



## **PUBLIC DISCLOSURE**

January 29, 2018

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

Bank of Brookfield-Purdin, National Association  
Charter Number 16976

939 Park Circle Drive  
Brookfield, Missouri 64628

Office of the Comptroller of the Currency

7101 College Boulevard, Suite 1600  
Overland Park, KS 66210

**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, and should not 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.

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>3</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>4</b>
<b>DESCRIPTION OF INSTITUTION.....</b>	<b>8</b>
<b>SCOPE OF THE EVALUATION .....</b>	<b>8</b>
<b>DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....</b>	<b>10</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....</b>	<b>11</b>
<b>LENDING TEST .....</b>	<b>11</b>
<b>APPENDIX A: SCOPE OF EXAMINATION.....</b>	<b>1</b>
<b>APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>1</b>

**Overall Bank of Brookfield-Purdin, National Association's (BBP) CRA rating is satisfactory.**

**The Lending Test is rated satisfactory based on the following:**

- The average loan-to-deposit ratio since the previous examination is reasonable.
- A substantial majority of loans originated during this evaluation period were within BBP assessment area (AA).
- Borrower distribution reflects excellent penetration among farms of different sizes within the AA.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC)

annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## **Description of Institution**

BBP is a \$92 million institution headquartered in Brookfield, MO. BBP operates in north-central Missouri and has not opened or closed any branches since the last CRA examination.

BBP is the sole subsidiary of Capital Bancshares, Inc., also headquartered in Brookfield, MO. As of June 30, 2017, Capital Bancshares, Inc. holds approximately \$10.5 million in assets. The holding company does not adversely affect BBP's ability or capacity to meet the needs of the communities in which it operates.

BBP is a full-service financial institution and offers a variety of loan and deposit products. As of December 31, 2017, BBP has \$25.6 million in total loans representing approximately 28 percent of total assets. Real estate loans, consisting primarily of 1-4 family (23.55 percent) and farmland (34.73 percent) loans represent 61.89 percent of the total loan portfolio. Other principal loan classes for BBP include agriculture loans (30.02 percent), commercial non-real estate loans (3.35 percent), and loans to individuals (4.65 percent). BBP's tier 1 capital totals \$10.5 million.

BBP has one non-metropolitan statistical AA that consists of five CTs located in parts of Linn and Sullivan counties in Missouri. The AA includes four middle-income CTs in Linn County and one moderate-income CT in Sullivan County. The AA meets the requirements of the regulation, as the CTs are contiguous and include geographies where the bank's branches and ATMs are located and a substantial majority of the bank's loans are originated. BBP operates three branches and all three non-deposit taking ATMs in Linn County and one branch in Sullivan County. There are no low- or upper-income tracts in the AA. One branch is located in a moderate-income tract and three branches are located in middle-income tracts that are designated by the Agencies as distressed.

BBP ranks fourth out of ten financial institutions for deposit market share in its AA at 13.96 percent based on the FDIC Market share data as of June 30, 2016. The top three closest competitors include Regional Missouri Bank, First Missouri Bank, and UMB Bank that have market shares between 14.34 percent and 15.56 percent.

No legal, financial, or other matters impede BBP's ability to meet the credit needs of its AA. The Office of the Comptroller of the Currency (OCC) last evaluated BBP's CRA performance on June 27, 2011. BBP received an overall rating of "Outstanding" under the Small Bank Performance Standards.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We evaluated BBP's CRA performance under the small bank procedures. By number (43.19 percent) and dollar volume (75.52 percent), agriculture loans are the bank's primary loan product. Our sample included 31 agriculture loans originated or purchased between January 1, 2015 and December 31, 2016 and were evaluated in comparison to 2010 census demographic data.

## **Data Integrity**

This evaluation was based on accurate data. BBP is not required to collect and maintain data on small farm loans. Therefore, we utilized random sampling to obtain data on these loans, including income and geographic data.

## **Selection of Areas for Full-Scope Review**

BBP has one assessment area, which received a full-scope review. Refer to Appendix A for more information.

## **Ratings**

The bank's overall rating is based primarily on those areas that received full-scope reviews.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

The bank's performance under the lending test is rated satisfactory.

While the geographic dispersion of loans in BBP's one moderate CT is poor, lending to borrowers of different incomes and businesses of different sizes is excellent. We gave more weight to the borrower distribution of loans since the AA only consists of one moderate-income CT. The loan-to-deposit (LTD) ratio is reasonable and management originated the substantial majority of loans within its AA.

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

BBP's quarterly average LTD ratio is reasonable at 36.13 percent as external factors negatively affect the bank's ability to lend. We calculated BBP's quarterly average LTD ratio on a bank-wide basis using information from the Call Reports submitted between June 30, 2011 and September 30, 2017. The quarterly average LTD ratio for similarly situated financial institutions for the same period is 68.01 percent. The highest peer ratio is 88.52 percent, and the lowest is 49.35 percent. By asset size, BBP ranked third out of five similarly situated financial institutions. These financial institutions ranged from \$88.3 million to \$97.2 million in asset size, with an average asset size of \$91.8 million.

BBP competes with 10 other banks located within its AA as well as banks outside of its AA. Many of BBP's competitors have larger deposit bases and market shares and can offer lower rates, which negatively affects the bank's ability to compete. In addition, three of its competitors have a regional market footprint and a fourth has a national footprint. BBP has an aging customer base and is experiencing lower loan demand. Net loans increased only 0.62 percent while deposits declined 0.86 percent for the review period from January 1, 2015 through December 31, 2016. Net loans and deposits decreased 2.68 percent and 1.05 percent in 2017, respectively.

#### **Lending in Assessment Area**

BBP made a substantial majority of its loans by number and by dollar inside its AA at 87.10 percent and 88.03 percent, respectively. The OCC's analysis is based on agriculture loans originated and purchased and does not include any affiliate data.

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

##### *Small Loans to Farms*

The overall distribution of small loans to farms of different sizes reflects excellent penetration. BBP's percentage of loans to farms with revenues of \$1 million or less exceeds demographics by both number and dollar. Refer to Table 2A for additional information.

<b>Table 2A - Borrower Distribution of Loans to Farms in the Brookfield AA.</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	99.48%	0.00%	.52%	100.00%
% of Bank Loans in AA by #	100.00%	0.00%	0.00%	100.00%
% of Bank Loans in AA by \$	100.00%	0.00%	0.00%	100.00%

Source: Loan sample; Dun and Bradstreet data.

## Geographic Distribution of Loans

### Small Loans to Farms

The geographic distribution of small loans to farms in BBP's AA reflects poor dispersion. While the OCC's analysis reflects lending in all of the CTs in the AA, strong competition in the AA and the bank's Sullivan County branch location at the southern edge of the moderate-income CT has limited the bank's opportunities to lend in this tract. The percentage of loans to farms in the moderate-income geography is significantly lower than the percentage of farms located in this geography. Refer to Table 3A for additional information.

<b>Table 3A - Geographic Distribution of Loans to Farms in the Brookfield AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans						
% of Total	0.00%	0.00%	21.47%	11.11%	78.53%	88.89%	0.00%	0.00%

Source: Loan sample; Dun and Bradstreet data.

## Responses to Complaints

BBP has not received any complaints during the evaluation period relating to its CRA performance.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received a comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): 1/01/2015-12/31/2016	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Bank of Brookfield-Purdin, National Association (BBP) Brookfield, MO	Agriculture Loans(by dollar and by number)	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	None	None
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Brookfield, MO non-MSA AA	Full-Scope	Linn County (four CTs) and Sullivan County (one CT)

## Appendix B: Community Profiles for Full-Scope Areas

### Brookfield Assessment Area

Demographic Information for Full-Scope Area: (Name of Multistate Metropolitan Area)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	5	0	20	80	0	0
Population by Geography	12,174	0	17.45	82.55	0	0
Owner-Occupied Housing by Geography	6,387	0	18.80	81.20	0	0
Businesses by Geography	744	0	122	622	0	0
Farms by Geography	191	0	41	150	0	0
Family Distribution by Income Level	3,187	0	20.02	79.98	0	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,174	0	28.11	71.89	0	0
Median Family Income.....\$44,393 HUD Adjusted Median Family Income for 2016.....\$48,200 Households Below the Poverty Level.....16.11%						Median Housing Value \$66,548 Unemployment Rate 4.37%

(\* ) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census, and 2016 HUD updated MFI.

BBP's AA consists of five CTs and includes four middle-income CTs in Linn County, Missouri (4901, 4902, 4903, and 4904) and one moderate-income CT in Sullivan County, Missouri (4801). The four middle-income CTs in Linn County are designated as distressed due to poverty.

BBP operates four branches in its AA. The bank's main office and two additional branches are located in Linn County and one branch is located in Sullivan County. The AA is not located in an MSA. Demographic data shows the 2016 FFIEC updated MFI is \$48,200. The demographic data indicates that 16.11 percent of households in the AA report income below the poverty level.

Primary industries within the AA are healthcare, education, agriculture, and manufacturing. Major employers include the Brookfield R-III school district, Walmart, Walsworth Publishing, Stanbury Uniforms, Brookfield Fabricating, and Pershing Health System. The November 2017 unemployment rate in the AA was 5.5 percent, compared to the state of Missouri unemployment rate of 3.4 percent and the national unemployment rate of 4.1 percent.

Based on loan originations during the evaluation period, the primary products for the AA are agricultural loans. Competition within the AA is varied and strong. BBP ranks fourth out of 10 institutions in deposit market share at 13.96 percent. The primary competitors in the AA are community banks including Preferred Bank, First Missouri Bank, Regional Missouri Bank, and Citizens Bank and Trust Company.

During the examination, we considered two community contacts within the AA. The contacts were with non-profit organizations that focus on economic and business development. The contacts indicated the primary needs in the AA include loans for agriculture, businesses, and housing. Both contacts stated that all the local banks are active in the community.