# PUBLIC DISCLOSURE

**July 26, 2021**

# COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Century Bank of the Ozarks**
**RSSD #904359**

**42 Court Square**
**Gainesville, Missouri 65655**

**Federal Reserve Bank of St. Louis**

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

**TABLE OF CONTENTS**

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

Century Bank of the Ozarks meets the criteria for an Outstanding rating based on the evaluation of the bank's lending activity. The factors supporting the institution's rating are as follows:

- The loan-to-deposit (LTD) ratio is more than 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 excellent penetration among farms and businesses of different revenue sizes and individuals of different income levels, including low- and moderate-income (LMI) levels.

- The geographic distribution of loans reflects an excellent dispersion throughout the assessment area.

- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

During the COVID-19 pandemic, the bank responded to the needs of the community through its participation in the CARES Act[1] Paycheck Protection Program (PPP). The bank's participation in the PPP was also considered in the bank's rating.

**SCOPE OF EXAMINATION**

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) Examination Procedures for Small Institutions. Small farm, residential real estate, and small business loans were used to evaluate the bank's lending performance,[2] as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of overall lending performance. However, as the bank has a particular emphasis on agricultural lending, performance based on the small farm loan category carried the most significance toward overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

[1] Coronavirus Aid, Relief, and Economic Security Act, signed into law on March 27, 2020.
[2] Small farm, residential real estate, and small business loans were sampled in accordance with CA Letter 02-3, "Policy for Sampling at Small Banks."

| Performance Criterion | Time Period |
|---|---|
| LTD Ratio | December 31, 2016 – March 31, 2021 |
| Assessment Area Concentration | January 1, 2019 – December 31, 2019 |
| Loan Distribution by Borrower's Profile | |
| Geographic Distribution of Loans | |
| Response to Written CRA Complaints | November 28, 2016 – July 25, 2021 |

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 American Community Survey (ACS) data; certain business and farm demographics are based on 2019 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 $178.8 million to $418.2 million as of March 31, 2021.

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 assessment areas. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs. Key details from these community contact interviews are included in the *Description of Assessment Area* section.

## DESCRIPTION OF INSTITUTION

Century Bank of the Ozarks is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Century Bancshares, a two-bank holding company headquartered in Gainesville, Missouri. The bank, its affiliate, and Century Bancshares are certified Community Development Financial Institutions (CDFIs), as designated by the U.S. Department of Treasury. The CDFI certification is a designation given by the CDFI Fund to specialized organizations that provide financial services to low-income communities and people who lack access to financing. The CDFI Fund's mission is to empower low-income and underserved people and communities to enter the financial mainstream.

The bank's branch network consists of five offices (including the main office), all of which have cash-dispensing only automated teller machines (ATMs) on site and all but one of which offer drive-up accessibility. The bank operates four of its five offices in Ozark and Douglas Counties in southern Missouri. Of the four branches located in Ozark and Douglas Counties, two are in moderate-income census tracts and two are in a distressed and underserved middle-income census tract. All three Ozark County branches are dispersed along the southern portion of the county, near the Arkansas border. The remaining Missouri branch is in Ava, located in the western part of

Douglas County. In addition, the bank operates two stand-alone, cash-dispensing only ATMs, both located at local general stores. Lastly, during the review period in April 2021, the bank opened its fifth branch in Mountain Home, Arkansas. The addition of this branch resulted in the bank's entry into a second assessment area, in addition to causing the bank to become an interstate bank. However, due to the timing of the branch opening, the new assessment area was not considered in this evaluation. Based on the bank's branch network and online banking capabilities, the bank is well positioned to deliver financial services to its entire Missouri 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 March 31, 2021, the bank reported total assets of $222.4 million. As of the same date, loans and leases outstanding were $167.6 million (75.4 percent of total assets), and deposits totaled $198.1 million. The bank's loan portfolio composition by credit category is displayed in the following table.

| Distribution of Total Loans as of March 31, 2021 | | |
|---|---|---|
| **Credit Category** | **Amount ($000s)** | **Percentage of Total Loans** |
| Construction and development | $3,219 | 1.9% |
| Commercial real estate | $43,341 | 25.8% |
| 1–4 family residential | $36,163 | 21.6% |
| Farmland | $48,594 | 29.0% |
| Farm loans | $10,622 | 6.3% |
| Commercial and industrial | $19,427 | 11.6% |
| Loans to individuals | $6,343 | 3.8% |
| Total other loans | $22 | 0.0% |
| **TOTAL** | **$167,731** | **100%** |

As indicated by the table above, a significant portion of the bank's lending resources is directed to farm loans, commercial loans, and loans secured by 1–4 family residential properties. These loan categories are representative of the bank's stated business strategy. Additionally, both residential real estate and small farm loans were cited as credit needs in the assessment area by community contact interviewees.

The bank received a Satisfactory rating at its previous CRA evaluation, conducted on November 28, 2016, by this Reserve Bank.

# DESCRIPTION OF ASSESSMENT AREA

## General Demographics

The bank's assessment area, which has a population of 23,053, is located in a nonmetropolitan statistical area (nonMSA) portion of Missouri along the Arkansas border. The assessment area is almost entirely rural in nature and consists of two counties in their entireties: Ozark and Douglas. While the assessment area is primarily rural, there are small cities within the assessment area where community services, housing, and employment opportunities are more concentrated. Of these, the largest is Ava in Douglas County. Ava is complemented by other smaller Ozark County cities to the south, such as Gainesville, Theodosia, and Bakersfield, but all have significantly smaller populations than Ava.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2020, there are five FDIC-insured depository institutions in the assessment area that operate nine offices. Century Bank of the Ozarks (operating four, or 44.4 percent of offices in the assessment area) ranked first in terms of deposit market share, with 53.6 percent of the total assessment area deposit dollars.

Farm loans and agricultural lending products represent the primary credit needs, along with a standard blend of consumer loan products. Other credit needs in the assessment area, as noted from community contacts, include affordable home improvement/purchase loan programs with flexible underwriting standards and down payment assistance programs to increase home ownership.

## 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 | 3 | 2 | 0 | 0 | **5** |
| | 0.0% | 60.0% | 40.0% | 0.0% | 0.0% | **100%** |
| Family population | 0 | 4,152 | 2,461 | 0 | 0 | **6,613** |
| | 0.0% | 62.8% | 37.2% | 0.0% | 0.0% | **100%** |

As shown above, 60.0 percent of the census tracts in the assessment area are moderate-income geographies (there are no low-income or upper-income census tracts in the assessment area), and 62.8 percent of the family population resides in these tracts. In addition to the moderate-income tracts in the assessment area, both middle-income census tracts are designated as distressed/underserved. The middle-income tract in western Ozark County was designated distressed due to poverty, as well as designated as underserved due to its remote, rural location. The middle-income tract in eastern Douglas County was designated as distressed due to poverty.

Based on 2015 ACS data, the median family income for the assessment area was $37,396. At the same time, the median family income for nonMSA Missouri was $48,341. More recently, the FFIEC estimates the 2019 median family income for nonMSA Missouri to be $52,400. The following table displays population percentages of assessment area families by income level compared to the nonMSA Missouri family population as a whole.

| Family Population by Income Level | | | | | | |
|---|---|---|---|---|---|---|
| **Dataset** | **Low-** | **Moderate-** | **Middle-** | **Upper-** | **Unknown** | **TOTAL** |
| Assessment Area | 1,732 | 1,709 | 1,218 | 1,954 | 0 | **6,613** |
| | 26.2% | 25.8% | 18.4% | 29.6% | 0.0% | **100%** |
| nonMSA Missouri | 81,150 | 72,084 | 84,064 | 159,212 | 0 | **396,510** |
| | 20.5% | 18.2% | 21.2% | 40.2% | 0.0% | **100%** |

As shown in the table above, 52.0 percent of families within the assessment area are considered LMI, which is higher than the LMI family percentage of 38.7 percent in nonMSA Missouri. The percentage of families living below the poverty threshold in the assessment area, 17.4 percent, is also higher than that of nonMSA Missouri, 14.2 percent. Considering these factors, the assessment area is less affluent than nonMSA Missouri as a whole.

## Housing Demographics

Based solely on housing values and rental costs, housing in the assessment area appears to be more affordable than in nonMSA Missouri. The median housing value for the assessment area is $92,452, which is below the figure for nonMSA Missouri, $100,293. Additionally, the median gross rent for the assessment area of $543 per month is lower than $611 per month for nonMSA Missouri. However, the assessment area housing affordability ratio of 33.6 percent is below the nonMSA figure of 38.0 percent, which indicates that when taking area income levels into account, housing is less affordable in the assessment area. Additionally, 43.5 percent of renters in the assessment area face rental costs greater than 30 percent of their incomes, compared to 40.6 percent in nonMSA Missouri as a whole.

Rental units also appear to be less available in the assessment area than in nonMSA Missouri as a whole. Of all housing units in the assessment area, 19.0 percent are rental units, compared to 23.8 percent in nonMSA Missouri. Lastly, the median age of the housing stock in the assessment area (40 years) is slightly older than nonMSA Missouri (38 years). These figures correspond with information from community contacts that indicated the need for more affordable rental units aimed at LMI individuals and more affordable homes due to the condition and age of many homes in the assessment area.

## Industry and Employment Demographics

The assessment area supports a strong small business sector. According to Dun & Bradstreet data, 90.0 percent of businesses in the assessment area had annual revenues of less than $1 million. County business patterns indicate that there are 2,993 paid employees in the assessment area. While the assessment area is largely rural, the key private sector industries in the assessment area, by number of employees, are manufacturing (23.7 percent), retail trade (19.4 percent), and healthcare and social assistance (14.1 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** |
| 2020 | 7.5% | 6.2% |
| 2019 | 5.3% | 4.0% |
| 2018 | 4.8% | 3.7% |
| 2017 | 5.1% | 4.4% |

As shown in the table above, unemployment levels for the assessment area have experienced trends similar to nonMSA Missouri. As the table shows, unemployment decreased slightly in 2018, experienced a slight rise in 2019, and then made a significant jump in 2020. The only major difference in the trend was the 2018 improvement in unemployment; nonMSA Missouri unemployment levels saw a greater decrease than the assessment area. Overall, aside from the increase in 2020, which is largely attributable to the COVID-19 pandemic, the assessment area has experienced a relatively stable unemployment trend. Lastly, it is worth noting that unemployment levels in the assessment area have been consistently higher than in nonMSA Missouri as a whole.

## Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank’s assessment areas' activities were evaluated. One of the contacts specialized in agriculture lending, and the other specialized in affordable housing. During discussions, the community contact interviewees categorized the economy as stable but limited in future growth opportunities due to the area’s small population and rural location. The contacts described the counties as some of the poorest in the state and also mentioned low-paying and minimum wage jobs of the area as an economic burden to the community. According to the contacts, many assessment area residents are forced to travel long distances to cities like Branson and Springfield, Missouri, both approximately 50 miles from the assessment area, to find jobs that pay decent wages. Furthermore, many residents lack the skills necessary to obtain those jobs. While the community is heavily agricultural and rural, the contacts mentioned manufacturing, retail, and healthcare and social services as other leading sources of employment.

In addition, when discussing the banking needs of the community, the contact specializing in agriculture loans stated the assessment area has few bank branches, except for the city of Ava, and is in need of more agriculture loans, specifically more farm operation, farm ownership, and land purchase loans. Conversely, the contact specializing in housing stated that there is a good supply of banks serving the area and mentioned the largest hurdles to credit include local banks' tight underwriting standards and poor credit scores and low incomes of assessment area families. The contact mentioned this drives many borrowers to nontraditional lenders, including predatory lenders. Lastly, the contact specializing in affordable housing mentioned the shortage of quality affordable homes in the area. The contact stated that assessment area housing stock is older and poorly maintained, and the amount is shrinking due to lack of development of new affordable homes. Additionally, the contact noted a growing demand for affordable rental housing, specifically citing that demand for subsidized housing exceeds the supply.

Finally, the contacts cited financial education, affordable home improvement loans, and affordable home mortgage products as credit needs and opportunities for banks to help the community. One of the contacts specifically mentioned Century Bank of the Ozarks as being particularly active within the local community. The contact thought the banks were doing a good job trying to serve the farmers of the community, specifically noting PPP lending. The other contact did not find banks to be proactive in helping meet the needs of the community and thought more could be done to help the LMI residents of the community.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

One indication of the bank's overall level of lending activity is its LTD ratio. The table below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents an 18-quarter average, dating back to the bank's last CRA evaluation. Of note, one of the peer banks in the table below is headquartered in Colorado Springs, Colorado. While its headquarters are outside the assessment area, the peer bank has a presence in the region and similar portfolio distribution, making it a suitable comparator.

| LTD Ratio Analysis | | | |
|---|---|---|---|
| **Name** | **Headquarters** | **Asset Size ($000s) as of March 31, 2021** | **Average LTD Ratio** |
| Century Bank of the Ozarks | Gainesville, Missouri | $222,441 | 90.8% |
| Regional Banks | West Plains, Missouri | $255,025 | 77.8% |
| | Colorado Springs, Colorado | $418,163 | 86.0% |
| | Seymour, Missouri | $178,759 | 78.9% |

Based on data from the previous table, the bank's level of lending is above that of other banks in the region. During the review period, the LTD ratio experienced a generally increasing trend, except for the most recent five quarters, in which the bank experienced a considerable decline. This decline is attributed to an influx of deposits brought on by the PPP and economic impact money injected into the local economy during the COVID-19 pandemic. Despite the recent decline, the bank maintained an 18-quarter average of 90.8 percent, with a high of 98.0 percent in the last quarter of 2019 and first quarter of 2020 and a low of 83.1 percent in the first quarter of 2021. In comparison, the average LTD ratios for the regional peers were lower and had a generally stable to slight declining trend. Therefore, compared to data from regional banks, the bank's average LTD ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs.

### 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, 2019 through December 31, 2019 | | | | | | |
|---|---|---|---|---|---|---|
| **Loan Type** | **Inside Assessment Area** | | **Outside Assessment Area** | | **TOTAL** | |
| Small farm | 73 | 81.1% | 17 | 18.9% | **90** | **100%** |
| | $4,899 | 73.4% | $1,779 | 26.6% | **$6,677** | **100%** |
| Residential real estate | 47 | 79.7% | 12 | 20.3% | **59** | **100%** |
| | $2,642 | 75.4% | $860 | 24.6% | **$3,502** | **100%** |
| Small business | 48 | 80.0% | 12 | 20.0% | **60** | **100%** |
| | $2,424 | 61.8% | $1,497 | 38.2% | **$3,921** | **100%** |
| **TOTAL LOANS** | **168** | **80.4%** | **41** | **19.6%** | **209** | **100%** |
| | **$9,965** | **70.7%** | **$4,135** | **29.3%** | **$14,100** | **100%** |

A majority of loans and other lending-related activities were made in the bank's assessment area. As shown above, 80.4 percent of the total loans were made inside the assessment area, accounting for 70.7 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 excellent, based on performance from all three loan categories reviewed. However, greater significance is placed on performance in the small farm loan category, given the bank's emphasis on small farm lending and the rural market in which it operates.

First, small farm loans were reviewed to determine the bank's lending levels to farms of different sizes. The following table shows the distribution of 2019 small farm loans by loan amount and farm revenue size compared to Dun & Bradstreet and aggregate data.

<table>
<tr><th colspan="10">Distribution of 2019 Small Farm Lending<br>By Borrower Income Level</th></tr>
<tr><th colspan="3" rowspan="4">Farm Revenue and Loan Size</th><th colspan="7">2019</th></tr>
<tr><th colspan="3">Count</th><th colspan="3">Dollars</th><th rowspan="2">Farms</th></tr>
<tr><th colspan="2">Bank</th><th>Aggregate</th><th colspan="2">Bank</th><th>Aggregate</th></tr>
<tr><th>#</th><th>%</th><th>%</th><th>$ (000s)</th><th>$ %</th><th>$ %</th><th>%</th></tr>
<tr><td colspan="2" rowspan="3">Farm Revenue</td><td>$1 Million or Less</td><td>69</td><td>98.6%</td><td>83.9%</td><td>4607</td><td>94.8%</td><td>89.1%</td><td>100.0%</td></tr>
<tr><td>Over $1 Million/ Unknown</td><td>1</td><td>1.4%</td><td>16.1%</td><td>253</td><td>5.2%</td><td>10.9%</td><td>0.0%</td></tr>
<tr><td>TOTAL</td><td>70</td><td>100.0%</td><td>100.0%</td><td>4860</td><td>100.0%</td><td>100.0%</td><td>100.0%</td></tr>
<tr><td colspan="2" rowspan="5">Loan Size</td><td>$100,000 or Less</td><td>55</td><td>78.6%</td><td>80.4%</td><td>1629</td><td>33.5%</td><td>38.1%</td><td rowspan="10"></td></tr>
<tr><td>$100,001–$250,000</td><td>10</td><td>14.3%</td><td>15.2%</td><td>1506</td><td>31.0%</td><td>39.2%</td></tr>
<tr><td>$250,001–$500,000</td><td>5</td><td>7.1%</td><td>4.5%</td><td>1725</td><td>35.5%</td><td>22.7%</td></tr>
<tr><td>Over $500,000</td><td>0</td><td>0.0%</td><td>0.0%</td><td>0</td><td>0.0%</td><td>0.0%</td></tr>
<tr><td>TOTAL</td><td>70</td><td>100.0%</td><td>100.0%</td><td>4860</td><td>100.0%</td><td>100.0%</td></tr>
<tr><td rowspan="5">Loan Size</td><td rowspan="5">Revenue $1 Million or Less</td><td>$100,000 or Less</td><td>55</td><td>79.7%</td><td rowspan="5"></td><td>1629</td><td>35.4%</td><td rowspan="5"></td></tr>
<tr><td>$100,001–$250,000</td><td>10</td><td>14.5%</td><td>1506</td><td>32.7%</td></tr>
<tr><td>$250,001–$1 Million</td><td>4</td><td>5.8%</td><td>1472</td><td>32.0%</td></tr>
<tr><td>Over $1 Million</td><td>0</td><td>0.0%</td><td>0</td><td>0.0%</td></tr>
<tr><td>TOTAL</td><td>69</td><td>100.0%</td><td>4607</td><td>100.0%</td></tr>
</table>

The bank's level of lending to small farms is excellent. The bank originated the vast majority of its small farm loans (98.6 percent) to farms with revenues of $1 million or less. In comparison, assessment area demographics estimate that 100.0 percent of farms in the assessment area had annual revenues of $1 million or less, and the 2019 aggregate lending level to small farms was 83.9 percent. Further, of the bank's loans made to small farms with annual revenues of less than $1 million, 79.7 percent were in amounts less than $100,000, demonstrating the bank's willingness to meet the credit needs of small farms.

Next, residential real estate loans were reviewed to determine the bank's lending levels to individuals of different income levels. 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 ($52,400 for nonMSA Missouri as of 2019). The following table shows the distribution of residential real estate loans by borrower income level compared to both family population income demographics and 2019 aggregate data.

| 2019 Borrower Distribution of Residential Real Estate Loans<br>Assessment Area: nonMSA Missouri – Ozark and Douglas, Missouri | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Borrower Income Level** | **Bank Loans** | | | | **Families by Family Income %** | **Aggregate Data** | |
| | **#** | **#%** | **$** | **$%** | | **#%** | **$ %** |
| Low | 8 | 18.6% | 264 | 10.4% | 26.2% | 11.4% | 6.5% |
| Moderate | 15 | 34.9% | 823 | 32.5% | 25.8% | 18.8% | 13.5% |
| Middle | 10 | 23.3% | 566 | 22.3% | 18.4% | 22.2% | 21.3% |
| Upper | 10 | 23.3% | 880 | 34.7% | 29.5% | 33.0% | 41.3% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0.0% | 14.8% | 17.4% |
| **TOTAL** | **43** | **100.0%** | **2,534** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (18.6 percent) is below the low-income family population figure (26.2 percent) but above the 2019 aggregate lending level to low-income borrowers (11.4 percent). Therefore, the bank's performance to low-income borrowers is reasonable.

The bank's level of lending to moderate-income borrowers (34.9 percent) is well above the moderate-income family population percentage (25.8 percent) and the 2019 aggregate lending level to moderate-income borrowers (18.8 percent), reflecting excellent performance. As previously discussed, the assessment area has a relatively high LMI population, with community contacts stating the counties comprising it are some of the poorest in the state and that many LMI individuals often struggle to qualify for loans due to poor credit history and inability to save for down payments. These barriers to credit are further exacerbated by a limited affordable housing stock. Therefore, considering performance to both income categories, the bank's overall distribution of loans by borrower's profile is excellent.

Last, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2019 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

| Small Business Loans by Revenue and Loan Size<br>Assessment Area: nonMSA Missouri – Ozark and Douglas, Missouri | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Business Revenue and Loan Size | | 2019 | | | | | | | |
| | | Count | | | Dollars | | | Total Businesses |
| | | Bank | | Aggregate | Bank | | Aggregate | |
| | | # | % | % | $ (000s) | $ % | $ % | % |
| Business Revenue | $1 Million or Less | 36 | 87.8% | 48.1% | $1,520 | 74.5% | 51.9% | 89.5% |
| | Over $1 Million/ Unknown | 5 | 12.2% | 51.9% | $519 | 25.5% | 48.1% | 10.5% |
| | **TOTAL** | **41** | **100.0%** | **100.0%** | **$2,039** | **100.0%** | **100.0%** | **100.0%** |
| Loan Size | $100,000 or Less | 34 | 82.9% | 98.9% | $947 | 46.4% | 89.6% | |
| | $100,001–$250,000 | 7 | 17.1% | 1.1% | $1,092 | 53.6% | 10.4% | |
| | $250,001–$1 Million | 0 | 0.0% | 0.0% | $0 | 0.0% | 0.0% | |
| | Over $1 Million | 0 | 0.0% | 0.0% | $0 | 0.0% | 0.0% | |
| | **TOTAL** | **41** | **100.0%** | **100.0%** | **$2,039** | **100.0%** | **100.0%** | |
| Loan Size – Revenue $1 Million or Less | $100,000 or Less | 32 | 88.9% | | $836 | 55.0% | | |
| | $100,001–$250,000 | 4 | 11.1% | | $684 | 45.0% | | |
| | $250,001–$1 Million | 0 | 0.0% | | $0 | 0.0% | | |
| | Over $1 Million | 0 | 0.0% | | $0 | 0.0% | | |
| | **TOTAL** | **36** | **100.0%** | | **$1,520** | **100.0%** | | |

The bank's level of lending to small businesses is excellent. The bank originated the vast majority of its small business loans (87.8 percent) to businesses with revenues of $1 million or less. This performance is in line with assessment area demographics, which estimate that 89.5 percent of businesses in the assessment area had annual revenues of $1 million or less, and well exceeds the 2019 aggregate lending level to small businesses of 48.1 percent.

## Geographic Distribution of Loans

As noted previously, the assessment area includes no low-income and three moderate-income census tracts, representing 60.0 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans reflects excellent penetration throughout these moderate-income census tracts based on the small farm, residential real estate, and small business loan categories. As previously stated, performance in the small farm loan category carried the most significance in the overall performance conclusion of Excellent for geographic distribution.

The following table displays the geographic distribution of 2019 small farm loans compared to the location of farms throughout the bank's assessment area and 2019 small farm aggregate data.

| Geographic Distribution of Small Farm Loans<br>Assessment Area: nonMSA Missouri – Ozark and Douglas, Missouri | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Census Tract Income Level** | **Bank Small Farm Loans** | | | | **% of Farms** | **Aggregate of Peer Data** | |
| | **#** | **#%** | **$ 000s** | **$ %** | | **#%** | **$ %** |
| **Low** | 0 | 0.0% | $0 | 0.0% | 0.0% | 0.0% | 0.0% |
| **Moderate** | 45 | 64.3% | $2,536 | 52.2% | 60.0% | 55.4% | 61.6% |
| **Middle** | 25 | 35.7% | $2,324 | 47.8% | 40.0% | 42.0% | 38.2% |
| **Upper** | 0 | 0.0% | $0 | 0.0% | 0.0% | 0.0% | 0.0% |
| **Unknown** | 0 | 0.0% | $0 | 0.0% | 0.0% | 2.7% | 0.2% |
| **TOTAL** | **70** | **100.0%** | **$4,860** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

The bank's level of lending in moderate-income census tracts (64.3 percent) is above both the aggregate lending percentage in moderate-income census tracts (55.4 percent) and the percentage of small farms in moderate-income census tracts (60.0 percent). In addition, by number of loans originated, Century Bank of the Ozarks well exceeded any other lender comprising the aggregate figure. Given this context and the need for farm loans noted by community contacts, the bank's geographic distribution of small farm loans is excellent.

Next, the bank's geographic distribution of residential real estate loans was reviewed. The following table displays the geographic distribution of 2019 residential real estate loans compared to owner-occupied housing demographics and aggregate performance.

| **Geographic Distribution of Residential Real Estate Loans<br>Assessment Area: nonMSA Missouri – Ozark and Douglas, Missouri** | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Census Tract Income Level** | **Bank Loans** | | | | **% of Owner-Occupied Units** | **Aggregate Data** | |
| | **#** | **#%** | **$** | **$%** | | **#%** | **$ %** |
| Low | 0 | 0.0% | 0 | 0.0% | 0.0% | 0.0% | 0.0% |
| Moderate | 27 | 62.8% | 1,587 | 62.6% | 63.5% | 70.2% | 65.1% |
| Middle | 16 | 37.2% | 947 | 37.4% | 36.5% | 29.3% | 34.5% |
| Upper | 0 | 0.0% | 0 | 0.0% | 0.0% | 0.0% | 0.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 0.0% | 0.6% | 0.4% |
| **TOTAL** | **43** | **100.0%** | **2,534** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

The bank's percentage of residential real estate loans in moderate-income census tracts (62.8 percent) is below the aggregate lending percentage in moderate-income census tracts (70.2 percent) but in line with the percentage of owner-occupied units in moderate-income census tracts (63.5 percent), reflecting reasonable performance. Therefore, the bank's geographic distribution of residential real estate loans is reasonable.

Last, the bank's geographic distribution of small business loans was reviewed. The following table displays 2019 small business loan activity by geography income level compared to the location of businesses throughout the bank's assessment area and 2019 small business aggregate data.

| Geographic Distribution of Small Business Loans<br>Assessment Area: nonMSA Missouri – Ozark and Douglas, Missouri | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Census Tract Income Level** | **Bank Small Business Loans** | | | | **% of Businesses** | **Aggregate of Peer Data** | |
| | **#** | **# %** | **$ 000s** | **$ %** | | **%** | **$ %** |
| **Low** | 0 | 0.0% | $0 | 0.0% | 0.0% | 0.0% | 0.0% |
| **Moderate** | 25 | 61.0% | $1,032 | 50.6% | 61.0% | 43.2% | 52.6% |
| **Middle** | 16 | 39.0% | $1,007 | 49.4% | 39.0% | 35.1% | 35.1% |
| **Upper** | 0 | 0.0% | $0 | 0.0% | 0.0% | 0.0% | 0.0% |
| **Unknown** | 0 | 0.0% | $0 | 0.0% | 0.0% | 21.6% | 12.3% |
| **TOTAL** | **41** | **100.0%** | **$2,039** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

The bank's percentage of loans in moderate-income census tracts (61.0 percent) is equal to the percentage of small businesses located in moderate-income census tracts (61.0 percent) but well above the 2019 aggregate lending percentage in moderate-income census tracts (43.2 percent) representing excellent performance. Therefore, the bank's overall distribution of small business loans is excellent.

Last, based on reviews from all three loan categories, Century Bank of the Ozarks had loan activity in 100.0 percent of its assessment area census tracts. Additionally, there were no conspicuous lending gaps noted in LMI areas. This information supports the conclusion that the bank's overall geographic distribution of loans is excellent.

## Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (November 28, 2016 through July 25, 2021).

## COVID-19 Pandemic Response

In response to the COVID-19 pandemic, the bank originated more than 1,000 PPP loans, totaling nearly $15.0 million. These loans are administered by the Small Business Administration (SBA) as part of the CARES Act. PPP loans are designed to help eligible[3] self-employed or sole proprietor farmers retain workers and staff during the economic hardship resulting from the pandemic.

Prior to the pandemic, the bank had limited experience with SBA lending and had to adapt quickly to serve its community. While SBA lending was relatively new to the bank, the volume and dollar amount of PPP loans originated during the pandemic helped account for nearly 40.0 percent of its loan growth since the previous examination. Additionally, the bank worked to ensure it was making loans of all sizes, primarily making loans in the size of $5,000 to $8,000. Moreover, the

[3] Self-employed or sole proprietor farms are eligible for a PPP loan if 1) they were in operation on February 15, 2020; 2) they have self-employment income; 3) their principal residence is in the U.S.; and 4) they filed or will file an IRS Schedule F – Profit or Loss from Farming form for 2019 or 2020.

volume of PPP loans made in the short amount of time during the pandemic demonstrates the bank's responsiveness in helping serve the credit needs of its assessment area.

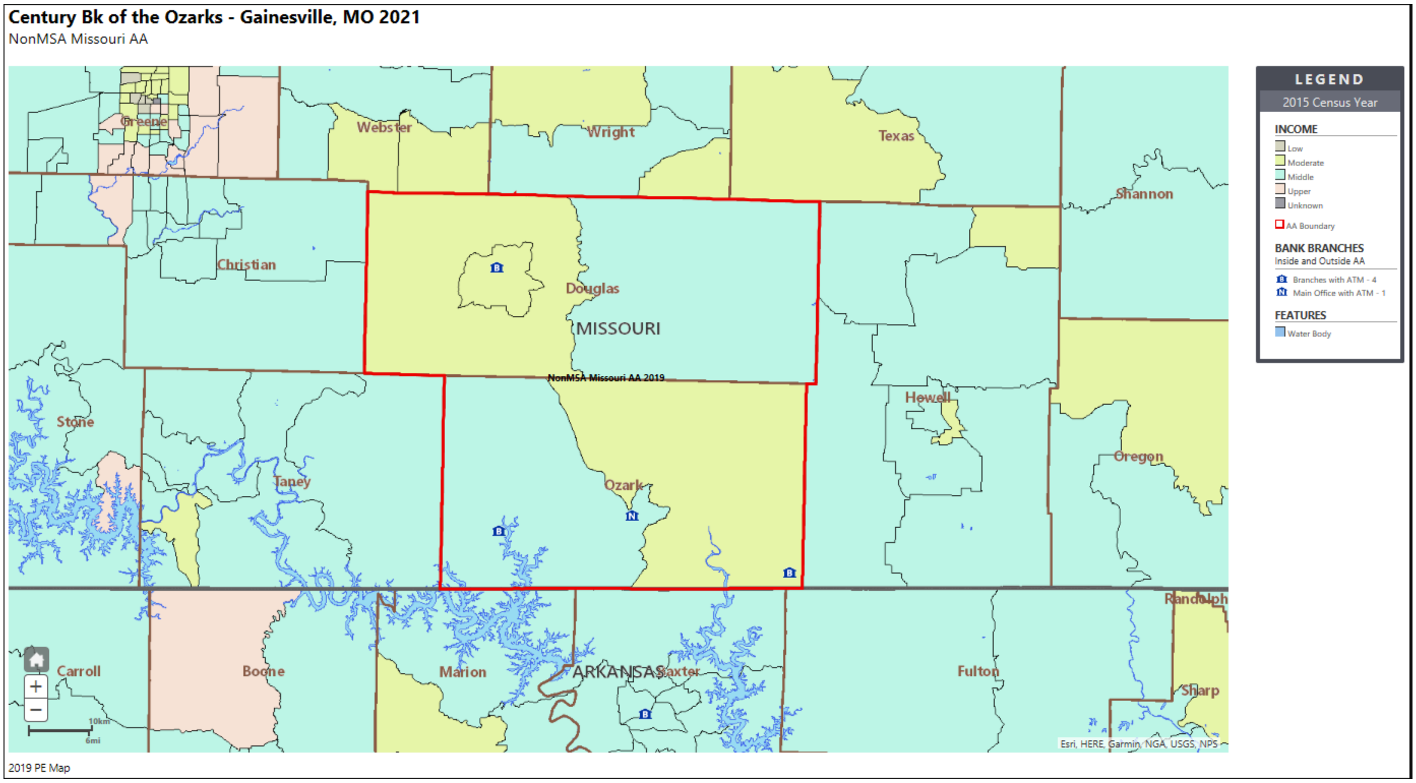
In addition to participating in the PPP loan program, the bank offered loan modifications and granted loan deferrals to customers who experienced hardship tied to the pandemic.

## 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

## nonMSA Missouri – Ozark and Douglas



# 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- or moderate-income individuals; (2) community services targeted to low- or moderate-income 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 low- or moderate-income 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 non-metropolitan 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 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-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 the income of applicants; 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 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 multistate metropolitan area, the institution will receive a rating for the multi-state 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 non-mortgage, 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.