

PUBLIC DISCLOSURE

November 29, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Country Club Bank, N.A.
Charter Number 22864**

**9400 Mission Road
Prairie Village, Kansas 66206**

**Office of the Comptroller of the Currency
Kansas City North Field Office
6700 Antioch, Suite 450
Merriam, Kansas 66204**

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 financial supervisory agency 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 **Country Club Bank, N.A.** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of November 29, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

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

We based the bank's CRA rating on the following primary factors:

- The bank's record of lending to businesses of different sizes and to borrowers of different income levels is reasonable.
- A significant majority of the bank's lending activity is within the bank's assessment area.
- The geographic distribution of the bank's lending is acceptable.
- The loan-to-deposit ratio of Country Club Bank is reasonable.

DESCRIPTION OF INSTITUTION

Country Club Bank, N.A. (CCB) is a \$223 million bank headquartered in Prairie Village, Kansas. The bank operates five full-service branches, and five limited-service facilities located in nursing homes within the assessment area. The Prairie Village, Leawood, and Mission Woods branches are located in upper-income residential suburbs in Johnson County, Kansas. Another full-service branch with a walk up facility is located in the Country Club Plaza (Plaza) section of Kansas City, Jackson County, Missouri. The Plaza is located in an upper-income census tract dominated by an upscale shopping district, small businesses, retail stores, restaurants, and hotels. The third branch is located north of the Plaza in a middle-income census tract in Jackson County, Kansas City, Missouri. The bank has an ATM machine located at each full-service branch.

CCB offers traditional banking services and lending products with a primary focus on loans to small and mid-sized businesses. Management defines small businesses as those with revenues less than \$1 million and mid-sized businesses as those with revenues between \$1 million and \$15 million. CCB also helps to meet the consumer and home improvement needs in its assessment area. The bank participates with an area organization that provides home improvement loans in a designated redevelopment area, and provides credit to businesses with a primary focus on low- and moderate-income housing. A majority of CCB's consumer lending results from commercial loan contacts. The bank is not an active home purchase lender. This need is met by many competing financial institutions in the area. CCB's loan portfolio mix consists of 72 percent commercial, 13 percent consumer, and 15 percent residential real estate. Residential loans primarily consist of home equity lines of credit and home improvement loans.

The bank is owned by CCB Corporation, a one-bank holding company. The bank operates a full service broker/dealer department, which requires it to maintain a higher level of liquidity than a typical small bank. There are no other financial conditions, legal constraints, or other factors that prevent CCB from helping to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

CCB's assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

The bank's assessment area includes all of Jackson County (199 census tracts) in Missouri and Johnson County (75 census tracts) and Wyandotte County (75 census tracts) in Kansas. All three counties are located in the Kansas City, Missouri-Kansas MSA. The economy in the area is stable with an unemployment rate of 3.5 percent. The estimated population in the three-county area has increased 8 percent since the 1990 census. Johnson County has grown 21 percent and Jackson County 3 percent, while the population in Wyandotte County has declined 6 percent. The table below shows key demographic data, based on the 1990 Census and other more recent information.

ASSESSMENT AREA DEMOGRAPHIC DATA		
Total number of Census Tracts		349
Income designation of Census Tracts:	Low-Income	43
	Moderate-Income	88
	Middle-Income	132
	Upper-Income	74
	NA	12

Population Summary

Total Population, 1998	1,236,904
Total Population, 1990	1,150,279
Percent of population unemployed, 1999	3.5%
Total Families	307,118
Percent of families below the poverty level	10.58%

Income Summary

1999 Updated HUD Non-MSA Median Family Income*	\$54,200
Percent low-income families	19%
Percent moderate-income families	18%
Percent middle-income families	24%
Percent upper-income families	39%

Housing Information Summary

Total housing units	493,986
1-4 Family units	78.72%
Percent owner occupied units	58.35%

Source: HUD Demographic Reports

* HUD = U.S. Department of Housing and Urban Development

MSA = Metropolitan Statistical Area

The economy in the Kansas City area is very diverse. Primary employment sectors are service industries (34.99%), retail (17.61%), manufacturing (12.73%), government (7.64%), and transportation (7.90%). No one employer dominates the market in the bank's assessment area, rather, diverse employers offer a variety of employment opportunities. The primary credit needs of the assessment area are for small business loans, consumer loans and residential real estate loans. The credit needs of the area are being met according to individuals interviewed during this evaluation and by other community contacts performed in 1999. There is strong competition for loans and deposits among the financial institutions in the bank's assessment area and throughout the Kansas City, Missouri-Kansas MSA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The bank received a rating of "Satisfactory Record of Meeting Community Credit Needs" at its last CRA examination dated June 6, 1996. We reached our conclusions regarding the bank's CRA performance during this examination based on lending activities from June 1996 to November 1999.

As of September 30, 1999, the bank's net loan portfolio of \$122 million represented 55 percent of total assets. The bank's loan portfolio was comprised of 72 percent commercial loans, 15 percent real estate loans, and 13 percent consumer loans.

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

CCB's level of lending to businesses of different sizes and to borrowers of different income levels is reasonable. During the evaluation period, the bank originated \$276 million in loans. Of this amount, 81 percent were commercial loans, 11 percent were consumer loans, and 8 percent were residential real estate loans.

For this section of the examination, we reviewed the loans that the bank originated in its assessment area for revenue and income comparison. Since the last CRA examination conducted in June 1996 through November 26, 1999, the bank originated 1,725 loans in its assessment area totaling \$228.7 million. Based upon the bank's primary business focus, we focussed our review on commercial loans

We selected a sample of 20 commercial loans and 20 consumer loans. We also reviewed all HMDA loans originated in 1997, 1998, and year-to-date 1999. The following charts compare the sampled loans to area income demographic data.

Commercial Sample

The distribution of lending reflects reasonable distribution among businesses of different sizes. The 20 loans selected for the sample were within the bank's assessment area. The table below

shows the distribution of loans by number and dollar volume versus the revenue size of the businesses.

Distribution of Business Loans by Revenues of the Business

Revenues	Number	Percent	Dollar Volume	Percent
< \$200	5	25%	\$693,054	36%
\$200,000-\$499,999	6	30%	\$168,005	9%
\$500,000-\$999,999	2	10%	\$60,289	3%
\$1,000,000-1,999,999	4	20%	\$527,600	27%
\$2,000,000-4,999,999	2	10%	\$58,970	3%
> \$5,000,000	1	5%	435,000	22%
TOTALS	20	100%	\$1,942,918	100%

Source: Bank Management Reports

Area demographics reflect that 68 percent of businesses in the bank's assessment area have revenues of less than \$1 million. The bank's lending, at 65 percent, is comparable to these demographics.

The bank is a very active lender of Small Business Administration guaranteed loans. The SBA ranked Country Club Bank ninth on its list of lenders of SBA-guaranteed loans to businesses in the Kansas City Metropolitan area. The bank has originated more than \$1.5 million in SBA-guaranteed loans over the past three years.

Bank management was able to provide a listing of all commercial loans originated since the last evaluation. All loans originated within the assessment areas during the evaluation period were reviewed. We found a direct correlation between business revenue and loan size. The following table shows the distribution of loans.

Distribution of Business Loans by Loan Size in Assessment Area

Original Balance of Business Loans	Number	Percent	Dollar Volume	Percent
< \$10,000	100	13%	\$530,393	1%
\$10,000 - \$24,999	164	21%	\$2,622,214	2%
\$25,000 - \$99,000	280	36%	\$14,286,277	12%
\$100,000 - \$249,999	123	16%	\$17,724,678	14%
\$250,000 - \$499,999	58	7%	\$18,975,793	15%
\$500,000 - \$999,999	27	3%	\$17,036,076	14%
> \$1,000,000	31	4%	\$50,899,600	42%
Total Loans	783	100%	\$122,075,031	100%

Source: Bank management reports

Consumer Sample

The bank's record of lending to consumer borrowers of different income levels is also reasonable. Of the 20 loans in the consumer sample, all of the borrowers reside in the bank's assessment area. The table below shows the income distribution of the consumer loans we sampled.

Consumer Sample					
Gross Income Level 1999 MFI \$54,200	Percentage of Families Per Income Level	Country Club Bank Loans		Country Club Bank Loans	
		By Number	Percent	By Dollar	Percent
Low-income	19%	5	25%	\$48,982	16%
Moderate-income	18%	2	10%	\$11,500	4%
Middle-income	24%	4	20%	\$41,079	13%
High-income	39%	9	45%	\$209,093	67%
Total	100%	20	100%	\$311,464	100%

Source: Bank Management Reports

The consumer sample shows that the bank's level of lending to borrowers of different levels compares favorably to area demographic data. Of the sampled loans, 35 percent by number were to low- and moderate-income families. This is comparable to area demographics. The dollar amount, 20 percent, is less than the demographics. However, it would not be unreasonable to expect the dollar amount of a loan request to be less for low- and moderate-income people than for middle- and upper-income people. Additionally, almost 11 percent of the families in the assessment area have incomes below the poverty level.

The bank provided information showing the distribution of consumer loans originated from June 4, 1996 to November 26, 1999 by number and dollar volume. During this review period, the bank originated 439 consumer loans totaling \$14.1 million in its assessment area. Our review shows 23 percent of the loans by number were under \$5 thousand, and 19 percent by number were between \$5 thousand and \$10 thousand.

HMDA Reportable Loans

The bank's distribution of HMDA reportable loans to low-income families is below area demographics. Loan distribution for moderate-income families for home purchase is comparable to demographics and greatly exceeds demographics for refinance loans. However, the loan distribution is less than area demographics for home improvement loans.

	Purchase		Home Improvement		Refinance	
	#	\$	#	\$	#	\$
Low-Income	3%	1%	3%	1%	0%	0%
Moderate-Income	24%	16%	9%	4%	34%	48%
Middle-Income	24%	16%	13%	4%	18%	22%
Upper-Income	49%	67%	75%	91%	48%	30%
Total	100%	100%	100%	100%	100%	100%

Source: 1997 & 1998-HMDA Data Submissions 1999-Bank LAR

LOAN-TO-DEPOSIT ANALYSIS

CCB's quarterly average loan-to-deposit ratio is low relative to competitors, but is reasonable. The ratio is affected by the bank's need to maintain higher liquidity than its competition due to its full-service brokerage operation. The bank's average loan-to-deposit ratio for the 13 quarters ending June 30, 1999 (date information was available for similar banks) was 56 percent, and on examination date was 60 percent. The ratios of banks in the assessment area that are similar to CCB in loans, deposits and product offerings ranged from 55 percent to 103 percent as of the same date. The bank's loan-to-deposit ratio has increased 4 percent since the last CRA evaluation. The bank also had \$63 million in unfunded loan commitments as of September 30, 1999, which, if included, would increase the loan-to-deposit ratio to 92 percent.

LENDING IN ASSESSMENT AREA

CCB's level of lending to businesses and borrowers within its assessment area is excellent. All of the commercial and consumer loans selected for sampling were located within the bank's assessment area. Further, the loan lists provided to us by management allowed for a complete analysis of geographic distribution of the commercial and consumer loans originated during the evaluation period. The bank made 89 percent by number and 83 percent by dollar volume of commercial loans and 88 percent by number and 89 percent by dollar volume of consumer loans within its assessment area during the evaluation period.

GEOGRAPHIC DISTRIBUTION OF LOANS

CCB's geographic distribution of loans is reasonable. Of the counties in the bank's assessment area, only Jackson County in Missouri and Wyandotte County in Kansas have low- and moderate-income census tracts. We limited this analysis to loans originated in these counties. Johnson County, Kansas is comprised solely of middle- and upper-income census tracts. The distribution of income levels of the tracts in the two counties analyzed is low-income 16 percent, moderate-income 32 percent, middle-income 38 percent, upper-income 10 percent, and N/A 4 percent. The table below demonstrates the lending by loan type in the census tracts.

Census Tract Income Level	Commercial		Real Estate		Consumer	
	#	\$	#	\$	#	\$
Low (16%)	7%	5%	4%	2%	4%	2%
Moderate(32%)	24%	28%	62%	23%	15%	6%
Middle (38%)	29%	37%	19%	19%	29%	21%
Upper (10%)	33%	23%	15%	56%	51%	70%
N/A	7%	7%	--	--	1%	1%
Total*	100%	100%	100%	100%	100%	100%

Source: Bank Management Reports

The low- and moderate- income census tracts comprise 48 percent of the tracts in the two counties analyzed. While the bank's ratios are less than demographics, the bank is lending in low- and moderate-income areas. Home ownership in the low- and moderate-income tracts is 22 percent, and 11 percent of the households have incomes below the poverty level.

RECORD OF COMPLIANCE WITH ANTI-DISCRIMINATION LAWS

Country Club Bank has a satisfactory record of compliance with the substantive provisions of anti-discrimination laws and regulations. During our consumer compliance examination, we found no evidence of discrimination or disparate treatment. We performed a gender-based examination, reviewing denied female applicants to approved male applicants.

RESPONSE TO COMPLAINTS

Country Club Bank has not received any complaints during this evaluation period in regards to its CRA performance.