



PUBLIC DISCLOSURE

April 27, 1998

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**Bank Midwest, National Association
Charter Number 22015
1100 Main Street
City Center Square, Suite 350
Kansas City, Missouri 64105**

**Supervisory Agency: Office of the Comptroller of the Currency
Kansas City Field Office
6700 Antioch, Suite 450
Merriam, Kansas 66204**

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 Bank Midwest, National Association (BMW) prepared by the Office of the Comptroller of the Currency (OCC) as of February 28, 1998. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. 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.

This institution elected to be evaluated under the strategic plan (plan) option for CRA. The OCC approved BMW's plan on March 3, 1997. The plan sets forth goals for "Satisfactory" performance based on a bank-developed point system. If performance goals are significantly exceeded, bonus points were awarded for a potential "Outstanding" rating. For additional information, refer to the approved strategic plan effective March 1, 1997.

Institution's CRA Rating: The bank is rated "**Satisfactory.**"

BMW is rated "Satisfactory" because it met its goals for a satisfactory rating under its CRA plan. The bank achieved total points of 96 on an internally developed scale. The plan indicates a satisfactory score equals 85 to 100 points and an outstanding score exceeds 100 points.

Examination Scope

Our evaluation period covers the first year of the plan, March 1, 1997 through February 28, 1998. Examiners verified bank-generated reports to support performance in lending, investments, and services. We sampled loans from each assessment area and ensured investments and services for each assessment area qualified under community development.

In this Public Evaluation, examiners highlighted the bank's performance compared to plan goals. We did not include all the goals and performance numbers.

Description of Institution

BMW is a full service retail bank with 39 locations throughout North Missouri and the Kansas City metropolitan area. As of December 31, 1998, the bank had assets of \$1.23 billion. BMW bank is owned by Dickinson Financial Corporation, a \$1.6 billion multibank holding company based in Kansas City, Missouri.

The bank is affiliated with two national banks with combined total assets of \$401 million and several other nonfinancial corporations. The affiliate national banks primarily serve military bases across the United States.

BMW originated as a small bank in northern rural Missouri, but has seen tremendous growth during the last six years. The majority of the bank's current branch system resulted from purchases of problem or failed financial institutions. In many cases, BMW purchased deposits of the institution but not loans. The bank entered the highly competitive Kansas City market in 1993.

The bank has a significant niche in the purchase and servicing of commercial real estate loans from across the country. Commercial real estate loans comprise a majority of the bank's loan portfolio. As of March 31, 1998, the bank's loan portfolio is broken out as follows: commercial real estate 62%, 1-4 family residential properties 16%, multifamily residential properties 10%, consumer loans 3%, and all other loan types 9%. The bank's net loans represent 68% of total assets.

In developing the plan, the bank placed the greatest weight on performance in the Kansas City assessment area since it has the largest percentage of total deposits. The distribution of bank deposits are as follows: Kansas City 44%, Northeast Missouri 28%, Northwest Missouri 20%, and St. Joseph 8%. (See Assessment Area below for area descriptions.)

Under its last CRA examination dated June 28, 1995, BMW was rated "Satisfactory."

Assessment Area

BMW has four assessment areas described as the: Kansas City region, Northeast Missouri region, Northwest Missouri region, and St. Joseph, Missouri region.

The **Kansas City assessment area** consists of Jackson, Platte, Clay, Lafayette, and Ray counties in Missouri and Johnson and Wyandotte counties in Kansas. All counties are within the Kansas City Metropolitan Statistical Area (MSA). The MSA 1997 median family income is \$50,200. Of the five counties in the Kansas City assessment area, Wyandotte County, Kansas has the greatest percentage of low- or moderate-income families and low or moderate-income census tracts. In contrast, Johnson County, Kansas has no low- or moderate-income census tracts and has a much lower percentage of low- or moderate-income families.

On the Missouri side of the MSA, Jackson County contains the urban core of downtown Kansas City and has a diverse mix of income levels and census tracts. The remaining counties in Missouri are more suburban with a less diverse population and income levels.

The **Northeast assessment area** consists of the contiguous counties of Adair, Carroll, Linn, Livingston, Macon, Putnam, Randolph, Schuyler, Shelby and Sullivan, all in Missouri. The 1997 statewide non-MSA median family income is \$31,900.

The **Northwest Missouri assessment area** consists of the contiguous counties of Atchison, Gentry, Harrison, Nodaway, and Worth, all in Missouri. The 1997 statewide non-MSA median family income is \$31,900.

The **St. Joseph assessment area** includes both Andrew and Buchanan counties which comprise the St. Joseph MSA. The 1997 MSA median family income is \$37,400.

Both the Northeast and Northwest Missouri regions are heavily influenced by agricultural production, while the Kansas City and St. Joseph regions are separate MSA's. The MSA communities have larger population centers with a wider range of diverse races, ethnicities, and industry and income groups. The rural communities have higher population percentages in older age groups. The median house value is much lower in the non-MSA areas than the MSA areas. Unemployment for each of the assessment areas is low and ranges between 2-4%. The percent of houses which are owner occupied for each area ranges between 59%-63%. *Table 1* highlights demographic information about each area. The percent of businesses/farms represents the percent of small businesses and farms by in each tract.

Table 1

Assessment Area	Family Distribution				Census Tracts				Businesses/Farms				Median Housing Value
	% low	% mod	% mid	% upper	% low	% mod	% mid	% upper	% low	% mod	% mid	% upper	
Kansas City	18%	18%	25%	39%	11%	25%	40%	24%	5%	17%	44%	34%	\$66,849
Northeast	20%	18%	22%	40%	0%	12%	77%	12%	0%	9%	81%	10%	\$29,381
Northwest	21%	18%	23%	38%	0%	0%	92%	8%	0%	0%	91%	9%	\$27,559
St. Joseph	20%	18%	23%	39%	7%	20%	46%	27%	12%	17%	37%	34%	\$42,070

Data Source: 1990 Census Data - U. S. Bureau of the Census; 1996 Dun and Bradstreet; Bureau of Labor Statistics

During the development of the plan, BMW contacted 18 different community organizations with representation from each of the bank's assessment areas. Key community needs expressed by community groups included: home buyer education courses; loan programs supporting inner cities by maintaining middle-income residents; home improvement and rehabilitation loans; and low down payment home purchase loans. Examiner knowledge of the assessment areas and information gathered from previous community contacts support these community needs. See the plan for additional detail on community needs by assessment area.

Loan Goals

BMW substantially met the Satisfactory goals for lending performance. Areas where the bank's lending performance did not meet stated goals were outweighed by areas where the bank met or exceeded goals. The bank's performance was especially strong in community development lending. While not detailed here, the bank met its goals for home equity loans in each assessment area. All

data in the following tables is through plan year ending February 28, 1998.

The bank’s approved plan established lending goals by dollar amount and number of loans for the bank’s primary product lines, which include: small business and farm loans; consumer secured/ automobile loans; consumer unsecured loans; home equity loans; community development loans, and loans reportable under the Home Mortgage Disclosure Act (HMDA). Where applicable, the plan breaks out performance to low- or moderate-income geographies and low- or moderate-income applicants.

Table 2 summarizes the bank’s lending performance for small business and farm loans by assessment area. We did not show all goals for small business and farm loans included in the plan but highlighted performance below. The bank exceeded the goals for the St. Joseph area and substantially met the goals for the Northwest Missouri area. The bank’s performance was weakest in the Kansas City area. Kansas City is the newest market for BMW and the most competitive.

Table 2 Small Business and Farm

Assessment Area	Actual Dollar Amount	Goal for Dollar Amount	Actual Number of Loans	Goal for Number of Loans	Total Points	Points* Available
Kansas City	\$9,196	\$18,607	215	297	11.3	21
Northeast Missouri	\$9,063	\$12,887	561	546	17.2	21
Northwest Missouri	\$36,691	38,008	1,470	1,604	19	21
St. Joseph	7,907	5,014	242	225	20.7	21

* Points Available includes possible bonus points
 Dollar amounts are stated in thousands

Table 3 below reflects lending performance for consumer-secured loans. The bank substantially met goals for consumer-secured loans in each assessment area and exceeded the goals for total dollar amount projected in each assessment area. Of particular note, they exceeded the goal for number of loans in moderate-income tracts for each region. (The Northwest area does not have moderate-income tracts.) Performance was weakest in lending to low- or moderate-income applicants. The weak performance is outweighed by exceeding goals in other areas such as lending in moderate-income tracts.

Table 3 Consumer Secured/Automobile

	Kansas City		Northeast		Northwest		St. Joseph	
	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal
Total Dollar Amount	\$9,056	\$7,134	\$7,181	\$5,837	\$5,871	\$4,584	\$1,950	\$999
# low-inc. applicants	195	248	113	220	142	165	43	39
# mod-inc. applicants	193	198	176	189	165	170	42	39
# low-inc. tracts	23	35	NA	NA	NA	NA	3	1
# mod-inc. tracts	324	194	52	51	NA	NA	5	1
Total Points	9.9		9.8		10		10.9	
Points Available*	11		11		11		11	

* Points Available includes possible bonus points
Dollar amounts are stated in thousands

BMW substantially met the goals for consumer unsecured loans. As shown in *Table 4*, performance in lending to low- or moderate-income applicants was strong, particularly in the Kansas City and Northeast areas. Lending in low- or moderate-income tracts was weak but outweighed by performance in reaching other goals.

Table 4 Consumer Unsecured

	Kansas City		Northeast		Northwest		St. Joseph	
	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal
Total Dollar Amount	\$458	\$691	\$202	\$179	\$808	\$522	181	68
# low-inc. applicants	97	25	35	27	58	60	7	7
# mod-inc. applicants	62	28	32	19	41	44	11	7
# low-inc. tracts	10	17	NA	NA	NA	NA	0	1
# mod-inc. tracts	70	117	3	2	NA	NA	0	2
Total Points	3.9		5.8		5.5		4.4	
Points Available*	6		6		6		6	

* Points Available includes possible bonus points
Dollar amounts are stated in thousands

BMW housing-related loans reported under HMDA substantially exceeded lending goals for all categories and all regions. Of particular note in *Table 5* is lending performance in Kansas City, which substantially exceeded loan goals in each category.

Table 5 Home Mortgage Disclosure Act Loans

	Kansas City		Northeast		Northwest		St. Joseph	
	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal
Total Dollar Amount	\$17,598	\$7,717	\$13,169	\$11,233	\$17,453	\$12,495	\$9,857	\$7,596
# low-inc. applicants	71	49	26	27	16	18	15	11
# mod-inc. applicants	77	43	63	60	62	49	25	33
# low-inc. tracts	18	10	NA	NA	NA	NA	6	5
# mod-inc. tracts	125	48	19	21	NA	NA	25	13
Total Points	21		18.9		20.6		19.6	
Points Available*	21		21		21		21	

* Points Available includes possible bonus points
 Dollar amounts are stated in thousands

BMW substantially exceeded its goals for community development loans in each assessment area. Significant community development loans include:

Kansas City Region: A \$150,000 loan to a community organization to finance multi-family housing for low-income senior and disabled citizens.

Northwest Region: Loans totaling \$443,800 to finance the purchase of real estate and operating expenses related to a mobile home park that primarily serves low- and moderate-income persons.

Loans totaling \$233,661 to finance construction costs for a multi-family housing project that primarily serves low- and moderate-income persons.

Of particular note on *Table 6* is the performance in the Kansas City and Northwest areas.

Table 6 Community Development Loans

Assessment Area	Actual Performance	Goal	Total Points	Available Points
Kansas City	\$272	\$150	11	11
Northeast Missouri	\$82	\$40	11	11
Northwest Missouri	\$677	\$ 40	11	11
St. Joseph	\$ 66	\$ 25	11	11

Dollar amounts are stated in thousands

Investment Goals

BMW exceeded its investment goals in all four regions, and achieved a bonus point in three regions by materially surpassing goals. *Table 7* illustrates the goals for each region compared to actual results:

Table 7 Community Development Investments

Assessment Area	Actual Performance	Goal	Total Points	Available Points
Kansas City	\$265	\$147	16	16
Northeast Missouri	\$129	\$111	16	16
Northwest Missouri	\$128	\$107	16	16
St. Joseph	\$104	\$100	15	16

Dollar amounts are stated in thousands

Examples of significant qualified investments include:

Kansas City Region:

A \$100,000 investment in a local Community Development Financial Institution in the bank’s assessment area. The bank also contributed \$125,000 to an organization which provides housing and job training to low-income youth.

Northeast Missouri and Northwest Missouri Regions:

The Community Development Corporation (CDC), formed by the bank’s holding company (Dickinson Financial Corporation), purchased three houses in each region. The CDC is financing the rehabilitation work and, upon completion, plans to sell the homes to low- or moderate-income persons. Expenses related to the rehabilitation and sale of the homes in the Northeast and Northwest regions total \$118,000 and \$127,000, respectively.

St. Joseph Region:

Through a local housing organization, the bank invested \$103,000 to help finance two homes for low- and moderate-income families.

Service Goals

Community Development Services

BMW either met or exceeded its goals for community development services. Three regions earned a bonus point for exceeding goals. *Table 8* illustrates the goals for each region compared to actual results:

Table 8 Community Development Services

Assessment Areas	Actual # of Organizations Served	Goal (# of Organizations Served)	Total Points	Available Points
Kansas City	30	21	16	16
Northeast Missouri	13	8	16	16
Northwest Missouri	8	8	15	16
St. Joseph	4	3	16	16

Officers are involved in organizations that have community development as their primary purpose. The following are examples of officer involvement in community development services:

Kansas City Region:

- **Wyandotte County YMCA:** Bank employees and officers use their financial expertise in fund raising events and as a member of the Board. This YMCA serves a predominately low-income area and provides programs for homework assistance, employment/interview skills training, and college/financial aid assistance.
- **Prescott Center:** The center assists primarily low- or moderate-income women with dependent children that need help with basic needs (i.e., food, clothing, etc.). Bank employees participate on the Board and help the center manage income received from the State of Kansas.

Northeast Missouri Region:

- **Habitat for Humanity:** This organization helps provide affordable housing to low- and moderate-income persons. Bank employees provide training regarding the real estate loan application process, provide advice regarding tax credits, and help solicit loan applications.
- **Chillicothe Long Range Planning Committee:** This committee helps retain and expand existing businesses, and helps new small business owners with access to financing. Bank employees helped the committee create a guaranteed loan program, provide financial counseling, and conduct business training.

Northwest Missouri Region:

- **Private Industry Council:** The council helps with economic development. Bank employees serve on the Board and help with job training programs.
- **Senior Housing Board:** The Board oversees senior housing for low- to moderate-income residents and handicapped persons. Bank employees serve on the Board and provide assistance regarding annual budgets and tenant certifications.

St. Joseph Region:

- **Neighborhood Housing Services:** This organization helps revitalize neighborhoods by developing programs to provide safe, affordable, and quality housing to low- and moderate-income families. Bank employees provide home ownership training.
- **Robidoux Middle School (Jr. Achievement):** Bank employees teach business/economic courses to middle school students.

Fair Lending

No violations of the substantive provisions of the antidiscrimination laws and regulations (Equal Credit Opportunity Act, Fair Housing Act, or Home Mortgage Disclosure Act) were identified. BMW's fair lending policies, procedures, training programs, and internal assessment efforts have been effective in preventing discriminatory treatment of bank customers and loan applicants.

Multistate MSA Rating

CRA Rating for the Kansas City Multistate MSA: Satisfactory

The lending test is rated: Satisfactory*

The investment test is rated: Satisfactory*

The service test is rated: Satisfactory*

* Ratings are not stated using “high or low satisfactory” because the plan did not set goals by high or low satisfactory.

The ratings for the multistate MSA are based on the bank’s performance in meeting stated goals for the Kansas City assessment area. BMW met the goals for Satisfactory performance for lending, investments, and services. For details on the Kansas City Multistate MSA performance see separate tables under *Loan Goals*, *Investment Goals*, and *Service Goals* sections of this Public Evaluation.

State Rating

CRA Rating for Missouri: Satisfactory

The lending test is rated: Satisfactory*

The investment test is rated: Satisfactory*

The service test is rated: Satisfactory*

* Ratings are not stated using “high or low satisfactory” because the plan did not set goals by high or low satisfactory.

BMW’s performance for lending, investments, and services met or exceed the strategic plan goals for Satisfactory performance. The bank’s performance is especially strong in community development loans in the Northwest Region assessment area. Community development loans in the Northwest assessment area totaled \$677 thousand, which substantially exceeds the goal of \$40 thousand for this area. The bank also exceeded the investment goals in these regions. For details on the Northeast and Northwest assessment area performance see separate tables under *Loan Goals*, *Investment Goals*, and *Service Goals* sections of this Public Evaluation.

The state rating is based on BMW’s performance in the non-MSA, non-multistate areas which are the Northeast assessment area and the Northwest assessment area. Performance in the St. Joseph MSA is incorporated into the overall bank rating.