

# **PUBLIC DISCLOSURE**

December 2, 1996

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The State Bank of Dixon  
RSSD# 894151

P. O. Box 400  
Dixon, Missouri 65459-0400

Federal Reserve Bank of St. Louis  
P.O. Box 442  
St. Louis, Missouri 63166

**NOTE:** This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal Reserve concerning the safety and soundness of this financial institution.

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **The State Bank of Dixon** prepared by the **Federal Reserve System**, the institution's supervisory agency, as of **December 2, 1996**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

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

The State Bank of Dixon meets the standards to receive a satisfactory rating. The bank's loan-to-deposit ratio is considered reasonable given the institution's size, its financial condition, and the credit needs of the assessment area. A substantial majority of the bank's loans and other lending activities are within its assessment area. The loan distribution reflects an exceptional penetration among individuals of different income levels and among businesses of different sizes.

The following table indicates the performance level of The State Bank of Dixon with respect to each of the five performance criteria.

| SMALL INSTITUTION ASSESSMENT<br>CRITERIA   | <u>THE STATE BANK OF DIXON</u><br>PERFORMANCE LEVELS              |  |   |
|--|---|--|---|
|  | Exceeds<br>Standards<br>for<br>Satisfactory<br>Performanc<br>e    | Meets<br>Standards<br>for<br>Satisfactory<br>Performance | Does not<br>meet<br>Standards<br>for<br>Satisfactory<br>Performanc<br>e |
| Loans to Deposit Ratio   |   | X  |   |
| Lending in Assessment Area   | X   |  |   |
| Lending to Borrowers of<br>Different Incomes and to<br>Businesses of Different Sizes | X   |  |   |
| Geographic Distribution of<br>Loans  | Geographic distribution is not meaningful<br>for this evaluation. |  |   |
| Response to Complaints   | No complaints were received since the<br>prior<br>examination.    |  |   |

## DESCRIPTION OF INSTITUTION

The State Bank of Dixon is owned by Pulaski Bancshares, Inc., a one bank holding company. As of September 30, 1996, the bank reported assets of \$62.1 million. The bank operates in a competitive environment with four primary competitors conducting business in Pulaski County and the adjacent county of Maries. These competitors consist of four nationally chartered banks, one of which is a subsidiary of a large multi-bank holding company. The asset size of these competitors ranges from \$41.4 million to \$80.6 million. The State Bank of Dixon primarily focuses on credit products for consumers, but maintains a full range of loan products including residential real estate, commercial, and agricultural loans.

## DESCRIPTION OF ASSESSMENT AREA

The bank defines its assessment area as all of Pulaski County, Missouri and a portion of Maries County, Missouri, which encompasses Block Numbering Areas (BNAs) 9701.00, 9702.85, 9703.85, 9704.00, 9705.00, and 9803.00. All of these BNAs are designated as middle-income areas by the U.S. Census Bureau. The assessment area includes the towns of Dixon, Crocker, Richland, Waynesville, St. Robert, and Fort Leonard Wood. Farming, military service, education, and manufacturing are the predominant industries. The assessment area unemployment rate is consistent with the Missouri statewide unemployment rate of approximately six percent.

The 1990 census shows that the assessment area median family income is \$23,124, and the statewide nonmetropolitan median family income is \$24,325. Based on family income, the population distribution for the assessment area is 15.8 percent low-income, 22.2 percent moderate-income, 26.5 percent middle-income, and 35.6 percent upper-income. The total population of the assessment area is 44,322.<sup>1</sup>

---

<sup>1</sup>Low-income is defined as individual income, or in the case of a geography, a median family income that is less than 50 percent of the statewide nonmetropolitan median family income.

Moderate-income is defined as individual income, or in the case of a geography, a median family income that is at least 50 percent and less than 80 percent of the statewide nonmetropolitan median family income.

Middle-income is defined as individual income, or in the case of a geography, a median family income that is at least 80 percent and less than 120 percent of the statewide nonmetropolitan median family income.

Upper-income is defined as individual income, or in the case of a geography, a median family income that is 120 percent or more of the statewide nonmetropolitan median family income.

**CONCLUSIONS WITH RESPECT TO THE PERFORMANCE CRITERIA:**

**Loan-to-Deposit Ratio**

The bank's loan-to-deposit ratio is reasonable given its performance context, which includes the bank's capacity to lend, the capacity of other similarly-situated banks to lend in the assessment area, demographic and economic factors present in the assessment area, and the lending opportunities available in the bank's assessment area. The bank's average loan-to-deposit ratio for the seven quarters since the previous examination by the Federal Deposit Insurance Corporation (FDIC) (10-11-94) is 58.0 percent. In comparison, the average loan-to-deposit ratios for the same time period of four local competing institutions range from 55.5 to 85.2 percent. Two of the bank's competitors have loan-to-deposit ratios less than The State Bank of Dixon while the other two competitors have loan-to-deposit ratios much higher.

**Lending in the Assessment Area**

A review of a statistical sample of the loans originated by the bank in the past six months reveals that a substantial majority of its loans were located within its assessment area; thus, the bank exceeds the standards for satisfactory performance. Of the 208 loan files sampled which contained address information on the borrowers, 183 or 88 percent are located within the assessment area. The following table shows the number and percentage of loans that are located within the bank's assessment area.

**Distribution of Loans In/Out of the Assessment Area**

| Loan Type                      | Sample Size | Number in Assessment Area |            | Dollar Amount in Assessment Area |            |
|--------------------------------|-------------|---------------------------|------------|----------------------------------|------------|
|                                |             | Count                     | Percentage | Dollar Amount                    | Percentage |
| Personal/Secured and Unsecured | 149         | 134                       | 90%        | \$490,787                        | 92%        |
| 1-4 Family Residential         | 59          | 49                        | 83%        | \$1,942,855                      | 88%        |
| <b>Total</b>                   | 208         | 183                       | 88%        | \$2,433,642                      | 89%        |

## Lending to Borrowers of Different Incomes and to Businesses of Different Sizes<sup>2</sup>

A statistical review of the distribution of loans to individual borrowers of different income levels demonstrates an excellent penetration among borrowers of all income levels and, thus, exceeds the standards for satisfactory performance.

The income level of 1-4 family residential and personal borrowers was compared to the 1996 statewide nonmetropolitan median family income of \$30,100, as made available by the Department of Housing and Urban Development. The bank's distribution of 1-4 family residential and personal loans by the borrower's income level, utilizing the income definitions in footnote 1, is shown in the following table.

**Distribution of Loans Across Assessment Area by Income Level of Borrower**

| Loan Type                      | Borrower Income Level<br>Number and Dollar Volume |                  |                  |                  |
|--------------------------------|---|------------------|------------------|------------------|
|                                | Low   | Moderate         | Middle           | Upper            |
| 1-4 Family Residential         | 7<br>14%  | 12<br>24%        | 15<br>31%        | 15<br>31%        |
|                                | \$141,208<br>7%                                   | \$382,707<br>20% | \$531,666<br>27% | \$887,274<br>46% |
| Personal/Secured and Unsecured | 57<br>43%   | 40<br>30%        | 21<br>16%        | 16<br>12%        |
|                                | \$152,613<br>31%                                  | \$172,867<br>35% | \$81,820<br>17%  | \$83,486<br>17%  |

---

<sup>2</sup>This evaluation did not include a sample of business or commercial lending because they are not major product lines of the bank.

|   |     |     |     |     |
|---|-----|-----|-----|-----|
| <b>Assessment Area<br/>Population<sup>3</sup></b> | 16% | 22% | 27% | 35% |
|---|-----|-----|-----|-----|

The table demonstrates that the bank has dispersion of loans throughout each income category. The above distribution of borrowers reflects an exceptional penetration to low- and moderate-income individuals. Data in the table demonstrates that the bank made 38 percent of its 1-4 family residential loans and 73 percent of its personal loans to low- and moderate-income borrowers. In comparison, 38 percent of the families in the assessment area are classified as low- and moderate-income.

---

<sup>3</sup>Population percentages reflect income level characteristics of the assessment area, and are based on the 1990 assessment area median family income of \$23,124.

### **Geographic Distribution**

All of the BNAs within the bank=s assessment area are designated as middle-income by the U.S. Census Bureau. Therefore, a geographic distribution analysis would not provide any relevant data.

### **Review of Complaints**

No complaints have been received since the prior examination.

### **Additional Information:**

A fair lending analysis focusing on the Equal Credit Opportunity Act and the Fair Housing Act was performed during the examination. The analysis revealed that the bank is in compliance with the substantive provisions of these anti-discrimination laws and regulations. No evidence of discouragement of applications was noted.