the selection committee of an affordable housing organization, using her financial expertise in the evaluation of applicants for affordable housing.

St. Louis MSA AA

Community development services in this AA are excellent. Bank employees are involved with eleven different CD organizations within this AA. Six of these organizations provide community services targeted to low- and moderate-income individuals. Four of the organizations promote economic development by financing small businesses. One of these organizations focuses on affordable housing for low- and moderate-income individuals. The employees are involved in community

development by participating in small business events, working with affordable housing organizations, and providing financial education presentations at local schools and community fairs targeting low- to moderate-income individuals. Some examples of the CD services provided in this AA are detailed below.

- One employee is on the board of the organization that plans, finances and organizes the Small Business Week program for the local Small Business Administration office.
- One employee is on the board of a local business district. He is involved in fundraising for the revitalization efforts in this area.
- One employee is a member of an organization that provides consulting and financial advice to small business owners. He currently serves as Treasurer, supervising financial reporting and budgeting.
- One employee was on the board of a local housing organization. This individual organized the fundraising efforts for the organization.

Cape Girardeau MSA AA

Community development services in this AA are excellent. Bank employees are involved with eleven different CD organizations within this AA. Eight of these organizations provide community services targeted to low- and moderate-income individuals. Two of the organizations focus on the revitalization and stabilization of low- to moderate-income areas. The other organization promotes economic development by “gap” financing small businesses. The employees are involved in community development by participating on various economic development committees, providing financial assistance to homeless shelters and food banks, and delivering financial training through savings and credit presentations at schools. Some examples of the CD services provided in this AA are detailed below.

- Two bank employees participated in mock interviews for a non-profit agency’s job training program. A majority of the participants in the employment program are low- to moderate-income individuals.
- Two employees work with the local community development corporation. One employee is on the investment committee and the other is a board member. These individuals are involved in decisions regarding the funding, loan requests and business plans of the organization.
- Financial education presentations are performed at local schools and to low-income individuals through programs that address credit, identity theft and eBanking. The majority of the students at these schools are eligible for the free or reduced lunch programs.

Responsiveness to Community Development Needs

Montgomery Bank's overall community development performance reflects excellent responsiveness to the needs and opportunities of the AA through CD loans, investments, volunteer efforts and community services.

Montgomery Bank has been a long-time U.S. Small Business Administration (SBA) lender, offering loans using the SBA 7(a) Loan Program and the Certified Development Company/SBA 504 Loan Program.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.