



PUBLIC DISCLOSURE

July 19, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**BC National Banks
Charter Number 17100
P.O. Box 227
Butler, Missouri 64730**

**Comptroller of the Currency
Kansas City South Field Office
6700 Antioch Rd., Suite 450
Merriam, Kansas 66204-1200**

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 BC National Banks (BCNB) prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of July 19, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

CRA RATING FOR THE INSTITUTION OVERALL: SATISFACTORY

- # BCNB's lending to borrowers of different income levels is reasonable and to businesses and farms of different sizes is excellent.
- # Lending in and out of the assessment area is very good in the Butler Assessment Area (AA) and satisfactory in the Lee's Summit AA.
- # Geographic distribution is reasonable in the Lee's Summit AA. Analysis was not meaningful for the Butler AA as all tracts are designated as middle-income.
- # The bank's volume of lending is very good, and has increased with the entrance into the Lee's Summit market.

Conclusions about Performance Tests in Bates County, Missouri (Butler AA)

BCNB's main bank and 2 branches are located in Bates County, Missouri, which is a non-MSA area. Based on loan reports generated by the bank, 74% of loan originations by dollar and 63% of originations by number were originated in this Assessment Area since January 1996. The primary loan products for the Butler AA are commercial loans and ag real estate loans.

- # A substantial majority of the primary loan products are made to small businesses and small farms.
- # Of total originations for the two primary loan types since 1996, 91% by number and 77% by dollar were originated within the AA.
- # Management at the main location has been instrumental in establishing the local chapter of Habitat for Humanity, which specifically provides housing to low- and moderate-income individuals who would not normally qualify for credit. In addition, the bank maintains the necessary relationship with the Federal Home Loan Bank to obtain grant money as a Sponsor Bank.

Conclusions about Performance Test in Lee's Summit, Missouri (Lee's Summit AA)

The bank has two branches located in Lee's Summit, Missouri, which is a part of the Kansas City, Missouri-Kansas Metropolitan Statistical Area (MSA). The branches are located in Jackson County, though management has also designated portions of Cass County as part of the Lee's Summit assessment area. The branches were opened in 1996 and 1998. Loan originations for these two branches as a percent of the total are 26% by dollar volume and 37% by number. However, the Lee's Summit branches are involved in significant secondary market activities. The primary loan products for the Lee's Summit AA are commercial real estate and HMDA reportable loans.

- # Lending to low- and moderate-income borrowers is reasonable for HMDA reportable loans in the Lee's Summit AA. For the commercial real estate sample, 90% of originations by number and 91% by loan amount were made to small businesses.
- # Of total originations for HMDA in year-to-date, a majority (56%) were made outside of the AA. Information specific to Lee's Summit was not available for 1996 through 1998. For the commercial real estate sample, 76% by number and 84% by dollar were originated within the AA.
- # Geographic distribution is satisfactory for the AA. For the primary types of loans, the majority were located in moderate-income census tracts which makes up the majority of the AA.

DESCRIPTION OF INSTITUTION

BC National Banks is a \$65 million dollar institution owned by Amoret Bancshares, Inc., a bank holding company. BCNB's main bank and one branch are located in Butler, Missouri (Bates County). The bank also has two branches in Lee's Summit, Missouri (Jackson County) and one branch in Amoret, Missouri (also in Bates County).

The Lee's Summit branches are located within the Kansas City, Missouri-Kansas Metropolitan Statistical Area (MSA). BCNB has four Automated Teller Machines (ATMs) located in Butler, Lee's Summit and Greenwood, Missouri.

The bank opened both Lee's Summit branches since the last CRA examination. The Woods Chapel branch was opened in 1996, while the Raintree branch was opened in 1998.

There are no impediments which hamper BCNB's ability to help meet the credit needs in its assessment area. Using information from the bank's June 30, 1999 Call Report, the dollar volume of BCNB's loan portfolio consists of real estate loans (74%), commercial loans (12%), agricultural loans (7%), individual loans (4%) and other miscellaneous loans (3%). Net loans and leases are 70% of the bank's total assets. The bank offers a full range of traditional banking services at all locations.

Our conclusions are based on a review of BCNB's CRA efforts from January 1, 1996 through July 19, 1999. The following tables detail loan originations by assessment area and loan type from January 1, 1996 through July 19, 1999. The table includes primary loan products only, and the information was obtained from loan trials generated by the bank. This does not include every loan originated by the bank within the timeframe referenced, as loans originated *and* paid off during that time would not be included on those trials.

Butler Assessment Area				
Loan Type	#	%	\$ (000s)	%
Construction	7	1.02%	\$631,302	1.97%
Ag Real Estate	79	11.53%	\$11,291,242	35.23%
Agricultural	101	14.74%	\$2,911,271	9.08%
Commercial Real Estate	35	5.11%	\$5,630,521	17.57%
Commercial	138	20.15%	\$5,678,629	17.72%
1 - 4 Family	101	14.74%	\$4,059,071	12.66%
Consumer	224	32.70%	\$1,850,738	5.77%
Total	685	100.00%	\$32,052,774	100.00%

We considered ag real estate and commercial loans as the primary products for review in the Butler Assessment Area based on the above information.

Lee's Summit Assessment Area				
Loan Type	#	%	\$ (000s)	%
Construction	3	1.24%	\$463,053	2.50%
Ag Real Estate	2	0.83%	\$90,000	0.49%
Agricultural	0	0.00%	\$0	0.00%
Commercial Real Estate	22	9.09%	\$4,115,382	22.19%
Commercial	30	12.40%	\$1,280,680	6.91%
1-4 Family	137	56.61%	\$12,208,921	65.84%
Consumer	48	19.83%	\$384,759	2.08%
Total	242	100.00%	\$18,542,795	100.00%

We considered 1-4 family real estate and commercial real estate loans as the primary products for the Lee's Summit location.

Based on these loan reports, 74% by number and 63% by dollar volume of originations were made from the Bates County branches.

BCNB was rated "Outstanding record of meeting community credit needs" at its last CRA examination in October 1995.

DESCRIPTION OF ASSESSMENT AREA

BCNB has designated two separate assessment areas (AA).

Assessment Area	Census Tract/BNA Information
<u>Butler Assessment Area</u> All of Bates County, Missouri	4 Block Numbering Areas (BNA's) - all middle-income
<u>Lee's Summit Assessment Area</u> Parts of Jackson County, Missouri and Cass County, Missouri	28 Census Tracts - 1 moderate-income (3.57%) - 17 middle-income (60.71%) - 10 upper-income (35.71%)

The Lee’s Summit AA is within the Kansas City, Missouri-Kansas MSA. The Butler AA is in a non-MSA location. Assessment areas meet all regulatory requirements and do not arbitrarily exclude LMI geographies. Demographic information on the bank’s assessment areas are detailed in the following table:

Assessment Area	HUD* updated 1999 income	Family income demographics	Population
<u>Butler Assessment Area</u> All of Bates County, Missouri	\$34,900 (1)	Low-income = 20.16% Moderate-income = 18.42% Middle-income = 21.84% Upper-income = 39.57%	15,025
<u>Lee’s Summit Assessment Area</u> Parts of Jackson County, Missouri and Cass County, Missouri	\$54,200 (2)	Low-income = 12.50% Moderate-income = 16.25% Middle-income = 27.71% Upper-income = 43.54%	155,684

* HUD - U.S. Department of Housing and Urban development (1) non-MSA statewide median family income and (2) MSA median family income
Data Source - 1990 U.S. Census

Unemployment for the assessment areas is considered low and stable. Retail, manufacturing, finance, insurance, and real estate industries are the primary business establishments within the bank’s community. In the Lee’s Summit AA, 6.03% of the population is below the poverty level. In the Butler AA, 17.87% of the population is considered below the poverty level. The median housing value for the Lee’s Summit AA is \$78,104 and is \$28,299 for the Butler AA.

Several financial institutions provide competition for the bank. Six community banks used for comparison purposes range in asset size from \$21 million to \$134 million. However, most of these banks are not entirely similarly situated, as they do not have branches in a smaller community such as Butler or if they are located in the smaller community, do not have a branch in an MSA.

We made a community contact with a government office during the examination. We also used three other contacts made within the last year to assess community credit needs. These contacts included various social service agencies, a housing organization, and an economic development agency. None of the contacts indicated the credit needs of BCNB’s community were unmet. Primary needs identified were for small business loans and small dollar consumer loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

BCNB’s lending to borrowers of different income levels and businesses of different sizes is excellent.

In the Butler AA, a substantial majority of the commercial loans and ag real estate loans sampled were to small businesses and small farms, respectively. The following tables provide specific information for these loans:

Butler Assessment Area -Small Business Loans From Commercial Loan Sample				
Gross Revenues	# of originations	% of total originations	\$ of originations	% of total originations
< \$250M	15	71.43%	\$706,405	71.65%
\$251M - \$500M	2	9.52%	\$68,075	6.90%
\$500M - \$750M	1	4.76%	\$19,100	1.94%
\$751M - \$1MM	0	0%	\$0	0.00%
> \$1MM	3	14.29%	\$192,323	19.51%
	21	100.00%	\$985,903	100%

Overall, 86% of commercial loan originations by number and 79% by dollar were to businesses with annual gross revenues under \$1 million.

Butler Assessment Area - Small Farm Loans from Ag Real Estate Samples				
Gross Revenues	# of originations	% of total originations	\$ of originations	% of total originations
< \$250M	18	90%	\$2,579,998	93.62%
\$251M - \$500M	0	0%	\$0	0.00%
\$500M - \$750M	0	0%	\$0	0.00%
\$751M - \$1MM	1	5%	\$115,599	4.19%
> \$1MM	1	5%	\$60,479	2.19%
	20	100%	\$2,756,076	100.00%

Ninety percent of ag real estate originations by number and 94% by dollar were made to borrowers meeting the definition for small farms. These two products show excellent distribution to small businesses and small farms.

In the Lee's Summit AA, the bank also made a substantial majority of their commercial real estate loans to small businesses. We reviewed all 10 current loan relationships located within the Lee's Summit AA. Of those 10 relationships, there are a total of 16 loans outstanding. The following table summarizes BCNB's performance:

Lee's Summit Assessment Area - Small Business Loans from Commercial Real Estate Sample				
Gross Revenues	# of originations	% of total originations	\$ of originations	% of total originations
< \$250M	9	90%	\$1,972,708	90.79%
\$251M - \$500M	0	0%	\$0	0.00%
\$500M - \$750M	0	0%	\$0	0.00%
\$751M - \$1MM	0	0%	\$0	0.00%
> \$1MM	1	10%	\$200,050	9.21%
	10	100%	\$2,172,758	100.00%

For the AA, 90% of the bank's originations by number and 91% by dollar volume were made to small businesses.

We also reviewed 100% of HMDA loan originations. Real estate is considered a primary product line of the Lee's Summit AA as it represents 57% of originations by number and 66% of originations by dollar amount. For the Bates County AA, home loans are not considered a primary product, with only 15% of total originations by number and 13% by dollar. For the bank as a whole, HMDA reportable loans account for 26% of originations by number and 32% by dollar volume.

HMDA Reportable Loans 1996 - 1999 Compared to Assessment Area Demographics											
	% of pop. in AA	1996		1997		1998		1999		Total	
		#	%	#	%	#	%	#	%	#	%
Butler Assessment Area											
Low-income	20.16 %	2	7%	7	14%	3	7%	3	30%	15	12 %
Moderate-income	18.42 %	9	33%	7	14%	5	12%	1	10%	22	17 %
Middle-income	21.84 %	7	26%	6	12%	8	20%	3	30%	24	19 %

Upper-income	39.57 %	9	33%	29	59%	25	61%	3	30%	66	52 %
Total		27		49		41		10		127	

HMDA Reportable Loans 1996 - 1999 Compared to Assessment Area Demographics											
	% of pop. in AA	1996		1997		1998		1999		Total	
		#	%	#	%	#	%	#	%	#	%
<i>Lee's Summit Assessment Area</i>											
Low-income	12.50%	0	0%	2	11%	2	7%	0	0%	4	7%
Moderate-income	16.25%	2	25%	2	11%	2	7%	1	17%	7	12%
Middle-income	27.71%	2	25%	7	37%	1	7%	1	17%	11	19%
Upper-income	43.54%	4	50%	8	42%	20	78%	4	67%	36	62%
		8		19		25		6		58	

Lending to low- and moderate-income borrowers is reasonable in both of the AAs given the demographics of the area. Also, 6% of the Lee's Summit households and 18% of the Bates County households are below the poverty level, and would likely not qualify for credit. However, in the Lee's Summit market, for those loans within the AA, 62% were made to upper-income borrowers which make up 44% of the AA.

Geographic Distribution of Loans

The geographic distribution of loans is not meaningful in the Butler AA, as all census tracts within the county are designated as middle-income.

The geographic distribution of loans is satisfactory in the Lee's Summit AA. The following tables illustrate the distribution of commercial real estate and HMDA reportable loans within the Lee's Summit AA:

HMDA Reportable Loans 1996 - 1999 Geographic Distribution - Lee's Summit Assessment Area								
Income Level of Tracts	# of tracts in AA	% of tracts in AA	1996	1997	1998	1999	Total	
							#	% of total
Low	0	0%	0	0	0	0	0	0.00%
Moderate	1	3.57%	0	0	2	0	2	3.33%

Middle	17	60.71%	5	12	17	4	38	63.33%
Upper	10	35.71%	3	7	8	2	20	33.33%
Total	28		8	19	27	6	60	

Of the 38% of originations located within the AA, the majority were made in middle-income tracts. Middle-income tracts represent 61% of the AA. The bank's lending primarily within those tracts is reasonable as they comprise the majority of the AA.

We analyzed all of the bank's commercial real estate loan relationships for geographic distribution. Although commercial real estate is considered a primary product for the Lee's Summit AA, there are only sixteen loans outstanding at this time. Of those: none were located in low- or moderate-income tracts, six (40%) were located in middle-income tracts, four (27%) were in upper-income tracts and five (33%) were out of the defined AA. Specific information was not available for one of the relationships.

Loan-to-Deposit Analysis

The bank's lending volume is very good. BCNB's loan to deposit ratio is 76.70% as of March 31, 1999. The bank's loan to deposit ratio averaged 85.68% for the last four quarters. The last CRA examination is dated October 1995. Therefore, we calculated the average loan to deposit ratio since December 31, 1995 to compare with other banks. We compared the bank's average ratio with six other competitor banks in its AAs. However, none of these banks are truly similarly situated, as only the Waverly Bank has a branch both in an MSA and a non-MSA and is similar in size.

Bank	Average Loan to Deposit Ratio
First National Bank of Missouri	82.04%
BC National Banks	76.70%
Waverly Bank	72.05%
Adrian Bank	71.50%
Bank 10	71.04%
Bank of Lee's Summit	69.19%
Community First Bank	66.97%

The national peer average, which uses similar sized banks from across the country, is 69.17%. The increase in the loan to deposit ratio in recent quarters is due to strong loan demand in relation to deposit growth in the Lee's Summit market.

Comparison of Credit Extended Inside and Outside of the Assessment Area

Overall, the bank's lending in its AA is satisfactory.

We analyzed all HMDA loans for both AAs to determine the amount of credit within the AA. The following table summarizes the results:

HMDA Reportable Loans In/Out of Assessment Area 1996 - YTD 1999										
	1996		1997		1998		1999		Total	
	#	% of total	#	% of total	#	% of total	#	% of total	#	% of total
Butler AA	27	50.94%	49	50.52%	41	38.68%	10	27.78%	127	43.49%
Lee's Summit AA	8	15.09%	19	19.59%	25	23.58%	6	16.67%	58	19.86%
In AA	35	66.03%	68	70.10%	66	62.26%	16	44.44%	185	63.35%
Out of AA	18	33.96%	29	29.90%	40	37.74%	20	55.56%	107	36.64%
Total loans originated	53		97		106		36		292	

For all HMDA reportable loans for 1996 through year-to-date 1999, 63% have been originated within the bank's defined AAs by number of originations. Information on loan origination amounts was not readily available. The majority of the loans within the AA have been made in the Butler AA (69% vs. 31% for the Lee's Summit AA). This is reasonable as the Lee's Summit branches are relatively new, with the opening of the Raintree location just last year. However, performance for year-to-date 1999 shows the majority of HMDA loans made are located outside the bank's AA.

For the Butler AA, we also reviewed ag real estate and commercial loans, and for the Lee's Summit AA, we reviewed commercial real estate loans. We used bank generated loan trials to determine originations in and out of the AA for 1996 through YTD 1999. The results are summarized in the table below:

Analysis of Loans Originated In/Out of the Bates County & Lee's Summit AA's 1996 - 1999 Other Primary Loan Types								
	In AA		% of orig in AA (of total orig)		Out AA		% of orig out of AA (of total orig)	
	#	\$	#	\$	#	%	#	\$
Butler Assessment Area								
Ag Real Estate	63	\$7,516,857			16	\$3,774,385		
Commercial	134	\$5,602,553			4	\$76,076		

Total Bates County	197	\$13,119,410	90.78 %	77.31 %	20	\$3,850,461	9.22%	22.69 %
<i>Lee's Summit Assessment Area</i>								
Commercial Real Estate	16	\$3,368,454			5	\$657,268		
Total Lee's Summit	16	\$3,368,454	76.19 %	83.67 %	5	\$657,268	23.81 %	16.33 %

A substantial majority of the bank's primary loan products were originated within the AAs in the time period since the last examination.

Community Development Services

The Compliance Officer at BCNB has spent an enormous amount of bank time helping to establish the local branch of Habitat for Humanity in Butler, Missouri (located in the Butler AA). BCNB applied for, and was accepted as, a "sponsor bank" for Habitat projects. Habitat for Humanity is a not-for-profit organization whose main objective is to provide housing to low- and moderate-income borrowers who would not normally qualify for credit. The local chapter of Habitat was chartered on April 1, 1996 and is an affiliate of the national organization. The bank's role as "sponsor bank" allows the local Habitat chapter to apply to the Federal Home Loan Bank for grant money specifically set aside for Community Development Projects. The amount of money obtained depends on the amount available and it is provided through an awards process. The bank and the not-for-profit project the bank is representing have to meet certain established criteria. There are 100 applications available per region, and 36 of those applicants are accepted. The bank has donated an employee's time, their facility for meetings, and the computer equipment necessary to run the Habitat operation. In addition, the bank held a raffle which raised an additional \$17,000 to help with the completion of the Habitat home. The national organization of Habitat holds the mortgages on the homes, and the borrower pays them directly. Therefore, the bank did not have the opportunity to make the home loan directly. The second Habitat home is in process, also to be located in Bates County. The bank has to reapply for the grant money, though they have maintained their requirements for qualification.

Compliance with Antidiscrimination Laws and Regulations

We reviewed all individual female and male applicants for conventional home purchase loans for the time period of July 1, 1998 to June 30, 1999. Based on the results of this examination, we did not find any evidence of disparate treatment or discrimination. The bank is in substantial compliance with all provisions of the anti-discrimination laws and regulations.

Response to Complaints

The bank has received no complaints since the last examination.