

# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

May 26, 2008

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank, National Association  
Charter Number: 13770

2<sup>nd</sup> and Carl Albert Parkway  
McAlester, Oklahoma 74502

Office of the Comptroller of the Currency

Eastern Oklahoma Field Office  
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Tulsa, Oklahoma 74136

**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 Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

Note: Throughout this evaluation, The Bank, National Association will be referred to as "TBNA".

- TBNA's loan-to-deposit (LTD) ratio is reasonable and has averaged 69.51% since our last examination.
- A majority of TBNA's loans were in the assessment area. Approximately, 92% of the number of loans was originated in the assessment area.
- TBNA's distribution of loans to businesses and individuals of different incomes reflects reasonable dispersion throughout the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- TBNA's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area.

## **Scope of Examination**

This Performance Evaluation assesses The Bank, National Association's, (TBNA) capacity to help meet the credit needs of the community in which it operates. An Intermediate Small Bank CRA is subject to a lending and community development test. The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area through its lending activities. The community development test evaluates a bank's qualified community development lending, investment, and service activities. For the lending test, we reviewed and evaluated residential mortgage loans and loans to small businesses and farms. Loans reviewed or sampled for this test were originated between January 1, 2005 and December 31, 2006. We considered all qualified community development loans, investments, and service activities made since the last evaluation period dated March 8, 2004.

## **Description of Institution**

The Bank, National Association (TBNA) is a \$393MM bank headquartered in McAlester, Oklahoma, which is about 95 miles south of Tulsa. TBNA is a wholly owned subsidiary of NBM Corporation, a one-bank holding company. TBNA has offices in four separate counties in southeast Oklahoma. In addition to the main office located in McAlester (Pittsburg County), there are branches in Maud (Pottawatomie County), Holdenville (Hughes County), and Stillwater (Payne County). TBNA has six branches, five drive-in facilities, and seventeen automated teller machines (ATMs). Hours of operation are responsive to the general banking needs of the areas served. The

majority of branches have hours of operations from 8:00 a.m. to 5:00 p.m. Drive-thru facilities are opened from 8:00 a.m. to 6:00 p.m. Saturday hours are provided at all branches.

Although the bank offers a wide variety of credit products, its lending strategy focuses on residential real estate, commercial real estate, and commercial and industrial loans. As of March 31, 2008, the bank's loan portfolio totaled 240MM and represented 61% of total assets. The table below reflects the composition of the bank's loan portfolio as of March 31, 2008.

Loan Category	\$ (000)	%
1-4 Family Residential Real Estate	62,330	25.97%
Commercial Real Estate	56,472	23.53%
Commercial and Industrial	54,453	22.69%
Construction and Land Development	23,783	9.91%
Consumer Loans	22,036	9.18%
Secured by Farmland	9,291	3.87%
Agricultural Loans	7,755	3.23%
Other Loans	3,910	1.62%
Total	240,030	100.00%

Source: March 31, 2008 Consolidated Reports of Condition and Income

Competition is strong from area financial institutions. Based on its financial condition, local economy, product offerings, competition, and prior performance, TBNA has the ability to meet the credit needs in its community. No legal impediments or other factors hinder the bank's ability to provide credit in its AA. The bank received an overall "Satisfactory" rating for the last CRA Public Evaluation dated March 8, 2004.

## Description of Assessment Area(S)

The bank's AAs meet the requirements of the regulation and do not arbitrarily exclude low- and moderate-income (LMI) geographies. TBNA's AA includes five counties. These counties are not contiguous. Therefore, for analysis purposes, the bank's AA was divided into two separate AAs. The first AA (McAlester-Four County) includes all of Pittsburg, Hughes, and Seminole counties, and Census Tract 5012.01 in Pottawatomie County. The second AA (Payne County) includes all of Payne County. Together, the AAs consist of forty-two census tracts (CT). The AAs includes one low, ten moderate, twenty-two middle, and seven upper census tracts. Since the last performance evaluation, management added one middle CT and moved one moderate CT to a middle CT.

According to the 2000 U. S. Census data, the total population of the McAlester-Four County AA is 79,901. The McAlester-Four County AA population is comprised of 21,697 families, of which 23.65%, 19.26%, 22.04%, and 35.05% are low-, moderate-, middle-, and upper-income levels, respectively. Of the total population in the McAlester-Four County AA, 9,309 low- and moderate-income families are distributed throughout the AA geographies. Of those families, 0.00%, 32.00%, 61.36%, and 6.64% are located in low-, moderate-, middle-, and upper-income geographies, respectively. The HUD adjusted median family income for 2006 was \$42,600.00.

According to the 2000 U. S. Census data, the total population of the Payne County AA is 68,190. The Payne County AA population is comprised of 15,513 families, of which 16.93%, 15.02%, 20.29%, and 47.76% are low-, moderate-, middle-, and upper-income levels, respectively. Of the total population in the Payne County AA, 4,957 low and moderate income families are distributed throughout the AA geographies. Of those families, 4.58%, 10.97%, 57.27%, and 27.17% are located in low-, moderate-, middle-, and upper-income geographies, respectively. The HUD adjusted median family income for 2006 was \$42,600.00.

#### Pittsburg County

Pittsburg County is located in southeastern Oklahoma. According to the 2000 U. S. Census, Pittsburg County has a population of 43,953. McAlester is the county seat. There are 13 CT's in Pittsburg County. The median family income for Pittsburg County is \$28,679. Pittsburg County's unemployment rate is 7.2%. Major employers include an ammunition plant, a state penitentiary, retail, and medical services.

#### Hughes County

Hughes County is located in southeastern Oklahoma. According to the 2000 U. S. Census, Hughes County has a population of 14,154. Holdenville is the county seat. There are 5 CT's in Hughes County. The median family income for Hughes County is \$22,621. Hughes County's unemployment rate is 7.6%. Major employers include a correctional facility, hog production plant, retail, and education and medical services.

#### Pottawatomie County

Pottawatomie County is located in central Oklahoma. According to the 2000 U. S. Census, Pottawatomie County has a population of 65,521. Shawnee is the county seat. The bank has a branch in Maud, which is on the border between Seminole and Pottawatomie counties and is located in census tract 5012.01. According to the 2000 U. S. Census, Maud has a population of 1,136. Census tract 5012.01 reports a population of 1,863. The median family income for Pottawatomie County is \$31,573. Pottawatomie County's unemployment rate is 5.7%. Major employers include health services, oil and gas production, and various manufacturing companies.

#### Seminole County

Seminole County is located in central Oklahoma. According to the 2000 U. S. Census, Seminole County has a population of 24,894. There are 9 CT's in Seminole County. The median family income for Seminole County is \$24,894. Seminole County's unemployment rate is 8.6%. Primary industries are manufacturing, governmental, education, and health and medical services.

#### Payne County

Payne County is located in northern Oklahoma. According to the 2000 U. S. Census, Payne County has a population of 68,190. Stillwater is the county seat. There are 14 CT's in Payne County. The median family income for Payne County is \$28,733. Payne County's unemployment rate is 4.8%. Primary employers are centered in the areas of education, manufacturing, and medical services.

## Community Contact

We reviewed two community contacts during this evaluation to gain a better understanding of the

credit and community development needs of the AA. The comments received were positive concerning the manner in which the local banks respond to needed credit, investment, and financial services.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The bank's performance under the Lending Test is rated "Satisfactory."

#### Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable and has averaged 69.51% since the previous examination. Comparable area banks had a combined average loan-to-deposit ratio of 75.65%.

#### Lending in Assessment Area

The bank's lending performance to borrowers in the AA exceeds the standards for satisfactory performance. A substantial majority of home mortgage and small business and farm loans were made within the AA. As depicted in the table below, 92% of the home mortgage and small business/farm loans are in the bank's AA, while only 8% were outside of the AA.

Lending in McAlester Four County and Payne County AAs		
Loan Type	In Assessment Area #	Out of Assessment Area #
Home Purchase	171 (90.00%)	19 (10.00%)
Home Improvement	66 (80.49%)	16 (19.51%)
Home Refinance	145 (78.80%)	39 (21.20%)
Small Business	308 (100.00%)	0 (00.00%)
Small Farm	139 (100.00%)	0 (00.00%)
Total	829 (91.81%)	74 (08.19%)

Source: Loan sample and 2000 U. S. Census

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

The overall distribution of loans by income level was satisfactory for home mortgage products and excellent for small loans to businesses and farms.

##### Home Purchase Loans:

##### *McAlester Four County AA*

TBNA's distribution of home purchase loans by borrower income level is adequate in this AA. The percentage of home purchase loans to low-income borrowers is lower than the percentage of low-income families in the AA. Competition for home purchase loans is significant with a total of 221 lenders reporting home purchase activity in this AA in 2005. The low penetration to low-income borrowers is mitigated somewhat by the fact that 19.33% of the households in this AA are below the

poverty level of \$12,780 in income per year. The 2006 median housing value in this AA was \$46,673. The percentage of home purchase loans to moderate-income borrowers is almost comparable to the percentage of moderate-income families in the AA.

*Payne County AA*

The percentage of home purchase loans to low- and moderate-income borrowers is below the percentage of low-income families in the AA. Competition for home purchase loans is significant with 224 lenders reporting home purchase activity in this AA in 2005. The poor penetration to low- and moderate-income borrowers is somewhat mitigated by the fact that 22.28% of the households in this AA are below the poverty level of \$12,780 in income per year. The 2006 median housing value was \$74,360.

Home Improvement Loans:

*McAlester Four County AA*

The percentage of home improvement loans to low- and moderate-income borrowers is below the percentage of low- and moderate income families in the AA. During the 2005-2006 review period, subject bank originated a total of 60 home improvement loans with seven or 11.67% to low-income families and seven or 11.67% to moderate-income families. The percentage of low- and moderate-income families in this AA is 23.65% and 19.26%, respectively.

*Payne County AA*

The percentage of home improvement loans to low-income families is significantly below the percentage of low-income families in the AA. However, the percentage of home improvement loans to moderate-income families exceeds the percentage of moderate-income families in the AA. During the 2005-2006 review period, subject bank originated six home improvement loans. None were to low-income families and just one to a moderate-income family.

Home Refinance Loans:

*McAlester Four County AA*

TBNA's distribution of home refinance loans by borrower income level is adequate in this AA. The percentage of home refinance loans to low- income families is below the percentage of low-income families in the AA. During the 2005-2006 review period, subject bank originated 133 home refinance loans with six or 4.51% to low-income families. Low-income families comprise 23.65% of the AA. The percentage of home refinance loans to moderate-income families far exceeds the percentage of moderate-income families living in the AA.

*Payne County AA*

TBNA's distribution of home refinance loans by borrower income level is adequate in this AA. The percentage of home refinance loans to low- income families is below the percentage of low-income families in the AA. During the 2005-2006 review period, subject bank originated twelve home

refinance loans with one or 8.33% to low-income families. Low-income families comprise 16.93% of the AA. The percentage of home refinance loans to moderate-income families exceeds the percentage of moderate-income families living in the AA.

Borrower Distribution of Residential Real Estate Loans - McAlester Four County 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	23.65	4.51	19.26	16.54	22.04	21.05	35.05	57.89
Home Improvement	23.65	11.67	19.26	11.67	22.04	25.00	35.05	51.67
Home Refinance	23.65	4.51	19.26	22.56	22.04	19.55	35.05	53.38

Source: Data reported under HMDA and 2000 U. S. Census data

Borrower Distribution of Residential Real Estate Loans - Payne County 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	16.93	2.63	15.02	10.53	20.29	15.79	47.76	71.05
Home Improvement	16.93	0.00	15.02	16.67	20.29	33.33	47.76	50.00
Home Refinance	16.93	8.33	15.02	25.00	20.29	25.00	47.76	41.67

Source: Data reported under HMDA and 2000 U. S. Census data

As noted in the tables below, lending patterns indicate an excellent distribution of loans to small businesses and farms.

Small Loans to Businesses

*McAlester Four County AA*

TBNA’s loan distribution to small businesses in this AA is excellent. The percentage of loans to small businesses with revenue of \$1 million or less is significantly above the percentage of small businesses operating with the AA. Subject bank’s market share of loans to businesses with revenues of \$1 million or less materially exceeds its overall market share. Of the small business loans originated in 2006, 87% were to small businesses with revenues of \$100,000 or less. We pulled an additional sample of small business loans originated in 2005 and noted that 91% of these loans were to small businesses with revenue of less than \$1 million.

*Payne County AA*

TBNA's loan distribution to small businesses in this AA is excellent. The percentage of loans to small businesses with revenue of \$1 million or less is significantly above the percentage of small businesses operating with the AA. Subject bank's market share of loans to businesses with revenues of \$1 million or less materially exceeds its overall market share. Of the small business loans originated in 2006, 82% were to small businesses with revenues of \$100,000 or less. We pulled an additional sample of small business loans originated in 2005 and noted that 91% of these loans were to small businesses with revenue of less than \$1 million.

### Small Loans to Farms

#### *McAlester Four County AA*

TBNA's loan distribution to small farms in this AA is excellent. The percentage of loans to small farms with revenue of \$1 million or less is above the percentage of small farms operating with the AA. Subject bank's market share of loans to businesses with revenues of \$1 million or less is consistent with its overall market share. Of the small farm loans originated in 2006, 93% were to small businesses with revenues of \$100,000 or less. We pulled an additional sample of small farm loans originated in 2005 and noted that 95% of these loans were to small farms with revenue of less than \$100,000.

#### *Payne County AA*

TBNA's loan distribution to small farms in this AA is excellent. All of the small farm loans in Payne County originated in 2006 were to small farms with revenue of \$1 million or less. Subject bank's market share of loans to businesses with revenues of \$1 million or less exceeds its overall market share. Of the small farm loans originated in 2006, 94% were to small businesses with revenues of \$100,000 or less. We pulled an additional sample of small farm loans originated in 2005 and noted that 95% of these loans were to small farms with revenue of less than \$100,000.

Borrower Distribution of Loans to Businesses - McAlester Four County AA		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	45.04	54.96
% of Bank Loans in AA by #	89.16	10.84

*Source: Loan sample; Dunn and Bradstreet Data*

Borrower Distribution of Loans to Businesses - Payne County AA		
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA farms*	51.90	48.10
% of Bank Loans in AA by #	73.33	26.67

*Source: Loan sample; Dunn and Bradstreet Data*

Borrower Distribution of Farm Loans - McAlester Four County AA		
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	94.82	5.18
% of Bank Loans in AA by #	96.75	3.25

*Source: Loan sample; Dunn and Bradstreet Data*



Borrower Distribution of Farm Loans - Payne County AA		
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA farms*	94.35	5.65
% of Bank Loans in AA by #	100.00	0.00

Source: Loan sample; Dunn and Bradstreet Data

## Geographic Distribution of Loans

TBNA's overall distribution of loans by income level of geographies is adequate. The McAlester Four County AA consists of no low-income CT's and eight moderate-income CT's. The Payne County AA has one low-income CT and two moderate-income CT's.

### Home Purchase Loans:

#### *McAlester Four County AA*

TBNA's geographic distribution of home purchase loans is adequate. We reviewed all home purchase activity in the McAlester Four County AA for 2005 & 2006. There are no low-income CT's and eight moderate-income CT's in this AA. The percentage of home purchase loans is lower than the percentage of owner-occupied housing units in the moderate-income CT's. Internal management reports reveal that home purchase loans (purchase money, home improvement, and home refinance) were extended in seven of the eight moderate-income CT's. Further analysis indicates that the BNA with no penetration has a low population density, is primarily agricultural, and is a significant distance from the existing branch location.

#### *Payne County AA*

TBNA's geographic distribution of home purchase loans is excellent. We reviewed all home purchase activity in the Payne County AA for 2005 & 2006. The percentage of home purchase loans in the low- and moderate-income BNA's exceeds the percentage of owner-occupied units in both geographies.

### Home Improvement Loans:

#### *McAlester Four County AA*

TBNA's geographic distribution of home improvement loans is satisfactory. We reviewed all home improvement activity in the McAlester Four County AA for 2005 & 2006. There are no low-income CT's in this AA. Subject bank's distribution of home improvement loans in moderate-income CT's is below the percentage of owner-occupied housing units in the AA. Approximately 16% of the home improvement loans made during the review period were made in the moderate-income CT's, while 23% of the owner-occupied units are situated in the moderate-income tracts.

#### *Payne County AA*

TBNA's geographic distribution of home improvement loans is satisfactory. We reviewed all home improvement activity in the Payne County AA for 2005 & 2006. There is one low-income CT in the

Payne County AA. For the low-income CT, subject bank's percentage distribution of home improvement loans is lower than the percentage of owner-occupied housing units. However, only one percent of the owner-occupied units are situated in the low-income tract. Subject bank made no home improvement loans in this tract during the review period. The percentage distribution of home improvement loans in the moderate-income CT's exceeds the percentage of owner-occupied housing units in the moderate-income tracts.

Home Refinance Loans:

*McAlester Four County AA*

TBNA's geographic distribution of home refinance loans is adequate. We reviewed all home refinance activity in the McAlester Four County AA for 2005 & 2006. There are no low-income CT's in this AA. The percentage distribution of home refinance loans in the moderate-income CT is significantly below the percentage of owner-occupied housing units. Internal management reports reveal that home purchase loans (purchase money, home improvement, and home refinance) were extended in seven of the eight moderate-income CT's. Further analysis indicates that the tract with no penetration has a low population density, is primarily agricultural, and is a significant distance from the existing branch location.

*Payne County AA*

TBNA's geographic distribution of home refinance loans is excellent. We reviewed all home refinance activity in the Payne County AA for 2005 & 2006. Subject bank's percentage distribution of home refinance loans exceeds the percentage of owner-occupied units in the low- and moderate-income tracts.

Small Loans to Businesses

The table reflects 2006 activity only. We also pulled a sample of 22 small loans to businesses that were originated in 2005 and derived conclusions regarding their distribution amongst the various income level tracts.

*McAlester Four County AA*

The bank's geographic distribution of small loans to businesses is adequate. There are no low-income CT's and there are eight moderate-income CT's in this AA. The percentage of small loans to businesses in 2006 is significantly below the percentage of small businesses in moderate-income tracts. Internal management reports reveal that small business loans were extended in seven of the eight moderate-income CT's. Consideration is given to the distance of subject bank's branches to the moderate-income CT's located within Seminole and Hughes Counties, as well as the existence of competitor's branches operating within the moderate-income CT's. There are thirty-one mandatory and voluntary small business reporters within the assessment area. TBNA's overall market share is 5.53% and 3.43% in the moderate-income tracts.

*Payne County AA*

TBNA's 2006 geographic distribution of small loans to businesses is satisfactory. There is one low-income CT and two moderate-income CT's in the Payne County AA. The percentage of small loans to businesses in 2006 exceeds the percentage of small businesses in low-income tracts. Subject bank's 2006 percentage of small loans to businesses in moderate-income CT's is below, but near the percentage of small businesses in moderate-income census tracts. TBNA competes with twenty-eight mandatory and voluntary small business reporters within the AA. Consideration is given to the location of Oklahoma State University within the moderate-income CT within Payne County. TBNA's overall market share is 9.20% with a 9.82% market share in the low-income and 9.09% market share in the moderate-income CT's.

*2005 Small Loans to Business Analysis for McAlester Four County & Payne County*

TBNA's geographic distribution of small loans to businesses is satisfactory. Analyzing the 2005 small loans to businesses data exclusively, the percentage of small loans to businesses exceeds the number of small businesses in the combined low-income CT's.

Approximately, 28% of the small loans to businesses sampled were originated in the low-income tracts while 4% of the small businesses were situated in the low-income tracts. The percentage of small business loans in 2005 was below the number of small businesses in the moderate-income census tracts. Approximately, 13% of the small businesses sampled were originated in the moderate-income census tracts, while 23% of the small businesses were situated in the moderate-income census tracts.

Small Loans to Farms

We also pulled a sample of 21 small loans to businesses that were originated in 2005 and derived conclusions regarding their distribution amongst the various tract income levels.

*McAlester Four County AA*

TBNA's geographic distribution of small farm loans is adequate. There are no low-income census tracts in the AA. The percentage of small farm loans is significantly below the percentage of small farms in the moderate-income CT's. Subject bank competes with twelve mandatory and voluntary small farm reporters within the AA. Consideration is given to the distance of its branches to the moderate-income CT's located within Seminole and Hughes Counties, as well as the existence of competitor's branches operating within the moderate-income CT's. TBNA's overall market share is 13.96% with a 23.40% market share in the moderate-income CT's.

*Payne County AA*

TBNA's geographic distribution of small farm loans is excellent. No small farms are situated in the low-income census tract. The percentage of small farm loans exceeds the percentage of small farms in the moderate-income BNA's.

*2005 Small Farm Loans Analysis for McAlester Four County & Payne County*

TBNA's geographic distribution of small farm loans is satisfactory. Analyzing 2005 small farm loan

data exclusively, the percentage of small farm loans is below the number of small farms in the moderate-income tracts. Approximately, 10% of the 2005 sample of small farm loans were originated in the moderate-income CT's and approximately 19% of the small farms were situated in the moderate-income level tracts. There were no small farm loans situated in the low-income CT's.

Geographic Distribution of Residential Real Estate Loans - McAlester Four County 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	0.00	0.00	23.36	11.29	65.49	60.48	11.15	28.23
Home Improvement	0.00	0.00	23.36	16.16	65.49	60.00	11.15	23.33
Home Refinance	0.00	0.00	23.36	10.81	65.49	69.59	11.15	19.59

Source: Data reported under HMDA and 2000 U. S. Census data

Geographic Distribution of Residential Real Estate Loans - Payne County 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	1.05	9.09	3.15	7.58	56.75	37.88	39.06	45.45
Home Improvement	1.05	0.00	3.15	13.46	56.75	69.23	39.06	17.31
Home Refinance	1.05	2.78	3.15	5.56	56.75	36.11	39.06	55.56

Source: Data reported under HMDA and 2000 U. S. Census data

As the tables below illustrates, the distribution of small business and small farm loans within the assessment area's census tracts is reasonable.

Geographic Distribution of Loans to Small Businesses - McAlester Four County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans
Small Businesses	0.00	0.00	29.76	8.87	58.15	76.85	12.09	14.29

Source: Loan sample or data collected by bank; Dunn and Bradstreet Data

Geographic Distribution of Loans to Small Businesses - Payne County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans
Small Businesses	8.04	9.52	14.96	11.43	51.24	40.00	25.77	39.05

Source: Loan sample or data collected by bank; Dunn and Bradstreet Data

Geographic Distribution of Loans to Small Farms - McAlester Four County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans
Small Farms	0.00	0.00	26.94	13.01	60.62	78.86	12.44	8.13

Source: Loan sample or data collected by bank; Dunn and Bradstreet Data

Geographic Distribution of Loans to Small Farms - Payne County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans
Small Farms	0.00	0.00	10.17	18.75	61.02	43.75	28.81	37.50

Source: Loan sample or data collected by bank; Dunn and Bradstreet Data

## Responses to Complaints

There have been no CRA related complaints received during this evaluation period.

## COMMUNITY DEVELOPMENT TEST

The bank’s performance under the Community Development Test is rated “Satisfactory.” The level of community development lending, investments, and services within the assessment area is reasonable.

### Number and Amount of Community Development Loans

TBNA has participated in several flexible lending programs during the evaluation period to help meet the credit needs of LMI borrowers. Programs are centered in the areas of home mortgage and small business lending.

The following summarizes TBNA’s participation in flexible loan programs during the evaluation period.

Small Business Administration (SBA): TBNA is a certified SBA lender and participates in Low Doc, 7A Guaranty, and 504 Loan programs. SBA assists small businesses obtain financing when

often times they are declined under conventional loan programs. Over the review period, TBNA originated 34 SBA loans totaling \$2.9 million.

**Veterans Administration (VA):** This is a loan program sponsored by the federal government that offers 100 percent financing and low closing costs to American military veterans. TBNA originated 15 VA loans totaling \$1.8 million during the evaluation period.

**Federal Housing Administration (FHA):** This housing program primarily serves LMI applicants and offers reduced down payment requirements, lower interest rates, government guarantees, and more liberal underwriting criteria than conventional loans. TNBA originated 28 FHA loans totaling \$1.8 million over the review period.

**Oklahoma Housing Finance Agency Mortgage Programs (OHFA):** This program provides home purchase loan financing at below market fixed rates and fund down payments up to 4 percent and closing costs for qualified borrowers. Over the evaluation period, TNBA originated 21 OHFA loans totaling \$1.5 million.

**Rural Enterprises of Oklahoma, Inc.:** This program assists first time homebuyers obtain financing with down payment concessions. TBNA originated 2 loans totaling \$74 thousand during the review period.

### **Number and Amount of Qualified Investments**

The bank's performance in the McAlester - Four County AA is adequate. However, no qualifying investments were made in the Payne County AA. This is due to the limited number of investment opportunities in the Payne County AA. TBNA chooses to go outside of the AA to expand their investment opportunities.

TBNA has an adequate level of qualified investments in the McAlester - Four County AA. During the evaluation period, eleven qualified investments totaling \$575 thousand were made within this AA. Additionally, one prior period investment totaling \$1.2 million remains on the books. These qualified investments are primarily school bonds, which provided financing for expansion and major improvements. These schools are located in counties that are designated as either distressed and/or underserved.

Several other qualified school bond investments were made outside of the AA. During the evaluation period, ten qualified investments totaling \$2.2 million were made and four prior period investments totaling \$65 thousand remains on the books. These school bonds provided financing for construction, renovation, and improvements of elementary and high school facilities located in moderate-income tracts in the state of Oklahoma.

Statewide/regional investments consist of funds utilized for small business and farm activities within and outside the state of Oklahoma. During the evaluation period, three investments totaling \$1.1 million were made. One of the three investments totaling \$1.0 million was made through the Federal Farm Credit Bank, which provides funding for small farming operations. The remaining investments of \$164 thousand were through a Small Business Investment Corporation that promotes economic development by financing small businesses. Additionally, four prior period investments

totaling \$908 thousand remain on the books. These investments consisted of small business loan pools and small business assistance programs that provided financing to small businesses.

### **Extent to Which the Bank Provides Community Development Services**

Delivery systems are reasonably accessible to LMI individuals. Extended business hours, including weekends are provided at most branch locations. TBNA offers an effective alternative system for delivering retail banking services to LMI individuals. TBNA has 17 automated teller machines (ATM's) located throughout the AA's. Other alternative delivery systems include Internet banking and an automated telephone customer service center. Telephone and Internet services are available 24 hours a day and allow customers to access account and loan balances, transfer funds, obtain bank information, and pay bills. TBNA is a full service bank offering a wide variety of loan and deposit products. Products offered are substantially the same at all branch locations throughout the AAs.

In addition to retail banking services, TBNA provides other community development services. Services primarily consist of employees participating in local organizations. Several of these organizations provide services to low- and moderate-income individuals. However, services are not specifically related to providing affordable housing, economic revitalization, or credit counseling. The bank is also very active in the United Way of Southeast Oklahoma. A bank employee serves on the Board. The United Way provides community services to low- and moderate-income individuals.

### **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.