



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**June 27, 2011**

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

Bank of Brookfield-Purdin, National Association  
Charter Number 16976

939 Park Circle Drive  
Brookfield, MO 64628

Office of the Comptroller of the Currency

Kansas City East Field Office  
7101 College Blvd, Suite 1600  
Overland Park, Kansas 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, 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.

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

Lending performance for the Bank of Brookfield-Purdin (BBP) is outstanding. Major factors that support this rating are:

- Lending activities reflect excellent penetration among individuals of different income levels and farms of different sizes.
- The loan-to-deposit (LTD) ratio reflects reasonable responsiveness to the credit needs of the community.
- A substantial majority of the bank's lending is within its assessment area (AA).
- The level of qualified investments in the AA is excellent and had a positive impact on the bank's CRA rating.

## **SCOPE OF EXAMINATION**

We evaluated BBP under the small bank examination procedures. By number, the bank's primary loan product is agricultural loans. By dollar volume, agriculture and refinanced 1-4 family residential real estate (RRE) home loans are the primary loan products. Our sample included 28 home refinance loans and 30 agriculture loans originated or purchased between January 1, 2008 and March 31, 2011 (review period). All financial information and ratios referenced herein are as March 31, 2011 or the review period, unless otherwise stated.

## **DESCRIPTION OF INSTITUTION**

BBP is a \$78 million institution headquartered in Brookfield, Missouri with three additional full service facilities in Purdin, Meadville, and Winigan, Missouri. ATMs are located at the Brookfield, Purdin, and Meadville locations. BBP is 100 percent owned by Capital Bancshares, Inc., a one-bank holding company. The bank offers a variety of loan and deposit products. As of March 31, 2011, the loan portfolio consists of the following by dollar volume: 1-4 family RRE (30 percent), agriculture/farmland (49 percent), commercial/commercial real estate (15 percent), and consumer (6 percent).

BBP received an "Outstanding" CRA rating at the last examination dated January 9, 2006. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

BBP has one AA that consists of five census tracts located in parts of Linn and Sullivan counties in Missouri. The AA meets the requirements of the regulation, as the census tracts are contiguous and include geographies where the bank's branches, ATMs and a substantial majority of loans are located. All census tracts within the bank's AA are middle-income tracts. The bank does not arbitrarily exclude any low-or moderate-income areas.

Competition is strong and includes local banks and institutions that serve larger regional and national markets. The 2010 HUD non-metropolitan statistical area median family income is \$45,700. Unemployment in the area is historically high given the seasonal nature of local jobs. As of April 2011, the unemployment rate in Linn and Sullivan counties is 9.7 percent and 6.2 percent, respectively. This compares to an unemployment rate of 8.9 percent in Missouri.

We made one community contact during this examination with a local government organization. This contact mentioned the following business opportunities for financial institutions: assisting with business expansion efforts, providing home loans, and providing grants to support local organizations.

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

### **Loan-to-Deposit Ratio (LTD)**

BBP's LTD ratio reflects reasonable responsiveness to the credit needs of its AA given the effect of external factors on the bank's lending performance. BBP's quarterly average net LTD ratio since its last CRA examination is 44.90 percent. BBP's LTD ratio is considerably below the average of 70 percent for three similarly situated banks within the AA, which range from 52 to 94 percent.

There are mitigating factors that explain the BBP's low LTD ratio. Significant competition in prior years, primarily from secondary-market residential lenders and Farm Credit Services, reduced the bank's loan portfolio. Management performed an analysis of the BBP's LTD performance for the previous five years. This analysis reflects competition and economic factors contributed significantly to the decline of the bank's LTD ratio. Higher commodity prices increased revenues for local farmers and resulted in a reduction in loan demand. During our review period, BBP lost a key employee from the Meadville branch that had strong ties in that market. This resulted in additional decreased market share for the bank. Since the last CRA examination, total loans decreased 3.94 percent while total deposits increased 7.59 percent. During this time frame, consumer loan denial rates steadily declined.

### **Lending in Assessment Area**

A substantial majority of all loans originated are located within the AA. For agriculture and residential real-estate loan categories sampled, the bank originated 90 percent by number and 91 percent by dollar amount within the AA.

<b>Table 1 - Lending in Linn and Sullivan Counties</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
RRE – Home Refinance	26	92.86%	2	7.14%	28	\$1,647M	95.81%	\$72M	4.19%	\$1,719M
Farm Loans	26	86.67%	4	13.33%	30	\$673M	80.69%	\$161M	19.31%	\$834M
Totals	52	89.66%	6	10.34%	58	\$2,320M	90.87%	\$233M	9.13%	\$2,553M

Source: Loan sample.

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

The distribution of loans, given the demographics of the AA, reflects excellent penetration among individuals of different income levels and farms of different sizes. Based on loan originations from January 2008 through March 2011, primary loan products are agriculture and home refinanced loans. Our analysis is based on a sample of 26 home refinanced loans and 21 agriculture loans.

The distribution of home refinance loans is excellent. Lending to low-income individuals is excellent considering that 12 percent of families in the AA are below the poverty line. Loans to moderate-income individuals exceed demographics.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in Linn and Sullivan Counties</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
RRE – Home Refinance	21.70%	15.38%	18.70%	19.23%	23.36%	11.54%	36.25%	42.31%

Source: Loan sample. The bank did not collect income information on 11.54 percent of loans sampled.

The distribution of loans to small farms is excellent. Bank loans with revenues of less than or equal to \$1 million meets demographics with 100 percent all loans made to businesses with revenues less than \$1 million.

**Geographic Distribution of Loans**

An analysis of the geographic distribution of loans is not applicable. There are no low- or moderate-income census tracts in the AA.

### **Responses to Complaints**

This criterion is not applicable. Neither the bank nor the OCC has received written complaints about performance in helping to meet the credit needs of its AA.

### **Qualified Investments and CD Services**

BBP provided a high level of qualified investments, which enhanced credit availability in the AA. BBP's AA is designated as a distressed and underserved non-metropolitan, middle-income geography. During our review period, BBP invested in four local school bond issuances totaling \$483 thousand. In addition, one local school bond remains outstanding from the prior review period totaling \$75 thousand. These bond issuances benefit the AA and provide for the construction, expansion, improvement, maintenance, and operation of essential infrastructure for educational facilities.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.