

Community Reinvestment Act Notice

Under the Federal Community Reinvestment Act (CRA), the Federal Reserve Board (Board) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The Board also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the Federal Reserve Bank of St. Louis (Reserve Bank); and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the Federal Reserve System publishes a list of the banks that are scheduled for CRA examination by the Reserve Bank in that quarter. This list is available from Allen North, Vice President, Federal Reserve Bank of St. Louis, P.O. Box 442, St. Louis, MO 63166. You may send written comments about our performance in helping to meet community credit needs to Kevin D. Heneghan, President/CEO, New Frontier Bank, 1771 Zumbuhl Rd., St. Charles, MO 63303 and Allen North, Vice President, Federal Reserve Bank of St. Louis, P.O. Box 442, St. Louis, MO 63166. Your letter, together with any response by us, will be considered by the Federal Reserve System in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the Reserve Bank. You may also request from the Reserve Bank an announcement of our applications covered by the CRA filed with the Reserve Bank. We are an affiliate of Lincoln County Bancorp, Inc., a bank holding company. You may request from Allen North, Vice President, Federal Reserve Bank of St. Louis, P.O. Box 442, St. Louis, MO 63166 an announcement of applications covered by the CRA filed by bank holding companies.



New Frontier Bank

At home in St. Charles County

1771 ZUMBEHL ROAD
ST. CHARLES, MO 63303

(636) 940-8740
(FAX) (636) 940-0451

INTEROFFICE MEMORANDUM

TO: CRA PUBLIC FILE
FROM: CHRISTINE SHY
DATE: 07/08/2024 – REVISED DUE TO NEW LOCATION ADDED

1. Public Comments

There were no public comments.

2. Street Address and geography of the Bank's Office(s)

MAIN OFFICE

1771 Zumbahl Road
St. Charles, MO 63303
CT: 3109.98

ELM BRANCH

3773 Elm Street
St. Charles, MO 63301
CT: 3102.00

2. List of branches and ATM's opened or closed during the current year and the past two calendar years

LAKE ST. LOUIS BRANCH

100 Ridgeway Cove Lane, Lake St. Louis, MO 63367 CT: FFIEC Mapping System not currently updated

4. List of Services

A complete line of deposit services is provided including checking accounts (business and consumer), money market accounts (business and consumer), savings accounts (business and consumer), Health Savings Accounts, IRAs, and certificates of deposit (business and consumer). In addition, commercial loans, commercial real estate loans, SBA loans, consumer purpose loans, home equity lines of credit, overdraft protection and credit card accounts are offered. Other services offered are internet banking, including mobile deposit, bill payment services, safe deposit boxes and cash management services, including remote deposit capture.

5. Hours of Operation

Hours of Operation	Lobby	Drive - Up
Monday - Thursday	9:00 a.m. - 5:00 p.m.	8:30 a.m. - 5:00 p.m.
Friday	9:00 a.m. - 5:00 p.m.	8:30 a.m. - 5:00 p.m.
Saturday	9:00 a.m. - Noon	8:30 a.m. - Noon

6. Bank's Loan to Deposit ratios

03/31/23	78.97%	06/30/23	80.30%	09/30/23	79.34%	12/31/23	78.01%
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7. Bank Strategic Planning Context

Since its inception, New Frontier Bank’s mission has been to focus on being the best financial services provider for small businesses, professionals, and residents in St. Charles County.

New Frontier Bank intends to focus lending efforts on St. Charles County; however, we recognize our local customers will request loans to purchase or refinance non-St. Charles County property. We also feel periodic opportunities for out-of-area participation will exist, which will provide us the flexibility to diversify our portfolio. It is expected that no less than 70% of our loans will be to St. Charles County based borrowers. This includes St. Charles County borrowers secured by non-St. Charles County real estate.

PUBLIC DISCLOSURE

January 8, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**New Frontier Bank
RSSD #2917184**

**1771 Zumbahl Road
St. Charles, Missouri 63303**

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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this bank 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 COMMUNITY REINVESTMENT ACT RATING

New Frontier Bank (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A substantial majority of the bank's loans and other lending-related activities are originated inside the AA.
- The borrower's profile analysis reveals poor distribution among businesses of different sizes.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AA.
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

During the COVID-19 pandemic, the bank responded to the needs of the community through its participation in the CARES Act¹ Paycheck Protection Program (PPP). Bank participation in the PPP was also considered in the rating.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* were utilized to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy, and market competition, as well as AA demographic and economic characteristics and credit needs. Lending performance was assessed within the bank's AA.

Small business loans were used to evaluate the bank's lending performance, as this loan category is considered the bank's core business line based on lending volume and the bank's stated business strategy. The following table includes the corresponding time period for each performance category.

¹ Coronavirus Aid, Relief, and Economic Security Act, signed into law on March 27, 2020

Performance Criterion	Time Period
LTD Ratio	September 30, 2019 – September 30, 2023
Assessment Area Concentration	January 1, 2020 – December 31, 2022
Loan Distribution by Borrower’s Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	September 9, 2019 – January 7, 2023

Lending Test analyses often entail comparisons of bank performance to AA demographics and the performance of other lenders, based on Home Mortgage Disclosure Act and CRA aggregate lending data. Unless otherwise noted, AA demographics are based on 2015 and 2020 American Community Survey data; certain business demographics are based on 2020, 2021, and 2022 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 AA. 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. Two other banks were identified as similarly situated peers, with asset sizes ranging from \$154.0 million to \$196.0 million as of September 30, 2023.

To augment this evaluation, one community contact interview with a member of the local community was utilized to ascertain specific credit needs, opportunities, and local market conditions within the AA. Information from this interview also assisted in evaluating the bank’s responsiveness to identified community credit needs and community development opportunities. Key details from this community contact interview are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

New Frontier Bank is an intrastate community bank headquartered in St. Charles, Missouri. The following characteristics are noted for this review:

- The bank is a wholly owned subsidiary of Lincoln County Bancorp, Inc. of Troy, Missouri.
- The bank has total assets of \$145.0 million as of September 30, 2023, representing an increase of 48.7 percent since the last evaluation.
- In addition to its main office in St. Charles, the bank has one additional office also located in St. Charles. The bank did not open or close any branch offices during the review period.
- The bank operates four full-service automated teller machines, two located at each branch location.
- As shown in the following table, the bank’s primary business focus is commercial lending.

Composition of Loan Portfolio as of September 30, 2023		
Loan Type	Amount \$ (000s)	Percentage of Total Loans
Commercial Real Estate	\$63,927	61.2%
1-4 Family Residential	\$20,989	20.1%
Multifamily Residential	\$6,426	6.2%
Commercial and Industrial	\$5,173	5.0%
Construction and Development	\$5,157	4.9%
Farmland	\$2,573	2.5%
Farm Loans	\$140	0.1%
Loans to Individuals	\$72	0.1%
TOTAL	\$104,457	100%

Note: Percentages may not total 100.0% due to rounding.

The bank was rated Satisfactory under the CRA at its September 9, 2019 performance evaluation. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA

The bank’s St. Louis, Missouri Partial metropolitan statistical area (MSA) AA consists of the entireties of St. Charles County and St. Louis County (see Appendix A for an AA map).

- According to the June 30, 2023 Federal Deposit Insurance Corporation (FDIC) Market Share Report data, the bank has a market share of 0.2 percent, which ranks 37 out of 60 FDIC-insured depository institutions operating in the AA.
- According to the Bureau of Labor Statistics, the three largest nongovernmental industries in the AA, determined by number of employees, are healthcare and social assistance (16.8 percent), retail trade (11.5 percent), and accommodation and food services (9.6 percent).
- One community contact interview was conducted with an individual from a non-profit economic development organization.

Assessment Area Demographics by Geography Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown-	TOTAL
Census Tracts	20	57	97	144	3	321
	6.2%	17.8%	30.2%	44.9%	0.9%	100%
Family Population	15,456	54,787	115,895	178,877	313	365,328
	4.2%	15.0%	31.7%	49.0%	0.1%	100%

- As, shown above, 24.0 percent of the census tracts in the AA are low- and moderate-income (LMI), with 19.2 percent of the family population residing in those tracts.

- Most of the AA LMI geographies are located in north St. Louis County, which is separated from the bank’s two branch locations by the Missouri River. The bank’s main branch is located in an upper-income census tract, and its second branch is located in a low-income census tract.
- Though the bank has delineated its AA to include the entireties of both St. Charles County and St. Louis County, due to the bank’s asset size and branch network relative to the size of its AA, along with high levels of competition, the bank could not reasonably be expected to meet the financial needs of its entire AA.

Population Change			
Area	2015 Population	2020 Population	Percent Change
St. Louis, Missouri Partial MSA AA	1,376,132	1,409,387	2.4%
St. Charles County	374,805	405,262	8.1%
St. Louis County	1,001,327	1,004,125	0.3%
St. Louis, Missouri-Illinois MSA	2,801,914	2,820,253	0.7%
<i>Source: 2020 U.S. Census Bureau: Decennial Census 2011–2015 U.S. Census Bureau: American Community Survey</i>			

- The AA population overall experienced a slight increase in population by 2.4 percent from 2015 to 2020. St. Charles County accounted for most of that increase, as it grew by 8.1 percent, while St. Louis County’s population increased 0.3 percent.
- This trend was also noted by the community contact, who stated that a strength of the local economy was St. Charles County’s population growth.

Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
St. Louis, Missouri Partial MSA AA	\$86,629	\$93,974	8.5%
St. Charles County	\$93,750	\$102,422	9.3%
St. Louis County	\$84,564	\$90,540	7.1%
St. Louis, Missouri-Illinois MSA	\$77,265	\$84,758	9.7%
<i>Source: 2011–2015 U.S. Census Bureau: American Community Survey 2016–2020 U.S. Census Bureau: American Community Survey Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

- The median family income in the AA increased at about the same rate as the MSA as a whole, though the overall median family income in St. Charles County is higher than in St. Louis County, and the median family income increased slightly more in St. Charles County (9.3 percent) than in St. Louis County (7.1 percent).

Unemployment Rates					
Area	2019	2020	2021	2022	2023 YTD (September 2023)
St. Louis, Missouri Partial MSA AA	2.8%	6.0%	3.9%	2.3%	2.7%
St. Charles County	2.5%	5.2%	3.2%	2.1%	2.4%
St. Louis County	3.0%	6.3%	4.2%	2.4%	2.8%
St. Louis, Missouri-Illinois MSA	3.2%	6.8%	4.4%	2.8%	3.1%

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- The unemployment rate in the AA (2.7 percent) is slightly lower than the MSA as a whole (3.1 percent), though it is lower in St. Charles County (2.4 percent) than St. Louis County (2.8 percent).
- The community contact estimated that a majority of the St. Charles County workforce commutes to St. Louis City and County for work.

Housing Cost Burden						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low-Income	Moderate-Income	All Renters	Low-Income	Moderate-Income	All Owners
St. Louis, Missouri Partial MSA AA	78.9%	27.3%	40.2%	64.8%	29.5%	16.7%
St. Charles County	77.8%	32.8%	36.0%	65.7%	32.5%	14.3%
St. Louis County	79.1%	26.1%	41.1%	64.5%	28.3%	17.7%
St. Louis, Missouri-Illinois MSA	74.0%	22.9%	41.0%	59.7%	25.3%	16.6%

*Cost burden is housing cost that equals 30% or more of household income.
Source: 2016–2020 U.S. Department of Housing and Urban Development (HUD): Comprehensive Housing Affordability Strategy*

- In the AA, 78.9 percent of low-income renters are cost burdened, while 27.3 percent of moderate-income renters are cost burdened. In the MSA as a whole, 74.0 percent of low-income renters and 22.9 percent of moderate-income renters are cost burdened. This illustrates that rental housing is slightly less affordable in the AA than in the MSA as a whole.
- Similarly, 64.8 percent of low-income owners and 29.5 percent of moderate-income owners in the AA are cost burdened, which is slightly more than the figures for low- and moderate-income owners in the MSA as a whole.

Small Business Loan Trends			
Area	2019	2020	2021
St. Louis, Missouri Partial MSA AA	33,307	35,917	38,665
St. Charles County	7,974	7,913	9,059
St. Louis County	25,333	28,004	29,606
St. Louis, Missouri-Illinois MSA	56,288	60,734	66,372

Source: FFIEC CRA Aggregate Data

- The number of small business loans has been trending upward in both the AA and the MSA overall. Within the AA, more small business loans are made in St. Louis County (29,606) than in St. Charles County (9,059).
- The community contact stated that there is a high level of competition in St. Charles County for banking services.