

# **PUBLIC DISCLOSURE**

**August 9, 1999**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Charter 1 Bank  
Certificate Number 23894**

**602 Highway 28 East  
Owensville, Missouri 65066**

**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 **Charter 1 Bank, Owensville, Missouri**, prepared by the Federal Deposit Insurance Corporation, the institution's supervisory agency, as of **August 9, 1999**. 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 Satisfactory.

Charter 1 Bank has a reasonable record of meeting the credit needs of its assessment area. The following support the rating:

- The bank's average net loan-to-deposit ratio reflects adequate responsiveness to community credit needs.
- A majority of the bank's loans were originated within its assessment area.
- The bank has achieved diverse lending to borrowers of all income levels, with adequate penetration among low- and moderate-income borrowers.

## DESCRIPTION OF INSTITUTION

Charter 1 Bank, located in Owensville, Missouri, is a commercial bank with total assets of \$32,404,000 and gross loans of \$22,577,000 as of March 31, 1999. The bank's loan portfolio is comprised of 53 percent residential, 34 percent commercial, 7 percent consumer, and 6 percent agricultural lending.

The bank operates three full-service locations. The main office is located in Owensville, with branches in Bland and Union, Missouri. The Owensville and Union locations have on-site automatic teller machines (ATM) that are accessible at all hours. Additionally, the Owensville branch manages a cash dispensing ATM inside an Owensville convenience store. South Gasconade Investment Corporation, a local one-bank holding company, owns 99.86 percent of the bank's outstanding stock. No other financial, economic, or legal impediments were identified which would limit the bank's ability to meet the credit needs of its assessment area.

## DESCRIPTION OF ASSESSMENT AREA

The assessment area consists of three block numbering areas (BNAs) in Gasconade County and five census tracts (CTs) in Franklin County. All of the geographies are middle-income. The main bank is located in BNA 9604, the Bland branch is in BNA 9605, and the Union branch is in CT 8006. Franklin County is located within the St. Louis Metropolitan Statistical Area (MSA).

The following table highlights the assessment area demographic data from the 1990 census.

<b>BNA/CT – County</b>	<b>Geography Income Type</b>	<b>Cities</b>	<b>Geography Population</b>	<b>Number of Families*</b>
9603 – Gasconade	Middle	Drake, Mt. Sterling	2,360	703
9604 – Gasconade	Middle	Owensville	3,075	856
9605 – Gasconade	Middle	Bland, Rosebud	3,874	1,050
8002 – Franklin	Middle	Washington+	8,117	2,288
8003 – Franklin	Middle	Washington+	6,553	1,757
8004 – Franklin	Middle	Berger, New Haven, Lyon, Stony Hill	10,331	2,908
8005 – Franklin	Middle	Leslie, Gerald	6,468	1,753
8006 – Franklin	Middle	Union	10,193	2,663
<b>Total</b>			<b>50,971</b>	<b>13,978</b>

\* Source: Families by block numbering areas based on 1990 census data.

+ Washington county boundaries extend into two CTs.

According to the 1990 census, there are 20,972 housing units in the assessment area; 69.5 percent of these units are owner-occupied, 18.2 percent are rental units, and 12.3 percent are vacant. The median home value, based on that same data, was \$59,035 for the assessment area. A community contact indicated there have not been significant changes in the assessment area demographics.

Banking services are readily available in the assessment area. The presence of several larger regional institutions has intensified the competition for customers. There are four financial institutions in Owensville. All, except the subject bank, are branch institutions. Union has four financial institutions, all branch offices, except one. The branch in Bland is the only banking facility in that city.

The largest employer in the Owensville-Bland area is Custom Printing in Owensville with 650 employees. Pendaflex, in Union, is the largest employer in that area with staff of 400. According to the State of Missouri labor statistics, June 1999 unemployment rates were 3.2 percent for Franklin County, and 2.5 percent for Gasconade County. The State of Missouri unemployment rate was 3.5 percent, and nationwide unemployment was 4.2 percent for the same time period.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The evaluation of the bank's lending performance is based on the review of all residential lending recorded for Home Mortgage Disclosure (HMDA) purposes. Available information included all entries for 1998 and 1999 data through July. This review consisted of 116 loans totaling \$6,591,000.

### Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio represents a reasonable responsiveness to area credit needs. The bank's average net loan-to-deposit ratio, based on data reported in the nine quarters since the previous evaluation, is 72.2 percent. There are no comparable area institutions that are similar in size, portfolio mix, and market served. Institutions within the state that are of a similar size and portfolio mix with comparable markets, have net loan-to-deposit ratios ranging from 42.9 percent to 84.3 percent for the same time period. These comparisons illustrate the bank is satisfactorily meeting the credit needs of the area.

### Lending in Assessment Area

The bank originates a majority of its residential loans within the assessment area. The table below outlines residential lending within the assessment area.

Location	NUMBER OF LOANS		DOLLAR OF LOANS	
	Number	Percent of Total	Dollar	Percent of Total
In Assessment Area	101	87.1%	5,359,000	81.3%
Out of Assessment Area	15	12.9%	1,232,000	18.7%
<b>TOTAL</b>	<b>116</b>	<b>100.0%</b>	<b>\$6,591,000</b>	<b>100.0%</b>

As shown above, 87.1 percent of the number and 81.3 percent of the dollar amount of all residential loans were originated within the assessment area. This lending pattern indicates that the bank is adequately meeting the credit needs of its assessment area.

### Lending to Borrowers of Different Incomes

The bank has satisfactorily met the needs of low- and moderate-income borrowers. The following table reflects the residential lending distribution of the reviewed loans, within the bank's assessment area, according to the borrower's income category.

The table also includes the percentage of families within each income level according to the 1990 census. The 1999 HUD estimated statewide non-metropolitan median family income (MFI) of \$34,900 and the St. Louis MSA adjusted MFI of \$52,000 were used, as applicable, for borrower distribution analysis.

<b>INCOME CATEGORY</b>	<b>Number</b>	<b>Percent</b>	<b>Dollar</b>	<b>Percent</b>	<b>Percent of Families*</b>
<b>Low</b> (less than 50% of MFI)	5	5.0%	148,000	2.8%	18.1%
<b>Moderate</b> (50% - 80% of MFI)	19	18.8%	690,000	12.9%	21.7%
<b>Middle</b> (80% - 120% of MFI)	34	33.7%	1,733,000	32.3%	28.3%
<b>Upper</b> ( greater than 120% of MFI)	43	42.5%	2,788,000	52.0%	31.9%
<b>TOTALS</b>	<b>101</b>	<b>100.0%</b>	<b>\$5,359,000</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Low/Mod Income</b>	<b>24</b>	<b>23.8%</b>	<b>\$ 838,000</b>	<b>15.7%</b>	<b>39.8%</b>

\* Source: Families by Income based on 1990 census data

As the table above illustrates, the bank has made 23.8 percent of the number and 15.7 percent of the dollar volume of their residential loans to low- and moderate-income borrowers. The distribution indicates the bank is addressing the credit needs of all income groups, including low- and moderate-income borrowers. This performance is considered satisfactory for residential lending.

### **Geographic Distribution of Loans**

Typically, examiners review the bank's performance of lending among geographies of different income levels. As discussed in the Description of Assessment Area portion of this evaluation, the bank's assessment area includes only middle-income geographies; therefore additional geographic distribution analyses were not completed at this bank.

### **Response to Complaints**

The bank has not received any CRA-related complaints since the previous evaluation.

### **Compliance with Antidiscrimination Laws and Regulations**

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified during the evaluation.