



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 1, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**NorthStar Bank, National Association
23986**

**7612-B N.W. Prairie View Road
Kansas City, Missouri 64151**

**Comptroller of the Currency
Assistant Deputy Comptroller-Kansas City South Field Office
6700 Antioch Street Suite 450
Merriam, Kansas 66204**

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.

- NorthStar Bank, N.A. (NorthStar) has a satisfactory record of lending to commercial clients of different sizes and different sales levels.

The distribution of commercial real estate (CRE) borrowers reflects a reasonable penetration of borrowers of different sizes. Based on the 20 CRE borrowers sampled, the bank's distribution of loans to businesses with revenues less than \$1 million approximates the demographic information.

The distribution of commercial borrowers (non-real estate) reflects reasonable penetration of businesses of different sizes. Based on the 20 commercial borrowers sampled, the bank's distribution of loans to businesses with different revenues was below demographic information of the assessment area (46 percent by dollar versus demographic data showing 72 percent).

- The bank's geographic distribution of credit within the assessment area is satisfactory.

The bank's percentage of lending in low- and moderate-income tracts is comparable to demographic information. Of the sampled commercial loans, credit extended to borrowers in low-income census tracts was 2.99 percent compared to 3.60 percent by dollar. Sampled commercial real estate was 6.94 percent compared to 9.88 percent by dollar in moderate-income census tracts.

Although the bank is slightly below the demographics by dollar in both primary products, both products exceed the demographics by number.

- NorthStar has originated a majority of its loans in the assessment area.

We reviewed the two primary types of loans the bank makes to determine the location and pattern of loans originated in the assessment area. Commercial real estate and commercial/industrial loans comprise 85 percent of the portfolio by dollar volume. For commercial and commercial real estate loans sampled, the bank originated 86 percent by dollar and 80 percent by number within the assessment area.

- Since opening, the bank's quarterly average loan-to-deposit ratio is considered excellent.

NorthStar's average loan-to-deposit ratio, over the past eleven quarters, met the standard for outstanding performance. The bank's average ratio of 83 percent outperforms the ratios of similarly situated banks in the assessment area. The average loan-to-deposit ratio for similarly situated institutions, in the assessment area, was 67 percent.

- NorthStar has not received any consumer complaints regarding its CRA performance during the evaluation period.

- There are no legal or financial constraints that impede the bank's CRA efforts.

DESCRIPTION OF INSTITUTION

NorthStar has \$105 million in total assets, of which net loans were \$88 million (84 percent of total assets), according to the December 31, 2002 Report of Condition. It is headquartered in Kansas City, Missouri and operates three full-service branches with offices in Liberty, Independence, Missouri and Overland Park, Kansas. In addition, the institution has an operation center in Lenexa, Kansas. NorthStar operates five Automatic Teller Machines (ATMs), of which four take deposits. The bank offers a full range of traditional personal and commercial banking services. Commercial real estate and commercial/industrial loans are the primary focuses of the bank's loan portfolio. Commercial real estate loans, including construction/development financing, and other business loans comprise 85 percent of the portfolio. The bank was unable to produce the number of loan originations for the evaluation period. NorthStar is wholly owned by NorthStar Bancshares, Inc., a one-bank holding company, which is also located in Kansas City, Missouri.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area (AA) encompasses all of Platte, Clay, and Jackson counties in Missouri and Johnson County in Kansas. All counties are located in the Kansas City Missouri-Kansas MSA. There are 2 moderate-income, 4 middle-income, and 4 upper-income census tracts in the AA. We conducted one community contact during this examination, who indicated all financial institutions in the area were helping to meet the primary credit needs of the surrounding communities. Our contact is the Executive Director of a regional Chamber of Commerce.

An analysis of the most recent public comments, consumer complaint information, HMDA, small business, and small farm lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.