



Comptroller of the Currency
Administrator of National Banks

LARGE BANK

PUBLIC DISCLOSURE

November 30, 1998

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**First National Bank of Missouri
Charter Number 20573
609 N. M-291 Highway
Lee's Summit, Missouri 64086**

**Supervisory Agency: Office of the Comptroller of the Currency
Midwestern District
St. Louis Field Office
12312 Olive Blvd., Suite 650
St. Louis, Missouri 63141**

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.

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GLOSSARY OF TERMS AND COMMON ABBREVIATIONS

The following terms and abbreviations are used throughout this Performance Evaluation.

Assessment Area (AA) - A geographic area which consists generally of one or more MSAs or one or more contiguous political subdivisions, such as counties, cities, or towns; and includes the geographies in which the bank has its main office, its branches, and its deposit-taking ATMs, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans. The OCC uses the assessment area(s) delineated by a bank in its evaluation of the bank's CRA performance.

Block Numbering Area (BNA) or Census Tract (CT) - Small, locally defined statistical area, determined by the U.S. Census Bureau in an attempt to group homogeneous populations. A BNA or CT has defined boundaries per ten-year census and an average population of four thousand.

Community Development Loan - A loan that has community development as its *primary* purpose; and, except in the case of a wholesale or limited purpose bank, has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan; and benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

Community Development Service - A service that has community development as its *primary* purpose; is related to the provision of financial services; and has not been considered in the evaluation of the bank's retail banking services under § 25.24(d).

Community Development Purpose - Affordable housing (including multi-family rental housing) for low- or moderate-income (LMI) individuals; community services targeted to LMI individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 C.F.R. § 121.301) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize LMI geographies.

Geography - A Census Tract (CT) or Block Numbering Area (BNA) delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA) - A statute requiring certain mortgage lenders that do business or have banking offices in MSAs to file annual summary reports of their lending activity. The reports include such data as the race, gender, and income of the applicant(s), the amount of loan requested, and its disposition (e.g. made, turned down, withdrawn). The types of loan applications reported include governmentally-guaranteed home purchase and home improvement loans, conventional home purchase loans, home improvement loans, refinancing of home purchase and home improvement loans, and loans for the purchase of multi-family (5 or more units) dwellings. *(This is a generic description of the bank's requirements and not a legal explanation of the requirements contained in 12 U.S.C. § 2801, as amended, and 12 C.F.R. § 203, as amended.)*

Income Levels - These relate to individuals, families, or the CTs in a Metropolitan Statistical Area (MSA).

Low-Income = An income level that is less than 50% of the median income.

Moderate-Income = An income level that is at least 50% and less than 80% of the median income.

Low- and Moderate-Income (LMI) = An income level that is less than 80% of the median income.

Middle = An income level that is at least 80% and less than 120% of the median income.

Upper = An income level that is 120% or more of the median income.

Large Financial Institution - A financial institution that, as of December 31 of the prior two calendar years, had total assets of \$250 million or more or was an affiliate of a holding company that had total banking and thrift assets of \$1 billion or more.

Market Share - The portion of loans or deposits in a specific geographic area attributed to a financial institution, expressed as a percent of the total loans or deposits reported by all financial institutions subject to loan and deposit reporting requirements in the same area.

Median Family Income - The median family income for a specific MSA or nonmetropolitan statewide area as determined by the U.S. Census Bureau. The Department of Housing and Urban Development updates this figure annually using an estimated inflation factor.

Metropolitan Statistical Area (MSA) - An area containing a city with a population of at least 50 thousand or an urbanized area with a population of at least 50 thousand and a total metropolitan population of at least 100 thousand. Generally, MSAs consist of one or more whole counties that have a high degree of interaction.

Qualified Investment - A lawful investment, deposit, membership share or grant that has as its *primary* purpose community development.

Small Loan to a Business or Farm - A loan of \$1 million or less to a business of any size or a loan of \$500 thousand or less to a farm of any size. This is derived from loans reported as "loans to small businesses" and "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income.

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 CRA performance of **First National Bank of Missouri (FNB)** prepared by the **Office of the Comptroller of the Currency (OCC)** as of **November 30, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. 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.

Institution's CRA Rating: FNB is rated "**Satisfactory.**" The main factors contributing to FNB's rating are:

- HMDA loan distribution reflects good penetration to moderate-income borrowers;
- FNB did a good job of originating loans to small businesses within the assessment area;
- A high percentage of loan originations during the evaluation period (83%) are within FNB's assessment area;
- FNB provided an adequate level of qualified investments based on its size, financial capacity and assessment area opportunities; and
- FNB provided an adequate level of community development services during our evaluation period.

The following table indicates the performance level of **FNB** with respect to the lending, investment and service tests.

Performance Levels			
First National Bank of Missouri			
Performance Tests			
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs To Improve			
Substantial Noncompliance			

*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

DESCRIPTION OF THE INSTITUTION

FNB is a \$128 million institution with its main office in Lee's Summit, Missouri. FNB is also a subsidiary of Central Banccompany, Inc., a \$4 billion multi-bank holding company. The bank serves its community with a network of three branches and four ATMs located in Jackson County, Missouri. All branches and ATMs were added during our evaluation period. Two branches, located in Buckner and Kansas City, were acquired from a bank acquisition in September 1995. In the Spring of 1996, the bank built a new branch in Lee's Summit. ATMs are located at the main bank, Lee's Summit branch and Buckner branch. One ATM is a stand alone facility located in Lee's Summit.

As of September 30, 1998, the composition of FNB's loan portfolio is as follows:

LOAN TYPE	DOLLAR VOLUME (in 000's)	PERCENTAGE
Real Estate*	66,345	71.37%
Consumer	13,365	14.38%
Commercial	13,025	14.01%
Agriculture	219	.24%
TOTAL	92,954	100%

* 1-4 family residential real estate represents 42% of this total
 Source: 9-30-98 Consolidated Report of Condition information

The bank's net loan to deposit ratio as of September 30, 1998, is 81.90%. FNB's ability to meet community credit needs is good based on its financial condition, size and product offerings.

There are no legal impediments which impact the bank's ability to meet credit needs in its assessment area. The OCC assigned a rating of "Satisfactory Record of Meeting Credit Needs" during the last CRA evaluation dated March 22, 1994.

SCOPE OF EXAMINATION

We examined FNB using the Lending, Investment, and Service Tests for large banks pursuant to the revised CRA. We analyzed HMDA, small business and small farm loan originations from January 1, 1996 through November 30, 1998. Because we chose to emphasize more recent lending activity, we did not review loan originations from 1994 and 1995. We reviewed the number and types of qualified investments, branch distribution and accessibility, and retail and community development services.

DESCRIPTION OF THE ASSESSMENT AREA

The bank has two assessment areas (AA), both of which are within the Kansas City, Missouri-Kansas Metropolitan Statistical Area (MSA). The first AA consists of 51 census tracts in Missouri. Forty-seven tracts are located in eastern Jackson County and four tracts are located in the northern section of Cass County. The second AA consists of 43 census tracts. Thirty-one tracts are located in western Jackson County, Missouri, and twelve tracts are located in eastern Johnson County, Kansas. Of the 94 total census tracts in the bank's AA, one is low-income, ten are moderate-income, 48 are middle-income and 35 are upper income. FNB's designated AAs comply with CRA regulation requirements.

Competition is provided by several financial institutions in both Lee's Summit and Kansas City. Primary competitors include Bannister Bank and Trust, Midland Bank, and Bank of Lee's Summit. Major employers are AT&T and the R-7 School District in Lee's Summit. The following table details demographic characteristics of FNB's combined AA.

ASSESSMENT AREA PROFILE: MSA # 3760 KANSAS CITY, MO-KS					
DEMOGRAPHIC CHARACTERISTICS	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Population	419,731				
Family Distribution	117,648	14%	16%	25%	45%
Census Tracts	94	1%	11%	51%	37%
Owner Occupied Housing (% of # in CT)	117,325	< 1%	7%	59%	34%
Median Housing Value = \$80,070					
HUD Adjusted Median Family Income for 1998 = \$52,600 1997 = \$50,200					
Unemployment Rate = 2.28%					

Data Source: 1990 U.S. Census Data

We made five community contacts with government officials and community organizations. These contacts addressed issues related to the needs of low- and moderate-income individuals in the bank's AA. Based on this information, the primary needs are affordable housing (specifically low-income rental housing), small business financing and small unsecured consumer loans.

CONCLUSIONS ABOUT PERFORMANCE TESTS

LENDING TEST

FNB's performance under the lending test is good based on the following factors:

- HMDA loan distribution reflects good penetration to moderate-income borrowers;
- FNB did a good job of originating loans to small businesses within the assessment area;
- Lending levels reflect good responsiveness to assessment area credit needs;
- FNB developed a special loan program with flexible underwriting features to help meet the credit needs of LMI persons; and
- A high percentage of loan originations during the evaluation period (83%) are within FNB's assessment area.

The following information details FNB's lending performance. More weight is placed on the bank's HMDA and small business loan activity since these products are a significant percentage of loan originations during our evaluation period.

Loan Volume

FNB's loan volume reflects good responsiveness to credit needs in the bank's assessment area. The average loan-to-deposit ratio for the evaluation period is 81.41 percent. In addition, 83 percent of the number and 80 percent of the dollar volume of HMDA and small business loan originations are within the bank's assessment area. These factors reflect management's commitment to help meet community credit needs.

While overall loan volume is good, the emphasis has shifted from small business lending to residential real estate loans. Since 1996, HMDA loan originations increased approximately 191 percent by number and 257 percent by dollar. By contrast, small business loans declined 39 percent by number and 9 percent by dollar. The substantial increase in real estate lending activity more than offset the decline in small business lending. This is a reflection of the population growth occurring within the bank's assessment area and senior management's strategy of expanding real estate loan volume.

The following table shows the number and dollar amount of total loan originations and loans originated within the assessment area from January 1, 1996 to November 18, 1998.

VOLUME OF LOAN ORIGINATIONS						
Product	Total Originations		Within Assessment Area			
	#	\$ (000)	#	%	\$ (000)	%
Home Purchase Loans	182	16,751	141	78%	13,304	79%
Home Refinance Loans	286	25,643	234	82%	21,508	84%
Home Improvement Loans	36	637	35	97%	636	99%
Small Business Loans	295	27,724	256	87%	21,622	78%
Small Farm Loans	37	1,464	28	76%	765	52%
Overall Total Originations	836	72,219	694	83%	57,835	80%

Source: Bank-prepared HMDA, Small Business, and Consumer Loan Registers.

FNB also provides consumer loans. The bank originated 335 consumer loans for \$2.3 million during 1996 and 308 consumer loans for \$2.3 million in 1997. Although the bank was not able to provide sufficient information to determine the exact percentage, our analysis indicates the vast majority of these loans were originated within the bank's assessment area.

HMDA Loans - Distribution by Borrower and Census Tract Income

FNB's HMDA lending shows good penetration among borrowers of different income levels. FNB was particularly effective at originating loans to moderate-income borrowers. The percentage of HMDA loans originated to moderate-income borrowers (16 percent) was consistent with the percentage of moderate-income families within the assessment area. Although not as strong, the bank's penetration among low-income borrowers (7 percent) is reasonable. Loan penetration to middle- and upper-income borrowers and census tracts is good and somewhat parallels the assessment area's demographics.

The bank's penetration in moderate-income census tracts trails the demographics of the assessment area. While 7 percent of the assessment area's owner occupied housing units are located in moderate-income census tracts, only 2 percent of the bank's loans were originated in these census tracts. The bank did not originate any loans in low-income census tracts. However, this is not a concern as the assessment area has only one low-income census tract, containing less than 1 percent of the assessment area's owner occupied housing units.

The low penetration in moderate-income census tracts is largely attributed to the substantial distance between FNB's main office and the moderate-income census tracts. Through an acquisition, FNB obtained a small branch office in Kansas City, Missouri. While FNB offers basic check-cashing and deposit-taking services at this branch, lending activity is dominated by several other financial institutions with offices and lenders located in or near the immediate area. In comparison, FNB's lenders are housed primarily at its main office, located in the far western suburban community of Lee's Summit. The majority of FNB's loan originations are clustered near its headquarters and branch offices in and around Lee's Summit.

The following table shows the distribution (by number) of HMDA loans among borrowers and census tracts of different income levels. We chose to focus on the number of loans rather than the dollar amount extended to better analyze the number of persons receiving HMDA loans from the bank.

The Distribution of HMDA Loans by Census Tract and Borrower Income Category

	CT = Census Tract	Low Income (number of loan percentage)	Moderate Income (number of loan percentage)	Middle Income (number of loan percentage)	Upper Income (number of loan percentage)
	B = Borrower				
Home Purchase	CT	0	2%	62%	36%
	B	8%	15%	28%	49%
Home Refinance	CT	0	2%	68%	30%
	B	7%	15%	31%	47%
Home Improvement	CT	0	0	66%	34%
	B	11%	23%	20%	46%
Total HMDA Loans	CT	0	2%	66%	32%
	B	7%	16%	29%	48%
% of Owner Occupied Housing Units in AA by CT		.4%	7%	59%	33%
% of Families within AA by Income Level		14%	16%	25%	45%

Data Source 1990 U.S. Census Data and Bank Prepared HMDA Register and Bank Records

Small Business Loans - Geographic and Loan Size Distribution

FNB does a good job originating small business loans. The bank has flexible underwriting standards such as no minimum loan amount and offers Small Business Administration guaranteed loan products. The small business loan data indicates 78 percent of all small business loan originations are \$100 thousand or less. In addition, 90 percent of small business loans are to businesses with annual revenues of \$1 million or less. FNB's penetration in moderate-income census tracts is low in comparison to the percentage of businesses in these tracts. The bank did not make any loans in the one low-income tract. However, this is not a significant concern since only 1 percent of assessment area businesses are located in this tract.

The following table shows the distribution of small business originations by loan size within the assessment area. For comparative purposes, the table includes the distribution of businesses located within the assessment area by census tract income.

The Distribution of Small Business Loans by Loan Size and Census Tract Income

CT Income Level	% Businesses in CTs	Less than \$100,000		\$100,001 - \$250,000		\$250,001 - \$1,000,000	
		% #	% \$	% #	% \$	% #	# \$
Low	1%	0%	0%	0%	0%	0%	0%
Moderate	9%	1%	1%	.4%	1%	0%	0%
Middle	53%	47%	14%	9%	17%	6%	31%
Upper	37%	30%	12%	4%	7%	3%	18%
Totals	100%	78%	27%	13%	25%	9%	48%

Source: Bank's Small Business Loan Register and Dun and Bradstreet

Farm Lending

Although the volume was small, FNB did a reasonable job of originating loans to small farms. All farm loans were in amounts under \$100,000 and the substantial majority, 93 percent by number and 98 percent by dollar volume, were to farms with annual revenues under \$1 million.

Flexible Lending

The bank offers the Federal National Mortgage Association's Community Home Buyer's Program to help LMI borrowers purchase homes. Persons with annual incomes less than or equal to 100 percent of the HUD estimated median family income for the MSA are allowed to participate in this program. Flexible underwriting guidelines are used to provide applicants greater opportunities for home ownership. These loans are included in the totals for HMDA (home purchase) loans.

Community Development Lending

The bank did not originate any community development loans during this evaluation period.

INVESTMENT TEST

FNB provided an adequate level of qualified investments based on its size, financial capacity and assessment area (AA) opportunities. To qualify for consideration, an investment must take the form of an investment security, deposit, membership share or grant that has as its primary purpose community development. Refer to the **Glossary of Terms** for the definition of "community development purpose."

During the evaluation period, the bank's investments totaled \$90 thousand. The primary investment includes the bank's own Community Development Corporation (CDC) which was chartered on October 15, 1998, and is a subsidiary of the bank. The CDC invested \$75 thousand to purchase and renovate a building in FNB's assessment area. The property is leased to a not-for-profit organization that provides shelter, medical care, clothing, meals, pastoral care and education/job training classes to homeless and pregnant adolescents. Lease payments are \$1 per year. By removing rental expense, this organization is able to maintain a positive cash flow. This investment is an innovative approach to support community development initiatives.

Another innovative and significant investment includes the bank's 12 month lease of real estate to a not-for-profit organization in its assessment area in 1996. The organization provided day care and learning activities for low- and moderate-income mentally and physically handicapped adults. Lease payments were \$1.00 for the entire lease period. The bank estimates foregone rent at about \$10 thousand.

Other qualified investments total \$5 thousand. These include donations to organizations which provide services to low- and moderate-income individuals or promote economic development by financing businesses with gross annual revenues of less than \$1 million.

SERVICE TEST

FNB's delivery systems are reasonably accessible to essentially all portions of its AA's. Bank facilities are located in middle- and upper-income census tracts. All branch locations were opened during this evaluation period and helped enhance accessibility of FNB's delivery systems. The bank provides an adequate level of community development services.

Retail Banking Services

FNB's delivery systems are reasonably accessible to essentially all portions of its AA's, including low- and moderate-income areas. In addition to the main office, the bank operates three full-service branch facilities and four automated teller machines (ATMs) throughout its AA's to deliver banking products and services. Although there are no bank locations in low- and moderate-income tracts, branches in middle-income tracts provide reasonable access to residents of these tracts. An ATM is located at three of the four banking facilities. A stand-alone ATM (cash dispensing only) is located at a local grocery store in Lee's Summit. The bank has not closed any branches.

All bank locations provide full banking services. The bank offers numerous loan and deposit products. These include free checking accounts and free government check cashing services to non-customers. FNB offers both ATM and debit cards. ATM and debit card features are enhanced by access to the Honor, Quest, Plus and Cirrus networks. The first three ATM fees charged at non-bank locations are waived each statement cycle. Customers can obtain information on bank product offerings via FNB's Internet web-site. The bank also offers customers the option to bank by mail.

Banking hours are convenient for customers. Each location has drive-up facilities. On weekdays, lobby hours are 8 a.m. - 5 p.m. and drive-up hours are 7 a.m. - 6 p.m. at most locations. On Saturday, the bank's lobby and drive-up facilities are open from 8 a.m. - 12 p.m. One branch location does not provide onsite lending personnel. However, appointments are available for customers to meet with a loan officer at this location upon request.

Alternative delivery systems used to expand the availability of retail banking services include:

- Telephone banking which allows customers to receive information about their deposit accounts and loan balances 24 hours a day. Customers may obtain payment and balance information, transfer funds, and make loan payments by telephone; and
- A computer banking cash management program which allows small businesses to make payroll transactions, account transfers and loan payments.

Community Development Services

FNB provided an adequate level of community development services during our evaluation period. Bank staff provide technical assistance and financial expertise to groups that serve the needs of both small businesses and low- and moderate-income individuals. The following are examples of FNB's community development services:

- The bank sponsors a local elementary school serving predominately low- and moderate-income students for the Missouri Council on Economic Education's "Dollars and Sense" school savings program.
- A bank vice-president provided entrepreneurship training at a weekend seminar for inner-city students who are primarily from low- and moderate-income families.

- A bank vice-president serves on the Board of Directors and as a member of the Property Committee for the Waldo Area Business Association. This organization is dedicated to the continued economic viability of small businesses in the Waldo area. The Property Committee reviews proposals and makes recommendations to the city of Kansas City for the Facade Rebate program.
- The bank's President is Secretary to the Board of Directors of the Lee's Summit Economic Development Council. The council's mission is to promote economic development by attracting small businesses to the area. The Board develops financing packages, including information on tax credits and abatements, for prospective businesses.

FAIR LENDING REVIEW

We did not identify any substantive violations of anti-discrimination laws. Our fair lending examination consisted of a comparative file review of individual applicants for real estate mortgage loans. We used gender as the basis on which to determine whether differential treatment occurred. We compared denied female applicants to approved male applicants to determine whether underwriting practices are applied consistently. Based on our review, there is no evidence of differential treatment of loan applicants based on their gender.