



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

September 21, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Kansas City, National Association
Charter Number 24717

7500 College Boulevard
Overland Park, KS 66210

Office of the Comptroller of the Currency

Midsized Bank Supervision
One Financial Place, Suite 2700
440 South LaSalle Street
Chicago, IL 60605

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 "Outstanding."

The major factors supporting this rating are summarized below:

- Bank of Kansas City's (BOKC's) loan-to-deposit (LTD) ratio is more than reasonable at 36 percent as of June 30, 2009, and increases to 92 percent as of June 30, 2009 when considering loans originated and sold upstream to affiliate Bank of Oklahoma, N.A. (BOK).
- The bank's lending in its Kansas City assessment area (AA) is satisfactory. The majority of the number of loans and dollar amount of loans extended during the review period were originated within the bank's AA.
- The distribution of loans to individuals of different income levels is excellent. The bank's overall performance under the Borrower Distribution reflects excellent penetration among individuals of different income levels.
- BOKC has reasonable penetration in moderate-income tracts for home purchase loans and excellent penetration for moderate-income tracts for home improvement loans and home refinance loans. The bank had a reasonable penetration for home purchase and refinance loans in low-income tracts.
- BOKC's level and nature of community development (CD) lending is excellent. The level of CD lending, \$44 million dollars or 293 percent of Tier 1 Capital demonstrates leadership, commitment and responsiveness to the credit needs of the community.
- The bank's performance in making qualified investments and providing community development services demonstrates excellent responsiveness to community development needs within the AA. The bank had a high level of community development investments and services during the evaluation period.
- There have been no complaints with respect to the bank's Community Reinvestment Act (CRA) performance.

SCOPE OF EXAMINATION

The evaluation of lending products included small business, commercial real estate, home purchase, home improvement, and home refinance loans. We did not evaluate small farm loans, as this is not an identified credit need. The bank makes very few farm loans. The evaluation period for the lending test was from January 1, 2007 through December 31, 2008.

Bank of Kansas City, N.A. (BOKC) is a commercial middle market bank whose strategy centers on commercial and industrial lending and wealth management. Residential real estate lending is also a principal lending product and accounts for 22 percent of the in-

house loan portfolio. More weight was given in the final rating to home mortgage loans as they represent 94 percent of reportable transactions. Small business lending included only 39 loans or 6 percent of the CRA reportable transactions, resulting in very little weight being given to this product.

In addition to the bank's lending performance, management requested that we evaluate community development activities. Community development loans, investments, and services were reviewed from the date of the bank's acquisition November 8, 2006 through the date of this review September 21, 2009.

Data Integrity

Prior to this Community Reinvestment Act (CRA) examination, OCC personnel verified the accuracy of data made available to the public in accordance with the Home Mortgage Disclosure Act (HMDA) and CRA. Public data includes home mortgage lending and small loans to businesses and farms information. The bank was required to collect and report HMDA data; however, the bank voluntarily collected and reported small business and small farm data. Based on the results of our review, we considered the lending data to be materially accurate.

Selection of Review Areas

During this evaluation period, BOKC had only one AA, which is located in the Kansas City Multistate Metropolitan area. The bank operates two branches in Overland Park, Kansas and one branch in Kansas City, Missouri. There were two original branches opened as part of the formation of the bank, one in Overland Park, KS and the other in Kansas City, MO. A third branch was recently opened in August 2009 in Overland Park, KS. There have been no branch closings.

DESCRIPTION OF INSTITUTION

BOKC is a \$202 million financial institution headquartered in Kansas City, Kansas. The bank is a wholly-owned subsidiary of BOK Financial Corporation (BOKF) a \$25 billion regional multi-bank holding company, headquartered in Tulsa, Oklahoma. BOKF purchased State Bank of Colony on November 8, 2006 and moved the location to Overland Park, Kansas City. This gave BOKF its first full-service banking presence in Kansas City. At formation, BOKC had assets of \$61 million, net loans of \$19 million and deposits of \$43 million.

The following table details BOKC's loan portfolio composition as of June 30, 2009;

Loan Portfolio Composition as of June 30, 2009		
Loan Category	\$ (000)	%
Commercial Real Estate	8,840	25%
Residential Real Estate	7,469	22%
Commercial and Industrial	13,707	40%
Individual Loans	1,499	4%
Construction	2,991	9%
Other	32	<1%
Total	34,538	100%

Source: June 30, 2009 Report of Condition and Income

There are no legal, financial, or other factors impeding management's ability to help meet the credit needs of the AA. BOKC was formed within the last three years and this review represents its first CRA Performance Evaluation.

Bank of Oklahoma Financial Corporation (BOKF) also owns banks in Arizona (Bank of Arizona, N.A.), Arkansas (Bank of Arkansas, N.A.), Colorado (Colorado State Bank & Trust, N.A.), New Mexico (Bank of Albuquerque, N.A.), Oklahoma (Bank of Oklahoma, N.A.) and Texas (Bank of Texas, N.A.). Other business units include BOSCO, Inc. (a retail brokerage unit); Transfund electronic funds transfer network; and Cavanal Hill Investment Management. The company employs over 3,650 people.

BOKC is primarily a commercial middle-market bank whose strategy centers on commercial and industrial lending and wealth management. Through its affiliate relationship with BOKF banks, BOKC lending products include energy, commercial and industrial, commercial real estate, health care, small business, residential real estate and other consumer loans. BOKF now has full-service banks located in seven states, delivers investment brokerage services in ten states, and operates an electronic funds transfer network that spans eleven states. The company also offers private financial services, trust, capital markets, retail brokerage, and consumer retail services through the consumer and wealth management division.

DESCRIPTION OF ASSESSMENT AREA(S)

BOKC has only one assessment area (AA). The AA does not reflect illegal discrimination, does not arbitrarily exclude low- or moderate-income geographies and is defined consistently with the definition of an AA under The Community Reinvestment Act.

BOKC's single AA is located in the Kansas City Multistate Metropolitan area and consists of two counties in Kansas - Johnson County and Wyandotte County, and one county in Missouri - Jackson County. These counties are in the Kansas City MO-KS MSA. The AA includes two out of the six counties in the Kansas City/Kansas City MO-KS MSA and one county out of the nine counties in Missouri/Kansas City MO-KS MSA.

Within the Kansas City AA, there are three full service branches. The AA contains 394 census tracts, of which 45 tracts are designated as low-income (11.42 percent), 110 tracts are moderate-income (27.92 percent), 131 tracts are middle-income (33.25 percent), 96 tracts are upper-income (24.37 percent), and 12 tracts do not report data

and are identified as “not applicable” (3.04 percent).

According to the 2000 U.S. Census data, the AA counties have a population of 1,263,848 and median family income for the MSA was \$55,031. HUD's 2008 updated MSA median family income is \$67,800. This is the income used to determine the income level of families in the MSA. Households below the poverty level total 46,209 or 9.23 percent, and households that receive public assistance total 13,648 or 2.7 percent of the total number of households. Of the 535,735 total housing units available in the AA, 331,197, or 62 percent, are owner-occupied. Refer to the following table for additional information relating to the bank's Kansas City AA:

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
Population	
Number of Families	329,140
Number of Households	500,842
Geographies	
Number of Census Tracts	394
% Low-Income Census Tracts	11.42%
% Moderate-Income Census Tracts	27.92%
% Middle-Income Census Tracts	33.25%
% Upper-Income Census Tracts	24.37%
% N/A*	3.05%
Median Family Income (MFI)	
2000 MFI for AA	\$55,031
2008 HUD-Adjusted MFI	\$67,800
Economic Indicators	
Unemployment Rate	2.45%
2000 Median Housing Value	\$130,648
% of Households Below Poverty Level	9.23%

Source: 2000 Census data and 2008 HUD updated income data.

* The N/A category consists of geographies that have not been assigned an income classification.

Major industries in the Kansas City area include education, healthcare and social assistance, professional and business services, and retail. Unemployment in the Kansas City area has been on the rise over the past several years with steady increases in the overall unemployment rate since 2000. The unemployment rate, according to the Kansas Department of Labor's August 2008 Labor Report, was approximately 5.5 percent.

Assessment Area Competition

Banking is very competitive in the Kansas City area. The top ten banks in the Kansas City AA collectively hold 60 percent of the deposit market share. There are 550 financial institutions in the Kansas City AA. As of June 30, 2008, BOKC ranked 54th in terms of deposit market share with two branches, total deposits of \$69 million, and a deposit market share of 0.21 percent by total amount of deposits.

Branch Accessibility in the Assessment Area

The bank's three full service branches are all located within the Kansas City Multistate Metropolitan area. One branch (the Plaza branch) is located in a middle-income census tract. The other two branches (the Lighton Tower branch and the 121st Metcalf branch) are located in upper-income census tracts. However, all of the bank's services are accessible to low- and moderate-income persons. Two branches have a bus stop either in front of or within a one-mile radius of the branch. In addition, the Plaza branch is adjacent to a moderate-income census tract and near both low- and moderate-income census tracts.

Community Contact

During the course of this exam, we reviewed a community contact conducted during 2009. This contact is engaged primarily in small business development in the BOKC AA, with a mission to increase economic prosperity in Kansas by helping entrepreneurs and small business owners start and grow their businesses through professional consulting, training, and resources. Our contact reported that the economy has declined for many of the same reasons that the national economy has declined. Employment layoffs continue to increase, however the contact reported the current recession is different from the economic downturn in 2003-2004 in that, during the previous downturn, increasing unemployment seemed to increase the number of individuals interested in forming their own business. In the current recession the contact stated the number of small business applications has not increased. The contact does note a "slight increase in optimism" from their clients in regards to the AA's economic future.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

BOKC's adjusted loan-to-deposit (LTD) ratio is more than reasonable at 92 percent as of June 30, 2009 when considering loans originated and sold upstream to affiliate Bank of Oklahoma, N.A.

The bank is constrained in its lending activity by a legal lending limit of only \$2 million. Nevertheless, the bank offers considerable lending resources to the Kansas City metropolitan area through its BOK lending affiliate structure. While the bank's unadjusted LTD ratio at June 30, 2009 was 36 percent, this figure represents only the retained in-house loan portfolio of \$34.5 million. Actual BOKC loans originated during the assessment period, including participations where the bank remains the lead bank, total \$167 million, almost four times the June 30, 2009 balance sheet portfolio holdings.

The bank's LTD ratio reflects a strong commitment to lending. The average LTD ratio in the BOKC assessment area of peer banks with a small number of branches (five or less) and an asset size of less than \$250 million is 88 percent. This compares to BOKC's adjusted LTD ratio of 92 percent. In light of the bank's very small market

presence in the Kansas City MSA (it ranks 54th in terms of market share with three branches and a deposit market share of 0.21 percent, the \$167 million of loan originations, including \$44 million of community development lending discussed below, is "more than reasonable" lending performance.

Lending in Assessment Area

BOKC's lending in its AA meets the standard for satisfactory performance. A majority of the number and dollar amount of home mortgage and small business loans were originated within the bank's AA. As depicted in the table below, 56 percent of the number and 53 percent of the dollar amount of loans were originated in BOKC's AA.

Lending in Kansas City AA										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	431	52.37	392	47.63	823	55,637	47.17	62,302	52.83	117,939
Home Improvement	62	63.92	35	36.08	97	5,372	69.18	2,393	30.82	7,765
Refinance	334	60.40	219	39.60	553	50,343	59.76	33,905	40.24	84,248
Small Business	39	48.15	42	51.85	81	17,059	51.00	16,389	49.00	33,448
Totals	866	55.73	688	44.27	1,554	128,411	52.76	114,989	47.24	243,400

Source: Data reported under 2007-2008 CRA and HMDA loans.

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

The distribution of loans to businesses and individuals of different income levels is excellent. Given the demographics of the AA, the bank's overall performance under the Borrower Distribution test reflects excellent penetration among individuals of different income levels and reasonable penetration to businesses of different sizes.

We compared the bank's loan originations for home purchase, home improvement, and refinance to the percentage of AA families based on 2000 U. S. Census information. More weight was given to this product in the final rating since home mortgage loans represent 94 percent of reportable transactions.

- BOKC had excellent penetration lending to moderate income borrowers for home purchase, home improvement, and refinancing loans.
- BOKC had reasonable penetration to low-income borrowers for home improvement loans, but poor penetration for home purchase and home refinance loans. The Kansas City AA has 9.23 percent of households living below the poverty level. In addition, 32 percent of the households in the AA low-income census tracts live below the poverty level and approximately 84 percent of

houses are boarded-up. U. S. Census bureau 2006-2008 updated data sets reflect the average housing cost in Kansas City of \$134,700. It would be very difficult for low-income borrowers to afford a home. Therefore, any penetration in low-income census tracts would be reasonable performance.

The bank’s performance is shown in the following table:

Borrower Distribution of Residential Real Estate Loans in Kansas City AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	19.11	11.08	18.40	35.90	22.62	27.23	39.86	25.06
Home Improvement	19.11	17.24	18.40	31.03	22.62	10.34	39.86	41.38
Refinance	19.11	8.45	18.40	19.01	22.62	23.94	39.86	45.07

Source: Data reported under 2007-2008 HMDA; U.S. Census data.

Small business lending included 39 loans or 6 percent of all reportable transactions; therefore, this product was given very little weight in the final rating.

Lending to businesses of different sizes reflects reasonable penetration. The percentage of loan originations to small businesses with revenues of \$1 million or less by number is less than one-half the percentage of these small businesses in the AA, and the percentage of dollars extended to these small businesses in the AA is even lower. Thirty percent of the businesses in the AA did not report income data during the assessment period.

BOKC’s business strategy is to serve the Kansas City AA as a “middle market lender” through its affiliate relationship with BOK. Consequently, its business lending market primarily consists of businesses with revenues exceeding \$1 million a year. During the assessment period, 17 percent of the small business loans were \$100,000 or less, 19 percent were greater than \$100,000 to \$250,000, and 63 percent were loans greater than \$250,000 to \$1 million. The bank’s performance is shown in the following table:

Borrower Distribution of Loans to Businesses in Kansas City AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	64%	6%	30%	100%
% of Bank Loans in AA by #	31%	64%	5%	100%
% of Bank Loans in AA by \$	9%	88%	3%	100%

Source: Data reported under Dunn and Bradstreet data.

Geographic Distribution of Loans

The geographic distribution of home loan products shows reasonable penetration in

low-income tracts and excellent penetration in moderate-income tracts. We compared the loan originations for home purchase, home improvement, and refinance to the percentage of AA owner occupied housing based on 2000 U. S. Census information. In evaluating the geographic distribution of home mortgage loans, we considered the number of households that live below the poverty level and the barriers that this may have on home ownership.

The HMDA data indicated BOKC did not make any home improvement loans in low-income tracts. The bank had a reasonable penetration for home purchase and refinance loans in low-income tracts. Eleven percent of the Kansas City AA census tracts are designated as low-income tracts. As illustrated below, less than 5 percent of the owner-occupied housing units in the AA are located these tracts. In the low-income census tracts, 32 percent of households live below the poverty level and approximately 84 percent of housing units are boarded up. Therefore any penetration in these tracts is reflective of reasonable performance. BOKC had reasonable penetration in moderate-income tracts for home purchase loans and excellent penetration for moderate-income tracts for home improvement and home refinance loans. Overall performance is reflected in the following table:

Geographic Distribution of Residential Real Estate Loans in Kansas City AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	4.28	2.65	19.37	17.35	39.83	51.08	36.52	28.92
Home Improvement	4.28	0.00	19.37	24.14	39.83	34.48	36.52	41.38
Refinance	4.28	2.82	19.37	21.13	39.83	29.58	36.52	46.47

Source: 2007-2008 data reported under HMDA; U.S. Census data.

The geographic distribution of small loans to businesses reflects more than reasonable dispersion. BOKC did not originate any small business loans in low-income tracts; and the percentage of loans originated in moderate-income census tracts is somewhat lower than the percentage of AA businesses.

The bank’s performance is shown in the following table:

Geographic Distribution of Loans to Businesses in Kansas City AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business Loans	5.11	0.00	19.29	12.82	37.84	41.03	36.43	46.15

Source: small bank loans reported for 2007-2008 data collected by bank; D & B data. 1.33% of census tracts in AA did not have income data.

Community Development Lending, Investments and Services

Community Development Lending

Bank of Kansas City's (BOKC's) level and nature of Community Development (CD) lending is excellent. The level of CD lending (\$44 million or 293 percent of Tier 1 Capital) demonstrates leadership, commitment and responsiveness to the credit needs of the community. Tier 1 Capital at December 31, 2008 was \$15.4 million. This responsiveness to the needs of the community has a positive impact on the institution's overall lending performance. These loans have helped revitalize and stabilize low-and-moderate-income areas of the AA, as well as create jobs in these areas. These projects are expected to create or support at least 2,300 LMI jobs and 392 units of affordable housing.

Community development financing included a \$14.1 million loan to a corporate borrower to construct a new headquarters building in the Three Trails Community Improvement District ("CID") in Kansas City, Missouri. This facility, constructed in an Enterprise Zone, relocated 300 jobs to the "CID" and provided ongoing employment to many LMI employees filling these positions. Supporting this borrower, BOKC also extended the company \$11 million through co-lending facilities with Bank of America. This business financing will help assure these jobs continue to be permanent positions. The company's relocation and new building in this declining area also spurred roadway construction in the 87th Street area west of I-435 and similar road improvements for Bannister and Hillcrest roads.

The Bank also extended \$8.5 million to finance the redevelopment of 250 acres of the former Amoco refinery site in south Kansas City. The project is part of the Sterling Avenue Master Plan and is intended to turn the site into an eco-friendly business park. It will be known as "The Bluffs at Sugar Creek," and fully developed, is expected to generate more than 1,000 jobs and nearly \$1 million in annual revenue for the city. Another important Community development lending facility made by BOKC was a \$7.1 million loan made to help fund the Shops on Blue Parkway project in Kansas City, MO. This project is instilling new life into an Enterprise Zone and is helping to revitalize and stabilize a LMI area. The project has developed more than 150,000 square feet of retail space that, when fully occupied, will generate 1000 new jobs, primarily to LMI workers.

Community Development Investments

The bank has an excellent level of community development investments. Qualified investments totaled \$1.9 million. Qualified investments and services address many of the critical community needs of the bank's AAs such as affordable housing, economic development, small business capital, and social services to low- and moderate-income people.

Qualified investments and services were evaluated from November 8, 2006 through the examination date of September 21, 2009. At the performance review date, 98 percent of the dollar amount of qualified investments consisted of mortgage-backed securities (MBS). BOKC purchased \$1,310,802 in qualified mortgage securities, \$542,736 are prior period investments. The remaining 2 percent of investments is comprised of

various grants and contributions. This performance had a positive impact on the overall rating.

BOKF Community Development Fund (BOKFCDF)

The bank recognized the need for creative and innovative investments for the purpose of promoting constructive economic and industrial development, promoting creation and retention of jobs and tax base, and engaging in other public welfare investments to meet the needs of the communities served. The holding company recently created a community development company to address these needs. As the bank determines needs in its assessment area, the BOKFCDF will assume a role to best serve accomplishing the objective and completing a particular project. As an example this role may be lender, developer, or conduit for financing and grants. Since the organization just recently received its 501(c)3 status, no investments were made in this evaluation period.

BOKF Community Development Corporation (BOKFCDC)

The bank also created a non-profit community development corporation and recently received its 501(c)3 status from the IRS. While discussing partnership opportunities with other entities, the bank discovered the need for a non-profit entity in order to develop a leadership position in its community development activities. Since the organization just recently received its 501(c)3 status, no investments were made in this evaluation period.

Community Development Grants/Contributions

BOKF has created an innovative program called Adopt-an-Agency Program for all affiliates that focuses efforts on building stronger partnerships with non-profit agencies in the communities it serves. BOKF directs resources (both in dollars and volunteer hours) to these agencies. These agencies provide affordable housing, community services for early childhood development, financial education, and economic development. During the evaluation period, BOKC contributed approximately \$42,000 in grants and contributions to various qualified non-profit agencies.

Community Development Services

The level of community development services is excellent. Bank officers have served in leadership positions with organizations that provide “qualified” community development service activities, including human services, affordable housing, financial education and home ownership counseling. These services are provided primarily to low-or moderate income individuals. During the evaluation period 355 hours of service in these organizations were performed.

Responses to Complaints

There have been no complaints with respect to the bank's Community Reinvestment Act performance.

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.