



**Community Reinvestment Act**

**Strategic Plan**

**October 1, 2021 – December 31, 2023**

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## **I. Introduction**

The Community Reinvestment Act ("CRA") was created to encourage regulated financial institutions, such as First Bank of the Lake ("Bank"), to demonstrate that they meet the credit needs of the local communities in which the institution operates. These credit needs include serving low- and moderate-income ("LMI") individuals and those located in LMI geographies. The Bank's local community is also known as its assessment area ("AA"), which includes, among others, the geographies in which the Bank operates its main office, as well as the surrounding geographies in which the Bank has originated or purchased a substantial portion of its loans.

The CRA regulation establishes performance tests, standards, and ratings for large banks, intermediate small banks, small banks, and wholesale or limited purpose banks. Alternatively, the CRA regulation allows for institutions to be evaluated under a CRA Strategic Plan ("Plan"). This option allows an institution to develop a plan, with community input, detailing how the institution proposes to tailor its approach to best meet the needs of its AA. After seeking informal suggestions from the public during the development of the Plan, the institution must formally solicit public comment on the Plan for at least 30 days by publishing notice in at least one newspaper of general circulation in the AA. After the comment period, the institution then submits the Plan to its regulator, the Federal Deposit Insurance Corporation ("FDIC"), for review and approval.

The FDIC evaluates CRA performance in many areas, depending on the size and structure of the institution. An important aspect of the CRA is community development. For loans, investments, donations, and services to qualify as community development activities, their primary purpose must: support affordable housing for LMI individuals; target community services toward LMI individuals; promote economic development by financing small businesses or farms; provide activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved non-metropolitan middle-income geographies; or enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

In 2010, the Bank embarked on a mission to remain a strong community bank serving the local community and to build a national government guaranteed lending program. Although the Bank has historically originated the majority of its small business and home mortgage loans within its AA, the current business strategy could eventually cause small business lending inside the AA to be less than a majority. Therefore, the Bank is electing to operate under this Plan in order to satisfactorily fulfill its CRA obligations.

## **II. Background**

The Bank was founded over 35 years ago as a local community bank in Osage Beach, Missouri. By adhering to its core principles of trust, integrity, dedication, and personal relationships, the Bank has continually grown its customer base. In order to further enhance its growth strategy, the Bank was purchased by new investors in December 2010. The goal of the new investors was to develop a strong community bank serving the Lake of the Ozarks and to build a national government guaranteed lending program. The Bank's customer-focused operations have made it the second most active Small Business Administration (SBA) 7(a) lender in Missouri (by lending volume) and the 25<sup>th</sup> most active SBA 7(a) lender in the United States (by lending volume) from January 1 through June 30, 2021<sup>1</sup>. While the Bank takes great pride in having helped small businesses nationwide with their financial needs, the Bank continues to strive to meet the needs of the local community it serves.

## **III. Operations**

The Bank operates one full-service office from Osage Beach, Missouri. A drive-through facility and ATM is located immediately behind the office location. The Bank also operates a Government Guaranteed Loan Operation Center out of Greenville, South Carolina. As of the December 31, 2020 Consolidated Report of Condition and Income (Call Report), the Bank employed a staff of 75 full-time equivalent employees.

### **a. Credit Products**

The Bank specializes in providing SBA and USDA commercial loans to small businesses nationwide. The current focus industries include: Commercial Real Estate, Dental Practice, Franchise, Healthcare, Merger and Acquisition, Manufacturing and Exporting, Pharmacy, Professional Services Firms, Veterinary Practice, Senior Care/Skilled Nursing, Business and Industry, Community Facility, Water and Environmental, and Solar. While the primary business model is government guaranteed lending, the Bank also provides Auto, Boat, Recreational Vehicle, CD and Savings Secured, Unsecured, Residential Mortgage, Commercial Real Estate, and Commercial loans.

### **b. Deposit Products**

Deposit products offered to consumers and business customers include Checking, Savings, and Money Market deposit accounts, as well as Certificates of Deposit.

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<sup>1</sup> <https://www.sba.gov/partners/lenders/7a-loan-program/100-most-active-sba-7a-lenders>

Alternative banking services include online banking, mobile banking, mobile deposit, estatements, remote deposit capture, and online bill pay.

### **c. Paycheck Protection Program**

After the COVID-19 global pandemic hit the United States in 2020, the federal government implemented the Paycheck Protection Program (“PPP”) to help small businesses and their employees through the resulting economic crisis. The PPP is administered by the SBA. Given the Bank’s experience in SBA lending, the Bank elected to participate in the distribution of PPP funds. During the first round of PPP loans, the Bank successfully originated 4,188 loans for just over \$490,000,000. During the second round of PPP loans, the Bank originated approximately 7,800 loans for \$510,000,000. For the second round of PPP loans, the Bank increased its SBA staff to approximately 200 employees, including approximately 100 temporary employees.

### **d. Loan Portfolio**

As of the December 31, 2020 Call Report, the Bank had total assets of \$647.6 million, total loans and leases of \$587.2 million, and equity capital of \$21.0 million. However, included in these amounts are 4,079 outstanding PPP loans totaling \$452.6 million pledged to the Federal Reserve Paycheck Protection Program Liquidity Facility. The loan portfolio is illustrated in the following table.

<b>Loan Portfolio Distribution as of 12/31/2020</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	4,608	0.78
Secured by Farmland	980	0.17
1-4 Family Residential	5,490	0.93
Multi-Family (5 or more) Residential	730	0.12
Commercial Real Estate	50,858	8.66
Commercial and Industrial	523,705	89.18
Other	860	0.15
Lease Financing	0	0.00
Less: Unearned Income	0	0.00
<b>Total Loans</b>	<b>587,231</b>	<b>100.00</b>

## IV. Description of Assessment Area

The Bank has designated the CRA assessment area (“AA”) to be Camden, Miller, Pulaski, Laclede, Dallas, Hickory, Benton, and Morgan counties, located in the state of Missouri. The AA is comprised of whole counties and does not arbitrarily exclude any low- or moderate-income census tracts. The following sections discuss demographic, economic, and competition information for the AA.

### a. Demographic and Economic Data

The AA includes 48 census tracts with the following characteristics per the 2020 FFIEC Census Report – Summary Census Demographic Information: 0 low-income tracts, 10 moderate-income tracts, 29 middle-income tracts, and 9 upper-income tracts. The following table illustrates select demographic characteristics of the AA.

<b>Demographic Information of the Assessment Area - Camden, Miller, Pulaski, Laclede, Dallas, Hickory, Benton, and Morgan Counties - Missouri</b>					
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>
Geographies (Census Tracts)	48	0.0%	20.8%	60.4%	18.8%
Population by Geography	222,818	0.0%	22.2%	59.2%	18.6%
Housing Units by Geography	131,927	0.0%	20.5%	55.5%	24.1%
Owner-Occupied Units by Geography	58,203	0.0%	20.8%	61.8%	17.4%
Occupied Rental Units by Geography	23,295	0.0%	19.8%	58.7%	21.4%
Vacant Units by Geography	50,429	0.0%	20.3%	46.7%	33.0%

The Bureau of Labor Statistics reports that the unemployment rate for the State of Missouri was 6.1 percent as of December 2020. The table below shows the unemployment rates in the counties that make up the AA generally decreased until the COVID-19 global pandemic hit the United States in 2020.

Unemployment Rates				
Area	2017 Average	2018 Average	2019 Average	2020 Average
	%	%	%	%
Benton County	5.1	4.5	4.8	7.3
Camden County	4.8	4.2	4.5	7.0
Dallas County	4.7	4.0	4.5	5.9
Hickory County	4.5	4.1	4.2	5.1
Laclede County	4.8	3.7	6.9	8.3
Miller County	4.5	3.7	3.8	6.2
Morgan County	4.9	4.3	4.3	6.3
Pulaski County	4.3	3.6	4.1	5.6
State of Missouri	3.8	3.2	3.3	6.1
National Average	4.4	3.9	3.7	8.1

## **b. Competition**

The AA is competitive for financial services. According to the Summary of Deposits Market Share Report dated June 30, 2020, there are a total of 35 banks competing for the area's deposit market share. These banks operate 92 offices within the area and share \$4.2 billion in deposits. Of these institutions, First Bank of the Lake ranked 15<sup>th</sup> with 2.69 percent of the total deposits in the market area. The largest competitors are Central Bank of Lake of the Ozarks at 19.38 percent; Oakstar Bank at 8.83 percent; and U.S. Bank National Association at 6.84 percent of the total market area deposits.

## **V. Effective Date and Term**

The proposed effective date of the Plan is October 1, 2021. The Plan's term is set forth as follows: October 1, 2021 through December 31, 2022 and January 1, 2023 through December 31, 2023. The Plan sets forth measurable performance goals through which the Bank will be evaluated. The Bank's Board of Directors and senior management will oversee the Bank's progress in meeting the Plan's objectives.

## **VI. Measurable Performance Goals**

The CRA regulation outlines that a CRA Strategic Plan should specify measurable goals for helping to meet the credit needs of each AA covered by the plan, particularly the needs of LMI individuals and LMI geographies, through lending, investment, and services, as appropriate. The

Bank's measurable performance goals reflect the regulatory flexibility as defined in the CRA regulation:

*A bank shall address in its plan all three performance categories and, unless the bank has been designated as a wholesale or limited purpose bank, shall emphasize lending and lending-related activities. Nevertheless, a different emphasis, including a focus on one or more performance categories, may be appropriate if responsive to the characteristics and credit needs of its assessment area(s), considering public comment and the bank's capacity and constraints, product offerings, and business strategy.*

Accordingly, with limited LMI geographies located in the AA, an overwhelming percentage of the Bank's portfolio consisting of commercial and industrial lending, public input from local government officials, community development groups, and local non-profits, and a primary business strategy of national government guaranteed lending, the Bank has developed three measurable performance goals for the AA: 1) Community Development Loans and Investments; 2) Community Development Donations; and 3) Community Development Service Hours. After informally discussing the measurable performance goals stated above with the public during the development of the Plan, the Bank believes these goals are responsive to the characteristics and credit needs of its AA.

If, during the term of the Plan, there are material changes in the Bank's product mix, geography, or projections that would affect the measurable performance goals stated in this Plan, then the Bank may initiate the process for undergoing a plan amendment, as specified in the CRA regulation.

The Bank was unable to locate a financial institution, regulated by the FDIC and within its AA, that utilized a CRA Strategic Plan. Therefore, the Bank selected peer banks that were regulated by the FDIC, currently operated under a CRA Strategic Plan, contained a similar asset size to the Bank, and obtained an outstanding rating on its most recent CRA performance evaluation. In addition to the aforementioned criteria, Continental Bank, headquartered out of Salt Lake City, Utah, was selected due to its primary business strategy consisting of financing nationwide commercial and industrial loans. Likewise, First Covenant Bank, headquartered out of Commerce, Georgia, contained an additional similarity to the Bank – its AA consisted of extremely limited LMI geographies. Finally, Live Oak Banking Company, headquartered out of Wilmington, North Carolina, did not meet the asset size criteria. However, Live Oak Banking Company was selected due to a similar business strategy of a national government guaranteed lending department. An extensive analysis was performed on the peer bank's data, and the Bank's measurable performance goals compare favorably to the peer banks.



## **a. Community Development Loans and Investments**

The measurable performance goal for community development loans and investments consists of combined community development purpose loans and investments as a percentage of the Bank's annual average assets for each plan year. The average assets are calculated by taking a rolling average of the four quarter-end total assets, not including loans pledged to the Federal Reserve Paycheck Protection Program Liquidity Facility, as reported in the Bank's call report for that plan year. Community development investments are measured cumulatively, while community development loans are measured by year. By attaching the goal as a percentage of the Bank's annual average assets, the goal will expand in coordination with the Bank's growth.

The following table illustrates the Bank's measurable performance goals for community development loans and investments that benefits the Bank's AA or a broader statewide or regional area that includes the Bank's AA:

<b>Community Development Loans and Investments First Bank of the Lake</b>		
<b>Plan Year</b>	<b>Satisfactory (%)</b>	<b>Outstanding (%)</b>
10/1/2021 - 12/31/2022	0.50	0.75
1/1/2023 - 12/31/2023	0.60	0.85

Based on the Bank's annual average assets as of December 31, 2020 – \$151,956,000 – the Bank's measurable performance goals for community development loans and investments that benefits the Bank's AA or a broader statewide or regional area that includes the Bank's AA would equate to the following:

<b>Community Development Loans and Investments First Bank of the Lake – Historical Comparison</b>		
<b>Plan Year</b>	<b>Satisfactory (\$)</b>	<b>Outstanding (\$)</b>
10/1/2021 - 12/31/2022	759,780	1,139,670
1/1/2023 - 12/31/2023	911,736	1,291,626

The following table illustrates peer bank measurable performance goals for community development loans and investments:

<b>Community Development Loans and Investments Peer Banks</b>			
<b>Peer Bank</b>	<b>Plan Year</b>	<b>Satisfactory (%)</b>	<b>Outstanding (%)</b>
Continental Bank	2012	0.05	0.08
Continental Bank	2013	0.05	0.08
Continental Bank	2018	0.10	0.20
First Covenant Bank	2017	0.50	0.75
First Covenant Bank	2018	0.75	1.00
Live Oak Banking Company	2009	0.65	0.90
Live Oak Banking Company	2010	0.75	1.00
Live Oak Banking Company	2011	0.90	1.15

## **b. Community Development Donations**

The following table illustrates the Bank's measurable performance goals for community development donations that benefits the Bank's AA or a broader statewide or regional area that includes the Bank's AA:

<b>Community Development Donations First Bank of the Lake</b>		
<b>Plan Year</b>	<b>Satisfactory (\$)</b>	<b>Outstanding (\$)</b>
10/1/2021 - 12/31/2022	20,000	30,000
1/1/2023 - 12/31/2023	25,000	35,000

The following table illustrates peer bank measurable performance goals for community development donations:

<b>Community Development Donations Peer Banks</b>			
<b>Peer Bank</b>	<b>Plan Year</b>	<b>Satisfactory (\$)</b>	<b>Outstanding (\$)</b>
Continental Bank	2012	6,000	8,000
Continental Bank	2013	7,000	9,000
Continental Bank	2018	9,568	12,512
First Covenant Bank	2017	30,000	35,000
First Covenant Bank	2018	35,000	40,000
Live Oak Banking Company	2009	15,000	17,500
Live Oak Banking Company	2010	17,000	20,000
Live Oak Banking Company	2011	20,000	25,000

### **c. Community Development Services**

The following table illustrates the Bank's measurable performance goals for community development services that benefits the Bank's AA or a broader statewide or regional area that includes the Bank's AA:

<b>Community Development Services First Bank of the Lake</b>		
<b>Plan Year</b>	<b>Satisfactory (Hours)</b>	<b>Outstanding (Hours)</b>
10/1/2021 - 12/31/2022	60	90
1/1/2023 - 12/31/2023	70	100

The following table illustrates peer bank measurable performance goals for community development services:

<b>Community Development Services Peer Banks</b>			
<b>Peer Bank</b>	<b>Plan Year</b>	<b>Satisfactory (Hours)</b>	<b>Outstanding (Hours)</b>
Continental Bank	2012	100	200
Continental Bank	2013	100	200
Continental Bank	2018	120	160
First Covenant Bank	2017	30	50
First Covenant Bank	2018	50	70
Live Oak Banking Company	2009	50	75
Live Oak Banking Company	2010	60	90
Live Oak Banking Company	2011	70	105

## **VII. Public Participation in Development of the CRA Strategic Plan**

The Bank has invited informal suggestions and input from local community contacts during the development of the Plan. Attached in section XII is a copy of a notice displayed prominently in the lobby of the Bank for two months during the development of the Plan. Meetings were also held with local government officials and with a prominent member of a local non-profit.

Through discussions with community contacts, two needs were routinely identified: affordable housing and financial literacy. While affordable housing was already an area of need in the AA, the pandemic exacerbated the issue. Average home prices in the AA have drastically increased, which in turn disproportionately affected LMI individuals. To meet this need, the Bank will look to finance multi-family affordable housing projects and lead home buyer education classes.

To address the financial literacy need, a meeting was held with Banzai, a company that provides online financial education classes offered free of charge to local schools. Should the Bank donate to Banzai to sponsor local schools in which the majority of students qualify for free or reduced-price meals, the Bank would also look to give presentations directly to the students.

## **VIII. Formal Public Notice**

The Bank formally solicited public comment for a 30-day period by publishing the following notice in the Lake Sun newspaper on September 1, 2021, and on the Bank's website, [www.fblake.bank](http://www.fblake.bank).

## First Bank of the Lake Community Reinvestment Act Strategic Plan – Comments Invited

First Bank of the Lake (“Bank”) intends to file a Community Reinvestment Act Strategic Plan (“Plan”) with the Federal Deposit Insurance Corporation (“FDIC”).

The Bank is required to publish notice of the Plan and formally solicit public comment for at least 30 days. To comply with this requirement, the Bank hereby provides notice to the public of its intentions to submit a two-year Plan to the FDIC.

The Plan is available for viewing at [www.fblake.bank](http://www.fblake.bank). The Plan will also be available for public examination from 8:30 am to 4:00 pm Monday through Friday, and 8:00 am to 12:00 noon on Saturday, at the Bank’s location at 4558 Osage Beach Parkway, Suite 100, Osage Beach, MO 65065.

All written comments regarding the Plan can be directed to 4558 Osage Beach Parkway, Suite 100, Osage Beach, MO 65065 (Attn: Blake Monson) or to the email address [info@fblake.bank](mailto:info@fblake.bank). All written comments will be accepted until October 1, 2021, at which time the Plan will be submitted to the FDIC for approval. The Bank will review all comments received and incorporate recommendations to the Plan at its discretion.

## IX. Election of Alternative CRA Performance Evaluation

Although the Bank’s Board of Directors and senior management are committed to meeting or exceeding all goals established in this Plan, the Bank, if through unforeseen circumstances where the Bank is unable to meet substantially all of the goals established to obtain a “Satisfactory” rating, will elect to be evaluated under the small bank or intermediate small bank assessment method, depending on asset size, under the CRA regulation.

## X. Definitions

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- 1) Support affordable housing for low- and moderate-income individuals;
- 2) Target community services toward low- and moderate-income individuals;
- 3) Promote economic development by financing small businesses or farms;
- 4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved non-metropolitan middle-income geographies; or
- 5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

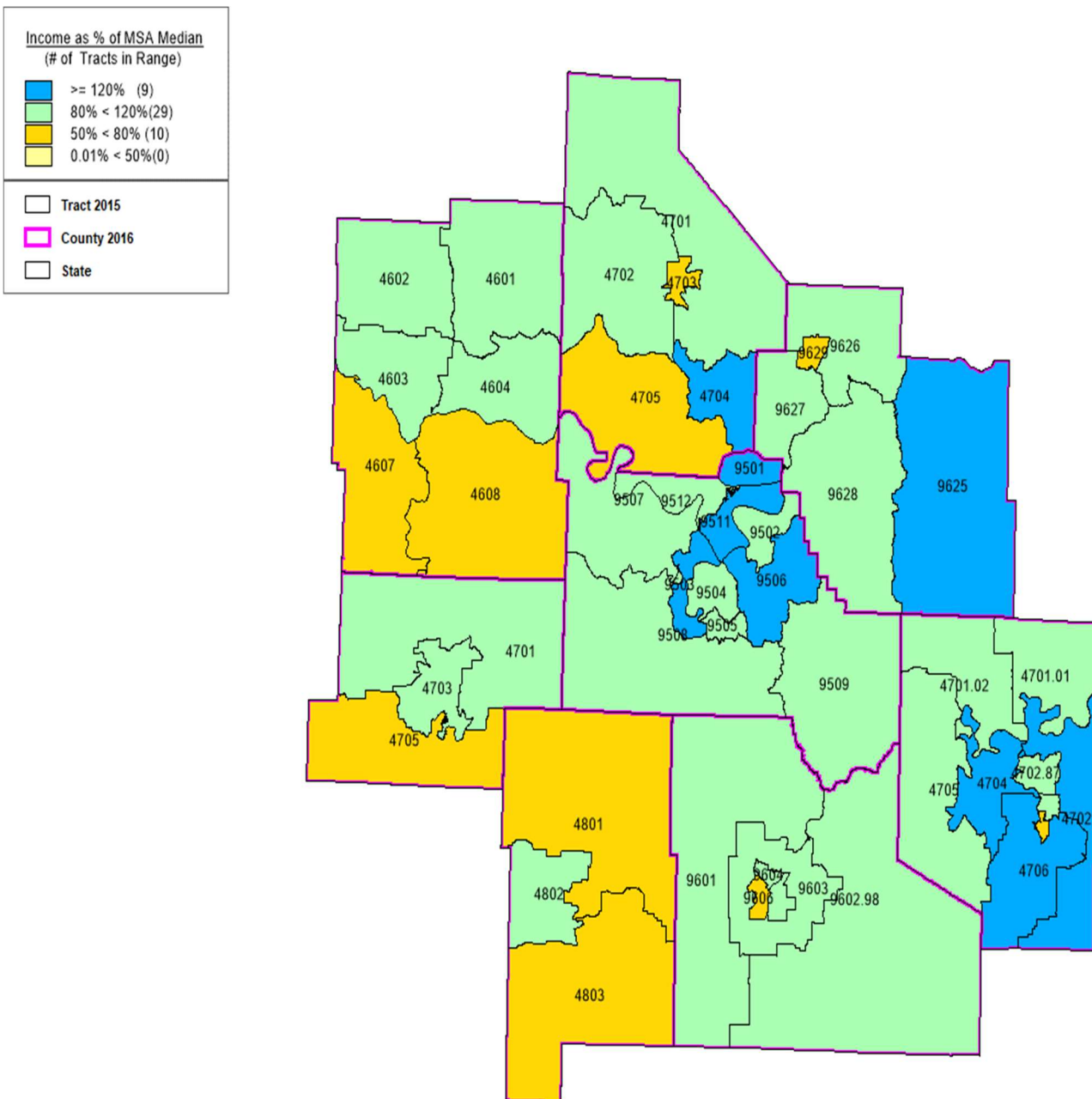
**Community Development Loan:** A loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank:
  - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - b. Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

**Community Development Service:** A service that:

- 1) Has as its primary purpose community development;
- 2) Is related to the provision of financial services; and
- 3) Has not been considered in the evaluation of the bank's retail banking services under section 345.24(d).

## XI. Assessment Area Map



## XII. Informal Public Participation Lobby Notice

# **Know of an Organization First Bank of the Lake can serve?**

- **Volunteers**
- **Serving on Boards**
- **Financial Assistance**

**Talk to one of our bankers or  
Email us at [info@fblake.bank](mailto:info@fblake.bank)**



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