



**SMALL BANK**

---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

## **PUBLIC DISCLOSURE**

October 9, 2012

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Clay County Savings Bank  
Charter Number 704055

1178 West 152 Highway  
Liberty, MO 64069

Office of the Comptroller of the Currency

Kansas City Field Office  
7101 College Blvd., Suite 1600  
Overland Park, KS 66210

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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

Major factors that support this rating are:

- Clay County Savings Bank (CCSB) originated a majority of loans within its assessment area (AA).
- The loan-to-deposit (LTD) ratio reflects a reasonable responsiveness toward meeting the credit needs of the community.
- The bank's distribution of loans reflects reasonable penetration among borrowers of different income levels.

## **SCOPE OF EXAMINATION**

We evaluated the bank's CRA performance using small bank CRA examination procedures. This primarily includes an assessment of the lending test. The bank has one assessment area (AA) that includes Platte and Clay counties in Missouri. Our objective was to assess the bank's ability to serve and meet the community credit needs within its AA. CCSB's primary loan product is residential real estate (RRE) loans, based on outstanding loans by dollar volume. The bank was not able to provide data on loan originations and purchases during the evaluation period.

We used 2010 and 2011 Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR) data to evaluate the bank's lending performance. We used a sample of 30 loans to test the accuracy of this data. Based on our analysis, the data is accurate and reliable. All financial information and ratios referenced herein are as of June 30, 2012, unless otherwise stated.

## **DESCRIPTION OF INSTITUTION**

CCSB is a \$104 million financial institution headquartered in Liberty, Missouri. Liberty is located in Clay county in the northwest corner of Missouri. CCSB is wholly-owned by CCSB Financial Corporation, a one-bank holding company. In addition to its main office, CCSB operates three full-service branches, all with deposit-taking ATMs. In 2011, CCSB closed one branch in an upper-income tract.

The bank offers a full range of deposit and loan products and services. As of June 30, 2012, CCSB reported net loans of \$71.6 million, and had a net loans and leases to average assets ratio of 70.77 percent. Residential mortgage lending is the primary business focus and comprises a majority of the loan portfolio. There are no legal or financial impediments to CCSB's ability to meet the credit needs of its AA. CCSB received a Satisfactory rating at its last CRA exam dated October 26, 2006.

## DESCRIPTION OF ASSESSMENT AREA(S)

CCSB has one AA, which includes all of Clay and Platte counties in the Kansas City, MO-KS metropolitan statistical area (MSA). The AA consists of seven moderate-income tracts, 29 middle-income tracts, and 19 upper-income tracts, with a total population of 257,787. Demographic data shows the 2011 median family income is \$72,300 and the average median housing value is \$111,786. Approximately 5 percent of households are below poverty level. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

Competition is strong. There are 39 other financial institutions in the market, including banks that serve larger regional and national markets. As of June 30, 2011, CCSB ranks 17<sup>th</sup> in the market with a deposit market share of 1.90 percent. Economic conditions declined in the recent recession; however, there is recent evidence of improvement.

We performed one community contact with a business organization during this examination. The contact identified affordable housing as a need in the community.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

CCSB's overall performance under the lending test is satisfactory. A majority of loans are located within the AA. The bank's loan-to-deposit (LTD) ratio reflects reasonable responsiveness toward meeting the credit needs of the community. The distribution of loans to borrowers of different income levels is reasonable. The distribution of loans by geography is poor. *Please refer to the Geographic Distribution of Loans section for more details.*

### **Loan-to-Deposit Ratio**

The bank's LTD ratio is reasonable. Since the last CRA evaluation, the quarterly average LTD ratio is 89.13 percent, based on the last 22 quarters. We compared the bank's quarterly average LTD ratio to similarly situated institutions in the AA. During the same time period, the average quarterly LTD ratio for similarly situated institutions was 78.31 percent ranging from 102.13 percent to 52.10 percent.

### **Lending in Assessment Area**

CCSB's record of lending to borrowers in the AA is reasonable. A majority of the loans made are inside the AA. We reviewed single family (one to four) purchase, refinance, and home improvement loans. Our review found CCSB originated 73.55 percent of its residential loans by number and 75.82 percent by dollar volume inside the AA.

## Lending to Borrowers of Different Incomes

The bank's distribution of home loans reflects reasonable penetration among borrowers of different income levels. Primary weight is given to home refinance loan performance since they represent 68 percent of total home mortgage loans during the evaluation period. The distribution of home refinance loans to low-income borrowers is excellent considering that 3.64 percent of families are below poverty level. The distribution of these loans to moderate-income borrowers is also reasonable.

The following table details the distribution of home loan products among borrowers of different income levels for the period January 1, 2010 through December 31, 2011, as compared to the percent of families in each income category.

<b>Borrower Distribution of Residential Real Estate Loans in Clay and Platte Counties</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	14.15	14.29	18.13	28.57	25.59	21.43	42.13	35.71
Home Improvement	14.15	17.65	18.13	29.41	25.59	11.76	42.13	41.18
Home Refinance	14.15	12.12	18.13	15.15	25.59	32.32	42.13	40.40

Source: data reported under HMDA; U.S. Census data.

## Geographic Distribution of Loans

The bank's geographic distribution of home loans in the AA reflects a poor dispersion in moderate-income census tracts. Management had not provided a reason for the poor dispersion. The percentage of home refinance loans in these tracts is significantly below demographics.

The following table details the bank's performance as compared to the percentage of owner-occupied housing in each census tract income level.

<b>Geographic Distribution of Residential Real Estate Loans in Clay and Platte Counties</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	6.54	3.45	60.41	72.41	33.22	24.14
Home Improvement	0.00	0.00	6.54	5.56	60.24	72.22	33.22	22.22
Home Refinance	0.00	0.00	6.54	2.83	60.24	54.72	33.22	42.50

Source: data reported under HMDA; U.S. Census data.

## **RESPONSES TO COMPLIANTS**

During the evaluation period, CCSB did not receive any written consumer complaints about its performance in helping to meet the credit needs of its AA.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any AA by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.