PUBLIC DISCLOSURE

March 31, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Reliance Bank
FDIC Certificate Number: 35123

11781 Manchester Road
Des Peres, Missouri 63131

Federal Deposit Insurance Corporation
1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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.**

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of ***Reliance Bank, Des Peres, Missouri,*** *prepared by the* ***Federal Deposit Insurance Corporation****, the institution's supervisory agency, as of* ***March 31, 2014****. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

<u>INSTITUTION'S CRA RATING:</u> This institution is rated <u>Satisfactory</u>.

The bank's overall performance in relation to the intermediate small bank performance criteria is discussed below.

The Lending Test is rated: "Satisfactory."

- The bank's average net loan-to-deposit (LTD) ratio, which is a key measure of the overall level of lending, is reasonable given the institution's asset size, financial condition, and the credit needs of the assessment areas (AAs). The net LTD ratio has averaged 79 percent since the previous Performance Evaluation dated December 14, 2009. This ratio is also considered reasonable when compared to the average net LTD ratios for similarly situated institutions.

- A substantial majority of the loans reviewed by examiners were originated within the AAs, illustrating a commitment to meeting the credit needs of the AAs. Examiners reviewed small business and residential real estate lending since these loan categories represent a substantial majority of the outstanding loan portfolio.

- The geographic distribution of lending reflects a reasonable dispersion throughout the AAs, including the low- and moderate-income geographies. The loan distribution appears reasonable when considering the bank's office locations and the demographic composition of the AAs.

- Given the demographics of the AAs, the overall loan distribution by borrower income characteristics reflects reasonable penetration among small businesses of different revenue sizes and to individuals of different income levels.

- Since the previous evaluation, the institution has taken noteworthy, creative action in response to the one substantiated complaint about its performance in meeting the credit needs of the St. Louis AA.

The Community Development Test is rated "Satisfactory."

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

In addition to the factors discussed above, examiners identified no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs during this evaluation

SCOPE OF EVALUATION

This CRA evaluation was conducted using intermediate small bank evaluation procedures, which include a lending test and a community development test. This evaluation addresses the CRA performance since the previous CRA evaluation on December 14, 2009, through March 31, 2014, the date of this evaluation.

Particular focus was given to small business and residential real estate loans for both AAs. Included in the small business loans is a pool of 33 loans purchased from a St. Louis area non-profit community development organization that specializes in micro business lending and where the institution opened a loan production office in November 2013. Further, the institution purchased a pool of 66 mortgage loans, which are secured by properties located in both AAs. A portion of these loans were in lower-income neighborhoods, to small businesses, or to lower-income borrowers. Since the institution funds the secondary market loans, management opted to have these loans considered. The secondary market loans are not reportable under the Home Mortgage Disclosure Act (HMDA) since another entity makes the credit decision.

The commercial (*Loans secured by nonfarm nonresidential properties and Commercial and industrial loans*) and residential (*Loans secured by 1-4 family residential properties and multifamily (5 or more) residential properties*) loan categories were reviewed by examiners since they represent a substantial majority (94 percent) of the loan portfolio, based dollar volume, as of December 31, 2013, and are targeted in the institution's business strategy. In addition, an analysis of these loan products will provide the most meaningful insight into the CRA performance of the bank in comparison to pertinent demographic and other data available. Examples of this demographic data include the stratification of businesses in the AAs based on gross annual revenue and census tract (CT) income category, the percentage of the owner-occupied housing units in the AAs by CT income category, and stratification of AAs families by income level. The analyses of these loan products were conducted within the context of the AAs' economy, credit needs, and competition among financial institutions. Construction and land development, small farm, and consumer loans were not reviewed during this evaluation since these loan products represent a relatively small percentage of the loan portfolio and are not emphasized in the business strategy of the bank.

Specifically, examiners reviewed the small business loans[1] that were originated or last renewed from January 1, 2012 to December 31, 2013, and home mortgage loans[2] included on the HMDA loan application registers in 2012 and 2013. The small business loan reviewed included 300 loans totaling $72,519,000. The HMDA data reviewed consisted of 57 loans totaling $36,360,000 in 2012 and 96 loans totaling $16,003,000 in 2013. This represents all of the HMDA loans reported by the bank during this timeframe. Further, examination personnel reviewed the secondary market

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[1] *Small business loan* means a loan included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. All small business loans had original balances of $1 million or less.

[2] *Home Mortgage loans* are loans that are reportable under the HMDA and include home improvement loans, home purchase loans, and refinancing loans (as defined by HMDA) involving 1-4 family properties, manufactured housing units, and multi-family properties.

loans originated from January 1, 2012 to December 31, 2013. The secondary market lending includes 143 loans totaling $26,336,000 in 2012 and 129 loans totaling $21,336,000 in 2013.

The review period for the St. Louis AA will cover the time period since the previous evaluation. However, the Fort Myers AA review period will cover the timeframe from March 29, 2013, when this AA was added as a result of the merger with an affiliate institution, to March 31, 2014. The bank's performance in the St. Louis AA was given considerably more weight in the overall institution rating.

For Geographic Distribution Analysis, particular focus was given to the dispersion of lending by CT income category in the AAs. For Borrower Profile Analysis, particular focus was given to lending to small businesses (gross annual revenues of $1 million or less) and lending to individuals of different income levels in the AAs. For an explanation of how the income designation of CTs and borrowers is determined, refer to the discussions titled *How Median Family Income is Used Throughout This Analysis* and *Definition of Income Groups* on page 7 of this evaluation.

Lending activity based upon both the number and dollar volume of loans is included in Criteria 2, 3, and 4 (Assessment Area Concentration, Geographic Distribution, and Borrower Profile). However, more emphasis is placed on the conclusions based on the number of loans, rather than dollar volume for Geographic Distribution and Borrower Profile analyses, as the number of loans more clearly represents the distribution of management's lending efforts. Generally, loans to smaller businesses and to lower-income families are for smaller dollar amounts than loans to larger businesses and higher-income individuals.

Small business lending was given more weight in the overall evaluation since commercial lending is the primary business focus of the bank and it represents the largest component of the loan portfolio. Regarding the Florida operations, no loan category was given preference in evaluating the performance. In analyzing HMDA lending data, greater weight is placed on the comparison to aggregate lending data than U.S. Census Bureau (Census) demographic data since aggregate lending data is an indicator of loan demand. HMDA aggregate lending data represents the lending activity of all institutions subject to HMDA reporting transactions in a particular area.

In January 2012, the bank initiated a small dollar loan program, which serves to assist borrowers to re-establish credit. Since the program's inception, the bank has originated a total of 112 small dollar loans totaling $112,000. These loans were favorably considered, but they did not impact the overall CRA rating. The bank's performance with respect to the community development test was also reviewed in conjunction with this evaluation for the periods previously discussed. The community development activities are presented in three categories under the *Community Development Test*: community development lending, qualified investments, and community development services, beginning on page 26 of this evaluation. Community development lending was given more weight in the community development test.

DESCRIPTION OF INSTITUTION

Reliance Bank is a financial institution with $1,015,324,000 in total assets as of December 31, 2013. The bank is wholly owned by Reliance Bancshares, Inc., Des Peres, Missouri, a one-bank holding company. The bank does not have any lending affiliates.

Reliance Bank operates 22 full-service offices with 20 offices located throughout the St. Louis Missouri-Illinois Metropolitan Statistical Area (MSA) and 2 offices located in the Cape Coral-Fort Myers, Florida MSA. Sixteen of the St. Louis MSA offices are located in Missouri and four are located in Illinois. The Creve Coeur East office is located in a moderate-income census tract (CT); six offices are located in middle-income CTs; and, 13 offices are located in upper-income CTs. Regarding the two Florida offices, one is located in a moderate-income CT and one is located in an upper-income CT. The institution acquired the two Florida offices through the merger with its affiliate institution on March 29, 2013. For definitions of low-, moderate-, middle-, and upper-income CTs, refer to the discussions titled *How Median Family Income is Used Throughout This Analysis* and *Definition of Income Groups* on page 7 of this evaluation. There have not been any other changes to the office structure since the previous evaluation.

Reliance Bank has a total of 23 automated teller machines (ATMs) with 22 being deposit-taking ATMs and 1 being a cash-dispensing machine. Twenty-one ATMs are located at bank facilities. The other deposit-taking ATM and cash-dispensing machine are located off premise in low-income CT 1111 and moderate-income CT 4034.02, respectively, both in the St. Louis AA. Since the previous evaluation, the institution has added three ATMs: two acquired through the merger with the affiliate institution; and, one opened at the Justine Petersen Office, which is located in a low-income CT.

The bank offers a variety of consumer and business loan and deposit products. As of December 31, 2013, the bank had net loans of $641,458,000 and total deposits of $838,716,000, resulting in a net LTD ratio of 76 percent. Table 1 depicts the loan portfolio mix, which reflects a commercial and home mortgage lending focus. Commercial and industrial loans (including commercial real estate) represent 76 percent and home mortgage loans (including multi-family loans) represent 18 percent of the dollar volume of the outstanding loan portfolio, as of December 31, 2013.

Table 1 - Loan Portfolio Distribution as of December 31, 2013		
Loan Category	**Dollar Amount (000s)**	**Percent of Total Loans**
Construction and Land Development	$31,897	5%
Secured by Farmland	$3,631	1%
Secured by 1-4 Family Residential Properties	$75,591	12%
Secured by Multi-Family (5 or more) Residential Properties	$41,607	6%
Secured by Non-farm Non-residential Properties	$465,630	71%
Agricultural Production and Loans to Farmers	0	0%
Commercial and Industrial Loans	$33,330	5%
Consumer	$1,124	<1%
Obligations of States and Political Subdivisions in the United States	$705	<1%
Other Loans	$492	<1%
Lease Financing Receivables (net of unearned income)	0	0%
Gross Loans	$654,007	100%
Less: Unearned Income	0	0%
Total Loans and Leases	**$654,007**	**100%**

Source: Report of Condition

The bank operates in a highly competitive environment, with a wide array of products available from competing institutions. The bank received a CRA rating of "Satisfactory" at the previous evaluation dated December 14, 2009, which utilized Intermediate Small Bank Evaluation Procedures.

Reliance Bank and its affiliate, Reliance Bank, FSB, merged on March 29, 2013. From February 14, 2011 until the agreement was terminated on March 12, 2013, Reliance Bank operated under an agreement with its regulator to improve its performance, which limited its ability to meet the credit needs of the St. Louis AA during the period of the agreement. Further, Reliance Bank, FSB operated under an agreement with its regulator from June 8, 2011, until it was merged into Reliance Bank. The operational constraints contained within this agreement, coupled with the difficulty of re-establishing sustainable operations, caused a significant reduction in the level of lending and significantly hampered Reliance Bank's ability in meeting the credit needs of the Fort Myers AA. The impact of these regulatory agreements was considered in the timing and level of lending and community development activities in both AAs.

DESCRIPTION OF THE ASSESSMENT AREAS (AAs)

The CRA of 1977, as amended, requires banks to identify one or more AAs within which its regulatory agency will evaluate the bank's performance. The area(s) defined by the bank must include its main office, branches, and other deposit-taking remote service facilities, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans. The AA must always consist of one or more whole geographies normally identified as CTs. These CTs represent statistical subdivisions of a county.

St. Louis Missouri-Illinois MSA:

How Median Family Income Is Used Throughout This Analysis

The Median Family Income (MFI) for the St. Louis Missouri-Illinois MSA using 2010 Census boundaries was $67,013. This figure was used to determine the income level of the CTs in the MSA in conjunction with Criterion 3 (Geographic Distribution Analysis). Effective January 1, 2012, the Federal Financial Institutions Examination Council (FFIEC) began compiling MFI data and estimated the MFI for the St. Louis Missouri-Illinois MSA for 2012 and 2013 to be $70,400 and $69,200, respectively. These figures will be used to determine the income level of the borrowers in the AA in conjunction with Criterion 4 (Borrower Profile Analysis).

Definition of Income Groups:

Low-income - Less than 50 percent of the MFI for the St. Louis Missouri-Illinois MSA
Moderate-income - 50 percent to less than 80 percent of the MFI for St. Louis Missouri-Illinois MSA
Middle-income - 80 percent to less than 120 percent of the MFI for St. Louis Missouri-Illinois MSA
Upper-income - 120 percent or higher of the MFI for St. Louis Missouri-Illinois MSA

Cape Coral-Fort Myers, Florida MSA

How Median Family Income Is Used Throughout This Analysis for the Cape Coral-Fort Myers, Florida MSA:

The 2010 MFI for the Cape Coral-Fort Myers MSA is $58,950. This figure was used to determine the income level of the CTs in the Cape Coral-Fort Myers, Florida MSA in conjunction with Criterion 3 (Geographic Distribution Analysis). Based on estimates by the FFIEC, the adjusted 2013 MFI figure for Cape Coral-Fort Myers, Florida MSA was $56,300. This adjusted MFI figure will be used to determine the income level of the borrowers in conjunction with Criterion 4 (Borrower Profile Analysis).

Definition of Income Groups:

Low-income - Less than 50 percent of the MFI for the Cape Coral-Fort Myers, Florida MSA.
Moderate-income - 50 percent to less than 80 percent of the MFI for the Cape Coral-Fort Myers, Florida MSA.
Middle-income - 80 percent to less than 120 percent of the MFI for the Cape Coral-Fort Myers, Florida MSA.
Upper-income - 120 percent or higher of the MFI for the Cape Coral-Fort Myers, Florida MSA.

Reliance Bank has designated two separate AAs, which regulatory personnel will evaluate its CRA performance. The St. Louis AA is located entirely in the multistate St. Louis Missouri-Illinois MSA and the Fort Myers AA comprises Lee County, which includes the entirety of the Cape Coral-Fort Myers, Florida MSA. The St. Louis AA includes counties in both Missouri and Illinois. The primary credit needs of both AAs are small business and home mortgage lending.

St. Louis AA

The St. Louis AA consists of the entireties of Jefferson, St. Charles, and St. Louis Counties and the City of St. Louis, all in Missouri. The St. Louis AA also includes the entireties of Madison, Monroe, and St. Clair Counties in Illinois. Based on the 2010 Census, the St. Louis AA is comprised of 553 CTs with 76 classified as low-income; 108 classified as moderate-income; 204 classified as middle-income; 163 classified as upper-income; and, 2 CTs where income is not available (N/A). Based on 2010 Census data, the St. Louis AA represents 85 percent of the population in the St. Louis Missouri-Illinois MSA. According to 2000 and 2010 Censuses data, the population of the St Louis AA was 2,389,128 and 2,469,761 respectively, representing an increase of 3.4 percent.

Data from the Bureau of Labor Statistics indicates the statewide unemployment rates for Missouri and Illinois, as of January 2014, were 6.8 percent and 9.1 percent, respectively. For the same period, the unemployment rates for the Missouri Counties/City ranged from 5.8 percent in St. Charles County to 9.0 percent in the City of St. Louis. The unemployment rates for the Illinois Counties ranged from 7.2 percent in Monroe County to 9.9 percent in the St. Clair County. The January 2014 unemployment rate for the St. Louis Missouri-Illinois MSA was 7.5 percent. The largest employers in the St. Louis AA include: BJC Healthcare, Boeing Defense, SSM Healthcare, and Scott Air Force Base.

According to 2010 Census data, the housing stock in the AA totals 1,082,513 units, with owner-occupied units comprising 64 percent, occupied rental units comprising 26 percent, and vacant units comprising 10 percent of the available stock. In the St. Louis AA, 8 percent of the households that are families reside in low-income CTs, 18 percent reside in moderate-income CTs, 39 percent reside in middle-income CTs, and 35 percent reside in upper-income CTs. Approximately 8.7 percent of the families in the AA fall below the poverty level.

Table 2 provides selected housing information relative to CT income category within the AA. The median home value in the AA in 2010 was $184,926, the median age of a home was 39 years, and the median gross rent level was $743 per month. The information in Table 2 will be used to evaluate home mortgage and secondary market lending in the St. Louis AA under Criterion 3 (Geographic Distribution Analysis).

Table 2 – Selected Housing Characteristics by Census Tract Income Category St. Louis AA									
Census Tract Income Category	**Number (percentage)**						**Median**		
	Census Tract	**House-holds**	**Housing Units**	**Owner-Occupied**	**Single-Family 1-4 Units**	**5 or More Units**	**Age ***	**Home Value***	**Gross Rent****
Low	14%	9%	10%	5%	9%	13%	33	$79,336	$631
Moderate	20%	19%	20%	16%	20%	20%	36	$101,392	$702
Middle	37%	40%	39%	42%	39%	38%	39	$153,177	$744
Upper	29%	32%	31%	37%	32%	29%	42	$269,503	$889
N/A	<1%	<1%	<1%	<1%	<1%	<1%	85	$0	$291
Total or Median	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**39**	**$184,926**	**$743**

*Source: 2010 U.S. Census data, *Owner-Occupied Units, **Renter-Occupied Units*

Based on 2010 Census data, the AA includes a total of 978,614 households. Of these households, 636,572 are considered families. Table 3 includes a stratification of the families in the St. Louis AA by income classification. A "household" consists of all persons that occupy a housing unit, including one person designated as the "householder." In most cases, the "householder" is the person, or one of the persons, in whose name the house is owned or rented. A "family" consists of a householder and one or more persons living in the same household who are related to the householder by birth, marriage, or adoption. A household can contain only one family for purposes of Census tabulations. This table also includes the FFIEC-adjusted MFI figures for years 2012 and 2013. The information in Table 3 will be used to evaluate the level of lending to individuals of different income levels in the AA under Criterion 4 (Borrower Profile Analysis).

Table 3 – Stratification of Families by Income Level *St. Louis AA*			
Income Level	**Percentage of Families**	**2012 St. Louis MO-IL MSA Income Ranges MFI=$70,400**	**2013 St. Louis MO-IL MSA Income Ranges MFI=$69,200**
Low	21%	Below $35,200	Below $34,600
Moderate	17%	$35,200 - < $56,320	$34,600 - < $55,360
Middle	21%	$56,320 - <$84,480	$55,360 - < $83,040
Upper	41%	$84,480 & above	$83,040 & above
Total	**100%**		

Source: 2010 U.S. Census data and 2012 and 2013 FFIEC median family income data

In 2013, 195,712 businesses within the St. Louis AA reported information to D&B. Of these businesses, 6 percent and 16 percent are located in low- and moderate-income CTs, respectively. Further, 70 percent of these businesses reported gross annual revenues of $1 million or less. Table 4, summarizes the businesses in this AA according to gross annual revenues and by CT income category. This information will be used to evaluate small business lending in the AA under Criterion 3 (Geographic Distribution Analysis) and Criterion 4 (Borrower Profile Analysis).

Table 4 – Stratification of Businesses by Gross Annual Revenues and Census Tract Income Category *St. Louis AA*				
Gross Annual Revenues → **Census Tract Income Category ↓**	**≤ $1 million Number**	**> $1 million Number**	**Not Reported Number**	**Total Number**
Low	8,371	809	2,983	12,163 (6%)
Moderate	21,572	2,038	7,703	31,313 (16%)
Middle	49,449	3,147	17,319	69,915 (36%)
Upper	57,810	3,900	20,423	82,133 (42%)
N/A	75	43	70	188 (<1%)
Total	137,277 (70%)	9,937 (5%)	48,498 (25%)	195,712

Source: 2013 D&B data

During this evaluation, examiners relied on three community contacts conducted by regulatory personnel in the previous 12 months that focused on portions of the geographical area that makes up the St. Louis AA. These contacts were reviewed to obtain a profile of the local communities, identify community development opportunities and general credit needs in the AA, and assess opportunities for participation by local financial institutions. These community contacts, which are summarized below, provided general information relating to this AA, information regarding economic conditions, general credit needs in the area, and comments regarding the performance of financial institutions operating in the area. The contacts indicated there are ample opportunities for community development in the AA. The information provided by these community contacts was considered by regulatory personnel in analyzing the bank's CRA performance.

One contact's comments focused on St. Louis County and the City of St. Louis. This individual categorized the local economy as slowly improving, and opined that the local economy has demonstrated slow conservative growth over the past two years. The contact noted an upsurge in the formation of new businesses in the area, which has triggered a need for business capital after the start-up phase of business operations. This contact indicated that local loan demand has been limited due to regional and local economic concerns. This individual also indicated that businesses have adopted a cautious approach toward obtaining new credit due to this economic uncertainty, which has led to an accumulation of cash reserves. The contact indicated that area financial institutions are meeting the banking and credit needs of the area. This individual also stated that creditworthy businesses can obtain needed financing. Lastly, the contact indicated that the St. Louis area is overbanked.

Another contact indicated the economic downturn in the St. Louis area was not as extreme as other areas of the country; however, the impact on the local economy was significant. There was an increase in unemployment, increase demand for low-income housing, and inability for lower-income residents to meet their rent/housing obligations. Recent improvement in the economy has allowed lower-income residents to better meet their housing obligations. This individual indicated more of the economic and employment gains are away from the City of St. Louis, which makes it difficult for lower-income residents to participate in the economic recovery. The contact indicated that the City of St. Louis has not experienced much employment growth. According to this contact, the focus on affordable housing has been good, but lower-income areas would benefit from a more comprehensive approach to community development (infrastructure, education, childcare, etc.). Local banks could aid with teaching lower-income residents how to build assets and create equity.

The last contact's comments focus on southwest Illinois. According to this individual, from 2010 to 2012 the area began experiencing the impact of the recession and some businesses closed their operations. This contact indicated that most of the economy has begun to stabilize; however, 20 percent of the local economy (East St. Louis, Brooklyn, Wood River, and Granite) is depressed. This individual indicated more micro lending through community development financial institutions would benefit the community.

Bank management indicated the local economy, including the commercial and residential sectors, is beginning to improve, but not in a robust manner. Management characterized the commercial loan market as very competitive. Management noted that business owners are cautious due to economic uncertainty and they are hesitant to make capital commitments. According to management, the recovery for businesses is mixed with some businesses continuing to experience operational difficulties. The retail real estate segment continues to experience a high level of vacancies, but values have stabilized. Management indicated there has been a modest growth in home values, but the inventory of homes available for purchase is down and the market is tightening. According to management, the demand for secondary market loans is down due to the rise in mortgage rates and the substantial drop in applications from residents to refinance their existing home loans. Management stated that commercial and residential lending represent the primary credit needs in the St. Louis AA.

Fort Myers AA

The Fort Myers AA includes the entire Cape Coral-Fort Myers, Florida MSA, which consists of Lee County. Based on the 2010 Census, the Fort Myers AA comprises 166 CTs with 5 classified as low-income; 32 classified as moderate-income; 80 classified as middle-income; 48 classified as upper-income; and, 1 N/A CT. According to 2000 and 2010 Censuses data, the population of the Fort Myers AA was 440,888 and 618,745 respectively, representing an increase of 40 percent.

Data from the Bureau of Labor Statistics indicates the statewide unemployment rate for Florida, as of January 2014, was 6.2 percent. For the same period, the unemployment rate for Lee County was 6.0 percent. The largest employers in the Fort Myers AA include: Lee Memorial Healthcare, Lee County School District, and Publix Super Markets. The Fort Myers AA is primarily retail and tourism dominated with no specific industry concentration among its largest employers.

According to 2010 Census data, the housing stock in the AA totals 363,892 units, with owner-occupied units comprising 51 percent, occupied rental units comprising 17 percent, and vacant units comprising 32 percent of the available stock. In the Fort Myers AA, 3 percent of the households that are families reside in low-income CTs, 17 percent reside in moderate-income CTs, 53 percent reside in middle-income CTs, and 27 percent reside in upper-income CTs. Approximately 7.8 percent of the families in the AA fall below the poverty level.

Table 5 provides selected housing information relative to CT income category within the AA. The median home value in the AA in 2010 was $240,471, the median age of a home was 47 years, and the median gross rent level was $972 per month. The information in Table 5 will be used to evaluate home mortgage and secondary market lending in the Fort Myers AA under Criterion 3 (Geographic Distribution Analysis).

Table 5 – Selected Housing Characteristics by Census Tract Income Category Fort Myers AA									
Census Tract Income Category	**Number (percentage)**						**Median**		
	Census Tract	**House-holds**	**Housing Units**	**Owner-Occupied**	**Single-Family 1-4 Units**	**5 or More Units**	**Age ***	**Home Value***	**Gross Rent****
Low	3%	3%	3%	1%	2%	8%	32	$105,753	$815
Moderate	20%	17%	17%	14%	15%	15%	39	$145,104	$870
Middle	48%	54%	51%	56%	54%	40%	46	$205,207	$1,029
Upper	29%	26%	29%	29%	29%	37%	53	$352,505	$1,051
N/A	<1%	0%	0%	0%	0%	0%	0	$0	0%
Total or Median	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**47**	**$240,471**	**$972**

*Source: 2010 U.S. Census data, *Owner-Occupied Units, **Renter-Occupied Units.*

Based on 2010 Census data, the AA includes a total of 245,751 households. Of these households, 162,925 are considered families. Table 6 includes a stratification of the families in the Fort Myers AA by income classification. This table also includes the FFIEC-adjusted MFI figure for 2013. The information in Table 6 will be used to evaluate the level of lending to individuals of different income levels in the AA under Criterion 4 (Borrower Profile Analysis).

Table 6 – Stratification of Families by Income Level Fort Myers AA		
Income Level	**Percentage of Families**	**2013 Cape Coral-Fort Myers MSA Income Ranges MFI=$56,300**
Low	19%	Below $28,150
Moderate	19%	$28,150 - < $45,040
Middle	21%	$45,040 - < $67,560
Upper	41%	$67,560 & above
Total	**100%**	

Source: 2010 U.S. Census data and 2013 FFIEC adjusted median family income information

In 2013, 97,126 businesses within the Fort Myers AA reported information to D&B. Of these businesses, 4 percent and 14 percent are located in low- and moderate-income CTs, respectively. Further, 74 percent reported gross annual revenues of $1 million or less. Table 7, summarizes the businesses in this AA according to gross annual revenues and by CT income category. This information will be used to evaluate small business lending in the AA under Criterion 3 (Geographic Distribution Analysis) and Criterion 4 (Borrower Profile Analysis).

Table 7 – Stratification of Businesses by Gross Annual Revenues and Census Tract Income Category Fort Myers AA				
Gross Annual Revenues → Census Tract Income Category ↓	**≤ $1 million Number**	**> $1 million Number**	**Not Reported Number**	**Total Number**
Low	2,309	183	1,070	3,562 (4%)
Moderate	10,225	346	3,577	14,148 (14%)
Middle	37,643	981	11,570	50,194 (52%)
Upper	21,521	711	6,923	29,155 (30%)
N/A	27	2	38	67 (<1%)
Total	71,725 (74%)	2,223 (2%)	23,178 (24%)	97,126

Source: 2013 D&B data

Examination personnel conducted a community contact to obtain a profile of the local area, identify general credit needs of the Fort Myers AA, and assess opportunities for participation by local financial institutions. The contact indicated there are opportunities for community development in the AA.

This contact focused on Lee County and surrounding areas in southwest Florida. The contact indicated that during the recession, Lee County had the highest level of foreclosure activity in the nation along with a high level of short sales in the local market. According to the contact, there has been a slight improvement in the local economy and the overall conditions are stable. Local unemployment is down and tourism has significantly increased. The individual indicated that small business owners are cautious, but optimistic. Commercial loan demand is improving and creditworthy commercial entities are able to obtain financing. However, this individual noted that commercial loans under $50,000 are difficult to obtain. According to this individual, home values have increased; however, due to the influence of cash buyers in the market, lower-income residents have experienced difficulty purchasing a home. Further, the contact indicated the biggest impediment to homeownership for lower-income residents is the lack of funds for a down payment. Although there is an adequate level of affordable housing, the contact characterized the quality as poor. The contact indicated that area financial institutions are meeting the banking and credit needs of the area.

Bank management indicated the recent growth in the Fort Myers AA is higher than the recent growth experienced in the St. Louis area. Management stated that during the recession, the Fort Myers area, on a per capita basis, had the highest foreclosure rate in the nation. According to management, business owners are cautious and hesitant to make capital commitments. Although real estate values and loan demand have been improving, the volume of secondary market applications has declined. Management indicated the bank has not recently been active in the commercial lending area. Management stated that commercial and residential lending represent the primary credit needs in the Fort Myers AA.

The bank is operating in a competitive environment in both AAs, with a wide array of products available from numerous competing institutions, including small community banks and branches of larger regional and national institutions. According to a Deposit Market Share report as of June 30, 2013, Reliance Bank ranks 18th of the 137 institutions operating in the St. Louis Missouri-Illinois MSA, holding less than 1 percent of all deposits and 2 percent of the bank offices. In this MSA, four banks control approximately 51 percent of the deposits and they have 24 percent of the bank offices. The bank ranks 28th of the 36 institutions operating in the Cape Coral-Fort Myers, Florida MSA holding less than 1 percent of the deposits and 1 percent of the bank offices. In this MSA, four banks control approximately 53 percent of the deposits and they have 46 percent of the bank offices.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Criterion 1: Loan-to-Deposit Ratio

Reliance Bank's average net LTD is reasonable given its asset size, financial condition, and the credit needs of the AAs. Additionally, the average net LTD ratio compares reasonably to the average net LTD ratios of similarly situated lenders as outlined in Table 8.

The lending performance of similarly situated lenders serves as an additional method of assessing the adequacy of a bank's average net LTD ratio. Similarly situated lenders are defined as financial institutions that are located in or near the bank's AAs and are the most comparable to the bank based on asset size, market served, product offerings, loan portfolio composition, and branching structure.

For the 17 quarters from December 31, 2009, through December 31, 2013, the net LTD ratio for Reliance Bank has averaged 79 percent. The net LTD ratio ranged from a low of 67 percent, as of March 31, 2013, to a high of 93 percent as of September 30, 2010. During this time period, net loans ranged from a low of $530,346,000 on December 31, 2012, to a high of $1,048,701,000 on December 31, 2009. The bank, along with three of the four similarly situated lenders, experienced a declining trend in their respective net LTD ratios. The bank's declining trend in the ratio is attributed to the decrease in loan demand due to the downturn in the local economies and management's efforts to reposition the balance sheet to a less aggressive posture.

Table 8 shows the average quarterly net LTD ratios for this bank and four similarly situated lenders. The average ratios were calculated based on Reports of Condition and Income for the quarters ending December 31, 2009, to December 31, 2013. The similarly situated lenders are listed in alphabetical order by city.

Table 8 - Loan-to-Deposit Ratio Comparison				
Bank	**City, State**	**Total Assets $ (000s)**	**Net LTD Ratio December 31, 2013**	**Avg. Net LTD (1) Ratio 17 Quarters**
Reliance Bank	**Des Peres, Missouri**	**$1,015,324**	**76%**	**79%**
Cass Commercial Bank	Des Peres, Missouri	$679,356	87%	93%
Jefferson Bank and Trust	Eureka, Missouri	$474,415	83%	97%
Midwest BankCentre	Lemay Missouri	$1,142,566	84%	83%
Southern Commercial Bank	St. Louis, Missouri	$506,451	59%	69%

Source: (1) Reports of Condition for quarters ending December 31, 2009 through December 31, 2013

Criterion 2: Assessment Area Concentration

A substantial majority of Reliance Bank's lending was originated within the AAs. This performance was evaluated through examiner review of the small business, home mortgage, and secondary market lending previously discussed. The percentage, based on number of loans, ranges from 88 percent to 99 percent; and based on dollar volume, ranges from 84 percent to 99 percent. Table 9 summarizes the lending within the AAs by number and dollar volume by loan category.

Table 9 - Distribution of Loans Inside and Outside the AAs										
Loan Category	**Number of Loans**					**Dollar Volume of Loans**				
	Inside		**Outside**		**Total**	**Inside**		**Outside**		**Total**
	#	**%**	**#**	**%**	**#**	**$ (000s)**	**%**	**$ (000s)**	**%**	**$ (000s)**
Small Business										
St. Louis AA	263	88%	35	12%	300	$60,228	83%	$11,681	16%	**$72,519**
Fort Myers AA	2	<1%				$610	1%			
Total	265	88%				$60,838	84%			
Home Mortgage 2012										
St. Louis AA (1)	51	89%	6	11%	57	$35,153	97%	$1,207	3%	**$36,360**
Home Mortgage 2013										
St. Louis AA	89	93%	1	1%	96	$15,288	96%	$165	1%	**$16,003**
Fort Myers AA	6	6%				$550	3%			
Total	95	**99%**				**$15,838**	**99%**			
Secondary Market 2012										
St. Louis AA (1)	133	93%	10	7%	143	$24,683	94%	$1,653	6%	**$26,336**
Secondary Market 2013										
St. Louis AA	111	86%	14	11%	129	$18,549	87%	$2,070	10%	**$21,336**
Fort Myers AA	4	3%				$717	3%			
Total	115	**89%**				**$19,266**	**90%**			

Source: 2012 and 2013 HMDA LAR & bank records

(1) The St. Louis AA was the bank's only AA until it merger with the affiliate institution, which occurred on March 29, 2013. The Fort Myers AA was added as a result of the merger.

Criterion 3: Geographic Distribution Analysis

Overall, the geographic distribution of lending reflects a reasonable dispersion throughout the AAs. This conclusion was reached through examiner review of the small business, home mortgage, and secondary market loans reviewed that were originated within the AAs. Particular focus was given to the dispersion of these loans in relation to the low- and moderate-income CTs.

Small business tables 10 and 11 include 2013 D&B data relative to the percentages of businesses in the AAs by census tract income level. The home mortgage tables, numbers 12 and 13, include comparative demographic data regarding the percentage of owner-occupied housing units in the respective AA and the comparable 2012 HMDA aggregate data by census tract income level. Tables 14 and 15 include comparable demographic data by census tract income level. The performance in the Fort Myers AA reflects a poor dispersion of small business and secondary market lending. The performance in the Fort Myers AA is tempered by the low level of overall lending and was given little weight in the overall conclusion with respect to geographic distribution.

<u>Small Business Lending – St. Louis AA</u>

A review of the geographic distribution of the small business loans reviewed reveals a reasonable dispersion of the lending efforts throughout the St. Louis AA. Table 10 illustrates the geographic distribution of the small business lending by census tract income level. This table also includes 2013 D&B data relative to the percentages of businesses in the AA by census tract income level.

Table 10 - Distribution of Small Business Loans by Census Tract Income Level St. Louis AA

Census Tract Income Level	AA Businesses	Distribution of Small Business Loans Reviewed			
	% of #	#	%	$ (000s)	%
Low	6%	9	4%	$2,266	4%
Moderate	16%	42	16%	$8,888	15%
Middle	36%	85	32%	$21,888	36%
Upper	42%	126	48%	$26,851	45%
N/A	<1%	1	<1%	$335	<1%
Total	**100%**	**263**	**100%**	**$60,228**	**100%**

Source: 2013 D&B data and bank records

As reflected in Table 10, the lending percentage to businesses located in low-income CTs (4 percent) is slightly below the percentage of businesses according to D&B data (6 percent). The lending percentage to businesses located in moderate-income CTs (16 percent) matches the percentage of businesses. Although the lending in the low-income CTs is slightly below the percentage of businesses; it is still comparable to D&B data. Overall, the geographic dispersion is considered reasonable.

<u>Small Business Lending – Fort Myers AA</u>

The limited small business lending reflects a poor dispersion in the Fort Myers AA. Table 11 shows that both loans are located in upper-income CTs. As previously discussed, the bank has limited lending in the Fort Myers AA due to the short evaluation period since the merger and the difficulty of re-establishing sustainable operations in this AA.

Table 11 - Distribution of Small Business Loans by Census Tract Income Level Fort Myers AA					
Census Tract Income Level	**AA Businesses**	**Distribution of Small Business Loans Reviewed**			
	% of #	**#**	**%**	**$ (000s)**	**%**
Low	4%	0	0%	$0	0%
Moderate	14%	0	0%	$0	0%
Middle	52%	0	0%	$0	0%
Upper	30%	2	100%	$610	100%
N/A	<1%	0	0%	$0	0%
Total	**100%**	**2**	**100%**	**$610**	**100%**

Source: 2013 D&B data and bank records

Home Mortgage Lending – St. Louis AA

Table 12 details the geographic distribution of home mortgage lending for years 2012 and 2013 by census tract income level, which is considered reasonable.

Table 12 - Distribution of Home Mortgage Loans by Census Tract Income Level St. Louis AA							
HMDA Year	**Census Tract Income Level**	**AA Owner Occupied Housing Units**	**HMDA Aggregate Lending**	**Number of Loans**		**Dollar Volume of Loans $ (000s)**	
		% of #	**% of #**	**#**	**%**	**$**	**%**
2012	Low	5%	1%	0	0%	$0	0%
	Moderate	16%	8%	2	4%	$2,755	8%
	Middle	42%	39%	11	22%	$2,556	7%
	Upper	37%	52%	38	74%	$29,842	85%
	N/A	<1%	0%	0	0%	$0	0%
	Total	**100%**	**100%**	**51**	**100%**	**$35,153**	**100%**
2013	Low	5%		2	2%	$322	2%
	Moderate	16%		22	25%	$2,387	16%
	Middle	42%		29	33%	$4,106	27%
	Upper	37%		36	40%	$8,473	55%
	N/A	<1%		0	0%	$0	0%
	Total	**100%**		**89**	**100%**	**$15,288**	**100%**

Source: 2012 and 2013 HMDA Loan Application Registers, 2012 HMDA Aggregate Data, and 2010 U.S. Censuses data. HMDA Aggregate Data was not available for 2013 as of this evaluation.

In 2012, the institution did not originate any home mortgage loans in a low-income CT; however, the 2012 aggregate lending in low-income CTs is only 1 percent. Based on the number of loans, the 2013 lending percentage in low-income CTs (2 percent) is below the percentage of owner-occupied units in the low-income CTs (5 percent).

Based on number of loans, the percentage of the 2012 lending in moderate-income CTs (4 percent) is below both the 2012 aggregate (8 percent) and the percent of owner-occupied housing units (16 percent). The 2013 home mortgage lending in moderate-income CTs (25 percent) was substantially above the percentage of owner-occupied housing units.

The year-over-year lending levels for both low- and moderate-income CTs has improved, which illustrates the efforts of management to improve lending results in the lower-income areas through the purchase of HMDA-reportable loans.

Home Mortgage Lending – Fort Myers AA

Table 13 details the geographic distribution of the home mortgage lending for 2013 by census tract income level. All of the loans were purchased by the institution.

Table 13 - Distribution of Home Mortgage Loans by Census Tract Income Level
Fort Myers AA

HMDA Year	**Census Tract Income Level**	**AA Owner Occupied Housing Units**	**HMDA Aggregate Lending**	**Number of Loans**		**Dollar Volume of Loans $ (000s)**	
		% of #		**#**	**%**	**$**	**%**
2013	Low	1%		0	0%	$0	0%
	Moderate	14%		4	67%	$320	58%
	Middle	56%		2	33%	$230	42%
	Upper	29%		0	0%	$0	0%
	Total	**100%**		**6**	**100%**	**$550**	**100%**

Source: 2013 HMDA Loan Application Registers and 2010 U.S. Censuses data. HMDA Aggregate Data was not available for 2013 as of this evaluation.

The home mortgage lending is considered excellent. Although the bank originated no loans in low-income CTs, there is a small percentage of owner-occupied units located in the low-income CTs. Additionally, the bank's lending in moderate-income CTs substantially exceeds the percentage of owner-occupied housing unties located in these CTs. However, the performance is given little weight in the analysis because of the overall low level of lending.

Secondary Market Lending – St. Louis AA

Table 14 details the geographic distribution of the secondary market lending for years 2012 and 2013 by census tract income level.

Table 14 - Distribution of Secondary Market Loans by Census Tract Income Level St. Louis AA						
Year	**Census Tract Income Level**	**AA Owner Occupied Housing Units**	**Distribution of Secondary Market Loans**			
		% of #	**#**	**%**	**$ (000s)**	**%**
2012	Low	5%	0	0%	$0	0%
	Moderate	16%	8	6%	$1,327	5%
	Middle	42%	44	33%	$6,154	25%
	Upper	37%	81	61%	$17,202	70%
	N/A	<1%	0	0%	$0	0%
	Total	**100%**	**133**	**100%**	**$24,683**	**100%**
2013	Low	5%	0	0%	$0	0%
	Moderate	16%	5	5%	$522	3%
	Middle	42%	30	27%	$3,962	21%
	Upper	37%	76	68%	$14,065	76%
	N/A	<1%	0	0%	$0	0%
	Total	**100%**	**111**	**100%**	**$18,549**	**100%**

Source: U.S. Census data & bank data

The institution did not originate any secondary market loans in a low-income CT for either year. Additionally, the 2012 and 2013 lending in moderate-income CTs at 6 percent and 5 percent, respectively, is below the percentage of owner-occupied housing units (16 percent). However, the bank's secondary market lending is similar 2012 HMDA aggregate lending, where 1 percent and 8 percent of the loans were located in low- and moderate-income CTs, respectively. In conclusion, the lending is considered reasonable.

Secondary Market Lending – Fort Myers AA

Table 15 details the geographic distribution of the secondary market lending for 2013 by census tract income level, which reflects a poor dispersion. None of the loans were located in a low- or moderate-income CT. As previously discussed, the bank has limited lending in the Fort Myers AA due to the short evaluation period since the merger and the difficulty of re-establishing sustainable operations in this AA.

Table 15 - Distribution of Secondary Market Loans by Census Tract Income Level Fort Myers AA					
Census Tract Income Level	**AA Owner Occupied Housing Units**	**Distribution of Secondary Market Loans Reviewed**			
	% of #	**#**	**%**	**$ (000s)**	**%**
Low	1%	0	0%	$0	0%
Moderate	14%	0	0%	$0	0%
Middle	56%	1	25%	$100	14%
Upper	29%	3	75%	$617	86%
Total	**100%**	**4**	**100%**	**$717**	**100%**

Source: U.S. Census data & bank data

Criterion 4: Borrower Profile Analysis

Given the business strategies and the demographics of the AAs, the overall lending distribution of borrowers reflects reasonable penetration among businesses of different revenue sizes and to individuals of different income levels. The lending performance was evaluated through further review of the small business, home mortgage, and secondary market loans reviewed within the AAs, as previously discussed. Particular focus was given to the small business in relation to businesses with gross annual revenues of $1 million or less and regarding home mortgage and secondary market lending, to individuals considered low- or moderate-income borrowers. Regarding the home mortgage and secondary marketing lending, the poverty level was considered in evaluating the institution's performance.

The loan distribution for each AA was determined by comparing the borrower's annual income for a given year to the FFIEC's adjusted MFI for that same year for the appropriate MSA. Small business tables 16 and 17 include 2013 D&B data relative to the percentages of businesses in the AAs by gross annual revenue. The home mortgage tables, numbers 18 and 19, include comparative demographic data regarding the percentage families by income in the respective AA and the comparable 2012 HMDA aggregate data by borrower income classification. The secondary market tables 20 and 21 include comparable demographic data by borrower income classification.

<u>Small Business Lending – St. Louis AA</u>

The small business lending reflects a reasonable penetration among business customers of different revenue sizes. Table 16 shows the distribution of the small business lending by gross annual revenues of the business. The small business lending percentage to businesses with gross annual revenues of $1 million or less (65 percent) was below the percentage of businesses that reported gross annual revenues of $1 million or less (70 percent). Although the level of lending is slightly below the D&B data, it is comparable and considered reasonable.

Table 16 - Distribution of Small Business Loans by Gross Annual Revenues
St. Louis AA

Gross Annual Revenues	All AA Businesses	Distribution of Small Business Loans Reviewed			
	% of #	**#**	**%**	**$ (000s)**	**%**
≤ $1 Million	70%	171	65%	$40,303	67%
> $1Million	5%	92	35%	$19,925	33%
Sub-Total	**75%**	**263**	**100%**	**$60,228**	**100%**
Revenues Not Reported	25%	0	0%	$0	0%
Total	**100%**	**263**	**100%**	**$60,228**	**100%**

Source: 2013 D&B data & bank data

Small Business Lending – Fort Myers AA

Although the small business lending reflects an excellent lending to small businesses in the Fort Myers AA, it is tempered by the low level of lending. Table 17 shows that both loans were to entities with gross annual revenues of $1 million or less.

Table 17 - Distribution of Small Business Loans by Gross Annual Revenues Fort Myers AA					
Gross Annual Revenues	**All AA Businesses**	**Distribution of Small Business Loans Reviewed**			
	% of #	**#**	**%**	**$ (000s)**	**%**
≤ $1 Million	74%	2	100%	$610	100%
> $1Million	2%	0	0%	$0	0%
Sub-Total	**76%**	**2**	**100%**	**$610**	**100%**
Revenues Not Reported	24%	0	0%	$0	0%
Total	**100%**	**2**	**100%**	**$610**	**100%**

Source: 2013 D&B data & bank data

Home Mortgage Lending – St. Louis AA

The home mortgage lending reflects a reasonable penetration among individuals of different income levels.[3] Table 18 reflects the distribution of the 2012 and 2013 HMDA lending by borrower income level compared to the distribution of families in the AA by income level.

Table 18 - Distribution of Home Mortgage Loans by Borrower Income Level St. Louis AA							
HMDA Year	**Income Classification**	**AA Families**	**HMDA Aggregate Lending**	**Number of Loans**		**Dollar Volume of Loans $ (000s)**	
		% of #	**% by #**	**#**	**%**	**$**	**%**
2012	Low	21%	8%	2	4%	$630	2%
	Moderate	17%	15%	3	6%	$201	<1%
	Middle	21%	19%	6	12%	$934	3%
	Upper	41%	39%	34	66%	$12,744	36%
	Income NA		19%	6	12%	$20,644	59%
	Totals	**100%**	**100%**	**51**	**100%**	**$35,153**	**100%**
2013	Low	21%		11	12%	$1,048	7%
	Moderate	17%		40	45%	$4,854	32%
	Middle	21%		13	15%	$1,728	11%
	Upper	41%		17	19%	$6,116	40%
	Income NA			8	9%	$1,542	10%
	Total	**100%**		**89**	**100%**	**$15,288**	**100%**

Source: 2012 and 2013 HMDA Loan Application Registers, 2012 HMDA Aggregate Data, 2010 U.S. Censuses data. HMDA Aggregate Data was not available for 2013 as of this evaluation.

3 The loan distribution is determined by comparing the borrower's income for a given year to the adjusted MFI for the St. Louis MSA for that same year. Refer to Tables 3 and 6 for a breakdown of income levels that constitute low-, moderate-, middle-, and upper-income in the AAs. As an example, in 2012 a borrower in the St. Louis AA with an income of less than $35,200 would be classified as low-income.

Based on the number of loans, the 2012 lending percentage to low-income borrowers (4 percent) is less than both the aggregate lending data (8 percent) and demographic data (21 percent). The 2013 lending percentage to low-income borrowers (12 percent) is below the percentage of low-income families in this AA (21 percent).

The 2012 lending to moderate-income borrowers (6 percent) is below both the 2012 aggregate (15 percent) and the percentage of families (17 percent). The 2013 home mortgage lending to moderate-income borrowers (45 percent) was substantially above the percentage of moderate-income families.

The year-over-year lending level to both low- and moderate-income borrowers have improved, which illustrates the efforts by to improve lending results to lower-income borrowers through the purchase of reportable loans.

Home Mortgage Lending – Fort Myers AA

The home mortgage lending reflects a reasonable penetration among individuals of different income levels. Table 19 details the distribution of lending for 2013 by income classification of the borrower.

Table 19 - Distribution of Home Mortgage Loans by Borrower Income Level Fort Myers AA							
HMDA Year	**Income Classification**	**AA Families**	**HMDA Aggregate Lending**	**Number of Loans**		**Dollar Volume of Loans $ (000s)**	
		% of #		**#**	**%**	**$**	**%**
2013	Low	19%		0	0%	$0	0%
	Moderate	19%		3	50%	$378	69%
	Middle	21%		3	50%	$172	31%
	Upper	41%		0	0%	$0	0%
	Income NA			0	0%	$0	0%
	Total	**100%**		**6**	**100%**	**$550**	**100%**

Source: 2013 HMDA Loan Application Registers, 2010 U.S. Censuses data. HMDA Aggregate Data was not available for 2013 as of this evaluation.

None of the loans were made to a low-income borrower. An individual contacted by regulatory personnel stated that barriers for lower-income borrowers include the influence of cash buyers in the market and their lack of down payment funds to purchase a home. As previously discussed on page 12, 32 percent of the housing units in this AA were vacant when the 2010 Census was conducted which indicates potential market instability in the value of the units.

Although the level of home mortgage lending in the Fort Myers is limited, the percentage of loans to moderate-income borrowers is high relative to the overall lending. Overall, the bank's lending is considered reasonable.

Secondary Market Lending – St. Louis AA

The secondary market lending reflects a reasonable penetration among individuals of different income levels. Table 20 details the distribution of the secondary market lending for years 2012 and 2013 by income classification of the borrower.

Table 20 - Distribution of Secondary Market Loans by Borrower Income Level St. Louis AA						
Year	**Income Classification**	**AA Families**	**Distribution of Secondary Market Loans Reviewed**			
		% of #	**#**	**%**	**$ (000s)**	**%**
2012	Low	21%	9	7%	$680	3%
	Moderate	17%	18	14%	$2,163	9%
	Middle	21%	27	20%	$4,042	16%
	Upper	41%	79	59%	$17,798	72%
	Total	**100%**	**133**	**100%**	**$24,683**	**100%**
2013	Low	21%	10	9%	$820	5%
	Moderate	17%	23	21%	$2,631	14%
	Middle	21%	29	26%	$4,312	23%
	Upper	41%	49	44%	$10,786	58%
	Total	**100%**	**111**	**100%**	**$18,549**	**100%**

Source: U.S. Census data & bank data

Based on the number of loans, the institution's lending to low-income borrowers at 7 percent during 2012 and 9 percent during 2013 is below the percentage of families. However, the lending in consistent with the 2012 HMDA aggregate lending.

The 2012 lending percentage to moderate-income borrowers (14 percent) is below the percentage of moderate-income families (17 percent). However, the lending is consistent with the HMDA aggregated data (15 percent). The 2013 lending percentage to moderate-income borrowers (21 percent) is above the percentage of moderate-income families (17 percent).

Secondary Market Lending – Fort Myers AA

Table 21 details the distribution of the limited level of secondary market lending for 2013 by income classification of the borrower, which is considered reasonable.

Table 21- Distribution of Secondary Market Loans by Borrower Income Level Fort Myers AA					
Income Classification	**AA Families**	**Distribution of Secondary Loans Reviewed**			
	% of #	**#**	**%**	**$ (000s)**	**%**
Low	19%	0	0%	$0	0%
Moderate	19%	1	25%	$85	12%
Middle	21%	1	25%	$179	25%
Upper	41%	2	50%	$453	63%
Total	**100%**	**4**	**100%**	**$717**	**100%**

Source: U.S. Census data & bank data

The institution did not originate any loans to a low-income borrower. The loan to the moderate-income borrower on a percentage basis is above the percentage of moderate-income families in this AA. As discussed previously, a community contact stated that barriers for lower-income borrowers include the influence of cash buyers in the market and their lack of down payment funds to purchase a home. Additionally, 32 percent of the housing units in this AA were vacant when the 2010 Census was conducted, which indicates potential market instability in the value of the units.

Criterion 5: Responses to CRA-Related Complaints

The institution has taken noteworthy, creative action in response to the one substantiated complaint about its performance in meeting the St. Louis AA's credit needs. The institution received one CRA-related complaint from the St. Louis Equal Housing and Community Reinvestment Alliance (SLEHCRA) during the review period from December 14, 2009 to March 31, 2014. Examples of actions by the institution include opening a loan production office and a deposit-taking ATM in a building owned by a non-profit community development organization and located in a low-income CT, and since 2012, the hiring of two community development officers to focus on disadvantaged areas in the St. Louis area.

COMMUNITY DEVELOPMENT TEST

Under the Intermediate Small Bank Community Development Test an institution should appropriately assess the needs in its community, engage in different types of community development activities based on those needs, and the institution's capacities, and take reasonable steps to apply its community development resources strategically to meet those needs.

Definition of Community Development: An activity is considered to be a qualified community development activity if it meets one of the following purposes: 1) affordable housing (including multifamily rental housing) for 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 Small Business Development Company or Small Business Investment Company programs or have gross annual revenues of $1million or less; 4) activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved non-metropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, FDIC, and Office of the Comptroller of the Currency; or 5) loans, investments, and services that support, enable, or facilitate Neighborhood Stabilization Program (NSP) activities in areas with HUD-approved NSP plans.

Reliance Bank's performance under the community development test demonstrates an adequate responsiveness to the community development needs of its AAs through community development lending, qualified investments, and community development services, considering its capacity and the need and availability of such opportunities for community development in the AAs. In evaluating the bank's performance under this test, more weight was given to the community development lending.

Quantitative performance measurements of a financial institution's community development lending and investments compared to net loans and level of investments serve as an additional method of assessing a bank's financial capacity to meet the community development needs of its AAs. Performance evaluations of similarly situated institutions can be used to help evaluate a bank's responsiveness to community development needs; however, no similar institutions were identified as comparable for this test in the Fort Myers AA.

As of March 31, 2014, Reliance Bank's ratio of community development loans to net loans is 9.0 percent. This ratio has increased from 7.3 percent at the previous evaluation; however, the dollar volume of total lending has declined. Regulatory personnel compared this community development lending ratio to the ratios of nine other institutions operating in the St. Louis MSA and the ratios for these banks ranged from 2.1 percent to 14.5 percent. The ratio of community development investments to total securities was 3.9 percent, which represents an increase from 2.7 percent at the previous evaluation. The dollar volume of investments has substantially increased since the previous evaluation. Regulatory personnel also compared this ratio to the nine institutions where the ratios ranged from 0.1 percent to 6.3 percent. Overall, the ratios of the bank are reasonable in comparison to the ratios of other institutions.

COMMUNITY DEVELOPMENT LENDING

Tables 22 and 23 reflect the distribution of the community development loans by AA, year, and community development purpose. Reliance Bank has made 74 community development loans totaling $57,686,000 that received consideration during this evaluation. This represents a decrease in the dollar volume of community development lending activity from the previous evaluation of $80,344,000. All of the community development loans provided benefits to the AAs or to a broader regional area that includes the AAs, as required for consideration under the CRA. The following are examples of qualified community development loans:

- A $10.5 million loan secured by an office building to revitalize a low-income CT in the City of St. Louis. This CT is designated by the U.S. Small Business Administration as being located in a Historically Underutilized Business Zone (HUBZone).
- A $1.2 million dollar loan to an entity that purchases low-income housing tax credits where the proceeds from these purchases provide funds for affordable housing projects.
- The bank renewed a $390 thousand loan involving two multi-family buildings with a total of 24 units in a low-income CT to provide affordable housing.

Table 22 - Qualified Community Development Lending Activity by Assessment Area

Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	**$ (000s)**	**#**	**$ (000s)**	**#**	**$ (000s)**	**#**	**$ (000s)**	**#**	**$ (000s)**	**#**	**$ (000s)**
St. Louis AA	30	$12,825	3	$1,379	34	$28,612	5	$13,197	0	$0	72	$56,013
Fort Myers AA	0	$0	0	$0	2	$1,673	0	$0	0	$0	2	$1,673
Total	**30**	**$12,825**	**3**	**$1,379**	**36**	**$30,285**	**5**	**$13,197**	**0**	**$0**	**74**	**$57,686**

Source: Bank Records

Table 23 - Qualified Community Development Lending Activity by Category

Category	2010		2011		2012		2013		YTD 2014		Total	
	#	**$ (000s)**	**#**	**$ (000s)**	**#**	**$ (000s)**	**#**	**$ (000s)**	**#**	**$ (000s)**	**#**	**$ (000s)**
Affordable Housing	0	$0	4	$469	12	$5,326	11	$6,474	3	$556	30	$12,825
Community Services	0	$0	0	$0	1	$245	1	$250	1	$884	3	$1,379
Economic Development	1	$100	9	$5,794	12	$7,659	14	$16,732	0	$0	36	$30,285
Revitalize or Stabilize	0	$0	0	$0	2	$2,385	1	$10,500	2	$312	5	$13,197
Neighborhood Stabilization	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
Total	**1**	**$100**	**13**	**$6,263**	**27**	**$15,615**	**27**	**$33,956**	**6**	**$1,752**	**74**	**$57,686**

Source: Bank Records

QUALIFIED INVESTMENTS

Tables 24 and 25 reflect the distribution of the community development investments by AA, year, and community development purpose. Reliance Bank has made a total of 54 qualified community development investments totaling $10,019,000 since the previous evaluation, which is an increase from the $5,535,000 at the previous evaluation. Of the 54 qualified community development investments, 41 totaling $157,000 represent donations. The level of qualified investments is considered reasonable, considering the bank's capacity and the need and availability of community development opportunities in the AAs. The following are examples of qualified community development investments:

- Since the previous evaluation, the bank purchased $7.2 million in mortgage backed securities to support affordable housing in which the underlying loans were originated to low- and moderate-income borrowers in both AAs.
- A $200,000 investment in a local entity to aid it in providing affordable housing to LMI individuals in the St. Louis area.

Table 24 - Qualified Investments by Assessment Area

Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	$ (000s)	#	$ (000s)	#	$ (000s)	#	$ (000s)	#	$ (000s)	#	$ (000s)
St. Louis AA	13	$8,365	28	$1,067	6	$47	5	$14	0	$0	52	$9,493
Fort Myers AA	1	$489	1	$37	0	$0	0	$0	0	$0	2	$526
Total	**14**	**$8,854**	**29**	**$1,104**	**6**	**$47**	**5**	**$14**	**0**	**$0**	**54**	**$10,019**

Source: Bank Records

Table 25 - Qualified Investments by Category

Activity Year	Prior Period		2010		2011		2012		2013		Totals	
	#	$ (000s)	#	$ (000s)	#	$ (000s)	#	$ (000s)	#	$ (000s)	#	$ (000s)
Affordable Housing	2	$905	1	$200	3	$2,459	2	$101	6	$5,189	14	$8,854
Community Services	0	$0	3	$2	5	$6	6	$755	15	$341	29	$1,104
Economic Development	0	$0	1	$25	0	$0	0	$0	5	$22	6	$47
Revitalize or Stabilize	0	$0	1	$5	0	$0	4	$9	0	$0	5	$14
Neighborhood Stabilization	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
Total	**2**	**$905**	**6**	**$232**	**8**	**$2,465**	**12**	**$865**	**26**	**$5,552**	**54**	**$10,019**

Source: Bank Records

COMMUNITY DEVELOPMENT SERVICES

Tables 26 and 27 reflect the distribution of the 62 community development services by AA, year, and community development purpose. Since the previous evaluation, the community development services in the St. Louis AA consisted of active participation on the part of 16 bank employees performing 1,687 hours of service with 29 different organizations that meet the definition of community development under the CRA. The services provided by the employees related to the provision of financial services as required by the regulation for consideration under CRA. There were no community services performed by bank employees in the Fort Myers AA. Examples of the institution's qualified community development services include:

- Three bank employees serve as board members for an organization that focuses on improving education, housing, health, and employment for disadvantaged communities.
- A bank officer serves as a board member for a regional business development entity. The entity provides financing to businesses in the St. Louis area.
- Five employees have conducted eight financial literacy training classes covering a broad range of topics.

Table 26 - Qualified Community Development Services by Assessment Area

Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Total
St. Louis AA	10	28	8	16	0	62
Fort Myers AA	0	0	0	0	0	0
Total	**10**	**28**	**8**	**16**	**0**	**62**

Source: Bank Records

Table 27 - Qualified Community Development Services by Category

Category	2010	2011	2012	2013	Total
Affordable Housing	1	1	3	5	10
Community Services	2	3	6	17	28
Economic Development	0	1	2	5	8
Revitalize or Stabilize	3	3	5	5	16
Neighborhood Stabilization	0	0	0	0	0
Total	**6**	**8**	**16**	**32**	**62**

Source: Bank Records

Retail Banking Services

Reliance Bank's offices have reasonable hours of operation, and the bank provides alternative delivery systems that are accessible by all portions of the AAs. Management maintains a website and provides internet banking to its customers. Reliance Bank offers three deposit accounts with attractive features tailored to non-profit organizations or low- and moderate-income residents. The bank operates one branch in each AA located in a moderate-income CT. Lastly, the bank opened a deposit-taking ATM, which is located in a low-income CT.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified during this evaluation.

MULTISTATE METROPOLITAN AREA

CRA RATING FOR (St. Louis Missouri-Illinois MSA)[4]: Satisfactory
The Lending Test is rated: Satisfactory
The Community Development Test is rated: Satisfactory

The performance in this area in regard to the lending and community tests is based on performance of the St. Louis AA.

SCOPE OF EXAMINATION

Full-scope procedures were used for the St. Louis AA and account for substantially all of the bank's activity. The St. Louis AA is entirely contained in the St. Louis Missouri-Illinois MSA and it is the only AA within the MSA. Since the St. Louis AA is where a substantial amount of the institution's resources are employed and reside, the multistate MSA rating was given considerable weight in the overall institution rating.

Examiners reviewed and analyzed small business, home mortgage, and secondary market loans in conjunction with the lending test portion of this evaluation. These loan categories were reviewed by examiners since they represent a substantial majority of the outstanding loan portfolio, as of December 31, 2013, and are emphasized by management's business strategy for the St. Louis AA. Consumer and agricultural loans were not considered in the lending test portion of this evaluation since these products represent a relatively small portion of the total portfolio and are not a lending focus for this institution. The primary credit needs of the St. Louis AA are small business and home mortgage lending.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN *(*St. Louis Missouri-Illinois MSA*)*

Refer to the St. Louis AA discussion under the Description of the AA beginning on page 8 for information on the bank's operations in the St. Louis Missouri-Illinois MSA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN *(*St. Louis Missouri-Illinois MSA*)*

<u>Lending Test</u>

Reliance Bank has exhibited satisfactory performance with respect to the lending test. Each of the factors reviewed under this test supports this rating. The average net LTD ratio, which is a key measure of the overall level of lending, is reasonable given the asset size, financial condition, and the credit needs of the St. Louis AA. Additionally, a substantial majority of the loans reviewed by

[4] This rating reflects performance within the multistate metropolitan area. The statewide evaluations are adjusted and do not reflect performance in the parts of those states contained within the multistate metropolitan area.

examiners were originated within the St. Louis AA, illustrating a commitment to meeting the credit needs of this AA. The geographic distribution of lending reflects reasonable dispersion throughout the St. Louis AA. Furthermore, given the demographics of this AA, the overall loan distribution by borrower income characteristics reflects reasonable penetration among businesses of different revenue sizes and among individuals of different income levels.

Community Development Test

Reliance Bank's community development activities in the St. Louis Missouri-Illinois MSA are considered adequate. The bank has originated 72 community development loans totaling $56,013,000 that provided benefits to the MSA, which based on dollar volume, represents 97 percent of community development lending by the institution. The bank also made 52 qualified investments totaling $9,493,000 that provide benefits to the MSA, which based on dollar volume, represents 95 percent of the qualified investments by the institution. In addition, 16 bank employees actively participated with 29 different organizations and performed services that meet the definition of community development under the CRA and provided benefits to the MSA, which represents all of the community services performed by bank employees.

STATE

CRA RATING FOR FLORIDA: Satisfactory.
The Lending Test is rated: Satisfactory.
The Community Development Test is rated: Satisfactory.

The performance in this area in regard to the lending and community tests is based on performance of the Fort Myers AA.

SCOPE OF EXAMINATION

The review period for the Florida operations is for the post-merger period. Although full-scope procedures were used for the Fort Myers AA to assign a separate rating for the state of Florida, the Florida operations account for a small portion of the bank's overall activity. This state rating received little weight in the overall institution rating due the downsizing strategies employed the affiliate bank prior to the merger in response to the regulatory order previously discussed and the severe economic conditions as a result of the recession. Since the merger, management has made efforts to stabilize the Florida operations, but there has been a low level of post-merger lending activity to evaluate.

This rating results from the CRA performance from the merger date with the affiliate bank on March 29, 2013 to March 31, 2014, the date of this review. Examiners reviewed and analyzed small business, home mortgage, and secondary market loans in conjunction with the lending test portion of this evaluation. These loan categories were reviewed by examiners since they represent a substantial majority of the lending activity since the merger, and are emphasized by management's business strategy for the Fort Myers AA. The primary credit needs of the Fort Myers AA are small business and home mortgage lending.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN FLORIDA

Reliance Bank has two offices in the Cape-Coral-Fort Myers, Florida MSA. One office is located in Fort Myers (upper-income CT 0012.02) and the other office is located in Lehigh Acres (moderate-income CT 0403.04).

Refer to the Fort Meyers AA discussion under the Description of the AA beginning on page 8 for information on the bank's operations in the Cape-Coral-Fort Myers, Florida MSA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FLORIDA

The lending results for the state of Florida are consistent with the lending test results starting on page 15 of this evaluation regarding the Fort Myers AA. The geographic distribution of lending reflects poor dispersion when considering the previously discussed factors. Furthermore, the loan distribution by borrower income characteristics reflects reasonable penetration among individuals of different income levels and an excellent penetration among businesses of different revenue sizes. Reliance Bank has made an adequate level of community development loans and qualified investments in the Cape Coral-Fort Myers, Florida MSA, considering bank resources, area competition, available opportunities, and its business strategy. However, bank employees did not perform any community development services. Refer to the community development test results starting on page 26.

APPENDIX A

SCOPE OF EXAMINATION TABLE

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	**TYPE OF EXAMINATION**	**BRANCHES VISITED**	**OTHER INFORMATION**
St. Louis AA: **Missouri: Jefferson, St. Charles, and St. Louis Counties and St. Louis City** **Illinois: Madison, Monroe and St. Clair Counties** **All political subdivisions are located in the St. Louis MO-IL MSA**	**Full-scope review**	**Frontenac**	**N/A**
Fort Myers AA **Lee County in southwest Florida**	**Full-scope review**	**None**	**N/A**