



PUBLIC DISCLOSURE

June 13, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Lamar Bank and Trust Company
RSSD# 767255

1000 Broadway
Lamar, Missouri 64759

Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198

NOTE:

This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

Lamar Bank and Trust Company (the bank) is rated Outstanding. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside the AA.
- Distribution of loans throughout the bank's AA was not evaluated due to the AA containing only middle-income census tracts, and as a result, a meaningful analysis could not be performed.
- Lending reflects an excellent distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City (Reserve Bank) received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. In addition, available aggregate data for the most recent three years (2018, 2019, and 2020) was referenced for additional perspective to gauge credit demand within the bank's AA. Lending performance was assessed within the bank's only AA. Examiners reviewed the following data:

- The bank's 18-quarter average NLTD ratio.
- A statistical sample of 152 small business loans from a universe of 613 loans and 112 motor vehicle loans from a universe of 249 loans, all originated between January 1, 2021, and December 31, 2021.
- Greater weight was placed on small business loan performance in this analysis, given the bank's strategic focus and significant representation of commercial loans in its loan portfolio.

DESCRIPTION OF INSTITUTION

The bank is a community bank headquartered in Lamar, Missouri. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Lamar Trust Bancshares, Inc.
- The bank does not maintain any affiliates or subsidiaries.
- As of December 31, 2021, the bank has total assets of \$221.6 million (MM).
- In addition to its main office in Lamar, the bank operates a loan production office in Springfield, Missouri.
- The bank operates two cash-dispensing Automated Teller Machines (ATMs); one at the main office and one at an offsite location in Lamar. Additionally, the bank operates two non-proprietary ATMs located in Golden City and Liberal, Missouri.
- As shown in table 1 below, the bank’s primary business focus is commercial, agriculture, and residential real estate lending.

Table 1

Composition of Loan Portfolio as of December 31, 2021		
Loan Type	\$(000)	%
Construction and Land Development	6,279	4.1
Farmland	21,275	14.0
1- to 4- Family Residential Real Estate	38,203	25.2
Multifamily Residential Real Estate	6,805	4.5
Nonfarm Nonresidential Real Estate	39,481	26.1
Agricultural	10,190	6.7
Commercial and Industrial	19,033	12.6
Consumer	5,028	3.3
Other	5,204	3.4
Gross Loans	151,498	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its November 6, 2017, performance evaluation. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA

The bank’s AA consists of the entirety of Barton County (see Appendix A for an AA map and Appendix B for additional demographic data).

- The AA is comprised of three middle-income census tracts. There have been no changes in the AA composition since the previous performance evaluation.
- According to the June 30, 2021 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank has a deposit market share of 65.0 percent and ranks first out of four FDIC-insured institutions with branch offices operating in the AA.

- One interview with a community member was conducted to ascertain the credit needs of the communities within the AA, the responsiveness of area banks in meeting those credit needs, and the local economic conditions. The community member represents the community in the municipal government.

Table 2

Population Change			
Assessment Area: Barton County			
Area	2010 Population	2015 Population	Percent Change
Barton County	12,402	12,166	(1.9)
NonMSA Missouri	1,556,057	1,550,288	(0.4)
Missouri	5,988,927	6,045,448	0.9
<i>Source: 2010 U.S. Census Bureau: Decennial Census 2011 – 2015 U.S. Census Bureau: American Community Survey</i>			

- According to recent population estimates from the U.S. Census Bureau, the AA's population in 2021 was 11,658 and has continued to decline since 2015 by approximately 4.2 percent.
- The city of Lamar, Missouri, is the largest population center in the AA with a population of 4,301 (according to U.S. Census Bureau information) and accounts for approximately one-third of the county's total population (36.9 percent) as of July 1, 2021.

Table 3

Median Family Income Change			
Assessment Area: Barton County			
Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Barton County	50,942	46,262	(9.2)
NonMSA Missouri	49,277	48,341	(1.9)
Missouri	62,790	60,809	(3.2)
<i>Source: 2006 – 2010 U.S. Census Bureau: American Community Survey 2011 – 2015 U.S. Census Bureau: American Community Survey</i>			
<i>Note: Median family incomes have been inflation-adjusted and are expressed in 2015 dollars.</i>			

- According to the 2015 American Community Survey, the AA's percentage of families with income below the poverty line, at 18.8 percent, is higher than both statewide nonmetropolitan areas and the state of Missouri at 14.2 percent and 11.1 percent, respectively.
- A community member stated that the highest paying industries within the AA are agriculture and manufacturing, however many of the county's residents commute for work outside the county for higher paying wages in larger cities nearby.

Table 4

Housing Cost Burden						
Assessment Area: Barton County						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Barton County	74.8	25.7	38.9	67.0	32.9	17.0
NonMSA Missouri	67.7	33.2	36.2	56.2	28.4	17.4
Missouri	74.4	33.9	40.1	60.3	31.0	17.4

Cost Burden is housing cost that equals 30 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy

- Median housing value within the AA, at \$93,508, is below the median housing value for the state of Missouri and statewide nonmetropolitan areas at \$138,400 and \$100,293, respectively.

Table 5

Unemployment Rates					
Assessment Area: Barton County					
Area	2017	2018	2019	2020	2021
Barton County	4.1	3.0	3.2	4.9	3.4
NonMSA Missouri	4.4	3.7	3.8	6.1	4.4
Missouri	3.7	3.2	3.1	6.1	4.4

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- According to a community member, the AA did not experience significant economic impacts from the Coronavirus Disease 2019 pandemic, compared to other counties within the region. The contact further stated that there are job openings available throughout the county and that unemployment rates have returned to pre-pandemic levels.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank’s overall lending test performance is Outstanding. As a result of the bank’s AA containing only middle-income census tracts, the geographic distribution of loans was not evaluated, as a meaningful analysis could not be performed. The overall rating is driven by the bank’s strong lending distribution amongst individuals of different income levels, including low- and moderate-income (LMI), and businesses of different sizes, in relation to both area demographics and overall small business credit demand in the AA, as reflected by the performance of aggregate CRA-reporters in the AA. Lending data further illustrates the bank’s support in meeting the smaller credit needs within the community, including those by small businesses or LMI individuals.

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank’s average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on location, asset size, market share, product offerings, and overall loan portfolio composition. The bank’s NLTD ratio is reasonable, as it was within the range of NLTD ratios for four similarly situated banks.

Table 6

Comparative NLTD Ratios September 30, 2017 – December 31, 2021			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			18 Quarter Average
Lamar Bank and Trust Company	Lamar, Missouri	221,601	77.6
Similarly Situated Institutions			
First State Bank of Purdy	Purdy, Missouri	215,006	76.1
Jonesburg State Bank	Jonesburg, Missouri	131,643	73.1
The Mercantile Bank of Louisiana, Missouri	Louisiana, Missouri	122,228	81.4
O’Bannon Banking Company	Buffalo, Missouri	270,837	89.0

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. The bank originated a majority of loans, by number and dollar, inside the AA.

Table 7

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	#%	\$(000)	%	#	#%	\$(000)	%
Motor Vehicle	87	77.7	1,024	71.8	25	22.3	402	28.2
Small Business	105	69.1	2,879	64.8	47	30.9	1,562	35.2
Total Loans	192	72.7	3,903	66.5	72	27.3	1,964	33.5

Note: Percentages may not total 100.0 percent due to rounding.

Geographic Distribution of Loans

The bank’s geographic distribution of loans amongst low, moderate, middle, and upper-income tracts was not evaluated, as the Barton County AA is comprised entirely of middle-income census tracts, therefore, an analysis was not considered meaningful.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

This performance criterion evaluates the bank's lending to borrowers of different income levels and businesses of different revenue sizes. The bank's lending has an excellent distribution among individuals of different income levels and businesses of different sizes.

Small Business Lending

The borrower distribution of small business lending is excellent. The bank's lending to businesses with gross annual revenues of \$1MM or less was above the percentage of total small businesses operating in the AA. A substantial majority of these loans (97.0 percent) were originated in amounts of \$100,000 or less, which demonstrates the bank's willingness to support the small business credit needs of the community.

The bank's lending levels are further indicative of excellent performance given the overall credit demand for small business loans in the area, as reflected by aggregate CRA-reporters in the AA. A review of three-year average aggregate small business lending data reported by all CRA filers in the AA revealed that 47.7 percent of loans by number volume and 35.7 percent of loans by dollar volume were made to businesses with revenues of \$1MM or less. While aggregate CRA data is not used as a direct comparator for performance, it reflects overall credit demand in the area and provides additional context.

Table 8

Distribution of 2021 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Barton County					
	Bank Loans				Total Businesses
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	99	94.3	1,867	64.8	88.1
Over \$1 Million	6	5.7	1,011	35.1	8.7
Revenue Unknown	0	0.0	0	0.0	3.1
Total	105	100.0	2,879	100.0	100.0
By Loan Size					
\$100,000 or Less	100	95.2	1,452	50.4	
\$100,001 - \$250,000	3	2.9	357	12.4	
\$250,001 - \$1 Million	2	1.9	1,070	37.2	
Total	105	100.0	2,879	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	96	97.0	1,230	65.9	
\$100,001 - \$250,000	2	2.0	256	13.7	
\$250,001 - \$1 Million	1	1.0	381	20.4	
Total	99	100.0	1,867	100.0	
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Consumer Lending: Motor Vehicle Lending

The borrower distribution of motor vehicle lending is excellent. While the bank’s lending to low-income borrowers was comparable to the percentage of low-income households in the AA, the bank’s lending to moderate-income borrowers was above the percentage of moderate-income households in the AA. Overall, the bank’s performance to combined LMI borrowers at 59.8 percent by number volume was significantly above the combined demographic at 41.0 percent.

Table 9

Distribution of 2021 Motor Vehicle Lending By Borrower Income Level					
Assessment Area: Barton County					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	#%	\$(000)	\$%	
Low	26	29.9	203	19.8	24.9
Moderate	26	29.9	192	18.8	16.1
Middle	16	18.4	181	17.7	17.6
Upper	12	13.8	416	40.6	41.3
Unknown	7	8.0	32	3.1	0.0
Total	87	100.0	1,024	100.0	100.0

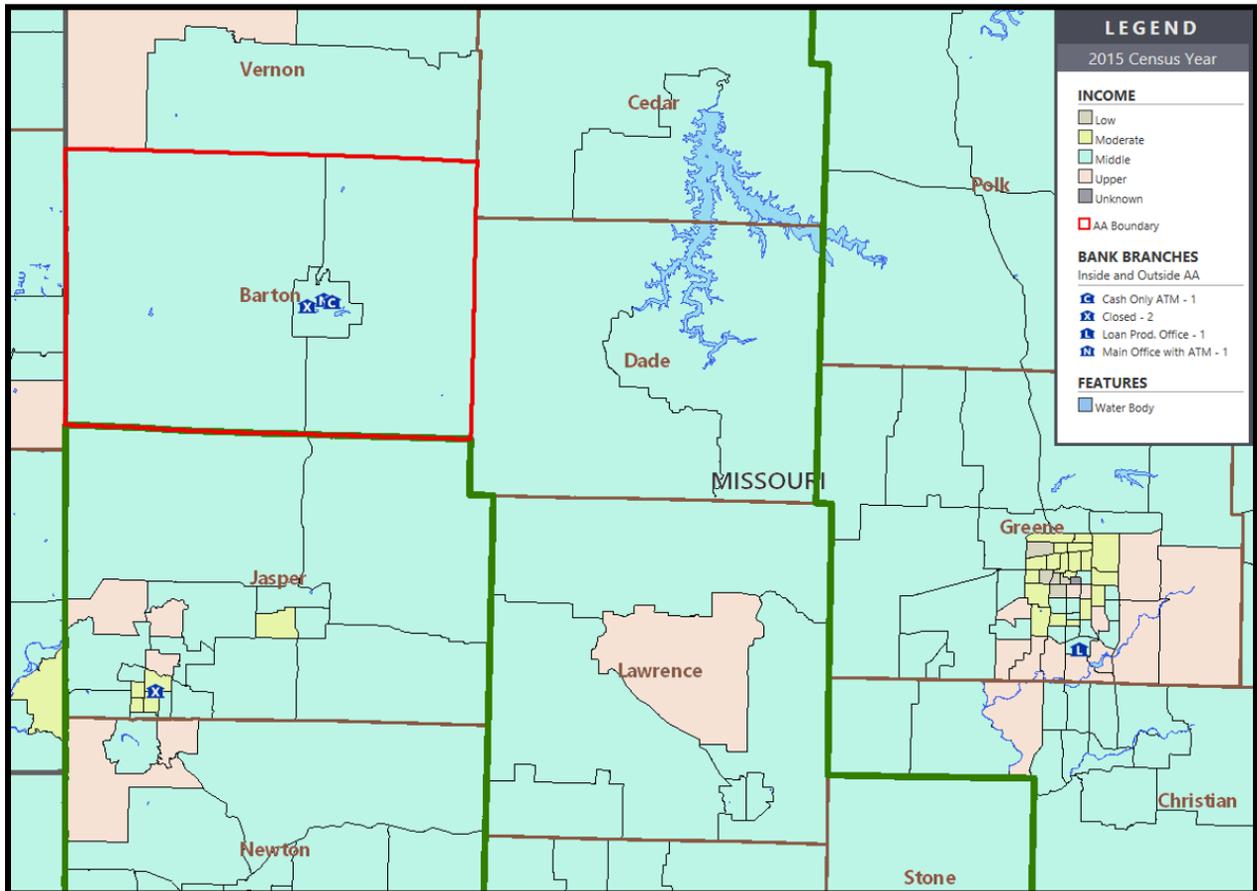
Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Compliance with the substantive provisions of antidiscrimination and other consumer protection laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, was considered as part of this CRA evaluation. No evidence of a pattern or practice of discrimination on a prohibited basis or of other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAP OF THE ASSESSMENT AREA

Barton County Assessment Area (with relevant surrounding areas)



APPENDIX B – DEMOGRAPHIC INFORMATION
Table B-1

2021 Barton County AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	836	23.1
Moderate	0	0.0	0	0.0	0	0.0	663	18.3
Middle	3	100.0	3,626	100.0	683	18.8	730	20.1
Upper	0	0.0	0	0.0	0	0.0	1,397	38.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3	100.0	3,626	100.0	683	18.8	3,626	100.0
Housing Units by Tract	Housing Type by Tract							
	Owner-occupied			Rental		Vacant		
	#	% by tract	% by unit	#	% by unit	#	% by unit	
Low	0	0	0.0	0	0.0	0	0.0	
Moderate	0	0	0.0	0	0.0	0	0.0	
Middle	5,576	3,655	100.0	65.5	1,333	23.9	588	10.5
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	5,576	3,655	100.0	65.5	1,333	23.9	588	10.5
Total Businesses by Tract	Businesses by Tract & Revenue Size							
	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
	#	%	#	%	#	%		
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	446	100.0	393	100.0	39	100.0	14	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	446	100.0	393	100.0	39	100.0	14	100.0
Percentage of Total Businesses:				88.1		8.7		3.1
Total Farms by Tract	Farms by Tract & Revenue Size							
	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
	#	%	#	%	#	%		
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	91	100.0	90	100.0	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	91	100.0	90	100.0	1	100.0	0	0.0
Percentage of Total Farms:				98.9		1.1		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

APPENDIX C – 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.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet 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; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income 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, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include 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 is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that 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 applications, the amount of loan requested, and the disposition of the application (for example, 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 refinancings of home improvement and home purchase loans.

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

Limited-scope review: Performance is analyzed using only quantitative factors (for example, 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.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A 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. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a 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 area (NonMSA): Any area that is not located within an MSA.

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

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

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

Rated area: A rated area is a state or 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. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

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

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