



## **PUBLIC DISCLOSURE**

JUNE 1, 2009

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

**COMMUNITY BANK OF RAYMORE  
RSSD# 716851**

**801 FOXWOOD DRIVE RAYMORE, MISSOURI, 64083  
RAYMORE, MISSOURI 64083**

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

**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.

**TABLE OF CONTENTS**

Institution's CRA Rating .....	2
Scope of Examination.....	2
Description of Institution .....	3
Description of the Bank's Assessment Area .....	3
Conclusions with Respect to Performance Criteria.....	5
Glossary of Common CRA Terms .....	8

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

Community Bank of Raymore (the bank) has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income (LMI) individuals and neighborhoods, in a manner consistent with its resources, operating philosophy, and credit needs of the community. Four of the five criteria used in evaluating small bank lending performance were relevant to this review and are as follows:

- Net Loan-to-Deposit (NLTD) Ratio;
- Lending Inside the AA;
- Distribution of Loans by Income Level of Geographies; and,
- Lending to Borrowers of Different Income Levels and to Businesses of Different Revenue Sizes.

The bank's responsiveness to Community Reinvestment Act (CRA) related complaints, the fifth criterion used to evaluate small bank performance, was not evaluated because the bank has not received any such complaints.

The bank's average NLTD ratio indicated a reasonable effort to extend credit in the AA. A majority of the loans reviewed was made inside the AA, and the geographic distribution of loans reflected a reasonable dispersion throughout its AA. The distribution of loans to borrowers of different income levels and businesses of different revenue sizes also reflected reasonable penetration based on area demographics.

**SCOPE OF EXAMINATION**

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council (FFIEC) Interagency Small Bank Examination Procedures. Conclusions for each performance criteria were based on data compiled from statistical samples of loan files for each major product line. The bank's major product lines were determined through discussions with bank management, a review of the bank's March 31, 2009 Report of Condition and Income (Call Report), and a review of the number of loan originations since the bank's last CRA examination in May 2005. Loan products evaluated were small business and consumer loans. The review included a sample of 36 small business loans from a universe of 120 loans and a sample of 28 consumer loans from a universe of 61 loans originated between April 1, 2008 and March 31, 2009. To augment the evaluation, interviews were conducted with members of the local community to ascertain the specific credit needs, opportunities, and local market conditions within the AA that the bank serves and to evaluate the bank's responsiveness in helping to meet such needs. A local economic development professional and two representatives from an area chamber of commerce were contacted during the review. The evaluation also relied on an interview with an economic development professional conducted previously.

**DESCRIPTION OF INSTITUTION**

The bank's main office is located in Raymore, Missouri, approximately 25 miles from downtown Kansas City, Missouri. The bank also operates one branch office in Peculiar, Missouri, located six miles south of Raymore. Both offices have drive-up teller facilities and cash dispensing automated teller machines (ATMs).

The analysis of the bank's CRA performance considered the competitive and demographic environments as well as local economic conditions. Based on its financial condition, size, and product offerings, the bank has the ability to meet the credit needs of its AA. According to the March 31, 2009 Call Report, the bank's total assets were \$116,504M, of which gross loans comprised \$86,301M or 74.1 percent. The June 30, 2008, Federal Deposit Insurance Corporation (FDIC) Market Share Report indicated the bank had a market share of 10.4 percent, ranking it fourth among the 19 FDIC-insured banks operating in the AA. Table 1 illustrates the breakdown of the bank's loan portfolio by product as of March 31, 2009.

<b>TABLE 1 BANK'S LOAN PORTFOLIO</b>		
<b>Loan Type</b>	<b>Amount (\$000)</b>	<b>Percent of Total</b>
Commercial	73,677	85.4
Real Estate	10,493	12.2
Consumer	1,415	1.6
Agricultural	457	0.5
Other	259	0.3
<b>Total Gross Loans</b>	<b>86,301</b>	<b>100.0</b>

The bank has no financial or legal impediments that prevent it from fulfilling its responsibilities under the CRA. In addition, the bank received a satisfactory rating at the previous CRA evaluation conducted by the Federal Reserve Bank of Kansas City on May 23, 2005.

**DESCRIPTION OF THE BANK'S ASSESSMENT AREA**

The bank has identified Cass County as its AA. Cass County is one of seven counties that comprise the Kansas City, Missouri Metropolitan Statistical Area (MSA). The AA is comprised of one moderate-, fourteen middle- and two upper-income tracts. Based on 2000 Census data, the AA has a population of 82,092 and is more affluent than the MSA as a whole. This is evidenced by higher median household incomes, lower percentage of civilian unemployment, and a lower percentage of households living below the poverty level in the AA than in the MSA. Census data indicates the AA has exhibited significant population growth, up from 82,092 in 2000 to 97,133 in 2007. The city of Raymore experienced a higher growth rate than Cass County, with an estimated population increase of 59.0 percent between 2000 and 2008. Community contacts attributed the growth to relatively more affordable land prices compared

to other areas of the MSA and indicated that the area's growth has moderated recently. The contacts stated that commercial and retail building have slowed due to national retail chains not expanding at this time but were optimistic that the area's growth would rebound when the economy strengthens. The contacts also stated a new interchange on Highway 71 scheduled to be completed by the end of 2009 will increase accessibility and offer new business opportunities for the area.

Table 2 summarizes the characteristics of the bank's AA based on 2000 Census data and 2008 Dun and Bradstreet data.

<b>TABLE 2 BANK'S ASSESSMENT AREA DEMOGRAPHICS</b>									
<b>Income Categories</b>	<b>Tract Distribution</b>		<b>Families by Tract Income</b>		<b>Families &lt; Poverty Level as % of Families by Tract</b>		<b>Families by Family Income</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
<b>Low-income</b>	0	0.0	0	0.0	0	0.0	3,492	15.1	
<b>Moderate-income</b>	1	5.9	569	2.5	16	2.8	4,437	19.2	
<b>Middle-income</b>	14	82.3	20,863	90.3	956	4.6	6,562	28.4	
<b>Upper-income</b>	2	11.8	1,664	7.2	9	0.5	8,605	37.3	
<b>Total Assessment Area</b>	17	100.0	23,096	100.0	981	4.2	23,096	100.0	
	<b>Housing Units by Tract</b>	<b>Housing Type by Tract</b>							
		<b>Owner-occupied</b>			<b>Rental</b>		<b>Vacant</b>		
		<b>#</b>	<b>% by tract</b>	<b>% by unit</b>	<b>#</b>	<b>% by unit</b>	<b>#</b>	<b>% by unit</b>	
<b>Moderate-income</b>	722	290	1.2	40.2	416	57.6	16	2.2	
<b>Middle-income</b>	29,004	21,888	91.2	75.5	5,681	19.6	1,435	4.9	
<b>Upper-income</b>	1,951	1,824	7.6	93.5	69	3.5	58	3.0	
<b>Total Assessment Area</b>	31,677	24,002	100.0	75.8	6,166	19.5	1,509	4.8	
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>							
				<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Moderate-income</b>	25	0.8	22	0.8	2	1.2	1	1.0	
<b>Middle-income</b>	2,944	91.9	2,690	91.6	159	94.6	95	95.0	
<b>Upper-income</b>	235	7.3	224	7.6	7	4.2	4	4.0	
<b>Total Assessment Area</b>	3,204	100.0	2,936	100.0	168	100.0	100	100.0	
	<b>Percentage of Total Businesses:</b>			91.7		5.2		3.1	

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**Net Loan-to-Deposit Ratio**

The bank's average NLTD ratio is considered reasonable based on the institution's size, financial condition, AA credit needs, and NLTD ratios of competing institutions and national and state peer groups. During the 16 quarter period since the bank's previous CRA evaluation, the bank's average NLTD was 77.2 percent. Over the most recent 8 quarters, the bank's NLTD ratio averaged 78.1 percent. This figure was higher than three of the four similarly situated banks whose average NLTD ratios ranged from 66.6 percent to 92.0 percent over the same time period. The bank's NLTD ratio also was higher than the state peer group of 78.0 percent but lower than the national peer group at 85.8 percent.

**TABLE 3  
 SUMMARY OF LENDING PERFORMANCE**

<b>Lending within the Assessment Area</b>								
	<b>Inside AA</b>				<b>Outside AA</b>			
	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>
Small Business	27	75.0	1,711	54.3	9	25.0	1,441	45.7
Consumer	21	75.0	287	80.9	7	25.0	68	19.1
<b>TOTAL</b>	<b>48</b>	<b>75.0</b>	<b>1,998</b>	<b>57.0</b>	<b>16</b>	<b>25.0</b>	<b>1,509</b>	<b>43.0</b>
<b>Distribution by Income Level of Geographies</b>								
	<b>% of Bank Loans</b>			<b>% of Small Businesses</b>				
	Moderate	Middle	Upper	Moderate	Middle	Upper		
Small Business	0.0	92.6	7.4	0.8	91.9	7.3		
	<b>% of Bank Loans</b>			<b>% of Families</b>				
	Moderate	Middle	Upper	Moderate	Middle	Upper		
Consumer	0.0	95.2	4.8	2.5	90.3	7.2		
<b>Distribution by Borrower Income Level and Revenue Size of Business</b>								
	<b>% of Bank Loans</b>				<b>% of Small Businesses</b>			
	<b>70.4</b>				<b>91.7</b>			
	<b>% of Bank Loans</b>				<b>% of Families</b>			
	Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
Consumer	19.0	23.8	28.6	28.6	15.1	19.2	28.4	37.3

**Lending in the Bank's Assessment Area**

This core performance criterion evaluates the concentration of loans originated by the bank within its AA as summarized in Table 3. A majority of the loans, 75.0 percent by number, were originated within the bank's AA. The bank's performance in this lending test is considered reasonable. Only those loans originated inside the AA were considered for the remaining analyses.

**Distribution of Loans by Income Level of Geographies**

This performance criterion evaluates the bank's distribution of loans among geographies of various income levels, with emphasis on lending in LMI tracts. To assess the bank's performance for business loans, the distribution of loans is compared to the percentage of small businesses located in each geography type. For consumer loans, the bank's loan distribution is compared to the percentage of families in each geography type.

***Business Loans:***

The bank's AA contains no low-income tracts and only one moderate-income tract. Table 3 indicates that no commercial loans were made in the moderate-income tract; however, this is reasonable given that less than 1 percent of AA businesses are located in this tract.

***Consumer Loans:***

As illustrated in Table 3, no consumer loans were made in the moderate-income census tract. However, this is reasonable given that only 2.5 percent of AA families live in this tract. Community members confirmed that the moderate-income tracts contained very few of the AA's businesses and residents. Moreover, the tract is located four miles from the nearest bank office with approximately eight competing financial institutions located between the tract and the bank's office.

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

This performance criterion evaluates the bank's lending to borrowers of different income levels, primarily LMI individuals, and the bank's lending to businesses of different revenue sizes, particularly those with gross annual revenues of \$1 million or less.

***Small Business Loans:***

As indicated in Table 3, the bank made 70.4 percent of its commercial loans to small businesses, which make up 91.7 percent of total businesses in the AA. The bank's commitment to supporting its community through small business lending was further demonstrated by 78.9 percent of the sampled business loans being made in amounts of

\$100,000 or less, which are amounts typically needed by smaller businesses. The bank's performance in this criterion is considered reasonable.

***Consumer Loans:***

The bank's level of lending to borrowers of different income levels is strong. The total percentage of consumer loans to LMI borrowers was 42.8 percent, which exceeded the percentage of families in the AA classified as LMI, at 34.3 percent. Refer to Table 3 for specific information on the bank's distribution of lending to borrowers of various income levels.

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

Policies and procedures have been implemented to ensure compliance with the regulatory requirements of the Equal Credit Opportunity Act (implemented by Regulation B) and the Fair Housing Act. Bank management is generally knowledgeable regarding the provisions of antidiscriminatory laws and regulations; nevertheless, the examination revealed a substantive violation of Regulation B involving one product. Due to the limited nature of the violation, the bank's CRA rating was not adjusted downward.



## GLOSSARY OF COMMON CRA TERMS

(For additional information, please see the Definitions section of Regulation BB at 12 CFR 228.12.)

**Assessment Area** – The geographic area(s) delineated by the bank and used in evaluating the bank's record of helping to meet the credit needs of its community. The assessment area must include the geographies where the main office, branches, and deposit-taking automated tellers machines are located. The assessment area must consist only of whole geographies, may not reflect illegal discrimination, and may not arbitrarily exclude low- or moderate-income geographies.

**Census Tracts** – Census tracts are small, relatively permanent geographic entities within counties delineated by a committee of local data users. Census tracts are designed to be homogenous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons and average about 4,000 inhabitants.

**Consumer Loans** – Loans to individuals for household, family, and other personal expenditures. These loans do not include real estate-secured loans.

**Dun & Bradstreet Data** – Data collected by Dun & Bradstreet regarding types of businesses and their respective gross annual revenues. The data can be sorted by geographies.

**Geography** – A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

**Income Level** – Both geographies and individuals can be described in terms of their income levels. In MSAs, the level is based on the MSA median family income (**MFI**). In nonMSA areas, the level is based on the statewide, nonMSA median family income.

**Low-Income** – Less than 50 percent of the area median family income

**Moderate-Income** – At least 50 percent and less than 80 percent of the area median family income

**Middle-Income** – At least 80 percent and less than 120 percent of the area median family income

**Upper-Income** – At least 120 percent or more of the area median family income

**LMI** – Collectively, low- and moderate-income families or tracts.

**Metropolitan Statistical Area (MSA)** – The general concept of an MSA is that of a core area containing a large population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. Generally, a single city with at least 50,000 inhabitants or an urbanized area with a total population of at least 100,000 would meet the definition of an MSA.

**Small Business** – A business with gross annual revenues of \$1 million or less.

**Small Business Loan** – A loan with an original amount of \$1 million or less that has been reported in the Consolidated Report of Condition and Income in the category “Loans secured by nonfarm nonresidential properties” or “Commercial and industrial loans.”