



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**June 25, 2001**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Bank of Brookfield-Purdin, National Association  
Charter Number 16976**

**216 North Main  
Brookfield, Missouri 64628**

**Comptroller of the Currency  
Kansas City South Field Office  
6700 Antioch Road, Suite 450  
Merriam, Kansas 66204**

**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.**

## 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 Community Reinvestment Act (CRA) performance of Bank of Brookfield-Purdin, N.A., Brookfield, Missouri as prepared by The Comptroller of the Currency, the institution's supervisory agency, as of June 25, 2001. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

### **INSTITUTION'S CRA RATING: This institution is rated satisfactory.**

Bank of Brookfield-Purdin, N. A. is helping to meet the credit needs of its assessment area.

- The bank's lending to borrowers of different income levels and lending to agriculture operations of different sizes is reasonable.
- The bank's loan-to-deposit ratio is satisfactory based on its competition. The loan-to-deposit ratio since the last Performance Evaluation (November 1996) has averaged 54%.
- The bank has an excellent record of lending within the assessment area. Approximately 86% (number) and 91% (by dollar volume) of extensions of credit reviewed are granted to borrowers located within the bank's assessment area.
- The bank has received no consumer complaints.

## DESCRIPTION OF INSTITUTION

Capital Bancshares, Inc., a one-bank holding company, controls 100% Bank of Brookfield-Purdin, N.A. (BBP). Forty-eight percent of BBP's \$63 million in total assets are loans, according to the March 31, 2001 Report of Condition. The bank's main office and holding company are located in Brookfield, Linn County, Missouri. The bank has three other locations, with branches in Winigan, Purdin, and Meadville.

BBP is a full-service banking institution offering a full range of both lending and deposit services at all locations. Automated teller machines (ATMs) are located in the Purdin and Meadville locations. Agricultural lending and residential real estate are the primary focuses of the bank's loan portfolio, but the bank does offer retail types of credit to assist low to moderate-income applicants. There are no legal or financial impediments limiting the bank's ability to help meet the credit needs of the community. BBP was rated "Satisfactory" at its last Performance Evaluation dated November 1996.

The following table shows a breakdown of the bank's loan portfolio as of March 31, 2001.

Loan Type	Dollar Amount (\$000)	Percent
Construction & Development	629	2.1%
1 - 4 Family Residential	9,862	32.4%
Farmland	6,843	22.5%
Commercial Real Estate	1,482	4.9%
Ag Production	7,264	23.9%
Commercial	1,004	3.3%
Consumer	3,141	10.3%
Other Purposes	213	0.7%
<b>TOTAL</b>	<b>30,438</b>	<b>100%</b>

## DESCRIPTION OF ASSESSMENT AREA

BBP's assessment area (AA) consists of four block numbering areas (BNAs) in Linn County and one BNA in Sullivan County. The AA complies with the regulation and does not arbitrarily exclude low- or moderate-income geographies. The AA is not located in a Metropolitan Statistical Area (MSA). Based on 1990 census data, all five BNAs are designated middle income. The 1990 census shows a population of 12,943 for Linn and Sullivan counties. While there are no low or moderate-income tracts in the AA, low and moderate-income families represent 22.73% and 20.96% of the two counties' population. The balance of middle income and upper income families comprise 21.45% and 34.86%, respectively.

The updated HUD non-MSA median family income for 2000 for the two counties is \$37,400. The percentage of 1999 households below the poverty level in the AA is 20.34%. The 1999 weighted average of the median housing value is \$19,471, and 67.14% of the housing is owner occupied units. The AA is experiencing little growth, except for the Meadville area. The area's economy remains dependent on agriculture and related industries, with added support provided by light manufacturing, publishing, and services tied with education. Statistics as of May 2001 from the Missouri Department of Economic Development show the unemployment rate for Linn and Sullivan counties at 5.0% and 3.9%, respectively. There are two other locally owned banks, as well as branches of large and other community banks, in the bank's AA. In addition, several other entities offering credit products in the area add to the strong competition.

During the evaluation, we made one community contact and reviewed reports from previous contacts by various regulators to assess community credit needs. These contacts were made within the bank's AA. We talked with a representative of economic development organization that focuses on promoting the area's economy through support of new and existing businesses. According to the community contacts, the primary credit need is residential real estate lending, either for purchase or rental. Both contacts consider the level of community development opportunities available to the financial institutions to be limited. The contacts said that the credit needs of the community are being met

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

The evaluation of the bank's lending performance is based upon the review of a sample of loans from the residential real estate and agricultural loan products. The residential sample included 23 purchase money and 25 refinancing loans originated since 1997. The agricultural sample included 25 loans originated since 1997.

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

The bank's lending activity to borrowers of different income levels and to businesses/farms of different sizes is reasonable. BBP's primary lending products are agriculture loans and 1-4 family residential real estate loans. The sample of loan originations since 1997 shows management has responded favorably to the credit needs of its assessment area by meeting the needs of low and moderate-income borrowers, as well as smaller revenue farms.

Considering the high level of competition and a market that is being well served by other locally financial institutions, BBP's lending to businesses of different sizes is reasonable. The following tables provide a summary of the bank's activity for its primary credit products.

<b>Agriculture Loan Originations</b>			
<b>Revenue Size</b>	<b>% in AA</b>	<b>Originations by #</b>	<b>Originations by \$</b>
<b>Borrowers with revenues ≤ \$1MM</b>	99.26%	100%	100%
<b>Borrowers with revenues &gt; \$1MM</b>	0%	0%	0%
<b>Not Reported</b>	0.74%		

A further breakdown of county activity is available from the USDA National Agricultural Statistics Service County Data reports. From our sample of agricultural loans, a comparison of BBP's performance with statistics on the combined two counties shows reasonable performance.

<b>Agricultural Loan Originations</b>			
Farms by value of sales	Combined % of Sullivan and Linn Counties	Originations by #	Originations by \$
Less than \$9,999	46%	13.64%	1.41%
\$10,000 to \$49,999	35%	22.73%	5.15%
\$50,000 to \$99,999	9%	22.73%	21.44%
\$100,000 or more	10%	40.91%	72.00%

The bank's lending to borrowers of different income levels is reasonable. From our sample of real estate loans and the Census reported 20.34% of households below poverty level, management has responded favorably to the credit needs of its AA by originating homes loans to low and moderate-income borrowers.

<b>Residential Real Estate Loan Originations</b>					
Income Designation for Borrower	Families in Income Category	Home Purchase		Home Refinance	
		% by Number	% by Dollar	% by Number	% by Dollar
Low	22.73%	15.00%	9.33%	4.76%	3.88%
Moderate	20.96%	25.00%	18.56%	33.33%	17.43%
Middle	21.45%	40.00%	37.53%	23.81%	25.66%
Upper	34.86%	20.00%	34.58%	38.09%	53.03%

### **Loan-to-Deposit Ratio**

The bank's loan-to-deposit ratio is reasonable, considering the level of competition in the bank's AA. The bank's quarterly average loan-to-deposit ratio since the last evaluation is 53.7%, which demonstrates its commitment to meeting the credit needs of its communities. We used three banks in Linn and Sullivan counties similar in size and product offering as BBP for comparison. The average quarterly loan-to-deposit ratios for the comparable banks ranged from 36.43% to 100.14%. The overall average ratio of these banks is 63.10%.

### **Lending in Assessment Area**

BBP's record of lending within its assessment area is reasonable. The bank originated the majority of its primary loan products in its AA. The overall average of loans made within the

BBP's AA is 86% and 91% by number and dollar volume respectively.

We reviewed a sample of the bank's home purchase and refinance loans originated from 1997 through 2000. In addition, we reviewed a sample of agricultural loans originated during the same time period. The following table shows the loans extended inside and outside the bank's AA by number and dollar volume of loans originated.

<b>Comparison of Credit Extended Inside and Outside of the Assessment Area</b>						
	<b>Home Purchase</b>		<b>Home Refinance</b>		<b>Agriculture</b>	
	<b>Number</b>	<b>Dollar</b>	<b>Number</b>	<b>Dollar</b>	<b>Number</b>	<b>Dollar</b>
<b>In the assessment area</b>	87%	93%	84%	86%	88%	92%
<b>Out of the assessment area</b>	13%	7%	16%	14%	12%	8%

### **Geographic Distribution of Loans**

An analysis of geographic distribution was not performed. This analysis is not meaningful since the bank's AA does not have any low- or moderate-income census tracts.

### **Responses to Complaints**

BBP did not receive any complaints about its performance in helping to meet needs in the AA during this evaluation period.

### **Fair Lending Review**

An analysis of recent small farm lending data, public comments, and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. In addition, an analysis of the consumer complaint data and public comments revealed no substantive fair lending issues that warranted a more detailed review.