# PUBLIC DISCLOSURE

**July 15, 2019**

# COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Central Bank of Branson**
**RSSD #576541**

**400 South Business 65**
**Branson, Missouri 65616**

**Federal Reserve Bank of St. Louis**

**P.O. Box 442**
**St. Louis, Missouri 63166-0442**

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

**The Lending Test is rated: Satisfactory**
**The Community Development Test is rated: Satisfactory**

Central Bank of Branson meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending and community development activities. The factors supporting the institution's rating are as follows:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the assessment area.
- The borrower's profile analysis reveals reasonable penetration among businesses of different revenue sizes and individuals of different income levels, including low- and moderate-income (LMI) levels.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.
- The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of its assessment areas, considering the bank's capacity and the need and availability of such opportunities for community development in its assessment areas. The bank has responded to these needs through community development loans, qualified investments, and community development services.

## SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) Intermediate Small Institution Examination Procedures. The intermediate small bank examination procedures entail two performance tests: the Lending Test and the Community Development Test. Residential real estate (RRE), small business, and consumer motor vehicle loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy.[1] Therefore, the loan activity represented by these credit products is indicative of the bank's overall lending performance. However, as the bank has a particular

[1] 1–4 family RRE, small business, and consumer motor vehicle loan types were sampled for this review according to CA Letter 01-8, "CRA Sampling Procedures."

emphasis on home mortgage lending and small business lending, performance based on the 1–4 family RRE and small business loan categories carried the most significance toward the bank's overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

| Performance Criterion | Time Period |
|---|---|
| LTD Ratio | June 30, 2015 – June 30, 2019 |
| Assessment Area Concentration | January 1, 2017 – December 31, 2017 |
| Geographic Distribution of Loans | January 1, 2017 – December 31, 2017 |
| Loan Distribution by Borrower's Profile | January 1, 2017 – December 31, 2017 |
| Response to Written CRA Complaints | April 13, 2015 – July 14, 2019 |
| Community Development Activities | April 13, 2015 – July 14, 2019 |

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 U.S. Census data; certain business demographics are based on 2017 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $231.3 million to $490.8 million as of June 30, 2019.

As part of the Community Development Test, the bank's performance was evaluated using the following criteria, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

- The number and dollar amount of community development loans.
- The number and dollar amount of qualified investments and grants.
- The extent to which the bank provides community development services.

The review included community development activities initiated from the date of the bank's previous CRA evaluation to this review date. In addition, investments made prior to the date of the previous CRA evaluation, but still outstanding as of this review date, were also considered.

To augment this evaluation, two community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment areas. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from these community contact interviews are included in the *Description of Assessment Area* section.

## DESCRIPTION OF INSTITUTION

Central Bank of Branson is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is one of 13 affiliate banks wholly owned by Central Bancompany, Inc., a bank holding company headquartered in Jefferson City, Missouri. The bank's branch network consists of five branches (including the main office), three of which are full service and two which are limited service. All five branches include a full-service, deposit-accepting automated teller machine (ATM), and two additional stand-alone, cash-only ATMs are located at two Casey's General Stores within the assessment area. The main office and two branches are located in middle-income census tracts that were designated as distressed in 2017 due to unemployment. One branch is located in a moderate-income census tract and the final branch is located in a middle-income, nondistressed tract. The bank did not open or close any branch offices or ATMs during the review period. Based on this branch network and other service delivery systems, such as online banking capabilities, the bank is well positioned to deliver financial services to its entire assessment area.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of June 30, 2019, the bank reported total assets of $344.4 million. As of the same date, loans and leases outstanding were $236.9 million (68.8 percent of total assets), and deposits totaled $283.9 million. The bank's loan portfolio composition by credit category is displayed in the following table.

| Distribution of Total Loans as of June 30, 2019 | | |
|---|---|---|
| **Credit Category** | **Amount ($000s)** | **Percentage of Total Loans** |
| Construction and Development | $18,895 | 8.0% |
| Commercial Real Estate | $87,038 | 36.7% |
| Multifamily Residential | $14,467 | 6.1% |
| 1–4 Family Residential | $60,070 | 25.3% |
| Farmland | $250 | 0.1% |
| Farm Loans | $27 | 0.0% |
| Commercial and Industrial | $31,463 | 13.3% |
| Loans to Individuals | $22,119 | 9.3% |
| Total Other Loans | $2,759 | 1.2% |
| Less: Unearned Income | ($232) | -0.1% |
| **TOTAL** | **$236,856** | **100.0%** |

As indicated by the table above, a significant portion of the bank's lending resources is directed to commercial real estate loans and loans secured by 1–4 family residential properties. The bank originates and subsequently sells loans related to RRE. As these loans are sold on the secondary market shortly after origination, this activity would not be captured in the table. Similarly, loans to individuals (such as consumer motor vehicle loans), by number of loans originated, represent a significant product offering for the bank. Consumer loans not related to RRE are typically made in smaller dollar amounts relative to other credit products, which is not reflected in the previous table.

The bank received a Satisfactory rating at its previous CRA evaluation conducted on April 13, 2015, by this Reserve Bank.

## DESCRIPTION OF ASSESSMENT AREA

### General Demographics

The bank's assessment area, which has a population of 64,683, is located in the southwestern portion of nonmetropolitan statistical area (nonMSA) Missouri, and is comprised of portions of Stone (three census tracts) and Taney (nine census tracts) Counties. The bank's assessment area is centered around the city of Branson, a major tourist destination that supports a wide variety of tourism and service-related businesses, although largely on a seasonal basis. The assessment area is bordered by Table Rock Lake and Mark Twain National Forest to the west, with areas outside of the city of Branson being largely rural.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2018, there are 15 FDIC-insured depository institutions in the assessment area that operate 39 offices. Central Bank of Branson is the deposit market share leader in its assessment area, operating five, or 12.8 percent, offices in the assessment area and maintaining 21.3 percent of the total assessment area deposit dollars.

### Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

| Assessment Area Demographics by Geography Income Level | | | | | | |
|---|---|---|---|---|---|---|
| **Dataset** | **Low-** | **Moderate-** | **Middle-** | **Upper-** | **Unknown** | **TOTAL** |
| Census Tracts | 0 | 1 | 10 | 1 | 0 | **12** |
| | 0.0% | 8.3% | 83.3% | 8.3% | 0.0% | **100%** |
| Family Population | 0 | 1,922 | 14,304 | 1,055 | 0 | **17,281** |
| | 0.0% | 11.1% | 82.8% | 6.1% | 0.0% | **100%** |

As shown above, one census tract in the assessment area is an LMI geography (8.3 percent), with 11.1 percent of the family population residing in this tract. This LMI area is primarily concentrated in and around the communities of Point Lookout and Hollister. While the overwhelming majority of families in the assessment area reside in middle-income geographies, eight of the ten middle-income census tracts are distressed due to unemployment.

Based on 2015 U.S. Census data, the median family income for the assessment area was $47,675. According to the same data, the median family income for all of nonMSA Missouri was $48,553. More recently, the FFIEC estimates the 2017 median family income for nonMSA Missouri to be $50,800. The following table displays the distribution of families by income level in the assessment area compared to nonMSA Missouri as a whole.

| Dataset | Low- | Moderate- | Middle- | Upper- | TOTAL |
|---|---|---|---|---|---|
| Assessment Area | 3,329 | 3,334 | 4,033 | 6,585 | **17,281** |
| | 19.3% | 19.3% | 23.3% | 38.1% | **100%** |
| NonMSA Missouri | 81,501 | 72,180 | 84,266 | 159,541 | **397,488** |
| | 20.5% | 18.2% | 21.2% | 40.1% | **100%** |

As shown in the preceding table, 38.6 percent of families within the assessment area are considered LMI, which is in line with the LMI family percentage of 38.7 percent in nonMSA Missouri as a whole. The percentage of families living below the poverty threshold in the assessment area, 12.7 percent, falls below the 14.2 percent level in nonMSA Missouri. Considering these factors, the assessment area appears to be slightly more affluent than nonMSA Missouri as a whole.

## Housing Demographics

The following table displays housing demographics, including the affordability ratio, which measures the extent to which a family earning the median family income can afford a median-priced home in the assessment area, compared to nonMSA Missouri as a whole.

| Housing Demographics | | | |
|---|---|---|---|
| **Dataset** | **Median Housing Value** | **Affordability Ratio** | **Median Gross Rent (Monthly)** |
| Assessment Area | $137,292 | 28.1% | $695 |
| NonMSA Missouri | $100,700 | 38.0% | $612 |

While income levels in the assessment area align with that of nonMSA Missouri, housing in the assessment area is significantly less affordable, as reflected by a higher median home value and lower affordability ratio. Median housing values varied by county in the assessment area, ranging from a median value of $121,700 in Taney County to a median value of $153,100 in

Stone County. Overall, housing is least affordable in Stone County, where the majority of Table Rock Lake is located, evidenced by an affordability ratio of 26.5 percent.

Rental costs are similarly higher in the assessment area, as the percentage of renters with rental costs greater than 30 percent of monthly income is greater in the assessment area (43.5 percent) than in nonMSA Missouri (40.6 percent). Rental units appear to be only slightly more prominent in the assessment area than in nonMSA Missouri. Of all housing units in the assessment area, 24.6 percent are rental units, compared to 23.8 percent of rental units found in nonMSA Missouri. Based on housing data and community contact interviews, homeownership may not be within reach of much of the LMI population in the assessment area.

## Industry and Employment Demographics

The assessment area supports a strong small business sector driven primarily by the tourism and service-related industries. County business patterns indicate that there are 29,203 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area reflect the importance of tourism to the area and are accommodation and food services (27.0 percent), followed by retail trade (20.3 percent), and arts, entertainment, and recreation (10.3 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to nonMSA Missouri as a whole.

| Unemployment Levels for the Assessment Area | | |
|---|---|---|
| **Time Period (Annual Average)** | **Assessment Area** | **NonMSA Missouri** |
| 2015 | 8.0% | 5.9% |
| 2016 | 7.3% | 5.5% |
| 2017 | 5.8% | 4.4% |
| 2018 | 5.0% | 3.7% |

As shown in the table above, unemployment levels in the assessment area, as well as nonMSA Missouri, have shown a decreasing trend from 2015 through 2018. Unemployment levels in the assessment area are consistently higher than nonMSA Missouri levels, which is likely a result of the high level of seasonal employment in the area due to the prevalence of the tourism industry.

## Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. One interview was conducted with an individual providing community services and the other with a representative of a community and economic development organization. Contacts noted that younger, working-age individuals are leaving the area in higher numbers for education purposes and higher-paying job opportunities. Both contacts characterized the economy as good primarily due to the seasonal tourism industry, although the high number of individuals working low-paying jobs associated with the tourism industry in the area has contributed to the high poverty rate and increased the need for affordable housing. Both contacts stated that the current affordable housing stock is aging and there is a need for investments to refurbish and build more affordable housing. However, one contact stated that, even with tax incentives from the state, it is difficult to attract affordable housing developers to the area due to the high cost of land and the difficulty of laying sewer and water lines due to the land being primarily rock. This contact further stated that an opportunity for involvement by local banks includes providing financing in conjunction with Missouri state tax credits to build new affordable rental housing.

While both contacts commented on the ample and well-dispersed banking opportunities in the area, one contact stated that many lower-income individuals do not use area banks due to deposit and credit account fees. This contact recognized a need for loan and deposit products with low or no fees for LMI individuals. This contact also stated that many LMI individuals have trouble qualifying for needed home purchase and repair loans due to poor credit history and lack of a down payment. Thus, there is a need for down payment assistance products and financial literacy programs from local banks. The other contact stated that, while many banks participate with the Small Business Administration (SBA), many small business applicants face barriers in gaining access to SBA funding, because they do not meet the requirements of its program. Specifically, many small business applicants lack capital or equity to support the loan, lack appropriate business experience, or cannot find adequate business space. This contact stated that small business applicants also have difficulty finding employees with the skill sets to work for their business due to an overall labor shortage in the area and a lack of workforce development programs. In addition, one contact stated a need for Spanish translation services at banks due to the increased number of Spanish-speaking residents entering the region for work. Overall, Central Bank of Branson was mentioned by both contacts as being an active participant in meeting the banking needs of the area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

## LENDING TEST

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

One indication of the bank's overall level of lending activity is its LTD ratio. The chart below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 17-quarter average, dating back to the bank's last CRA evaluation.

| LTD Ratio Analysis | | | |
|---|---|---|---|
| **Name** | **Headquarters** | **Asset Size ($000s) as of June 30, 2019** | **Average LTD Ratio** |
| Central Bank of Branson | Branson, Missouri | $344,370 | 83.3% |
| Regional Banks | Branson, Missouri | $231,301 | 94.8% |
| | Ozark, Missouri | $238,102 | 74.2% |
| | Greenville, Missouri | $490,804 | 85.3% |

Based on data from the previous table, the bank's level of lending is in line with that of other banks in the region. During the review period, the bank's LTD ratio experienced a generally stable trend, ranging from a low of 74.8 percent to a high of 90.9 percent. In comparison, all three peer banks experienced similarly stable LTD ratios throughout the review period. As previously mentioned, the bank is the market leader in deposit market share in the assessment area, accounting for 21.3 percent of all assessment area deposit dollars. Considering these factors, along with the bank's size, financial condition, and assessment area credit needs, the bank's average LTD ratio is reasonable.

## Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment area.

| Lending Inside and Outside of Assessment Area<br>January 1, 2017 through December 31, 2017 | | | | | | |
|---|---|---|---|---|---|---|
| **Loan Type[2]** | **Inside Assessment Area** | | **Outside Assessment Area** | | **TOTAL** | |
| 1–4 Family RRE | 58 | 78.4% | 16 | 21.6% | **74** | **100%** |
| | 7,425 | 76.3% | 2,303 | 23.7% | **$9,728** | **100%** |
| Small Business | 86 | 83.5% | 17 | 16.5% | **103** | **100%** |
| | 12,811 | 84.0% | 2,442 | 16.0% | **$15,253** | **100%** |
| Consumer | 111 | 76.6% | 34 | 23.4% | **145** | **100%** |
| | 1,467 | 78.1% | 412 | 21.9% | **$1,879** | **100%** |
| **TOTAL LOANS** | **255** | **79.2%** | **67** | **20.8%** | **322** | **100%** |
| | **21,703** | **80.8%** | **5,157** | **19.2%** | **$26,860** | **100%** |

A majority of loans and other lending-related activities were made in the bank's assessment area. As shown in the preceding table, 79.2 percent of the total loans were made inside the assessment area, accounting for 80.8 percent of the dollar volume of total loans.

## Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from all three loan categories reviewed. In determining overall conclusions, performance in the 1–4 family RRE and small business loan categories received equal weight, while consumer motor vehicle lending received less weight.

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($50,800 for nonMSA Missouri as of 2017). The following table shows the distribution of 1–4 family RRE loans by borrower income level compared to the distribution of assessment area families by income level, along with 2017 aggregate data for the assessment area.

[2] 1–4 family RRE, small business, and consumer loan types were sampled for this review according to CA Letter 01-8, "CRA Sampling Procedures."

| Distribution of Loans Inside Assessment Area by Borrower Income<br>January 1, 2017 through December 31, 2017 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Borrower Income Level | | | | | | | | | | TOTAL | |
| | Low- | | Moderate- | | Middle- | | Upper- | | Unknown | | | |
| 1–4 Family RRE | 3 | 5.2% | 16 | 27.6% | 10 | 17.2% | 28 | 48.3% | 1 | 1.7% | **58** | **100%** |
| Family Population | 19.3% | | 19.3% | | 23.3% | | 38.1% | | 0.0% | | **100%** | |
| 2017 HMDA Aggregate | 4.1% | | 13.7% | | 19.3% | | 41.3% | | 21.5% | | **100%** | |

The bank's lending performance to low-income borrowers (5.2 percent) is below the low-income family population figure (19.3 percent) but is considered reasonable when compared to aggregate lending performance (4.1 percent) and in light of assessment area housing demographics. As described by community contacts, homeownership is out of reach for many LMI residents in the assessment area, due in part to relatively high housing costs and the lack of affordable housing. Given these economic and demographic factors, mortgage lending to low-income borrowers is likely a challenge for financial institutions.

When measuring lending performance to moderate-income borrowers, the bank's level of lending (27.6 percent) is well above both the percentage of assessment area families that are moderate-income (19.3 percent) and the aggregate lending performance (13.7 percent). This reflects excellent performance in lending to moderate-income borrowers.

Combined, the bank's distribution of 1–4 family RRE lending to LMI borrowers (32.8 percent) is comparable to the LMI family population figure (38.6 percent) and well above the combined aggregate lending performance (17.8 percent), reflecting excellent overall performance.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2017 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

| Distribution of Loans Inside Assessment Area by Business Revenue<br>January 1, 2017 through December 31, 2017 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Gross Revenue** | **Loan Amounts in $000s** | | | | | | **TOTAL** | |
| | **≤$100** | | **>$100 and ≤$250** | | **>$250 and ≤$1,000** | | | |
| $1 Million or Less | 25 | 29.1% | 5 | 5.8% | 5 | 5.8% | **35** | **40.7%** |
| Greater than $1 Million/Unknown | 32 | 37.2% | 9 | 10.5% | 10 | 11.6% | **51** | **59.3%** |
| **TOTAL** | **57** | **66.3%** | **14** | **16.3%** | **15** | **17.4%** | **86** | **100%** |
| Dun & Bradstreet Businesses ≤ $1MM | | | | | | | **91.1%** | |
| 2017 CRA Aggregate Data | | | | | | | **52.6%** | |

The bank's lending performance to small businesses is considered poor. Of the bank's total small business loans, 40.7 percent were made to businesses with annual revenues of $1 million or less, which is below the aggregate lending level (52.6 percent) and well below the demographic estimate of businesses in the assessment area with annual revenues of $1 million or less (91.1 percent).

Lastly, consumer motor vehicle lending was analyzed by borrower income level compared to the distribution of households by income level, as shown in the following table.

| Distribution of Loans Inside Assessment Area by Income Level of Borrower<br>January 1, 2017 through December 31, 2017 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Borrower Income Level** | | | | | | | | | | **TOTAL** | |
| | **Low-** | | **Moderate-** | | **Middle-** | | **Upper-** | | **Unknown** | | | |
| Consumer Motor Vehicle Loans | 12 | 10.8% | 21 | 18.9% | 22 | 19.8% | 53 | 47.7% | 3 | 2.7% | **111** | **100%** |
| Household Population | 21.8% | | 17.7% | | 20.0% | | 40.4% | | 0.0% | | **100%** | |

As displayed in the above table, the bank's percentage of consumer motor vehicle loans made to low-income borrowers (10.8 percent) is well below the low-income household population level (21.8 percent). Therefore, the bank's consumer motor vehicle lending to low-income borrowers is considered poor.

Lending to moderate-income borrowers is considered reasonable, as the bank's percentage of consumer motor vehicle loans made to moderate-income borrowers (18.9 percent) is in line with the moderate-income household population level (17.7 percent). Combined, the bank's distribution of consumer motor vehicle loans to LMI borrowers (29.7 percent) is below the LMI household population (39.5 percent); however, of the total households in the assessment area, 17.0 percent fall below the poverty line and are unlikely to qualify for credit. In addition, a community contact pointed to loan product fees discouraging many LMI residents from using traditional lending methods. Taking into consideration the above context, these numbers reflect reasonable overall distribution of consumer motor vehicle loans by borrower's profile.

## Geographic Distribution of Loans

As noted previously, the assessment area includes one moderate-income, ten middle-income, and one upper-income census tracts. Consequently, the bank's geographic distribution for each loan product is based entirely on performance in the sole moderate-income census tract and is, therefore, given less weight in determining the bank's overall CRA rating. The bank's geographic distribution of loans in this assessment area reflects reasonable penetration throughout the moderate-income census tract, based on all three loan categories reviewed. As previously stated, performance in the 1–4 family RRE and small business loan categories carried the same significance in the overall geographic distribution rating, followed by consumer motor vehicle lending.

The following table displays the geographic distribution of 2017 1–4 family RRE loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

**Distribution of Loans Inside Assessment Area by Geography Income Level**

**January 1, 2017 through December 31, 2017**

| | **Geography Income Level** | | | | | | | | | | **TOTAL** | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Low-** | | **Moderate-** | | **Middle-** | | **Upper-** | | **Unknown** | | | |
| 1–4 Family RRE | 0 | 0.0% | 9 | 15.5% | 45 | 77.6% | 4 | 6.9% | 0 | 0.0% | **58** | **100%** |
| Owner-Occupied Housing | 0.0% | | 9.7% | | 82.3% | | 8.0% | | 0.0% | | **100%** | |
| 2017 1–4 Family RRE Aggregate | 0.0% | | 8.5% | | 82.1% | | 9.5% | | 0.0% | | **100%** | |

The bank's lending in the moderate-income census tract by number of loans (15.5 percent) is well above both the assessment area owner-occupied housing units located in the moderate-income census tract (9.7 percent) and the other lenders in the assessment area, based on 2017 aggregate data (8.5 percent). The ability to originate home loans in the moderate-income census tract could be hindered by only 42.6 percent of homes being owner occupied in Taney County, in which the moderate-income census tract is located. Nonetheless, the bank's performance exceeded aggregate and demographic comparisons. In light of this context, and in comparison to aggregate and demographic performance, the bank's level of lending is considered excellent.

The bank's geographic distribution of small business loans was also reviewed. The following table compares the bank's 2017 small business loan activity by census tract income level to the location of businesses throughout the bank's assessment area and 2017 small business aggregate data.

| Distribution of Loans Inside Assessment Area by Geography Income Level<br>January 1, 2017 through December 31, 2017 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Geography Income Level** | | | | | | | | | | **TOTAL** | |
| | **Low-** | | **Moderate-** | | **Middle-** | | **Upper-** | | **Unknown** | | | |
| Small Business Loans | 0 | 0.0% | 3 | 3.5% | 50 | 58.1% | 33 | 38.4% | 0 | 0.0% | **86** | **100%** |
| Business Institutions | 0.0% | | 7.0% | | 86.2% | | 6.8% | | 0.0% | | **100%** | |
| 2017 Small Business Aggregate | 0.0% | | 7.9% | | 83.3% | | 8.8% | | 0.0% | | **100%** | |

Based on data in the preceding table, the bank's small business lending in the moderate-income census tract (3.5 percent) is in line with comparison data, which shows that 7.9 percent of aggregate small business loans were made in the moderate-income census tract, while an estimated 7.0 percent of assessment area businesses are located in this tract. Based on the bank's performance, the bank's geographic distribution of small business loans is reasonable.

The bank's geographic distribution of consumer motor vehicle loans was also reviewed and compared to the distribution of households by geography income level, as shown in the following table.

| Distribution of Loans Inside Assessment Area by Geography Income Level<br>January 1, 2017 through December 31, 2017 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Geography Income Level** | | | | | | | | | | **TOTAL** | |
| | **Low-** | | **Moderate-** | | **Middle-** | | **Upper-** | | **Unknown** | | | |
| Consumer Motor Vehicle Loans | 0 | 0.0% | 14 | 12.6% | 95 | 85.6% | 2 | 1.8% | 0 | 0.0% | **111** | **100%** |
| Household Population | 0.0% | | 11.4% | | 83.1% | | 5.6% | | 0.0% | | **100%** | |

The bank's percentage of consumer motor vehicle loans made to borrowers residing in the moderate-income census tract (12.6 percent) is in line with the household population residing in this tract (11.4 percent). The bank's performance against the demographic data represents a reasonable distribution of consumer motor vehicle loans within the assessment area's moderate-income census tract.

Based on reviews from all three lending categories, the bank had loan activity in all of the assessment area census tracts. This analysis revealed no conspicuous lending gaps in LMI areas and supports that the bank's overall geographic distribution is reasonable.

## Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (April 13, 2015 through July 14, 2019).

## COMMUNITY DEVELOPMENT TEST

The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of the assessment area, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area. The bank has addressed the community development needs of the assessment area through community development loans, qualified investments, and community development services.

During the review period, the bank made four qualifying loans totaling approximately $9.0 million. Of those loans, all four had the purpose of revitalizing or stabilizing middle-income distressed or LMI geographies. A summary of the most impactful community development loans is given below.

- One loan totaling $6.4 million was made to support a 240-unit apartment complex, which helps to retain current residents and attract new residents to a middle-income distressed census tract. The loan provided for the upkeep of apartment units being rented at below fair market value rates.

- One loan totaling $1.4 million was made to expand medical facilities, which provides necessary health services in a distressed middle-income census tract.

Community development investments and donations made in the assessment area totaled $1.8 million. This amount included five prior-period investments for $1.4 million and three qualified investments made during the current review period, totaling $382,761. These qualified investments included four municipal bonds to local schools in the assessment area, one bond for a community service organization in an underserved/distressed middle-income census tract in the assessment area, two investments in mortgage-backed security pools secured by affordable housing in the assessment area, and one investment for affordable housing in the assessment area. In addition, the bank made seven donations totaling $17,500 to two separate organizations providing community services to LMI individuals and workforce development to distressed middle-income geographies in the assessment area, a stated need according to community contacts.

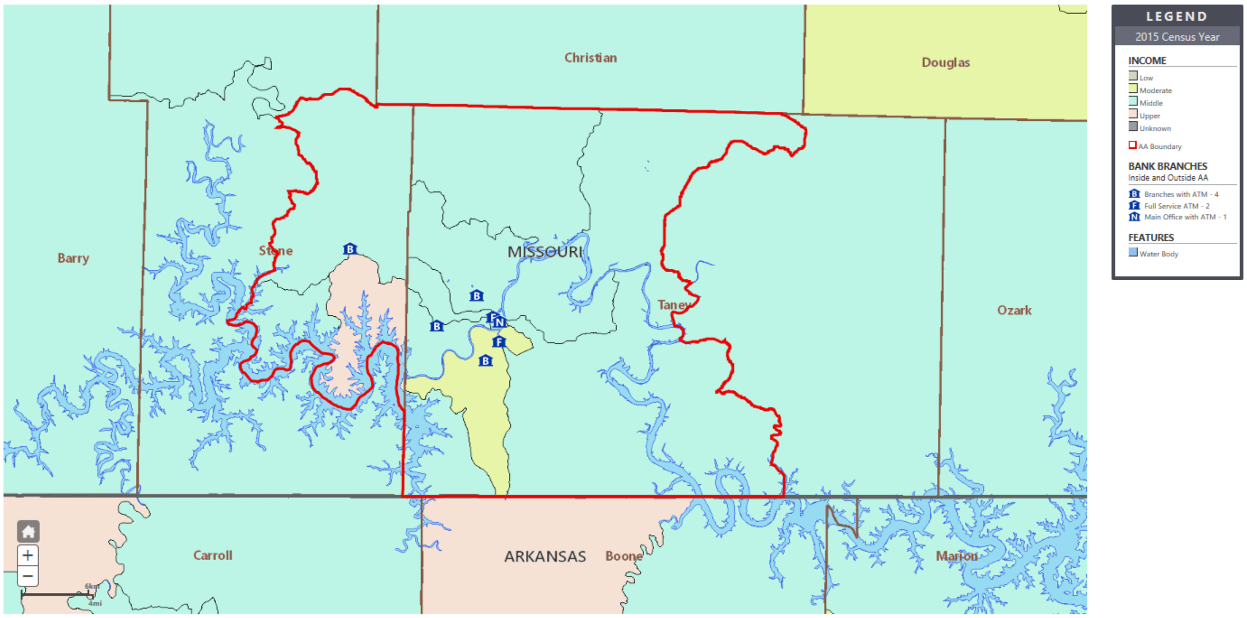
Lastly, bank employees contributed a total of 22 community development services, totaling 608 hours, to 9 different organizations operating in the assessment area, including local area schools, community enhancement foundations, and the Salvation Army.

## FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

# ASSESSMENT AREA DETAIL

**Central Bank of Branson - Branson, Missouri**
Tract Income Map



## GLOSSARY

**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 metropolitan area/assessment area.

**Assessment area**: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

**Census tract**: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely, depending on 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 contact**: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

**Community development**: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- and moderate-income (LMI) individuals; (2) community services targeted to LMI individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; (4) activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

**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.

**Demographics**: The statistical characteristics of human populations (e.g., age, race, sex, and income) used especially to identify markets.

**Distressed nonmetropolitan middle-income geography**: A middle-income, nonmetropolitan 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.

**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 nonrelatives 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-scope 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 who do 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 income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home mortgage loans**: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

**Household**: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

**Housing affordability ratio**: Calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

**Limited-scope 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 metropolitan area/assessment area.

**Median family income**: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

**Metropolitan area (MA)**: A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

**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.

**Nonmetropolitan statistical area (nonMSA)**: Not part of a metropolitan area. (See metropolitan area.)

**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.

**Performance context**: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

**Performance criteria**: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

**Performance evaluation (PE)**: A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

**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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small businesses/small farms**: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

**Small loan(s) to business(es)**: That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s)**: That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports 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.

**Underserved middle-income geography**: A middle-income, nonmetropolitan 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 tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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