

BY THE NUMBERS

Banks in the Kansas City area took hits to earnings in the second quarter, as interest margins approached record lows and asset quality continued to deteriorate. Banks throughout Missouri and Kansas had a particularly high level of non performing construction and land development loans, causing increases to loan-loss provision expenses.

Institution	Total Assets (2Q) (000s omitted)	% change from Q1	Return on Assets Q2	Return on Assets YTD	Net Income 2Q	Problem Loans (%)	Provision for Loan & Lease Losses
IN-DISTRICT COMMERCIAL BANKS							
Commerce Bank	17,507,545	-1.90%	0.91%	0.83%	40,142	1.49%	186,001
UMB Bank	8,384,948	-3.61%	0.73%	0.80%	15,514	0.48%	11,700
Bank Midwest	4,042,752	-6.36%	-8.14%	-5.85%	-85,028	14.82%	145,808
Hillcrest Bank	1,864,352	-0.52%	-5.50%	-2.71%	-25,707	14.67%	29,851
Metcalfe Bank (1)	1,001,055	16.80%	0.89%	0.85%	3,819	1.07%	1,986
The First National Bank of Olathe	941,662	-3.72%	-5.65%	-2.88%	-14,326	11.32%	27,202
First National Bank of Kansas	934,217	-3.40%	-1.21%	-0.84%	-2,870	5.74%	23,080
Security Bank of Kansas City	872,284	-2.21%	0.10%	0.27%	230	5.06%	2,650
Bank of Blue Valley	809,984	-3.83%	0.19%	-1.83%	-7,500	5.52%	12,925
National Bank of Kansas City*	785,026	4.89%	0.16%	0.48%	312	9.62%	8,463
Valley View State Bank	744,091	2.81%	-1.02%	-0.15%	-1,875	8.61%	7,513
Country Club Bank*	679,779	5.47%	2.59%	1.83%	4,395	1.27%	2,250
Union Bank	652,212	1.34%	-0.68%	-0.28%	-1,094	5.41%	2,846
First Community Bank	619,257	0.35%	0.00%	0.21%	1	2.57%	1,571
The Mission Bank	596,139	3.35%	0.19%	0.68%	277	2.77%	2,500
SolutionsBank	557,622	4.60%	-6.58%	-6.97%	-8,967	11.55%	17,244
Brotherhood Bank & Trust Co.	543,208	-3.15%	0.39%	0.59%	538	2.64%	1,686
Blue Ridge Bank & Trust Co.	479,621	-4.32%	-6.65%	-4.08%	-8,158	4.92%	8,807
Morrill & Janes Bank and Trust Co.	473,394	-3.50%	0.90%	0.87%	1,090	1.28%	1,030
First Bank of Missouri	471,246	3.27%	0.91%	0.91%	1,053	1.02%	850
Missouri Bank & Trust Co.*	383,942	4.84%	0.82%	1.05%	770	0.20%	400
Platte Valley Bank of Missouri*	330,277	-0.94%	0.84%	0.82%	698	0.13%	577
Cornerstone Bank*	266,900	3.27%	0.08%	0.23%	54	3.19%	1,300
Bank of Lee's Summit	237,642	2.17%	0.49%	0.57%	286	7.08%	860
Premier Bank*	228,082	-2.11%	-1.07%	-0.08%	-619	3.22%	1,954
Bank of Kansas City	201,563	6.63%	-2.09%	-1.17%	-1,020	0.44%	195
Heartland Bank	193,038	-2.38%	-2.59%	-1.89%	-1,266	9.61%	945
Central Bank of Kansas City*	171,635	0.44%	1.23%	1.19%	526	3.14%	499
Industrial State Bank	149,809	-2.81%	0.84%	0.90%	321	1.53%	450
KCB Bank*	149,793	-3.08%	0.91%	0.94%	346	1.61%	297
Stanley Bank*	139,128	2.30%	0.90%	0.80%	311	3.99%	300
Kearney Trust Co.*	136,823	0.36%	0.43%	1.07%	147	1.74%	193
Bank of the Prairie	118,962	-1.64%	0.14%	-1.79%	41	2.55%	2,145
1st Financial Bank	113,825	-7.70%	-0.45%	-7.44%	-134	4.10%	3,115
Patriots Bank (Liberty)	111,448	1.20%	-0.17%	-0.07%	-46	0.56%	0
CrossFirst Bank	101,725	8.82%	-0.73%	-0.73%	-178	4.52%	351
Town & Country Bank	97,387	-6.86%	-1.36%	-1.46%	-343	6.30%	134
Bank of Weston	92,823	-2.26%	0.38%	0.70%	89	0.07%	62
Gardner National Bank	92,575	-0.11%	0.62%	0.52%	143	1.65%	73
Freedom Bank	88,953	8.33%	0.27%	0.16%	57	0.11%	390
Commercial Bank of Oak Grove, Mo.	87,158	-0.39%	0.05%	0.21%	10	2.14%	57
The Bank of Grain Valley*	83,139	-2.14%	1.86%	1.85%	391	0.00%	55
The First State Bank of Kansas City, Kan.*	74,749	1.23%	-0.05%	0.26%	-10	5.71%	101
Bank of Prairie Village	72,927	-5.51%	0.93%	1.05%	175	0.00%	0
Wells Bank of Platte City*	69,937	2.81%	2.35%	2.35%	405	0.00%	80
Northland National Bank	68,705	-5.76%	-12.16%	-8.51%	-2,153	16.05%	1,747
Summit Bank of Kansas City	61,241	5.26%	0.74%	0.08%	110	3.32%	71
The State Bank of Spring Hill	40,024	-0.38%	0.00%	0.29%	0	3.61%	9
Great American Bank	39,575	9.23%	-0.98%	0.01%	-93	0.00%	100
America's Community Bank*	32,499	-2.74%	-2.55%	-0.96%	-210	1.82%	193
Lone Summit Bank	27,001	1.93%	-1.38%	-1.06%	-92	0.03%	88
First Bank of Kansas City (4)	15,723	-11.98%	-30.73%	-17.29%	-1,290	10.30%	818
OUT-DISTRICT COMMERCIAL BANKS							
Bank of America	1,450,829,889	1.17%	0.39%	0.47%	1,464,037	5.17%	15,561,884
U.S. Bank	260,444,694	0.74%	0.74%	0.85%	479,746	3.90%	2,563,035
Bank of the West	62,270,278	-5.96%	-0.89%	-0.70%	-143,136	3.22%	683,000
M&I Bank	52,970,837	-3.68%	-1.57%	-1.06%	-211,409	5.43%	980,886
First Tennessee Bank	28,543,075	-7.84%	-1.32%	-1.04%	-98,503	6.85%	559,177
Great Western Bank	5,132,327	19.78%	1.11%	1.15%	13,104	0.99%	6,150
Intrust Bank*	3,519,030	1.22%	1.51%	1.64%	13,231	0.21%	6,250
Great Southern Bank	3,332,891	-2.20%	0.52%	1.50%	4,415	0.76%	11,800
Union Bank & Trust Co.	2,543,340	2.38%	0.95%	0.83%	5,948	0.60%	4,694
Pinnacle Bank*	2,405,831	0.62%	1.76%	1.64%	10,550	0.98%	3,404
Enterprise Bank & Trust	2,187,898	-0.71%	0.36%	-4.31%	1,982	2.64%	23,100
CoreFirst Bank & Trust*	1,299,391	0.42%	1.20%	1.42%	3,905	2.28%	2,252
Hawthorn Bank	1,237,810	-1.62%	0.70%	0.67%	2,181	2.18%	3,000
Citizens Bank & Trust Co.	1,124,188	-10.76%	-0.21%	0.17%	-614	4.02%	4,030
Central National Bank	850,062	-2.47%	1.56%	0.80%	3,347	3.51%	7,347
Farmers Bank & Trust*	560,675	-10.24%	0.27%	-0.27%	434	4.97%	7,262
Equity Bank	443,909	4.60%	0.29%	0.19%	313	2.24%	420
Capital City Bank	407,264	-0.19%	0.46%	0.56%	473	0.44%	1,350
Bank of Kansas-SNB (2)	359,698	91.01%	2.68%	1.56%	1,838	5.33%	1,507
Peoples Bank*	349,345	-5.57%	-4.40%	-1.67%	-3,955	5.63%	4,941
First State Bank and Trust	326,006	-0.02%	-1.13%	-0.47%	-924	0.81%	2,682
Citizens Bank*	292,067	-2.24%	1.17%	1.05%	861	0.84%	600
Excel Bank*	250,892	15.42%	1.10%	0.96%	644	0.66%	393
Pony Express Bank*	149,289	7.86%	1.51%	1.48%	544	0.09%	600
F&C Bank*	115,049	-2.07%	1.22%	1.25%	354	1.53%	418
First Missouri National Bank*	111,541	3.99%	0.54%	0.61%	148	3.42%	260
United Bank of Kansas	109,912	4.50%	0.02%	0.19%	6	0.25%	189
Lawson Bank*	107,497	-0.09%	0.36%	0.32%	96	0.46%	255
Patriots Bank* (Garnett)	100,177	0.37%	0.82%	0.79%	205	2.88%	108
First State Bank & Trust Co. of Larned*	95,719	5.92%	1.34%	1.29%	311	0.22%	40
BC National Banks	85,264	-5.54%	-20.19%	-12.60%	-4,430	2.93%	2,542
The First National Bank of Louisburg*	81,058	-4.53%	1.53%	1.89%	317	0.00%	24
State Bank of Missouri*	72,249	-3.37%	0.66%	0.88%	121	1.18%	188
Goppert Financial Bank	66,791	0.45%	0.35%	0.37%	59	0.13%	6
Bank 21*	57,731	0.02%	0.26%	0.35%	38	2.01%	36
Community Bank of Missouri	56,907	-5.57%	0.40%	0.42%	58	1.31%	100
IN-DISTRICT SAVINGS THRIFTS							
North American Savings Bank	1,592,522	4.29%	1.12%	1.20%	4,373	2.21%	5,000
H&R Block Bank	984,265	-23.04%	-4.01%	1.63%	-11,347	30.45%	28,919
Security Savings Bank*	603,691	-4.28%	-3.40%	-2.79%	-5,267	3.87%	7,611
First Federal Bank	410,261	1.49%	-1.70%	-0.79%	-1,727	2.54%	2,510
BankLiberty	384,424	3.01%	0.62%	0.54%	585	0.14%	662
Inter-State Federal Savings	208,433	1.70%	0.33%	0.38%	169	0.00%	0
Citizens Savings & Loan	203,559	1.34%	0.71%	0.81%	360	0.05%	65
Clay County Savings Bank	102,056	-1.28%	0.25%	0.14%	64	0.06%	25
Generations Bank	90,470	-17.04%	-11.29%	-6.40%	-2,815	1.64%	125
First Federal Savings of Olathe	62,975	3.24%	2.06%	-3.06%	319	3.95%	590
Argentine Federal Savings	55,333	-0.33%	0.14%	0.14%	19	0.45%	18
Adams Dairy Bank	38,915	3.89%	-0.24%	-0.26%	-23	0.00%	55
National Advisors Trust Co.	4,874	1.63%	1.57%	2.24%	19	0.00%	0
OUT-DISTRICT THRIFTS							
Wachovia	25,593,173	-10.45%	-0.23%	0.36%	-15,384	15.67%	-12,417
The Private Bank (3)	10,299,648	17.08%	0.57%	0.58%	14,555	2.04%	39,773
Capitol Federal Savings	8,350,222	0.70%	0.74%	0.81%	15,452	0.45%	5,219
Los Padres Bank	1,090,208	-6.33%	-5.44%	-2.99%	-15,332	3.34%	13,334
Mutual Savings Association	303,791	-1.11%	0.53%	0.46%	402	2.92%	150

* Subchapter S

(1) Metcalfe Bank acquired American Sterling Bank on April 17, adding \$171.9 million in deposits.

(2) Bank of Kansas acquired First National Bank of Anthony on June 22.

(3) The PrivateBank unified all of its branches under one charter in July.

(4) First Bank of Kansas City was sold to Great American Bank on Sept. 4.

SOURCE: Federal Deposit Insurance Corp.

Quarter makes clear what banks' capital idea should be

BY JAMES DORN BROOK | STAFF WRITER

Banks in the Kansas City area are facing pressure to increase their capital reserves, lowering earnings and causing them to remain cautious until the economy starts to show signs of stabilizing.

"The biggest lesson of the second quarter is that you can't have too much capital," said Peter deSilva, chairman and CEO of UMB Bank. "In an environment where asset quality is uncertain, you can never have too much capital to ensure you can manage through your losses."

DeSilva said he expects unemployment to remain stubbornly high for the next year. That means consumer spending will remain soft and loan demand weak. Weak consumer spending combined with eroding commercial values is expected to make things tough for banks, he said.

"In the next 12 to 18 months, an awful lot of commercial projects need to be re-financed," deSilva said. "The underwriting standards have changed, and that alone will make things difficult. Also, because of economic issues, many of these projects are not cash flowing, so they will be very difficult to refinance in the next year. So I think banks will continue to struggle with commercial real estate portfolios."

Rick Viar, president of Summit Bank of Kansas City, said that financing loan-loss reserves is a continual challenge for banks of all sizes and that he doesn't see any relief soon. So banks are being extremely cautious in making new loans.

"We're looking at tighter underwriting and find-

ing things like multiple sources of repayment for a loan," Viar said. "Where in the past it might have just been a loan based on cash flow and selling collateral in case of default, now we want income from other sources to help the deal. Do they have subsidiaries that can help, or is there a spouse who works elsewhere and has an income stream? It's all about having a higher likelihood of repayment right now."

Grant Burcham, CEO of Missouri Bank & Trust Co., said that seeing fewer new past-dues and more assets in the other real estate loan category means banks are treating assets aggressively and trying to move on. He said they are being conservative to avoid getting into the same situation again.

Burcham said that increasing regulatory concerns also are affecting banks. The Federal Deposit Insurance Corp. continues increasing assessments to replenish its fund. Politicians on Capitol Hill are talking about new banking regulations, including possibly increasing reserve requirements.

"When you have money going out the door to pay higher FDIC insurance or to satisfy higher capital reserve requirements, it's going to stymie growth, without question," Burcham said. "If the capital rules are changed for a community bank like ours, it creates bigger decisions to be made on how to attain those new capital reserve requirements. It would mean less earnings that we can put back into the bank to fund future growth."



Viar



Burcham