



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

October 31, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Country Club Bank, National Association
Charter Number 22864**

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

**Comptroller of the Currency
Kansas City North
6700 Antioch Road Suite 450
Merriam, KS 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.

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 October 31, 2005. 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 "Outstanding".

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

- CCB is an active originator of small loans to businesses of different revenue levels. The bank's record of lending to businesses of different revenue levels and to borrowers of different income levels is excellent and generally exceeds area demographic data. A review by loan size shows that 78 percent of the bank's small business loans are originated at amounts starting at \$250 thousand or less.
- In addition to internally financed loans, CCB works with companies to obtain SBA financing. Because of its efforts CCB is considered a Preferred SBA lender.
- The geographic distribution of both business and residential real estate loans is excellent and generally exceeds demographic data in low- and moderate-income tracts.
- A majority of the bank's lending activity is within its' assessment area (AA).
- CCB's level of qualified investments and community development activity demonstrates excellent responsiveness to opportunities in the bank's AA.

SCOPE OF EXAMINATION

Country Club Bank, N.A. has one AA comprised of three contiguous counties in a multi-state metropolitan area. Primary loan types by dollar volume and number consist of commercial real estate and commercial/industrial loans. The evaluation period for this examination's community development activities ranges from November 1999 to October 2005. The time period for the lending analysis included the bank's complete 2002 through 2004 commercial and residential real estate loan portfolios. We used a combination of bank and examiner generated loan/demographic reports to evaluate the bank's performance. Activities of affiliates were not assessed in the evaluation.

DESCRIPTION OF INSTITUTION

Country Club Bank, N.A. (CCB) is a \$439 million bank headquartered in Prairie Village, Kansas. CCB is primarily owned by CCB Corporation, a multi-bank holding company, which owns 81 percent of the bank shares. CCB Corporation owns two financial institutions (CCB and Mid-American Bank & Trust Company, N.A.), Country Club Trust Company, N.A. and Acquisition Corporation. The bank operates seven branches located throughout the AA. The bank has an ATM machine located at each full-service branch. CCB offers traditional banking services and lending products with a primary business focus on loans to small and mid-sized companies. Management defines small companies as those with revenues less than \$1 million and mid-sized companies as those with revenues between \$1 million and \$15 million.

As of June 30, 2005, the bank's loan portfolio totaled \$282 million and represented 64 percent of total assets. By number and dollar commercial lending is the bank's primary product. This is consistent with the bank's strategic plan. The loan portfolio consists of 43 percent commercial real estate loans, 34 percent commercial/industrial loans, 14 percent residential real estate loans, and 9 percent consumer loans.

The bank operates a full-service broker/dealer department, which requires it to maintain a higher level of liquidity than a typical bank of its asset size. The bank also operates a safe deposit corporation. There are no other financial conditions, legal constraints, or other factors that prevent CCB from helping to meet the credit needs of its AA.

CCB received a rating of "Satisfactory Record of Meeting Community Credit Needs" at its last CRA examination dated November 29, 1999.

DESCRIPTION OF KANSAS CITY METRO ASSESSMENT AREA

CCB's AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The bank operates seven branches. The Plaza and Traffic way branches are located in middle-income census tracts. Note: the Traffic way branch is located next to surrounding low- and moderate-income census tracts. The Traffic way location was considered a moderate-income tract under the 1990 census. The Prairie Village, Hallbrook, Mission Hills, and Shawnee branches are in upper-income census tracts. The Downtown branch is located in a N/A classified tract and is near moderate-income tracts.

Using the adjusted 2000 Census Data for year 2004, the bank's AA consisted of all 394 census tracts within three contiguous counties located in the Kansas City, Missouri-Kansas MSA. The counties are as follows: Jackson County (217 census tracts) in Missouri, and Johnson (107 census tracts), and Wyandotte Counties (70 census tracts) in Kansas. Data for the prior CRA examination and year 2002 were based on the 1990 census information. Changes in the census information are due to changes within the demographic make-up of the area from 1990 to 2000. Significant changes occurred with an increase in the number of moderate- and upper-income tracts. Review the table below for a comparison of census changes for years 2002, 2003, and 2004.

Tracts	# of Tracts 2002	% of Total	# of Tracts 2003	% of Total	# of Tracts 2004	% of Total
Low-Income	43	12.32%	46	11.68%	47	11.93%
Mod-Income	88	25.22%	115	29.18%	114	28.93%
Middle-Income	132	37.82%	128	32.49%	128	32.49%
Upper-Income	74	21.20%	93	23.60%	93	23.60%
NA	12	3.44%	12	3.05%	12	3.05%
Total	349	100.00%	394	100.00%	394	100.00%

Source: 1990 and 2000 US Census Demographic Data

The economy in the Kansas City area is very diverse. No one employer dominates the market. Area employers offer a variety of employment opportunities. Primary employment sectors are: service industries at 42 percent; retail trade at 15 percent; finance/insurance/real estate at 10 percent; and construction at 8 percent. About 9 percent of the households in the AA live below the poverty level making it difficult for these individuals to qualify for traditional financing. Only 62 percent of the housing units are owner-occupied. The HUD updated MSA Median Family Income for 2004 was \$64,900.

The primary credit needs of the AA are for small business loans, consumer, and residential real estate loans. Community contact information indicates that credit needs are being met. Due to the highly competitive market, consumers have a vast variety of financial institutions to choose from. There is strong competition for loans and deposits among the financial institutions in the bank's AA and throughout the Kansas City,

Missouri-Kansas MSA.

CONCLUSION ABOUT PERFORMANCE CRITERIA

The Lending Test is rated: “**Outstanding**”.

The Community Development Test is rated: “**Outstanding**”.

We used a combination of bank and examiner generated loan/demographic reports to evaluate the bank’s performance. Primary loan types by dollar volume and number consist of commercial real estate and commercial/industrial loans. This is consistent with the bank’s business strategy.

Lending Test

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

CCB’s level of lending to businesses of different sizes and to borrowers of different income levels is excellent. Primary weight is placed on the bank’s small business lending activity due to the bank’s volume of loans and focus on this sector. During the evaluation period, CCB reported 485 small loans to various size businesses totaling \$82 million. Based on the number of businesses that reported revenue information, the bank’s volume of small loans to businesses with revenues less than \$1 million consistently exceeded area demographic data for two of the three years evaluated. In 2004 and 2003, the percentage of the bank’s business loans to companies with revenues less than a \$1 million was 67 and 68 percent, respectively, compared to area demographic data of 61 percent for both years. In 2002, the bank’s percentage (65 percent) was only slightly below area demographic data of 72 percent. Note: Years 2003 and 2004 were based on 2000 Census information and year 2002 was based on 1990 Census information.

In addition to the revenue evaluation, a review by loan size shows that 78 percent of the bank’s small business loans are originated at amounts starting at \$250 thousand or less. The table below shows the breakdown of loans by origination amount.

2004 – Borrower Distribution by Loan Size to Businesses in Kansas City Metro AA				
Loan Size	# of Loans	% of Number	Dollar Volume of Loans	% of Dollar Volume
\$0 - \$99,999	105	55%	\$4,866	15%
\$100,000 - \$250,000	45	23%	\$8,731	26%
> \$250,0001	42	22%	\$19,921	59%

Source: Bank and examiner generated reports.

CCB is a Preferred Lender and a Certified Lender under the Small Business Administration (SBA) lending programs. As of September 30, 2005, CCB ranked

number 17 out of 48 designated SBA Lenders. By asset size, CCB is one of the smaller financial institutions with this status. A majority of the top SBA competitors are large and mid-size financial institutions. During the evaluation period for lending (years 2002-2004), CCB originated 35 SBA loans totaling \$7.7 million.

CCB's commercial lending efforts also include residential real estate loans held for investment purposes as rental homes. Of the 367 home mortgage loans originated during the lending evaluation period, 167 totaling \$11 million were to residential real estate investors. These totals represent 46 percent by number and 30 percent by dollar of home mortgage loans originated during the lending evaluation period. This information is maintained with the bank's home mortgage data per regulatory requirements.

Although not a primary product of the bank, CCB also helps to meet the residential real estate needs of its AA. The bank is not considered an active mortgage lender, and thus does not offer rates and terms competitive with the financial institutions that have a major focus on mortgage lending. During the evaluation period, the bank originated 367 home mortgage loans totaling \$35 million. The bank's distribution of home mortgage loans by borrower income level for loans to low-income and loans to moderate-income borrowers exceed area demographic data in two loan type categories. The table below shows the 2004 comparison information. The bank's percentages were similar in 2003 and reasonable in 2002. Note: The table below only shows the distribution of residential real estate loans where the bank relied on personal income for repayment of the loans. It does not include the investor properties discussed above in the commercial section.

2004 - Borrower Distribution of Residential Real Estate Loans in Kansas City Metro AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Purchase	19%	0%	18%	20%	23%	32%	40%	48%
Home Improvement	19%	5%	18%	11%	23%	18%	40%	66%
Refinancing	19%	42%	18%	29%	23%	0%	40%	29%

Source: 2000 Census Demographic Data; Bank and examiner generated reports.

In addition, as stated in the AA description, approximately 9 percent of the households in the AA live below the poverty level making it difficult to qualify for traditional financing. Management stated that, in an effort to help meet community credit needs, the bank's minimum loan amount is \$1,000. When an applicant does not have a credit history, the bank will use the borrower's history of utility and rent payments.

Geographic Distribution of Loans

The bank’s geographic distribution of loans to businesses and individuals is excellent. The overall geographic distribution of small loans to businesses meets or exceeds area demographic data for loans originated in low-income and moderate-income tracts. The table below shows the year 2004 comparison information. The bank’s distribution was similar in years 2003 and 2002.

2004 – Geographic Distribution of Loans to Businesses in Kansas City Metro AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans
Business Loans	5%	5%	19%	21%	40%	27%	36%	47%

Source: 2004 Business Geo-demographic Data; Bank and examiner generated reports.

The overall geographic distribution of residential real estate loans exceeds area demographic data for loans originated in low-income and moderate-income tracts. The percentages are more significant because these are not primary products for the bank. The table below shows the year 2004 comparison information. The bank’s distribution was similar in years 2003 and 2002.

2004 – Geographic Distribution of Residential Real Estate Loans in Kansas City Metro AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of # of Loans	% of AA Owner Occupied Housing	% of # of Loans	% of AA Owner Occupied Housing	% of # of Loans	% of AA Owner Occupied Housing	% of # of Loans
Purchase	4%	0%	19%	19%	40%	24%	37%	57%
Home Improvement	4%	5%	19%	12%	40%	18%	37%	65%
Refinancing	4%	33%	19%	0%	40%	0%	37%	67%

Lending in Assessment Area

CCB’s level of lending to businesses and borrowers within its AA is good. We performed an inside/outside ratio analysis at the bank level. Both by number and dollar the majority of the bank’s loans are extended to businesses and individuals within the bank’s AA. By number, approximately 80 percent of the bank’s loans and, by dollar, 78 percent of the bank’s loans are in the AA.

Loan-to-Deposit Ratio

CCB's quarterly average loan-to-deposit ratio is reasonable. The bank's ratio for quarters ending December 31, 1999 to June 30, 2005 is 73 percent. This is lower than the peer average of 94 percent but has increased since the last CRA Evaluation when the bank's average was 56 percent. The bank's ratio is affected by the bank's need to maintain higher liquidity than its competition due to its full-service brokerage operation. The quarterly average for similar financial institutions showed a low average of 83 percent and a high average of 115 percent. Total assets for similar financial institutions ranged from \$250 million to \$529 million.

Response to Complaints

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

Community Development Test

CCB's level of qualified community development investments and loans demonstrates excellent responsiveness to opportunities in the bank's AA. During the evaluation period, CCB made four qualified investments totaling \$3.2 million. The bank's largest investment consists of \$3 million invested in local mortgage backed security pools. The majority of the loans are in the bank's AA and are targeted for low-income and moderate-income individuals. The bank originated eight loans with a community development purpose in the AA during the evaluation period totaling \$2.3 million. In addition to investments and loans, charitable contributions during the evaluation period totaled \$59 thousand. The donations were primarily made to organizations providing social services to low-income and moderate-income individuals.

CCB's level of community development activities is good. The activities demonstrate the bank's ongoing active support and involvement in the AA. All bank officers are encouraged to participate in community-based activities. Bank officers and employees provide their financial expertise by serving in various capacities with several organizations that meet the social services and affordable housing needs of low-income and moderate-income individuals. Bank officers and employees also work with area schools to help educate students about financial services. CCB participates in one of the targeted schools' summer financial-intern programs.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.