



Comptroller of the Currency
Administrator of National Banks

Public Disclosure

December 23, 1996

Community Reinvestment Act Performance Evaluation

**MCFC National Bank
Charter Number 22473**

**P.O. Box 419010
Kansas City, Missouri 64141**

**Office of the Comptroller of the Currency
Kansas City Duty Station
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 **MCFC National Bank** prepared by The Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of December 23, 1996. 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 the 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 CFR Part 25.

Institution's CRA Rating: MCFC National Bank is rated Satisfactory.

MCFC National Bank (MCFC) reasonably supports investment and community development activities which meet the needs of its assessment area. MCFC complies with substantive provisions of antidiscrimination laws and regulations.

Description of Institution

MCFC was chartered as a national bank on June 1, 1995 and is a credit card bank as defined by the Competitive Equality Banking Act of 1987 (CEBA). The bank's functions are limited to performing services related to consumer credit card operations. The bank may not accept retail deposits or make commercial loans due to CEBA restrictions. The OCC approved MCFC's request for a limited purpose bank designation for CRA purposes effective January 23, 1996. No legal or financial impediments exist which would preclude the bank from fulfilling its obligations under the CRA. This is the bank's first CRA examination.

MCFC is located in Lenexa, Kansas and is a wholly owned subsidiary of Mobil Credit Finance Corporation which is also located in Lenexa. Mobil Credit Finance Corporation is a wholly owned subsidiary of Mobil Oil Credit Corporation which is a wholly owned subsidiary of Mobil Oil Corporation (Mobil). Mobil is among the world's leading oil, gas, and petrochemical companies with businesses in exploration, producing, supply, transportation, manufacturing and marketing. As of November 30, 1996, MCFC had approximately 4.6 million active credit card accounts in thirty-six states.

As of September 30, 1996, MCFC reported total assets of \$3 million, total deposits from Mobil of \$500 thousand and year-to-date net income of \$979 thousand. The bank's asset size is small due to the agreement with Mobil Credit Finance Corporation to sell its daily credit card receivables.

Competition in the provision of financial services and participation in community development activities and qualified investments is strong in Johnson County.

Conclusions with Respect to Performance

The level of MCFC's community development activities is reasonable given the regulatory restrictions on activities of CEBA banks and the short period of time since the bank was chartered. MCFC was chartered about eighteen months ago. Since becoming a limited purpose bank in January 1996, the bank's staff of six people expanded the assessment area and developed a CRA Action Plan. Within the bank's assessment area, management also researched community development needs and met with neighborhood organizations to determine how to best meet these needs. MCFC adequately meets the needs of its local assessment area through grants, totaling 2.45% of net income, which meet the definition of qualified investments for CRA purposes.

MCFC provided grants totaling \$23,000 in 1996 to the following organizations which provide community services targeted to low- or moderate-income individuals in the bank's assessment area and other parts of the Kansas City, Kansas-Missouri Metropolitan Statistical Area (MSA):

- **Living, Inc. (LINC):** LINC is a not-for-profit organization dedicated to improving the quality of life for all persons coping with mental illness. The majority of their clients survive on very low incomes. MCFC provided a \$2,000 grant to assist with emergency transportation needs in Johnson County.
- **Family Investment Resource Center (FIRC):** The mission of FIRC is to assist in enriching the lives of families in the Olathe School District. MCFC provided a \$5,000 grant to help educate and train low-income individuals.
- **Johnson County Development Supports (JCDS):** JCDS is a community based service agency providing a variety of employment, community living and social services to persons with developmental disabilities. About 90% of their clients have incomes at or below the poverty level. MCFC provided a \$5,000 grant to train individuals for employment.
- **United Way:** Through this organization, MCFC provided grants to help low-income persons. MCFC targeted \$4,000 to CLASP to subsidize the cost of child care for low-income families. MCFC also targeted \$4,500 to the Economic Opportunity Foundation to assist low income persons with housing, employment, educational, and emergency needs.
- **Harvest Ball:** The Harvest Ball is a fundraising event devoted exclusively to serving agencies in the northern part of Kansas City, Missouri. MCFC donated \$2,500 which will target the following organizations that provide services targeted to low- or moderate-income individuals :
 - SafeHaven of Kansas City, Inc.: SafeHaven promotes advocacy, intervention and treatment programs for victims of domestic violence. The donation will help remodel and expand emergency shelters.
 - The Salvation Army: Funding will provide emergency assistance for families and will target children's programming.
 - Clay County Clothes Closet: This service purchases clothing for children in emergency situations such as fire, flood, and other disasters.
 - Children's Advocacy Council: Funds will provide education classes for parents of children "at risk" for child abuse or neglect.
 - Synergy: Provides full-time safety and shelter for youth, as well as counseling for families. Funds will go toward marriage and family services with group

counseling for runaway adolescents.

MCFC also provided a \$1,000 donation in 1996 to Kansas City Habitat for Humanity. This organization helps revitalize and stabilize low- or moderate-income geographies by building and rehabilitating housing in underprivileged communities.

Mobil Oil Foundation, an affiliate of the bank, donated \$1,000 to the Greater Kansas City Community Foundation, Take Part Fund in both 1995 and 1996. This fund supports the rehabilitation of affordable rental housing for low-income, working families.

Assessment Area

Summary of Institution's Operations in Johnson County, Kansas

MCFC has one office location and functions as a credit card bank as authorized by the CEBA.

MCFC is responsible for managing the outsourced card processing activities. Bank employees perform policy and decision making activities related to credit card policies, compliance, card services and management. Management also ensures credit card operations are effective and profitable.

Description of Johnson County, Kansas

MCFC's sole office is located in its assessment area of Johnson County, Kansas. The bank's designated assessment area complies with regulation requirements and does not arbitrarily exclude low- or moderate-income census tracts.

The Johnson County assessment area includes predominately upper-income households and census tracts. Per the 1990 Census, the population of Johnson County is 355,054. The 1996 metropolitan median family income is \$47,700. The assessment area is a county located in the MSA. According to the 1990 Census, the poverty rate in Johnson County is 3.6% compared to the State of Kansas rate of 11.5%. Employment data indicates an unemployment rate of 4.7%.

Johnson County has experienced substantial growth over the last ten years. In the 1980's, Johnson County grew faster than all major U.S. regions and all surrounding states. Over 65% of the housing units are detached single-family homes and owner-occupied.

The assessment area includes 75 census tracts of which 39% are middle-income and 61% are upper income. The 1990 median family income for the MSA is \$37,652. Within the assessment area, 8% of families are low-income, 13% moderate-income, 22% middle-income, and 57% upper-income. The service industry is the major employer in Johnson County.

Credit needs identified in the assessment area include affordable housing for low or moderate-income individuals in northern Johnson County. This credit need was identified through various contacts with community organizations operating in the assessment area.

Community development opportunities for CEBA banks are very limited in Johnson County. Credit needs stated above involve direct lending from banks to the community. As a CEBA bank, MCFC's activities are limited to credit card operations. Also, the number of community development organizations in Johnson County that accept grants is limited. However, opportunities exist for banks to participate in community development activities in other parts of the MSA.