

# **PUBLIC DISCLOSURE**

**October 6, 2014**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Southern Missouri Bank of Marshfield  
Certificate Number: 34445**

**1292 Banning Street  
Marshfield, Missouri 65706**

**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 Community Reinvestment Act (CRA) performance of **Southern Missouri Bank of Marshfield, Marshfield, Missouri**, prepared by the Federal Deposit Insurance Corporation, the institution's supervisory agency, as of **October 6, 2014**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

## INSTITUTION'S CRA RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The bank's overall performance is reasonable in relation to the Small Bank performance criteria as discussed below.

- Southern Missouri Bank of Marshfield's average net loan-to-deposit (LTD) ratio, which is a key measure of the bank's overall level of lending, is reasonable given the institution's asset size, financial condition, and assessment area credit needs. The ratio has averaged 99 percent since the previous evaluation dated June 15, 2009.
- The institution's lending within its assessment area is considered poor. Based on the total number of loans and total dollar volume, a majority of the home mortgage loans reviewed during this evaluation were originated outside of the bank's assessment area. Refer to the comments under Criterion 2 (Assessment Area Concentration) for further discussion regarding the bank's lending efforts for home mortgage loans relative to its assessment area. In addition, examiners reviewed small business and small farm loans, since they represent a combined second majority of the bank's outstanding loan portfolio. A review of small business and small farm loans revealed that 68 percent of the number and 76 percent of the dollar volume of the small business loans, and 78 percent of the number and 90 percent of the dollar volume of small farms were originated within the assessment area.
- The institution's overall geographic distribution of lending reflects a reasonable dispersion throughout the assessment area. The loan distribution appears reasonable when considering the institution's office location and the demographic composition of the assessment area.
- Given the demographics of the assessment area, the bank's overall borrower profile performance is considered reasonable. Loan samples reveal a reasonable lending performance regarding individuals of different income levels, including low- and moderate-income individuals and business and farm operations of different sizes.

In addition to the factors discussed above, there have been no complaints regarding the bank's CRA performance since the prior evaluation dated June 15, 2009.

## SCOPE OF EVALUATION

This CRA evaluation was conducted using Small Bank Evaluation Procedures. The evaluation covers the bank's CRA performance since its previous CRA evaluation dated June 15, 2009, through October 6, 2014, the date of this evaluation.

The 2010 U.S. Census Bureau data and 2013 D&B business data are included in the *Description of Assessment Area* section and used for comparison purposes in the *Conclusions with Respect to Performance Criteria* section of this document.

Regulatory personnel reviewed home mortgage, small business and small farm lending, as these loan products represent a substantial majority (87 percent) of the loan portfolio based on dollar volume, as of June 30, 2014, and are targeted in the institution's business strategy. At the time of the prior evaluation, the institution's primary focus was commercial lending, followed by home mortgage lending. At this evaluation a change in focus toward home mortgage lending is noted, primarily due to the bank implementing a leads program for home mortgage loans in 2010. The leads program was discontinued in June 2014. The percentage of home mortgages (39 percent) of the loan portfolio is not reflective of the whole, since the bank sells fixed rate loans to the secondary market.

An analysis of these loan products will likely provide the most meaningful insight into the CRA performance of the institution because of the availability of pertinent demographic data. Examples of this demographic data include the stratification of families in the assessment area based on gross annual income and the stratification of businesses and small farms based on gross annual revenues. The analysis of these loans was conducted within the context of the assessment area's economy, credit needs, and competition among financial institutions.

Institutions subject to the Home Mortgage Disclosure Act (HMDA) are required to compile and report prescribed data about home mortgage transactions, including applicant characteristics and property location information, to aid in determining whether financial institutions are serving the housing needs of their assessment area. The HMDA data also includes information on multi-family residential properties. Examiners reviewed and analyzed the bank's HMDA Loan Application Register (LAR) data for 2012, 2013, and first two quarters of 2014. The bank reported 355 HMDA loans totaling \$49,540,000 for 2012; 258 HMDA loans totaling \$33,096,000 for 2013; and 64 HMDA loans totaling \$8,612,000 for the first two quarters of 2014. For comparison purposes, examiners analyzed HMDA aggregate lending data compiled from all HMDA lenders in the bank's assessment area for calendar year 2012, which is the most recent available. Data from 2010 United States (U.S.) Census was also utilized.

Examiners reviewed small business and small farm lending during this evaluation. Small business is defined as a loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report), and small farm is defined as a loan included in "loans to small farms" as set forth in the Call Report. Small business loans have original amounts of \$1 million or less and are either secured by non-farm, non-residential properties or are classified as commercial and industrial loans. Small farm loans have original amounts of \$500,000 or less and secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Examination personnel reviewed a sample of small business loans and small farm loans originated for the 12 month time frame preceding September 18, 2014; specifically, examiners reviewed 31 commercial loans totaling \$2,793,345 from a universe of 166 loans totaling \$16,217,756 and 37 small farm loans totaling \$1,163,456 from a universe of 225 loans totaling \$7,362,737.

Table 1, below, portrays the number and dollar amount of originations by year and the number and dollar amount of loans reviewed.

<b>Table # 1 - Universe and Samples of Home Mortgage Loans, Small Business and Small Farm</b>				
<b>Sample Type</b>	<b>Number in Universe</b>	<b>Dollar Amount in Universe \$ (000s)</b>	<b>Number Reviewed</b>	<b>Dollar Amount Reviewed \$ (000s)</b>
2012 Home Mortgage	355	\$49,540	355	\$49,540
2013 Home Mortgage	258	\$33,096	258	\$33,096
2014 YTD Home Mortgage	64	\$8,612	64	\$8,612
Small Business	166	\$16,218	31	\$2,793
Small Farm	255	\$7,363	37	\$1,163

Source: 2012, 2013 & 2014 YTD HMDA LAR & bank data

In evaluating Criterion 2 (Assessment Area Concentration), lending activity based on the number of loans and the dollar volume of the loans will be reviewed and considered. However, in drawing conclusions for Criterion 3 (Geographic Distribution Analysis) and Criterion 4 (Borrower Profile Analysis), lending activity based on the number of loans, rather than on the dollar volume, is emphasized and will be given more weight in the respective analyses.

This is because the number of loans more clearly represents the distribution of the lending efforts of the bank; whereas, the dollar volume data could be materially altered by just a few high dollar loans. For example, loans to smaller businesses and farms and loans to lower-income individuals are generally for smaller dollar amounts than loans to larger farms and businesses and higher-income individuals. Therefore, an analysis emphasizing the dollar volume of loans would not provide a representative depiction of the lending efforts of the bank.

Mortgage lending will be given more weight in this evaluation because this is the bank's primary business focus. Small business and small farm lending will be given equal weight in this evaluation as the business strategy of the bank emphasizes both products and both loan products represent similar percentages of the loan portfolio based on dollar volume.

Construction and land development, other, and consumer lending will not be reviewed as these products represent a small percentage of the loan portfolio and the bank's business strategy does not focus on these products.

## **DESCRIPTION OF INSTITUTION**

Southern Missouri Bank of Marshfield is a financial institution with \$93,129,000 in total assets as of June 30, 2014. The bank continues to operate from its main facility at 1292 Banning Street in Marshfield, Missouri. The bank also operates one branch office in Marshfield that was opened for business in May of 2004 as a full service facility; however, in April, 2014, the branch was converted to limited service. In addition, the bank opened a loan production office located at 3335 East Ridgeview, Springfield, Missouri in May 2013. The bank also operates two automated teller

machines at each of its branch facilities and four offsite located in Webster, Laclede and Pulaski Counties. All ATMs are cash dispensing. No branch offices have been opened or closed since the prior evaluation.

Southern Missouri Bancshares, Inc., a one-bank holding company in Marshfield, Missouri, controls the bank's outstanding stock.

As of June 30, 2014, the bank had net loans of \$67,932,000, and total deposits of \$74,728,000, resulting in a net loan-to-deposit ratio of 91 percent. Table 2, below, depicts the bank's loan portfolio distribution, which shows a strong home mortgage, small business and small farm lending focus.

<b>Table # 2 - Loan Portfolio Distribution as of 6-30-2014</b>		
<b>Loan Category</b>	<b>Dollar Amount \$ (000s)</b>	<b>Percent of Total Loans</b>
Construction and Land Development	\$3,502	5%
Secured by Farmland	\$13,052	19%
Secured by 1-4 Family Residential Properties	\$26,697	39%
Secured by Multi-Family (5 or more) Residential Properties	\$3,438	5%
Secured by Non-farm Non-residential Properties	\$15,447	22%
Agricultural Production and Loans to Farmers	\$1,788	3%
Commercial and Industrial Loans	\$2,358	3%
Consumer	\$2,366	3%
Obligations of States and Political Subdivisions in the United States	0	0%
Other Loans	0	0%
Lease Financing Receivables (net of unearned income)	\$559	1%
Gross Loans	\$69,207	100%
Less: Unearned Income	0	0
<b>Total Loans and Leases</b>	<b>\$69,207</b>	<b>100%</b>

Source: June 30, 2014, Report of Condition

Aside from statutory lending limits, Southern Missouri Bank of Marshfield has no legal or financial impediments that would prevent it from meeting the credit needs of its assessment area. The bank operates in a competitive environment, with a wide array of products available from six competing institutions operating in Marshfield. In addition, the bank competes with several institutions operating throughout the entire Springfield Metropolitan Statistical Area (MSA). The bank received a CRA rating of "Satisfactory" at its prior CRA Evaluation on June 15, 2009.

## DESCRIPTION OF ASSESSMENT AREA

*The Community Reinvestment Act of 1977, as amended, requires banks to identify one or more assessment areas 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 assessment area must always consist of one or more whole geographies normally identified as CTs (census tracts). These CTs represent statistical subdivisions of a county.*

**How Median Family Income Is Used Throughout This Analysis:** The 2010 Median Family Income (MFI) figure for the Springfield, Missouri MSA, including Greene and Webster Counties, was \$52,463. The 2010 Median Income (MFI) figure for non-metropolitan Missouri which includes Wright County was \$45,746. This income figure is used to determine the income level for each geography located in the Springfield MSA and non-metropolitan area in conjunction with Criterion 3 (Geographic Distribution Analysis). Based on estimates by the FFIEC, the adjusted MFI figure for 2012, 2013, and 2014 for the Springfield, Missouri MSA were \$55,400, \$53,200, and \$53,700, respectively. Non-MSA adjusted MFI figure for 2012, 2013 and 2014 were \$47,800, \$48,200 and \$48,800, respectively. These adjusted MFI figures 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 non-metropolitan and MSA areas of Missouri.  
Moderate income - 50 percent to less than 80 percent of MFI for the non-metropolitan and MSA areas of Missouri.  
Middle income - 80 percent to less than 120 percent of the MFI for the non-metropolitan and MSA areas of Missouri.  
Upper income - 120 percent or higher of the MFI for the non-metropolitan and MSA areas of Missouri.*

**Definition of Underserved/Distressed Census Tracts:**

“Distressed non-metropolitan middle income geographies” and “underserved non-metropolitan middle income geographies” are designated as such by the federal bank and thrift regulatory agencies, to reflect local economic conditions. A particular geography could be designated as both distressed and underserved. A non-metropolitan middle income geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) An unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census. A non-metropolitan middle income geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the census tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

The bank has designated 12 census tracts (CTs) in Greene, Webster, and Wright Counties in Missouri as its assessment area. The census tract composition of the assessment area is defined below based on the 2010 U.S. Census information. This evaluation incorporates demographic data for comparison from the 2010 U.S. A description of the assessment area's census tract income designations follows.

The bank's assessment area consists of census tracts 46 and 47 in Greene County and census tracts 4701.01, 4701.02, 4702.01, 4702.02, 4703.01, 4703.02, 4704.01 and 4704.02 in Webster County, all of which are located in the Springfield Missouri MSA, and census tracts 4902 and 4903 in Wright County which are in a non-metropolitan portion of Missouri. Based on the 2010 U.S. Census boundaries, census tracts 4702.01 and 4704.01 in Webster County and census tract 4903 in Wright

County are designated moderate-income census tracts with all other census tracts designated middle-income tracts. There are no low- or upper-income census tracts in the bank's assessment area. This assessment area is contiguous and does not arbitrarily exclude low- or moderate-income areas. Additionally, according to the 2014 FFIEC List of Middle-Income Non-metropolitan Distressed or Underserved Geographies, census tract 4902 located in Wright County is designated distressed due to poverty. Refer to the table on the previous page for the definition of Distressed/Underserved census tracts.

Examiners used 2010 Census data and the 2013 D&B data to evaluate the institution's CRA performance. Based on 2010 Census data, the total population of the assessment area is 57,743. Marshfield has a population of 6,633 residents. This population is comprised of 21,166 households that are families, of which 23 percent are low-income; 16 percent are moderate-income; 21 percent are middle-income; and 40 percent are upper-income. Census data for 2010 also reveals that 12 percent of the assessment area's families have incomes below the poverty level. "Poverty level" is an established dollar threshold rather than a percentage-based calculation of the median family income. Specifically, for a family of four, the 2013 poverty level threshold was \$24,028; therefore, a family earning less than \$24,028 was below the poverty level. This figure is determined on a national basis and is not adjusted regionally.

Census data for 2010 indicates the housing stock in the assessment area totals 23,246 units, with owner-occupied homes comprising 70 percent, occupied rental units comprising 21 percent, and vacant units comprising 9 percent of the available housing stock. This information will be used to evaluate the institution's level of lending to individuals of different income levels under Criterion 4 (Borrower Profile Analysis). The median home value in the assessment area in 2010 was \$120,884, and the median age of a home was 30 years. The median gross rent level was \$589 per month.

According to the Bureau of Labor Statistics, the unemployment rate for Missouri was 6.1 percent and for the United States was 6.3 percent as of August 2014. The unemployment rate for Greene, Webster and Wright Counties were 5.1 percent, 5.4 percent and 6.0 percent, respectively, as of the same date. Bass Pro Shops, Cox Medical Center, Hutchens Industries, Ozark Correctional Center, and York Quality Caskets are among the major employers in the assessment area.

According to 2013 D&B data, the assessment area is home to 4,869 businesses (595 farms and 4,274 non-farms). Further review of this D&B data revealed the following information for the non-farm businesses that reported information to D&B: 26 percent in moderate-income census tracts, and 74 percent in middle-income census tracts. Of those businesses, 76 percent reported gross annual revenues of \$1,000,000 or less. The D&B information discussed above will be used to evaluate small business lending in this assessment area under the Geographic Distribution of Lending and Borrower Profile sections of this evaluation.

During this evaluation, examiners reviewed a community contact that had been made by regulatory personnel in the bank's assessment area in the previous 12 months. This contact was reviewed to obtain a profile of the local community, identify community development opportunities, and assess participation by local financial institutions. The contact focused primarily on Rogersville, Missouri, and the surrounding areas of Webster County. The contact categorized most local residents as being moderate- to middle-income wage earners but did state that several low-income individuals reside in

the area. Overall, the contact opined that Webster County's residential and commercial real estate sales activity is trending behind the recovery that has been more robust in other portions of southwest Missouri. In addition, the contact indicated that opportunities have been fairly limited for local financial institutions to make both residential and commercial loans and described the local economy as stagnant. Additionally, the contact stated that the local banks are doing an adequate job in meeting the mortgage loan needs of local residents, including low- and moderate income individuals. In conclusion, the contact could not identify any unmet community needs regarding local banking products and services and was satisfied with the current level of banking products and services offered in Webster County.

Additionally, examiners conducted a community contact in the City of Marshfield in Webster County Missouri, to obtain a profile of the community, identify community development opportunities, and assess participation by local financial institutions. This contact indicated that the Marshfield area was slower to be affected by the downturn in the economy. The contact further stated that, in their opinion, the economy in the Marshfield area is stable. The contact stated that the majority of the families in the community are considered lower income. The contact felt that the majority of the work force was blue-collar and further stated that there seems to be a large number of persons on disability. The area surrounding the city of Marshfield consists of a large number of farms. Additionally, the contact indicated that the majority of the persons living in the city of Marshfield commute to Springfield or Lebanon for work. The contact further stated that there is a high demand for rental properties in the Marshfield area, and that it is not unusual for a property to rent in a matter of days. In addition, the contact stated one impediment to obtaining financing to purchase a residence is the individual having sufficient funds for the down payment. The contact indicated that local financial institutions were actively involved in the community. The contact stated that local financial institutions offer a good variety of products and services. The contact was unaware of any discriminatory treatment by local financial institutions.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **Criterion 1: Loan to Deposit Ratio**

Southern Missouri Bank of Marshfield's average net LTD ratio is reasonable given the bank's asset size, financial condition, and the perceived credit needs of the assessment area. For the 21 quarters from June 30, 2009, through June 30, 2014, the net LTD ratio for Southern Missouri Bank of Marshfield averaged 99 percent. The bank's net LTD ratio ranged from a low of 91 percent, as of June 30, 2014, to a high of 111 percent, as of December 31, 2010. For the aforementioned 21 quarters, net loans ranged from a low of \$67,932,000, on June 30, 2014, to a high of \$85,419,000, on December 31, 2010. Management has established a targeted loan-to-deposit ratio of 101 percent.

When available and relevant, the lending performance of similarly situated lenders serves as an additional method of assessing the adequacy of a bank's average net LTD. Similarly situated lenders are defined as financial institutions that are located in or near the assessment area and are comparable to the subject bank based on asset size and branching structure, market served, product offerings, and/or loan portfolio composition. Legacy Bank and Trust, Rogersville, Missouri (total assets of

\$118,299,000), Citizens Bank of Rogersville, Rogersville, Missouri (total assets of \$73,256,000), and The Seymour Bank, Seymour, Missouri (total assets of \$141,141,000) are considered to be similarly situated institutions.

As shown in Table 3, below, the average net LTD for Southern Missouri Bank of Marshfield is weighed against the average net LTDs of the three identified similarly situated lenders. The average net LTD for Southern Missouri Bank of Marshfield compares higher than the average net LTD for all three of the institutions and is considered reasonable.

<b>Table # 3 - Loan-to-Deposit Ratio Comparison</b>				
<b>Bank</b>	<b>City, State</b>	<b>Total Assets \$ (000s)</b>	<b>Net LTD Ratio 6-30-2014</b>	<b>Avg. Net LTD Ratio 21 Quarters</b>
<b>Southern Missouri Bank of Marshfield</b>	<b>Marshfield, Missouri</b>	<b>\$93,129</b>	<b>91%</b>	<b>99%</b>
Legacy Bank and Trust	Rogersville, Missouri	\$118,299	100%	89%
Citizens Bank of Rogersville	Rogersville, Missouri	\$73,256	58%	59%
The Seymour Bank	Seymour, Missouri	\$141,141	66%	73%

Source: Reports of Condition quarters ending 6-30-2009 through 6-30-2014.

## **Criterion 2: Assessment Area Concentration**

Southern Missouri Bank of Marshfield’s performance regarding assessment area concentration is considered poor due to the majority of home mortgage loans originated outside the bank’s assessment area. This performance was evaluated through examiner review of the home mortgage, small business and small farm loans previously discussed. As shown in Table 4, on the following page, a majority of home mortgage loans, based on total number of loans and total dollar volume, were made outside of the bank’s assessment area. However, the bank implemented a new leads program in 2010, which created home mortgage lending on a nationwide basis. Prior to the implementation of this program, 2009 HMDA data shows the bank’s concentration of loans in the assessment area was a majority at 67 percent. The bank’s 2010 HMDA data shows the bank’s concentration of loans in the assessment area dropped to 47 percent. The bank discontinued the leads program in June 2014 and, as shown in Table 4, the bank’s home mortgage lending in the assessment area is trending upward. In addition, the bank continued to have a presence in the assessment area’s market share. The bank’s market share from 2009 through 2012 remained relatively consistent ranging from 2.40 percent to 3.41 percent.

As noted in Table 4, a majority of the small business and small farm loans were made within the bank’s assessment area. Small business and small farm lending is not the primary focus for the bank; however, the combined total of the bank’s loan portfolio is 48 percent for these products, and they are an indicator of the bank’s lending performance in the assessment area. Table 4 provides details regarding lending within the assessment area by number and dollar volume, and by loan category.

**Table #4 - Distribution of Loans Inside and Outside the Assessment Area**

Loan Category	Number of Loans					Dollar Volume of Loans				
	Inside		Outside		Total #	Inside		Outside		Total \$ (000s)
	#	%	#	%		\$ (000s)	%	\$ (000s)	%	
Home Mortgage										
2012	59	17%	296	83%	355	\$7,387	15%	\$42,153	85%	\$49,540
2013	62	24%	196	76%	258	\$7,204	22%	\$25,892	78%	\$33,096
YTD2014	19	30%	45	70%	64	\$2,360	27%	\$6,252	73%	\$8,612
Total Home Mortgage	140	21%	537	79%	677	\$16,951	19%	\$74,297	81%	\$91,248
Small Business	21	68%	10	32%	31	\$2,166	77%	\$627	23%	\$2,793
Small Farm	29	78%	8	22%	37	\$1,045	90%	\$118	10%	\$1,163

Source: 2012, 2013, and first two quarters of 2014 HMDA Loan Application Registers and bank data.

### Criterion 3: Geographic Distribution Analysis

Overall, the geographic distribution of lending reflects a reasonable dispersion throughout the assessment area. This conclusion was reached through regulatory personnel review of the HMDA data, small business loans and small farm loans sampled that were originated within the assessment area. Particular focus was given to the dispersion of loans in relation to the assessment area’s three moderate-income census tracts.

#### Distribution of Home Mortgage Loans

A review of the geographic distribution of home mortgage loans reflects reasonable dispersion of the bank’s lending efforts throughout the assessment area.

Table 5, on the following page, illustrates the geographic distribution of the bank’s home mortgage lending within the assessment area. For comparison, the distribution of the assessment area’s owner-occupied housing units for each geography income level is also shown. This demographic comparison is made since the percentage of owner-occupied units in a particular census tract can reflect potential demand for residential real estate loans in that geography. Additionally, 2012 HMDA aggregate lending information was also used for comparative purposes.

The bank’s HMDA lending percentage for 2012 in the moderate-income geographies (42 percent) was more than demographic data (25 percent) and HMDA aggregate data (22 percent), and is considered excellent based on this comparison. As mentioned previously, there are no low-income geographies in the assessment area.

The bank’s HMDA lending percentages for 2013 in the moderate-income geographies (34 percent) was more than demographic data (25 percent), and is considered reasonable based on this comparison. It should be noted the 2013 HMDA aggregate lending information was not available as of the date of this evaluation for comparative purposes.

The bank’s HMDA lending percentage for 2014 in the moderate-income geographies (32 percent) was also more than demographic data (25 percent), and is considered reasonable based on this comparison.

Overall, the bank’s performance for this criterion is reasonable.

<b>Table # 5 - Distribution of Home Mortgage Loans by Geographic Income Level</b>							
<b>HMDA Year</b>	<b>Geography Income Level</b>	<b>AA Owner Occupied Housing Units</b>	<b>HMDA Aggregate Lending</b>	<b>Number of Loans</b>		<b>Dollar Volume of Loans \$(000s)</b>	
		<b>% of #</b>	<b>% of #</b>	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
2012	Low	0%	0%	0	0	0	0
	Moderate	25%	22%	25	42%	\$2,506	34
	Middle	75%	78%	34	58%	\$4,881	66
	Upper	0%	0%	0	0	0	0
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>59</b>	<b>100%</b>	<b>\$7,387</b>	<b>100%</b>
2013	Low	0%		0	0	0	0
	Moderate	25%		21	34%	\$2,171	30%
	Middle	75%		41	66%	\$5,033	70%
	Upper	0%		0	0	0	0
	<b>Total</b>	<b>100%</b>		<b>62</b>	<b>100%</b>	<b>\$7,204</b>	<b>100%</b>
2014	Low	0%		0	0	0	0
	Moderate	25%		6	32%	\$932	39%
	Middle	75%		13	68%	\$1,428	61%
	Upper	0%		0	0	0	0
	<b>Total</b>	<b>100%</b>		<b>19</b>	<b>100%</b>	<b>\$2,360</b>	<b>100%</b>

Source: 2012, 2013, and first two quarters of 2014 HMDA Loan Application Registers, 2012 HMDA Aggregate Data, and U.S. Census data. HMDA Aggregate Data was not available for 2013 and 2014 as of this evaluation. \*There are no low- or upper-income CTs in the assessment area.

### Distribution of Small Business Loans

A review of the geographic distribution of the small business loan sample reveals a more than reasonable dispersion of the bank’s lending efforts throughout the assessment area. Table 6, on the following page, illustrates the geographic distribution of the bank’s small business lending by geography income level. For comparison purposes, Table 6 also includes 2013 D&B data relative to the percentage of businesses in the assessment area by geography income level. The bank’s small business lending in the moderate-income tracts (43 percent) compares significantly more than the D&B data (26 percent).

<b>Table # 6 - Distribution of Small Business Loans by Geographic Income Level</b>					
<b>Geography Income Level</b>	<b>AA Businesses (Non-Farm)</b>	<b>Distribution of Small Business Loans Reviewed</b>			
	<b>% of #</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Low	0%	0	0%	\$0	0%
Moderate	26%	9	43%	\$1,252	58%
Middle	74%	12	57%	\$914	42%
Upper	0%	0	0%	\$0	0%
<b>Total</b>	<b>100%</b>	<b>21</b>	<b>100%</b>	<b>\$2,166</b>	<b>100%</b>

Source: 2013 D&B data & bank data. \* - There are no low- or upper- income CTs in the assessment area.

### Distribution of Small Farm Loans

A review of the geographic distribution of the small farm loan sample reveals a reasonable dispersion of the bank's lending efforts throughout the assessment area. Table 7, below, illustrates the geographic distribution of the bank's small farm lending by geography income level. For comparison purposes, Table 7 also includes 2013 D&B data relative to the percentage of farms in the assessment area by geography income level. The bank's small farm lending in the moderate-income tracts (14 percent) is reasonable in comparison to the percentage of farms in the assessment area that reported annual revenues of \$1 million or less (20 percent).

<b>Table # 7 - Distribution of Small Farm Loans by Geographic Income Level</b>					
<b>Geography Income Level</b>	<b>AA Businesses Farms</b>	<b>Distribution of Small Business Loans Reviewed</b>			
	<b>% of #</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Low	0	0	0%	\$0	0%
Moderate	20%	4	14%	\$78	7%
Middle	80%	25	86%	\$967	93%
Upper	0	0	0%	\$0	0%
<b>Total</b>	<b>100%</b>	<b>29</b>	<b>100%</b>	<b>\$1,045</b>	<b>100%</b>

Source: 2013 D&B data & bank data. \* - There are no low- or upper- income CTs in the assessment area.

### **Criterion 4: Borrower Profile Analysis**

Given the institution's business strategy and the demographics of the assessment area, the overall lending distribution to borrowers reflects a reasonable penetration among individuals of different income levels, businesses of different revenue sizes, and farms of different revenue sizes.

### Home Mortgage Lending

Table 8, on the following page, reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income levels) compared to the distribution of families within the assessment area using 2010 Census benchmarks and 2012 aggregate lending data. Aggregate lending data for 2013 and 2014 was not available as of this evaluation.

The 2012 HMDA lending percentage to low-income borrowers (5 percent) was below the percentage of low-income families in the assessment area (20 percent) but comparable to the 2012 HMDA aggregate data (9 percent). The 2013 HMDA lending to low-income borrowers (11 percent) was also below the percentage of low-income families (20 percent). The year to date 2014 HMDA lending to low-income borrowers (0 percent) was below the percentage of low-income families in the assessment area (20 percent).

The 2012 lending percentage to moderate-income borrowers in the assessment area (25 percent) was comparable the percentage of moderate-income families in the assessment area (22 percent) and the 2012 HMDA aggregate data (19 percent). The 2013 HMDA lending to moderate-income borrowers (10 percent) was below the percentage of moderate-income families (22 percent). The year to date 2014 HMDA lending to moderate-income borrowers (26 percent) was comparable to the percentage of moderate-income families in the assessment area (22 percent). Overall, the lending distribution to borrowers of different incomes in the bank’s assessment area is considered reasonable based on these comparisons.

<b>Table # 8 - Distribution of Home Mortgage Loans by Borrower Income Level</b>							
<b>HMDA Year</b>	<b>Income Classification</b>	<b>AA Families</b>	<b>HMDA Aggregate Lending</b>	<b>Number of Loans</b>		<b>Dollar Volume of Loans \$ (000s)</b>	
		<b>% of #</b>	<b>% by #</b>	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
2012	Low	20%	9%	3	5%	\$85	1%
	Moderate	22%	19%	15	25%	\$1,277	17%
	Middle	23%	21%	17	29%	\$1,700	23%
	Upper	35%	32%	17	29%	\$2,402	33%
	Income NA	0%	19%	7	12%	\$1,923	26%
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>59</b>	<b>100%</b>	<b>\$7,387</b>	<b>100%</b>
2013	Low	20%		7	11%	\$459	6%
	Moderate	22%		6	10%	\$353	5%
	Middle	23%		16	26%	\$1,918	27%
	Upper	35%		33	53%	\$4,474	62%
	Income NA	0%		0	0%	0	0%
	<b>Total</b>	<b>100%</b>		<b>62</b>	<b>100%</b>	<b>\$7,204</b>	<b>100%</b>
2014	Low	20%		0	0%	0	0%
	Moderate	22%		5	26%	\$439	19%
	Middle	23%		6	32%	\$729	31%
	Upper	35%		8	42%	\$1,192	50%
	Income NA	0%		0	0%	0	0%
	<b>Total</b>	<b>100%</b>		<b>19</b>	<b>100%</b>	<b>\$2,360</b>	<b>100%</b>

Source: 2012, 2013, and first two quarters of 2014 HMDA Loan Application Registers, 2012 HMDA Aggregate Data, and U.S. Census data. HMDA Aggregate Data was not available for 2013 and 2014 as of this evaluation.

### Small Business Lending

The bank's small business lending efforts reflect a reasonable penetration among businesses of different revenue sizes. Table 9, on the following page, reflects the distribution of the small business loans sampled based on gross annual revenue sizes. This table also includes the 2013 D&B data relative to the percentage of businesses reporting gross annual revenues. As shown in Table 9, the bank's percentage of small business loans originated within the assessment area to businesses that reported gross annual revenues of \$1 million or less of 81 percent is higher than the percentage of small businesses in the assessment area based on 2013 D&B data (76 percent). Given that 21 percent of businesses did not report revenue data, the D&B data is not considered a direct comparison, but supports reasonable performance in this area.

<b>Table # 9 - Distribution of Small Business Loans by Gross Annual Revenues</b>					
<b>Gross Annual Revenues</b>	<b>All AA Businesses</b>	<b>Distribution of Small Business Loans Reviewed</b>			
	<b>% of #</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
≤\$1,000,000	76%	17	81%	\$1,501	69%
>\$1,000,000	3%	4	19%	\$665	31%
<b>Sub-Total</b>	<b>79%</b>	<b>21</b>	<b>100%</b>	<b>\$2,166</b>	<b>100%</b>
Revenues Not Reported	21%	0	0%	\$0	0%
<b>Total</b>	<b>100%</b>	<b>21</b>	<b>100%</b>	<b>\$2,166</b>	<b>100%</b>

Source: 2013 D&B data & bank data.

### Small Farm Lending

The bank's small farm lending efforts reflect a reasonable penetration among farms of different revenue sizes based on comparison to 2013 D&B data. Table 10, below, reflects the distribution of the small farm loans sampled based on gross annual revenue sizes. This table also includes the 2013 D&B data relative to the percentage of farms reporting gross annual revenues. As shown in Table 10, the bank's percentage of small farm loans originated within the assessment area to farms that reported gross annual revenues of \$1 million or less of 97 percent is comparable to small farms in the assessment area based on 2013 D&B data (100 percent).

<b>Table # 10 - Distribution of Small Farm Loans by Gross Annual Revenues</b>					
<b>Gross Annual Revenues</b>	<b>All AA Farms</b>	<b>Distribution of Small Farm Loans Reviewed</b>			
	<b>% of #</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
≤\$1,000,000	100%	28	97%	\$950	91%
>\$1,000,000	*%	1	3%	\$95	9%
<b>Sub-Total</b>	<b>100%</b>	<b>29</b>	<b>100%</b>	<b>\$1,045</b>	<b>100%</b>
Revenues Not Reported	*%	0	0%	\$0	0%
<b>Total</b>	<b>100%</b>	<b>29</b>	<b>100%</b>	<b>\$1,045</b>	<b>100%</b>

Source: 2013 D&B data & bank data.

**Criterion 5: Responses to CRA-Related Complaints**

Southern Missouri Bank of Marshfield has not received any CRA-related complaints since the prior Performance Evaluation dated June 15, 2009.

**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.