

# **PUBLIC DISCLOSURE**

August 11, 1997

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Bank of Plato  
22319  
Post Office Box D  
Plato, Missouri 65552**

**Federal Deposit Insurance Corporation**

**2345 Grand Avenue, Suite 1500  
Kansas City, Missouri 64108**

**NOTE:** 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 Community Reinvestment Act (CRA) performance of **Bank of Plato, Plato, Missouri**, prepared by the Federal Deposit Insurance Corporation, the institution's supervisory agency, as of **August 11, 1997**. 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

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

Bank of Plato's average net loan-to-deposit ratio of 88.2 percent is considered exceptional in light of the rural and remote location of the bank. In addition, the bank has granted a substantial majority of its loans within its assessment area. The bank has also demonstrated a strong history of lending to businesses of different sizes and borrowers of different income levels, particularly among small businesses and low- or moderate-income individuals.

## **DESCRIPTION OF INSTITUTION**

Bank of Plato is an \$11,804,000 financial institution operating from a main office in Plato, Missouri. The bank offers and extends a variety of credit products including mortgage loans, business and commercial credits, consumer loans, and agricultural-related loans. The loan portfolio distribution as of the June 30, 1997, Report of Condition reflects total loans of \$9,585,000. As of that date, 46 percent of the loan portfolio consisted of 1-4 family residential real estate credit, 23 percent consisted of consumer loans, 19 percent consisted of agricultural originations, and 12 percent consisted of commercial loans.

## **DESCRIPTION OF ASSESSMENT AREA**

*Assessment Area: An area delineated by the financial institution that includes the geographies in which the bank has its main office, its 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.*

Bank of Plato's assessment area consists of five contiguous Block Numbering Areas (BNAs) located in southcentral Missouri. These BNAs include: 9702.85 in southwestern Pulaski County, 9801 and 9803 in northeastern Texas County, 9901 in northeastern Wright County, and 9602.98 in southwestern Laclede County. The bank's sole facility is located on the boundary line separating BNAs 9801 and 9803. All five BNAs are designated as middle-income geographies.

The economy for the assessment area is primarily reliant on agriculture-related enterprises. The northern portions are also strongly affected by the U.S. Army base at Fort Leonard Wood. Plato (population less than 150) is the largest of the unincorporated communities located in extreme northwestern Texas and southeastern Laclede counties. The incorporated cities of Licking (population 1,328) and Houston (population 2,118) are within the bank's assessment area, but lie to the southern and eastern reaches, outside the institutions "trade area" as defined in the Loan Policy. Numerous financial institutions are active in Bank of Plato's assessment area, including three banks headquartered in Houston and one based in Licking. However, within the eleven mile radius constituting the majority of its trade area, Bank of Plato is the dominant lender.

According to 1990 Census data the combined population of the five assessment area BNAs is 25,940 and is comprised of 9,911 households. Of the total number of households, 4,062 (36 percent) reported annual household incomes in the low- or moderate-income categories. Of the 11,313 housing units in the assessment area, 7,278 are owner-occupied and 26 percent (2,948) are mobile homes. The median age of the housing stock is 19 years, with a median value of \$42,743.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Net Loan-to-Deposit Ratio

Bank of Plato has an average net loan-to-deposit (LTD) ratio of 88.2 percent. This figure is calculated by averaging the net LTD ratios for each quarter of operations since the prior examination in October 1994. The average net LTD ratio indicates exceptional lending performance considering the institution's asset size, geographic location, and the performance of similarly situated institutions (table below).

Although these banks are larger than the subject bank, their portfolio mix, lending philosophy, and assessment areas are similar to that of Bank of Plato.

Comparison of Similarly Situated Lenders		
Bank	Asset Size	Avg LTD Ratio
Bank of Plato, Plato, Missouri	\$11,804,000	88.2%
Peoples Security Bank, Licking, Missouri	\$37,070,000	73.2%
Summersville State Bank, Summersville, Missouri	\$28,057,000	70.0%
Sun Security Bank, Mt. Grove, Missouri	\$31,923,000	70.5%
Texas County Bank, Houston, Missouri	\$33,979,000	62.7%

### Lending in Assessment Area/Geographic Distribution of Loans

The examiner sampled loans from each major credit category in order to ascertain the bank's lending levels within the assessment area. The sample consisted of 78 commercial loans, 74 agricultural loans, 78 consumer loans, and 37 residential real estate loans. These samples represented substantially all of the commercial and agricultural credits originated since the prior examination, and a statistically valid sample of the mortgage and consumer-purpose transactions consummated in the prior 12 months.

The sampling revealed the following levels of origination within the assessment area:

<b>Lending Within the Assessment Area by Number and Dollar Volume</b>				
<b>Loan Category</b>	<b>Number</b>	<b>Percent</b>	<b>Dollar Volume</b>	<b>Percent</b>
<i>Commercial Loans</i>	59	76%	\$717,551	71%
<i>Agricultural Loans</i>	62	84%	\$1,071,894	80%
<i>Residential Loans</i>	35	95%	\$882,769	94%
<i>Consumer Loans</i>	57	73%	\$176,240	79%

As is illustrated in the table above, at a least 73 percent of the number and 71 percent of the dollar volume of loans were granted to customers residing within the bank's assessment area.

Commercial loan penetration is slightly lower by dollar volume due to the rural nature of the surrounding community and the limited size and number of commercial enterprises in the area. The high penetration rate in residential lending is indicative of the bank's commitment to meet what management perceives to be the most pressing credit need in the assessment area -- home loans. During the evaluation, management provided examiners a geographic analysis prepared by bank personnel. This analysis indicated that approximately 85 percent of the number and 86 percent of the dollar volume of all loans in the loan portfolio were made within the bank's trade area. Overall, the level of lending within the assessment area resonable.

In addition to determining the previously discussed penetration levels, the examiner produced a geographic distribution of all loans within the assessment area based on each borrower's city address. The results are presented the following tables.

<b>Geographic Distribution of <u>Commercial &amp; Agricultural Loans</u></b>				
<b>City (BNA)</b>	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<i>Bucyrus (9803)</i>	3	2%	\$35,867	2%
<i>Falcon (9602.98)</i>	15	12%	\$145,473	8%
<i>Huggins (9803)</i>	8	7%	\$120,732	7%
<i>Lynchburg (9602.98)</i>	15	12%	\$189,718	11%
<b><i>Plato (9801/9803)</i></b>	<b>55</b>	<b>46%</b>	<b>\$1,022,887</b>	<b>57%</b>
<i>Roby (9801)</i>	13	11%	\$198,811	11%
<i>Success (9801/9803)</i>	12	10%	\$75,957	4%

<b>Geographic Distribution of Residential and Consumer Loans</b>				
<b>City (BNA)</b>	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<i>Bucyrus (9803)</i>	3	3%	\$34,018	3%
<i>Falcon (9602.98)</i>	9	10%	\$61,616	6%
<i>Houston (9803)</i>	4	5%	\$38,290	4%
<i>Huggins (9803)</i>	5	5%	\$124,704	12%
<i>Lynchburg (9602.98)</i>	10	11%	\$86,627	8%
<b><i>Plato (9801/9803)</i></b>	<b>39</b>	<b>42%</b>	<b>\$427,065</b>	<b>40%</b>
<i>Roby (9801)</i>	15	16%	\$107,553	10%
<i>Success (9801/9803)</i>	7	8%	\$179,828	17%

Both geographic distribution tables reveal a majority of the bank's loan activity occurs in the Texas County BNAs. This distribution is reasonable considering the bank's facility is located in Plato, and significant portions of the other BNAs are served by larger financial institutions in Lebanon, Waynesville, and Mountain Grove.

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

The examiner obtained income data for all the sampled loans mentioned previously in order to determine the bank's lending performance regarding borrowers of different income levels. The results of this analysis, which show percentages for both the number of loans granted and the dollar amounts originated for each income category, are detailed in the following tables.

Residential Real Estate Loans	Borrower Income Categories*			
	Low	Moderate	Middle	Upper
Number of Loans	20%	20%	49%	11%
Dollar Volume of Loans	15%	21%	55%	9%

Consumer Purpose Loans	Borrower Income Categories*			
	Low	Moderate	Middle	Upper
Number of Loans	47%	23%	16%	14%
Dollar Volume of Loans	36%	24%	22%	19%

\*Income categories are based on HUD's 1997 State Non-Metro Median Family Income (MFI) of \$31,900.

Low Income - Less than 50% of the MFI.

Moderate Income - Between 50% and 80% of the MFI.

Middle Income - Between 80% and 120% of the MFI.

Upper Income - Greater than 120% of the MFI.

Given the demographics of the assessment area and the results of the samples as displayed in the preceding tables, the bank's record of lending to borrowers of different income levels is deemed more than satisfactory. Low- and moderate-income wage earners account for 40 percent of the total number of residential real estate loan customers sampled and 70 percent of the total number of consumer loan customers sampled. These figures compare favorably to the previously mentioned census data which revealed 36 percent of the assessment area households are classified as low- or moderate-income. The examiner regards this analysis as indicative of management's commitment to making credit products available to consumers of all income levels.

The examiner also reviewed revenue data from the sampled commercial and agricultural loan customers in an effort to analyze the bank's lending performance regarding small businesses and small farms. The results of this analysis are detailed in the following table.

Gross Annual Revenues	Commercial Loan Customers	
	Number of Loans	Dollar Volume of Loans
\$0-\$25,000	25%	22%
\$25,001-\$50,000	44%	30%
\$50,001-\$75,000	9%	12%
Greater than \$75,001	22%	36%

Gross Annual Revenues	Agricultural Loan Customers	
	Number of Loans	Dollar Volume of Loans
\$0-\$25,000	33%	14%
\$25,001-\$50,000	37%	48%
\$50,001-\$75,000	15%	13%
Greater than \$75,001	15%	25%

The data displayed in the preceding tables indicate the bank is putting forth a reasonable effort in granting loans to businesses of different sizes. A substantial majority of the bank's commercial and agricultural loans were granted to enterprises generating less than \$50,000 in gross annual revenues. The bank appears to be successfully meeting the needs of local businesses and small farms.

### Response to Complaints

There have been no consumer complaints received by Bank of Plato since the prior evaluation.

### Antidiscrimination Review

No identified infractions were considered discriminatory in nature or cause for regulatory concern.