



Comptroller of the Currency
Administrator of National Banks

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PUBLIC DISCLOSURE

January 21, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Commercial Bank, National Association
Charter Number 22961**

**12695 Metcalf Avenue
Overland Park, Kansas 65213**

**Office of the Comptroller of the Currency
Kansas City North - Kansas City Office
6700 Antioch Road, Suite 450
Merriam, Kansas 66204-1277**

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 CRA performance of **First Commercial Bank, National Association, Overland Park, Kansas** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of January 21, 1998. 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: This institution is rated “**Satisfactory**”.

First Commercial Bank, National Association’s distribution of borrowers by income reflects good penetration among businesses of different sizes and individuals of different income levels. The bank’s average loan to deposit ratio is strong given the bank’s size and financial condition. The bank is in compliance with the substantive provisions of anti-discrimination laws and regulations.

Description of Institution

First Commercial Bank, National Association (First Commercial) is a \$43 million institution located in Overland Park, Kansas. Commercial Guaranty Bancshares, Inc., a one bank holding company owns 100% of the bank. The bank has one ATM and no branches. First Commercial's primary lending focus is small business lending; consumer loans are available on an accommodation basis. As of September 30, 1997, the bank's loan portfolio totaled \$30 million and consisted of 46% commercial real estate, 39% commercial, 12% residential real estate and 3% instalment loans.

First Commercial faces strong competition. The bank is one of twenty-one active banks with headquarters in Johnson County, Kansas. Branches of regional banks and numerous mortgage and financing companies within the Kansas City Metropolitan Statistical Area (MSA) also provide competition. There are no legal impediments, including the financial condition of the bank, which hinder the bank's ability to fulfill its CRA obligations.

The bank opened for business in February 1996. This examination represents the first evaluation of the bank's CRA performance; thus, no prior CRA rating exists. We used the revised small bank CRA examination procedures and rated the bank using five performance categories. Our primary focus was on the bank's commercial lending activity since business loans represent 85% of the bank's loan portfolio. In addition, four community contacts completed by the Federal Reserve Bank identified small business lending and commercial real estate loans as two of the assessment area's primary credit needs.

Description of First Commercial's Assessment Area

First Commercial's assessment area (AA) meets the requirements of the CRA regulation and does not arbitrarily exclude low or moderate income areas. The bank's assessment area consists of seven census tracts located with the southeastern region of Johnson County. Johnson County is in the southwest portion of the Kansas City MSA and has no low or moderate income census tracts. All of the bank's AA census tracts are upper income tracts. The AA boundaries are as follows: Interstate Highway 435 on the north, 167th Street on the south, State Line Road on the east and Switzer Road on the west between I-435 and 135th Street, then south along Antioch Road between 135th and 167th Streets.

According to bank information, approximately 59,548 people currently reside in 21,825 households. The number of households in the area has increased at an average annual rate of about 6.9% over the past five years. Homeowners occupy 79% of the dwellings. The average value of homes in the AA is \$221,724. Based on 1990 census data, the average median family income for the AA is \$75,975 compared to the 1997 updated MSA median family income of \$50,200. The distribution of families in the AA at different income levels is as follows: 3% low, 4% moderate, 10% middle and 83% upper. All live in upper income census tracts.

Conclusions with Respect to Performance Criteria

Lending to Businesses of Different Sizes and Borrowers of Different Incomes

First Commercial's distribution of loans to businesses of different sizes and individuals at different income levels is good. Using loan information as of October 31, 1997, we reviewed 64% of the commercial portfolio by number and 86% by dollar. We compared the bank's performance to its market. The following table shows the results of our analysis *for loans originated in the bank's AA*. The last column in the table shows the revenue distribution of businesses in the bank's AA.

Gross Revenue Designation of Business	Revenue Distribution of Business Relationships Originated by First Commercial in the AA		Revenue Distribution of Businesses in the AA		
	#	%	%		
< \$500,000	26	52%	72%	48%	56%
\$500,000 - 999,999	10	20%		8%	
\$1,000,000 - 24,999,999	14	28%	14%		
≥ \$25,000,000	0	0	2%		
Revenue not reported	n/a	n/a	28%		
Total	50	100%	100%		

Our loan sample also included a review of personal and residential real estate loans. We reviewed 89% and 86% of the bank's personal loans by number and dollar, respectively. We reviewed 100% of the residential real estate loans originated since the bank opened February 1996 through November 1997. We used the bank's home mortgage loan application register to determine the income distribution of borrowers' with residential real estate loans. The table below shows the results of our analysis *for loans originated in the bank's AA*.

Borrower Income Level	% of Families in AA at each Income Level	# of loans First Commercial originated in AA		First Commercial Combined Total	
		Personal	Res. RE	#	%
Low income	3%	0	0	0	0%
Moderate income	5%	2	0	2	7%
Middle income	10%	1	2	3	11%
Upper income	83%	1	22	23	82%
Total	*100%	4	24	28	100%

About 2% of the families in the AA income are below the poverty level and are included in the low income bracket stated above.

Loan-to-Deposit Analysis

First Commercial's average loan-to-deposit ratio reflects a strong level of lending activity given its size and financial condition. The bank's average loan-to-deposit ratio was at 72% for the seven quarters dated from March 1996 to September 1997. The peer group was at 67% for the same time period.

Comparison of Credit Extended Inside and Outside of the bank's Assessment Area

First Commercial originated less than a majority of its consolidated loan portfolio within the assessment area. We used the results of the bank's review combined with our analysis to evaluate the bank's performance. From February 1996 to November 1997 the bank originated approximately 44% of its loans, on a consolidated basis by number of loans, in the assessment area. However, about 53% of the bank's personal and residential real estate loans by number are in the assessment area. In addition, 33 of the 83 business loans outside the assessment area are loans to stockholders with community ties. Note: total business loans equaled 135 during this review period.

Geographic Distribution of Loans

An analysis of the geographic distribution of loans would not be meaningful since all of the census tracts in the bank's assessment area are designated as upper income.

Response to Complaints

First Commercial has not received any complaints relating to its CRA performance during this review period.

Compliance with Anti-discrimination Laws and Regulations

First Commercial is in compliance with the substantive provisions of anti-discrimination laws and regulations. We found no evidence of discrimination or disparate treatment in our review of the bank's lending practices.