



SMALL BANK

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

PUBLIC DISCLOSURE

June 16, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**BC National Banks
Charter Number 17100**

**W. Highway 52
Butler, Missouri 64730**

**Comptroller of the Currency
Kansas City South Field Office
6700 Antioch Road, 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.

BANK'S CRA RATING

This institution is rated Satisfactory.

The BC National Banks (BCNB) has a satisfactory record of lending to borrowers of different income levels or businesses of different sizes within its assessment areas.

BUTLER - BATES COUNTY ASSESSMENT AREA

BCNB's primary products in this assessment area are home purchase, agriculture, and commercial loans. Examiners evaluated performance by reviewing a sample of agricultural and commercial loans that included 20 loans of each type and 100% of home purchase loans since the last Community Reinvestment Act (CRA) examination through December 31, 2002. Outstanding loan information was used when evaluating agriculture and commercial loans because all originated loan data was not available due to a bank conversion. The bank's performance is compared against demographics for the assessment area based on 1990 U.S. Census data.

BCNB has a satisfactory record of lending to borrowers of different income levels, and farms and businesses of different sizes in the Bates County, Missouri assessment area.

- The distribution of agriculture loans reflects a good penetration of lending to small farm borrowers with revenues of less than \$1 million. Lenders originated 95% both by number and by dollar to such agricultural borrowers. This is very comparable to demographics of 96%.
- Lending performance for home purchase loans to low-income borrowers is reasonable. Lenders originated 10% by number and 8% by dollar to low-income individuals, which is comparable to demographics. Current data indicates 20% of families are low-income, with 14% of families below the poverty level. Home purchase loans originated to moderate-income borrowers represented 7% by number and 5% by dollar. While lower than demographics of 18%, reported numbers for the bank do not include the bank's mortgage loan broker activity. The bank brokers a majority of all fixed rate mortgages with high loan-to-values into the secondary market. Based on information obtained from the bank, a majority of these loans are made to moderate-income individuals. From 1999 to 2002, the bank brokered 77 loans, (for a total of \$5,736,139 and an average loan amount of \$74,495) into the secondary market.
- The distribution of commercial loans reflects good penetration to small commercial borrowers with revenues of less than \$1million. Commercial loans represent 85% by number and 53% by dollar compared to demographic information of 79%. More weight is placed on the number of loans as the dollar amount of such loans could understate the comparison by percentage.

A geographic distribution analysis will not be meaningful in the Bates County assessment area and will not be performed, as all census tracts in the assessment area are middle-income.

LEE'S SUMMIT - KANSAS CITY, MISSOURI MSA ASSESSMENT AREA

BCNB's primary products in this assessment area are home purchase and commercial loans. Examiners evaluated performance by reviewing a sample of 20 commercial loans and 100% of home purchase loans since the last CRA examination through December 31, 2002. The bank's performance is compared against demographics for the assessment area based on 1990 U.S. Census data.

BCNB's lending to individuals of different income levels and businesses of different sizes in the Kansas City, Missouri Metropolitan Statistical Area (MSA) assessment area is satisfactory.

- Lending performance for home purchase loans to low-income individuals is reasonable. Lenders originated 14% by number and 8% by dollar to low-income borrowers, which is comparable to demographic data of 21% given that 8% of families are below the poverty level. Home purchase loans originated to moderate-income borrowers is adequate and represented 12% by number and 9% by dollar as compared to demographic data of 19%.
- The distribution of commercial borrowers reflects excellent penetration to businesses with less than \$1 million in revenues. Commercial loan distribution is centered primarily in small businesses with 90% of all loans by number and 85% by dollar. Lending to small businesses exceeds the demographic information of 76% for small businesses.

BCNB's geographic distribution of credit reflects satisfactory penetration throughout the Kansas City, Missouri MSA assessment area.

- The geographic distribution based on our sample of 20 commercial loans and all home purchase loans reflects satisfactory penetration throughout the assessment area.
- Home purchase distribution is excellent. The bank exceeded demographic data in lending to low- and moderate-income tracts both by number and just slightly below by dollar for low-income tracts. Home purchase loans made in low-income tracts were 7% by number and 2% by dollar and above demographic data of 3%. The bank's lending to moderate-income tracts, at 26% by number and 19% by dollar, was comparable to demographic data of 19%.
- Commercial loan distribution is reasonable. The sample did not include any loans in low-income tracts; however, only 5% of businesses are located in these tracts. Ten percent by number and dollar are in moderate-income tracts compared to 19% demographics. This performance is reasonable based on the bank's penetration of loans in areas where branches are located. As of December 31, 2002, the assessment area only included tracts where the branches were located. The bank has four branches with only one branch located in a moderate income tract and the remaining three in areas centered in middle and upper income tracts.

BCNB originated a majority of its loans in each assessment area.

- BCNB originated 90% by number and 78% by dollar within the Bates County assessment area for commercial and agriculture loans, and 85% by number and 89% by dollar within the Kansas City, Missouri MSA assessment. The bank averaged 85% by number and 74% by dollar within their assessment areas for home purchase, home improvement, home refinancing, and multi-family loans.

BCNB's average loan-to-deposit ratio since the last examination was excellent and reflects responsiveness to the assessment areas' credit needs.

- The bank's average loan-to-deposit ratio over the past 14 quarters exceeds the standards for satisfactory performance. The bank's average ratio of 91% surpasses the ratios of similarly situated banks in the assessment area. Competing banks' average ratios ranged from 70% to 88%.

We found no evidence of illegal discrimination or other illegal credit practices.

COMPLAINT INFORMATION

BCNB has not received any consumer complaints regarding its performance in helping to meet the credit needs in the assessment areas during the evaluation period.

DESCRIPTION OF INSTITUTION

BCNB is a \$92 million dollar institution owned by Amoret Bancshares, Inc., a one-bank holding company. BCNB's main bank and one branch are located in Butler, Missouri (Bates County). The bank also has one branch in Amoret, Missouri (also in Bates County), two branches in Lee's Summit, Missouri (Jackson County), one branch in Harrisonville, Missouri (Cass County) and one branch in Pleasant Hill, Missouri (also in Cass County). The Lee's Summit, Harrisonville, and Pleasant Hill branches are located within the Kansas City, Missouri Metropolitan Statistical Area (MSA). The bank opened the Harrisonville branch and Pleasant Hill branch since the last CRA examination. Both branches were acquired in August 1999. The bank has not closed any branch since the last CRA examination. BCNB has six non-depository Automated Teller Machines (ATMs) located in Butler, Lee's Summit, Harrisonville, Pleasant Hill, and Greenwood, Missouri.

There are no legal or financial factors that impede BCNB's ability to help meet the credit needs of its assessment areas. BCNB received a "Satisfactory" rating at its last CRA examination dated July 19, 1999. Using information from the bank's March 31, 2004 Report of Condition, the composition of BCNB's loan portfolio by dollar volume consists of real estate loans (85%), commercial loans (9%), agricultural loans (4%), and individual loans (2%). Net loans and leases are 64% of the bank's total assets. The bank offers a full range of traditional banking services at all locations.

DESCRIPTION OF ASSESSMENT AREA

BCNB has designated two separate assessment areas. Both assessment areas meet all regulatory requirements and do not arbitrarily exclude any low- or moderate-income areas.

The Butler assessment area is in a non-MSA location that encompasses all of Bates County. This assessment area is comprised of four middle-income census tracts.

The Lee's Summit assessment area is within the Kansas City, Missouri-Kansas MSA and encompasses all of the Missouri side of the MSA. This assessment area is comprised of 278 census tracts containing 29 low-income tracts, 74 moderate-income tracts, 122 middle-income tracts, 46 upper-income tracts and 7 N/A tracts.

Please refer to the bank's CRA Public File for more information.

COMMUNITY CONTACT INFORMATION

We conducted 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 two economic development agencies and a city office. None of the contacts indicated the credit needs of BCNB's community were not being met. Primary credit needs were identified for small business financing and affordable housing for low-income in the Kansas City, Missouri MSA.