



PUBLIC DISCLOSURE

August 15, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Valley National Bank
Charter Number 17174
4812 East 81st Street, Tulsa, OK 74137

Office of the Comptroller of the Currency
8282 South Memorial Drive, Suite 300, Tulsa, OK 74133

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: Outstanding.

The following factors support the institution's overall rating:

- *A substantial majority* of loans were originated inside the bank's assessment areas (AAs).
- The bank's loan-to-deposit ratio (LTD) is *reasonable* and commensurate with other financial institutions doing business inside the AAs.
- The penetration of loans to individuals and businesses of different income levels is *reasonable* and meets the standard for satisfactory performance.
- The geographic distribution of loans reflects *reasonable dispersion* throughout the AAs, and meets the standard for satisfactory performance.
- Community Development lending and services are outstanding and indicate *excellent responsiveness* to the needs of the bank's AAs.
- The bank's amount of qualified Community Development investments indicates *adequate responsiveness* within its AA's.

Data Integrity

We commenced a Data Integrity examination on May 16, 2016 to evaluate the bank's system of internal controls for collecting, verifying, and reporting data reported on the Home Mortgage Disclosure Act Loan Application Register (HMDA LAR), and to assess the bank's processes for identifying and recording the bank's qualified Community Development activities.

A sample of HMDA reportable loans originating in 2014, 2015, and year-to-date through March 31, 2016 was reviewed. The review determined that data the bank is required to collect and report to regulatory agencies, under the Community Reinvestment Act (CRA) and HMDA, is materially accurate. Internal controls over the system to collect and report HMDA are effective.

Scope of Evaluation

We evaluated Valley National Bank (VNB) using the Intermediate Small Bank (ISB) CRA procedures, which comprises the Lending Test and the Community Development Test. This is the first time the bank has been evaluated as an ISB bank. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The Community Development (CD) Test evaluates the bank's responsiveness to the identified needs in its AAs through CD lending, qualified investing, and services.

The 2016 CRA ISB Performance Evaluation (PE) commenced August 15, 2016. The analysis is based on 2010 United States Census demographic information. Conclusions regarding the Lending Test are based on residential mortgage loans originated in 2014, 2015, and year-to-date March 31, 2016, and samples of business and consumer automobile/vehicle loans originated during the same period. Conclusions regarding the Community Development Test are based on the bank's CD activities from the date of the last performance evaluation, March 28, 2011, through August 15, 2016.

As described below in the "Description of the Assessment Areas" section of the PE, the overall Institution rating reflects the combined ratings of the bank's full-scope AAs, weighted in light of the bank's performance context. Full-scope reviews were performed for both of the bank's CRA AAs, including its Partial Tulsa Metropolitan Statistical Area (MSA) assessment area (Partial Tulsa MSA AA), and its combined Oklahoma Non-MSA AA (Non-MSA AA). These AAs are described below.

In the Overall Institution Rating, VNB's CRA performance in the Partial Tulsa MSA AA received significantly more weight than performance in its Oklahoma Non-MSA AA. As of the start of the 2016 CRA performance evaluation, in the Partial Tulsa MSA AA, the Bank has eight branches, six in Tulsa County and two in Rogers County. There are two branches in the Non-MSA AA, one in Mayes County and one in Craig County. Approximately 83 percent of the bank's total deposits and 96 percent of the total loans are held in its Partial Tulsa MSA AA branches, and approximately 17 percent of the bank's total deposits are held in the Bank's Non-MSA AA branches. Consequently, performance in the Bank's Partial Tulsa MSA AA is given significantly more weight in the Lending and Community Development Tests. Within the Tulsa MSA, the bank faces very strong competition from numerous other banks. VNB's market presence is only 1.35 percent of total deposits held by all financial institutions in the Partial Tulsa MSA AA.

We initiated three community contacts to help determine the community needs in VNB's AAs, including two community contacts within the Tulsa MSA and one in the Oklahoma Non-MSA AA. The comments made by these professionals are summarized in the "Description of the Assessment Areas" section of the PE.

Description of Institution

VNB is a community bank located in Tulsa, Oklahoma. The bank is primarily owned by Tulsa Valley Bancshares Corporation, a one-bank holding company. The main bank and a drive-in facility are located at 4812 East 81st Street, Tulsa, Oklahoma. On March 7, 2014, subsequent to its last CRA PE dated March 28, 2011, VNB merged with its affiliate institution, Bank of the Lakes in Owasso, Oklahoma. The merger increased total assets of the combined institution to intermediate small bank status, changed the CRA evaluation cycle requirements, and materially increased branching structure. All branches are full-service with drive-in facilities, as follows:

VNB's Branch Locations		
Location	Address	City
Tulsa - 81st & Yale	4812 East 81st Street	Tulsa
Tulsa - 61st & Hwy 169	10615 East 61st Street	Tulsa
Tulsa - Utica Square	2020 East 21st Street	Tulsa
Bixby	13112 South Memorial Drive	Bixby
Catoosa	650 South Cherokee Street	Catoosa
Collinsville	118 North 11th Street	Collinsville
Oologah	105 Elm Street	Oologah
Owasso	12401 East 86th Street North	Owasso
Ketchum	445 West Ketchum Ave	Ketchum
Langley	1649 North 3rd Street	Langley

ATMs are located at all but two locations (10615 East 61st Street and Ketchum):

VNB's ATM Locations		
Location	Address	City
Tulsa - 81st & Yale	4812 East 81st Street	Tulsa
Tulsa - Utica Square	2020 East 21st Street	Tulsa
Bixby	13112 South Memorial Drive	Bixby
Catoosa	650 South Cherokee Street	Catoosa
Collinsville	118 North 11th Street	Collinsville
Oologah	105 Elm Street	Oologah
Owasso	12401 East 86th Street North	Owasso
Langley	1649 North 3rd Street	Langley

Additionally, since the previous CRA evaluation as of June 17, 2016, the Bernice branch was closed. Services formerly provided there are still available at the nearby Ketchum branch. No other locations have been opened or closed since the previous CRA evaluation.

The bank’s primary focus is to serve commercial and consumer customers in the combined MSA and non-MSA AAs. The bank meets these needs by providing traditional loan and deposit products, as well as Internet Banking with Bill Payment and Cash Management services. Bank lobby services are provided Monday through Friday. The Drive-ins are open longer hours than the lobbies and on Saturdays until noon. The bank’s lending strategy focuses on commercial real estate loans, other commercial loans, and residential real estate loans.

As of March 31, 2016, VNB’s total assets were \$451 million, of which \$356 million, or 79 percent, comprised various types of loans. Specifically, the bank’s loan portfolio consists of the following:

VNB Bank-wide Primary Lending Product Analysis (as of 3/31/2016)		
Loan Category	\$ (000)	%
Business Loans	\$283,086	79.56%
1-4 Family Residential RE Loans	\$54,605	15.35%
Consumer Loans	\$8,094	2.27%
Agricultural Loans	\$6,492	1.82%
Other Loans	\$3,544	1.00%
Total	\$355,821	

The bank’s primary lending products are different based on whether the number of loans or the dollar volume of loans is considered. By dollar volume, business loans and 1-4 family residential real estate loans are the chief lending products. However, by number of loans, consumer loans are the most prevalent. In the Oklahoma Non-MSA AA, consumer loans constitute more than half of the total number of loans originated within the review period.

Consequently, the 2016 CRA PE will be based on lending patterns for business loans, consumer loans, and HMDA residential real estate lending.

There are no legal, financial, or other factors impeding the bank’s ability to help meet the credit needs within the AAs. VNB is involved in and provides support to meet the community’s financial needs. The bank received an overall rating of **Satisfactory** at the last CRA performance evaluation dated March 28, 2011.

Description of Assessment Areas

VNB’s AAs consist of whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude low- and moderate-income (LMI) geographies. The AAs meet the requirements of the CRA regulation.

Following the merger of VNB with Bank of the Lakes, VNB’s original AA was expanded to include areas covered by Bank of the Lakes branches in the Tulsa MSA and three counties in the Non-MSA area of Oklahoma.

Partial Tulsa MSA Assessment Area

The Partial Tulsa MSA AA consists of 236 contiguous census tracts, including all of Tulsa County, Rogers County, and Wagoner County, as well as, the southeast corner of Osage County and the northeast portion of Creek County. Of the Partial Tulsa MSA AA census tracts, 20 are low-income tracts, 64 are moderate-income tracts, 71 are middle-income tracts, and 75 are upper-income tracts.

The main bank at 81st and South Yale, the Utica Square branch, and the 61st Street branch are located in upper-income census tracts in Tulsa County. The Bixby, Collinsville, and Owasso branches are located in middle-income census tracts in Tulsa County, while the Oologah and Catoosa branches are located in middle-income census tracts in Rogers County. As mentioned above, a majority of the census tracts in the AA are middle- and upper-income tracts. The following table describes major demographic and economic characteristics of the assessment area, based on 2010 United States Census data.

Demographic and Economic Characteristics of Partial Tulsa MSA AA		
Population		
Number of Families		206,248
Number of Households		311,902
Geographies		
Number of Census Tracts		236
% of Low-Income Census Tracts		8.47%
% of Moderate-Income Census Tracts		27.12%
% of Middle-Income Census Tracts		32.63%
% of Upper-Income Census Tracts		31.78%
Median Family Income (MFI)		
2010 MFI for AA		\$64,110
2015 HUD-Adjusted MFI		\$61,400
Economic Indicators		
Unemployment Rate		4.02%
2010 Median Housing Value		\$130,889
% of Households Below Poverty Level		13.30%
<i>Source: 2010 Census data</i>		

According to the 2010 United States Census Data, the Partial Tulsa MSA AA has a population of 805,988 persons. There are 20 low-income census tracts and 64 moderate-income census tracts. Of the 206,248 families, 20 percent are low-income families and 17 percent are moderate-income families. The AA consists of 311,902 households, of which 13 percent are living below the poverty level and 2.9 percent receive public assistance. It includes 345,112 housing units, and 206,000, or 60 percent, are owner-occupied.

The local economic condition is stable. The economy continues to be dependent on several larger diversified oil and gas businesses and, to a lesser extent, on the aviation industry. In addition to these businesses, the City of Tulsa has several private and public colleges and universities, as well as, one of the largest public school systems in the state. The major employers in the area are St. Francis Heart Hospital, St. Francis Hospital, American Airlines Maintenance, AEP/Public Service Company (utility), and Bank of Oklahoma.

VNB is engaged in strong competition with numerous other national and state chartered banks and branches, and non-bank financial institutions. There are 53 other banks and numerous credit unions operating in the Partial Tulsa MSA AA. VNB is the 14th largest bank, holding 1.35 percent of the deposit market share. Community contacts we initiated indicated a need for financial education for individuals and small businesses, better quality LMI and workforce housing, and increased multifamily and mixed income housing.

Oklahoma Non-MSA Assessment Area

The Oklahoma Non-MSA AA consists of 23 contiguous census tracts, including all of Craig County, Mayes County, and Delaware County. There are no low-income census tracts in the Non-MSA AA; however, there are three moderate-income tracts, 18 middle-income tracts, and two upper-income tracts. Thirteen (13) of the 18 middle-income census tracts are designated as “Distressed or Underserved.”

The Langley Branch is located in a “Distressed” middle-income census tract in Mayes County, and the Ketchum branch is located in a middle-income census tract in Craig County. The following table describes major demographic and economic characteristics of the AA, based on 2010 United States Census data.

Demographic and Economic Characteristics of Oklahoma Non-MSA AA		
Population		
Number of Families		26,968
Number of Households		37,825
Geographies		
Number of Census Tracts		23
% of Low-Income Census Tracts		0.00%
% of Moderate-Income Census Tracts		13.04%
% of Middle-Income Census Tracts		78.26%
% of Upper-Income Census Tracts		8.70%
Median Family Income (MFI)		
2010 MFI for AA		\$46,596
2015 HUD-Adjusted MFI		\$52,700
Economic Indicators		
Unemployment Rate		4.20%
2010 Median Housing Value		\$94,531
% of Households Below Poverty Level		17.31%
<i>Source: 2010 Census data</i>		

According to the 2010 United States Census Data, the VNB Non-MSA AA has a population of 97,775 persons. There are no low-income census tracts and only three moderate income census tracts. However, 13 of the 18 middle-income census tracts are considered distressed due to poverty levels. Of the 26,968 families, 22 percent are low-income, and 19 percent are moderate-income families. The Non-MSA AA consists of 37,825 households, of which 17 percent are living below the poverty level and 3.2 percent receive public assistance. The AA includes 50,274 housing units. Nine thousand, or 18 percent, of those are rental units and 12 thousand, or 25 percent, are vacant units.

The local economic conditions are stable. The economy depends primarily on service and retail jobs and has not been significantly impacted by fluctuations in the oil and gas industry. While the economy is stable, poverty and unemployment are significant concerns within the AA. Most businesses in the AA are small with less than five employees and gross revenues of less than \$500 thousand per year. A majority of jobs offer low wages with few benefits.

VNB has two locations in the Non-MSA AA and has the tenth largest deposit market share in the AA at three percent of the total deposit market share. There is strong competition in the Non-MSA AA from 18 other banks and several other financial institutions. A community contact indicated a significant need for better jobs and job training, improved access to medical and dental services, and more affordable housing.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Conclusions with Respect to Performance Tests

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

Based on our sample of lending during the evaluation period, including loans made in 2014, 2015, and year-to-date March 31, 2016, VNB meets the standard for satisfactory performance for lending within its AAs. VNB's quarterly average LTD ratio is commensurate with similarly situated institutions and meets the standard of satisfactory performance.

The bank's strengths include lending to small businesses and consumers. The distribution of loans to businesses with revenues of less than \$1 million is reasonable, and the penetration of loans to individuals of different income levels is reasonable. The geographic distribution of loans reflects a reasonable dispersion throughout the AAs and meets the standard for satisfactory performance. Community Development activities indicate overall excellent responsiveness to the needs of the bank's AAs.

LENDING TEST

Loan-to-Deposit Ratio

VNB's quarterly average LTD ratio since the last CRA performance evaluation is 81.68 percent, which is reasonable and commensurate with the average LTD ratios of similarly situated banks. The ratio meets the standard for satisfactory performance. The LTD ratio is a quarterly average from March 31, 2011 to March 31, 2016. See the following table.

Loan-to-Deposit Ratios		
Institution	Total Assets as of 03/31/2016 (000's)	Average LTD Ratio
AVB Bank, Broken Arrow, OK	\$309,606	72.30%
Welch Savings Bank, Welch, OK	\$236,263	79.96%
Valley National Bank, Tulsa, OK	\$450,524	81.68%
Grand Savings Bank, Grove, OK	\$346,562	87.83%
Grand Bank, Tulsa, OK	\$275,170	95.57%

Source: Institution Reports of Condition from March 31, 2011 to March 31, 2016

During the evaluation period, VNB also referred 10 mortgage customers to outside third parties. These loans often offer the customer more favorable terms including longer term fixed rates and lower interest rates than the bank can provide for a similar product. The total dollar volume of loans originated that were referred to outside mortgage companies totaled approximately \$1.3 million.

Lending in Assessment Area

Based on our sample of lending during the evaluation period, January 2014 through March 2016, VNB exceeds the standard for satisfactory performance for lending within its AAs. Our bank-wide analysis of 361 loans included 234 HMDA residential real estate loans. We also randomly selected 63 business loans and 63 consumer loans. Based upon the combined loan samples, a substantial majority of loans, in terms of both number and dollar volume, were originated inside VNB's AAs.

Table 1 - Lending in the Assessment Areas – Bank-wide										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	72	80.90	17	19.10	89	9,074	81.94	2,000	18.06	11,074
Home Improvement	20	86.96	3	13.04	23	1,041	66.95	514	33.05	1,555
Home Refinance	104	85.25	18	14.75	122	17,082	75.79	5,457	24.21	22,539
HMDA Loan Totals	196	83.76	38	16.24	234	27,197	77.33	7,971	22.67	35,168
Business	56	88.89	7	11.11	63	39,606	78.00	11,171	22.00	50,777
Consumer/Auto	51	80.95	12	19.05	63	664	75.54	215	24.46	879
Total Loans	303	84.17	57	15.83	360	67,467	77.71	19,357	22.29	86,824

Source: Data reported under HMDA loans and Business & Consumer loan samples 2014, 2015, and YTD 3/31/16.

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

Partial Tulsa MSA Assessment Area

Based on our samples, the overall distribution of loans to borrowers of different incomes and businesses of different sizes within the Partial Tulsa MSA AA is reasonable and meets the standard for satisfactory performance.

The penetration of loans to small businesses in the Partial Tulsa MSA AA is reasonable. A small business is defined by the CRA regulation as a business with annual revenues of less than \$1 million. The following table reflects the results of our commercial/business loan sampling:

Table 2A - Borrower Distribution of Loans to Businesses in the Partial Tulsa MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	80.10	4.91	15.00	100%
% of Bank Loans in AA by #	60.00	40.00		100%
% of Bank Loans in AA by \$	16.95	83.05		100%

Source: Business loan sample 2014, 2015, and YTD 3/31/16; and Dun and Bradstreet data.

The overall borrower distribution of business loans in the Partial Tulsa MSA AA is reasonable and meets the standard. In terms of number of loans made, the bank's percentage of lending to Tulsa AA small businesses is not significantly lower than the percentage of reporting Tulsa AA businesses with gross annual revenues of less than \$1 million. However, in terms of dollar volume of loans, the bank's percentage of loans is significantly lower than the percentage of Tulsa AA small businesses that have gross annual revenues of less than \$1 million. More weight is given to the number of loans than the dollar volume of loans. One large loan accounted for over half of the dollar volume of loans to business with annual revenues greater than \$1 million.

The distribution of sampled Partial Tulsa MSA AA loans to businesses by loan size follows. Of the 25 business loans sampled, more than 70 percent of the randomly selected business loans were originated in amounts of \$1 million or less, and ten of the loans were in amounts of \$100,000 or less.

Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	10	40.00	705,761	1.89
\$100,001 - \$250,000	2	8.00	376,086	1.01
\$250,001 - \$500,000	3	12.00	979,000	2.63
\$500,001 - \$1,000,000	3	12.00	2,256,894	6.06
Over \$1,000,000	7	28.00	32,933,750	88.41

Source: Business loan sample 2014, 2015, and YTD 3/31/16.

The penetration of loans to consumers of both LMI in the Partial Tulsa MSA AA is excellent and exceeds the standard for satisfactory performance. See the table below.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	22.76	25.00	16.40	25.00	17.78	21.88	43.06	28.12

Source: Consumer Auto loan sample 2014, 2015, and YTD 3/31/16; and 2010 United States Census data.

The percentage of consumer loans made to low-income borrowers in the Partial Tulsa MSA AA is higher than the percentage of low-income AA households. Similarly, the percentage of consumer loans made to moderate-income borrowers in the Partial Tulsa MSA AA is well above the percentage of moderate-income households within the AA. The overall penetration of consumer loans within the Partial Tulsa MSA AA is excellent.

Overall, the penetration of home mortgage lending to LMI borrowers in the Partial Tulsa MSA AA is reasonable and meets the standard. See the table below. The combined percentage of HMDA residential real estate loans made to LMI borrowers is reasonable relative to the combined percentage of LMI AA families.

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	20.00	4.00	17.37	4.00	20.31	16.00	42.32	76.00
Home Improvement	20.00	0.00	17.37	11.11	20.31	22.22	42.32	66.67
Home Refinance	20.00	7.89	17.37	23.68	20.31	15.79	42.32	52.63
Total HMDA Loans	20.00	5.56	17.37	15.27	20.31	16.67	42.32	62.50

Source: Data reported for HMDA loans 2014, 2015, and YTD 3/31/16; and 2010 United States Census data.

The percentage of loans made to low-income borrowers for home purchase, home improvement, and home refinance loans reported is well below the percentage of low-income AA families. The percentage of home purchase loans to moderate-income borrowers is also well below the percentage of moderate-income families within the AA. However, the percentage of home improvement loans to moderate-income families is close to the percentage of moderate-income AA families, and the percentage of home refinance loans made to moderate-income families exceeds the percentage of moderate-income AA families.

In light of the performance context of the Partial Tulsa MSA AA, the overall penetration of home mortgage loans to LMI borrowers is considered reasonable. According to 2010 United States Census data, approximately 26 percent of households in the AA are on a fixed income from Social Security, and 15 percent rely on retirement benefits. Additionally, approximately 34 percent of housing units in the AA are rental property, and 13.3 percent of AA households are living below the poverty level. The incentive and level of difficulty for these persons to qualify for home mortgage loans are factored into the overall rating.

Oklahoma Non-MSA Assessment Area

Based on our samples, the overall distribution of loans to borrowers of different incomes and businesses of different sizes within the Oklahoma Non-MSA AA is excellent exceeds the standard for satisfactory performance.

The penetration of loans to small businesses in the Non-MSA AA is excellent. A small business is defined by the CRA regulation as a business with annual revenues of less than \$1 million. The following table reflects the results of our commercial/business loan sampling:

Table 2A - Borrower Distribution of Loans to Businesses in Oklahoma Non-MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	78.03	4.06	17.91	100%
% of Bank Loans in AA by #	87.10	12.90		100%
% of Bank Loans in AA by \$	96.66	3.34		100%

Source: Business loan sample 2014, 2015, and YTD 3/31/16; and Dun and Bradstreet data.

The borrower distribution of business loans in the Non-MSA AA is excellent and exceeds the standard. The bank’s percentage of lending to the Non-MSA AA small businesses is higher than the percentage of the Non-MSA AA businesses with gross annual revenues of less than \$1 million, both in terms of the number of loans made and the dollar volume of loans originated. Of the business loans sampled, 27 of 31 loans were made to Non-MSA AA businesses that have gross annual revenues of less than \$1 million.

The distribution of sampled Non-MSA AA loans to businesses by loan size follows. As indicated, all of the randomly selected business loans were originated in amounts of less than \$1 million, and 74 percent of these loans were in amounts of less than \$100,000.

Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in Oklahoma Non-MSA AA				
Loan Size (000’s)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	23	74.19	638,149	27.10
\$100,001 - \$250,000	6	19.36	924,358	39.26
\$250,001 - \$500,000	2	6.45	791,965	33.64
\$500,001 - \$1,000,000	0	0.00	-	-
Over \$1,000,000	0	0.00	-	-

Source: Business loan sample 2014, 2015, and YTD 3/31/16.

The penetration of loans to consumers of LMI in the Non-MSA AA is excellent and exceeds the standard for satisfactory performance. See the table below.

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	23.30	12.50	16.84	37.50	18.62	29.17	41.24	20.83

Source: Consumer Auto loan sample 2014, 2015, and YTD 3/31/16; and 2010 United States Census data.

The percentage of consumer loans made to low-income borrowers in the Non-MSA AA is not significantly lower than the percentage of low-income Non-MSA AA households. The percentage of consumer loans made to moderate-income borrowers in the Non-MSA AA is well above the percentage of moderate-income households within the Non-MSA AA. The overall penetration of consumer loans to LMI borrowers within the Non-MSA AA is excellent.

Overall, the penetration of home mortgage lending to LMI borrowers in the Non-MSA AA is reasonable and meets the standard. See the table below. The combined percentage of HMDA residential real estate loans made to LMI borrowers is reasonable relative to the combined percentage of LMI AA families.

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	21.85	11.11	18.85	16.67	21.42	16.67	37.88	55.56
Home Improvement	21.85	50.00	18.85	25.00	21.42	0.00	37.88	25.00
Home Refinance	21.85	20.00	18.85	25.00	21.42	15.00	37.88	40.00
Total HMDA Loans	21.85	19.05	18.85	21.43	21.42	14.29	37.88	45.23

Source: Data reported for HMDA loans 2014, 2015, and YTD 3/31/16; and 2010 United States Census data.

The percentage of loans made to low-income borrowers for home purchase and home refinance loans reported is not significantly below the percentage of low-income AA families. The percentage of home improvement loans to low-income borrowers is well above the percentage of low-income AA families. Similarly, the percentage of home purchase loans to moderate-income borrowers is close to the percentage of moderate-income families within the AA.

The percentage of home improvement and home refinance loans to moderate-income families exceeds the percentage of moderate-income AA families. Taken together, HMDA residential real estate loans made to LMI borrowers is reasonable relative to the combined percentage of LMI AA families.

Geographic Distribution of Loans

Partial Tulsa MSA Assessment Area

The overall geographic distribution of loans to businesses, consumers, and home mortgage borrowers indicates reasonable dispersion. There are 20 low-income census tracts and 64 moderate-income census tracts in the Partial Tulsa MSA AA.

The table below illustrates that the dispersion of business loans in the Partial Tulsa MSA AA is reasonable and meets the standard. The bank’s percentage of loans made to businesses in low-income census tracts is not significantly lower than the percentage of AA businesses that are located in low-income census tracts. The bank’s percentage of business loans in moderate-income census tracts exceeds the corresponding percentage of AA businesses located in moderate-income census tracts.

Table 3A - Geographic Distribution of Loans to Businesses in the Partial Tulsa MSA 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
Businesses	5.81	4.00	22.61	24.00	31.21	16.00	40.38	56.00

Source: Business loan sample 2014, 2015, and YTD 3/31/16; and Dun and Bradstreet data.

The overall geographic dispersion of consumer loans in the Partial Tulsa MSA AA is very poor and does not meet the standard for satisfactory performance. See the table below. The bank’s percentage of consumer loans made to borrowers in low-income census tracts is significantly lower than the percentage of AA households that are located in low-income census tracts. Additionally, the bank made no consumer loans to borrowers in moderate-income census tracts. The majority of the LMI tracts in the Partial Tulsa MSA AA are not located close to VNB branches. These census tracts are most often served by branches of other financial institutions located within these areas. There are also numerous car dealerships in these LMI areas that offer their own financing programs.

Table 3B - Geographic Distribution of Consumer Loans in the Partial Tulsa MSA AA

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	7.04	3.70	24.97	0.00	34.21	48.15	33.78	48.15

Source: Consumer Auto loan sample 2014, 2015, and YTD 3/31/16; and 2010 United States Census data.

The overall geographic dispersion of home mortgage loans in the Partial Tulsa MSA AA is excellent and exceeds the standard. See the table below. The bank’s percentage of home purchase loans in low-income census tracts is near the percentage of AA owner-occupied housing in low-income tracts. The bank made no home improvement loans to borrowers in low-income census tracts; however, the percentage of home refinance loans in low-income census tracts is significantly higher than the percentage of AA owner-occupied housing in low-income tracts. The bank’s percentage of home purchase and home improvement loans to borrowers in moderate-income census tracts significantly exceeds the percentage of AA owner-occupied housing in moderate-income census tracts and indicates excellent dispersion. The bank’s percentage of home refinance loans in moderate-income census tracts is not significantly lower than the percentage of AA owner-occupied housing in moderate-income tracts.

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	4.04	3.85	19.58	25.00	35.56	21.15	40.81	50.00
Home Improvement	4.04	0.00	19.58	43.75	35.56	25.00	40.81	31.25
Home Refinance	4.04	6.17	19.58	11.11	35.56	44.44	40.81	38.27
Total HMDA Loans	4.04	4.70	19.58	19.46	35.56	34.23	40.81	41.61

Source: Data reported for HMDA loans 2014, 2015, and YTD 3/31/16; and 2010 United States Census data.

Oklahoma Non-MSA Assessment Area

In light of the bank’s performance context, the overall geographic distribution of loans to businesses, consumers, and home mortgage borrowers indicates reasonable dispersion. There are no low-income census tracts and only three moderate-income census tracts in the Non-MSA AA.

The table below illustrates the dispersion of business loans in the Non-MSA AA. The dispersion of business loans in moderate-income census tracts is very poor. The bank made no business loans in moderate-income census tracts. However, the bank’s percentage of business loans to businesses in distressed middle-income census tracts was reasonable. Approximately 84 percent, or 26 of the 31 loans in our sample, were made to borrowers in distressed census tracts, which exceeds the percentage of AA businesses in all middle-income census tracts. Overall, the dispersion of business loans in the Non-MSA AA is reasonable and meets the standard for satisfactory performance.

Table 3A - Geographic Distribution of Loans to Businesses in Oklahoma Non-MSA 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
Businesses	0.00	0.00	11.25	0.00	80.92	100.00	7.83	0.00

Source: Business loan sample 2014, 2015, and YTD 3/31/16; and Dun and Bradstreet data.

The overall geographic distribution of loans to consumers is adequate in the Non-MSA AA and indicates reasonable dispersion. See the table below. The bank’s percentage of consumer loans made to borrowers in moderate-income census tracts was somewhat lower than the percentage of AA households located in moderate-income census tracts. However, the bank’s percentage of consumer loans to borrowers in distressed middle-income census tracts is not significantly lower than the percentage of AA households in middle-income census tracts. Approximately 54 percent of consumer loans sampled were made to borrowers in distressed middle-income census tracts.

Table 3B - Geographic Distribution of Consumer Loans in Oklahoma Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0.00	0.00	14.62	8.33	76.21	91.67	9.17	0.00

Source: Consumer Auto loan sample 2014, 2015, and YTD 3/31/16; and 2010 United States Census data.

The overall geographic dispersion of home mortgage loans in the Non-MSA AA is reasonable and meets the standard. See the table below. There are no low-income census tracts in the Non-MSA AA. The bank’s percentage of home purchase and home refinance loans in moderate-income census tracts is lower than the percentage of AA owner-occupied housing but is considered adequate. The bank made no home improvement loans in any of the three moderate-income tracts.

However, 13 of the 18 middle-income census tracts are designated as “Distressed,” and 100 percent of the home improvement loans were made in middle-income census tracts. Moreover, home mortgage lending in the Non-MSA AA “Distressed” tracts is demonstrated by the bank’s high percentage of home purchase, improvement, and refinance loans in middle-income census tracts, which is well above the percentage of AA owner-occupied housing.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Oklahoma Non-MSA 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	13.68	5.00	77.83	90.00	8.48	5.00
Home Improvement		0.00	0.00	13.68	0.00	77.83	100.00	8.48	0.00
Home Refinance		0.00	0.00	13.68	8.70	77.83	91.30	8.48	0.00
Total HMDA Loans		0.00	0.00	13.68	6.38	77.83	91.49	8.48	2.13

Source: Data reported for HMDA loans 2014, 2015, and YTD 3/31/16; and 2010 United States Census data.

Responses to Complaints

VNB received no CRA-related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test is rated **"Outstanding."** Overall, VNB's community development performance demonstrates excellent responsiveness to community development needs of its AAs. A majority of the AAs consist of its Partial Tulsa MSA AA, which includes parts of Creek County, parts of Osage County, and all of Tulsa, Rogers, and Wagoner counties. The bank's Non-MSA AA includes Mayes, Craig, and Delaware counties.

As stated in the "Scope of the Evaluation" section of this report, about 83 percent of the bank's total deposits are held in its Partial Tulsa MSA AA branches, and about 17 percent of the bank's total deposits are held in the bank's Non-MSA AA branches. Consequently, performance in the bank's Partial Tulsa MSA AA is given significantly more weight in the Community Development Test ratings.

VNB is active in the communities they serve. This is evidenced by their leadership roles in various civic and non-profit organizations that provide services to LMI individuals. The bank is also involved with, invests in, or lends to individuals or organizations who promote economic development, affordable housing, and community services.

Number and Amount of Community Development Loans

Qualifying community development loans are those that meet the definition of community development, as defined in the CRA regulation. During the review period, the bank's total qualified community development loans in all of its AAs indicated excellent responsiveness to the needs of these areas. This included 67 loans totaling \$60,365,664.

Partial Tulsa MSA Assessment Area

Qualifying community development loans are those that meet the definition of community development, as defined in the CRA regulation. VNB's level of community development loans in its Partial Tulsa MSA AA indicates excellent responsiveness to the qualified credit needs of these communities.

During the evaluation period, VNB extended or renewed 59 loans, totaling \$59.4 million, to 35 different borrowers in its Partial Tulsa MSA AA. The bank has taken a leadership role in supporting and funding economic development credit that created or retained permanent jobs for LMI workers. This included 56 loans, totaling \$57.3 million that created or retained permanent jobs for LMI workers. One of these loans also qualified under community "revitalization" because it provided financing to restore a 100-year old church building located in a moderate-income census tract.

VNB has also provided financing to build or rehabilitate affordable housing primarily intended for LMI individuals and families. Three loans, totaling \$2.1 million, qualified because they provided financing to build primarily affordable housing in Claremore, OK (Rogers County), or were to purchase and rehabilitate affordable multifamily rental housing in the City of Tulsa, OK.

Examples of these loans include:

- \$39.6 million of financing extended to eight (8) different hotel companies to build, purchase, and/or rehabilitate hotel properties in Tulsa and Rogers counties. These credits helped create or retain 141 jobs for LMI workers (84% of all the positions in these eight properties and the majority of the positions in each property).
- \$4.2 million of business financing extended to a company in Tulsa, OK (Tulsa County) that specializes in design, production and installation of millwork products in the construction of hospitals, schools, casinos, and other commercial construction projects. These credits helped retain 50 permanent jobs held by LMI workers (77% of the company's work force).
- \$1.7 million of financing extended to a residential construction firm that built affordable new housing in Claremore, OK (Rogers County); and \$378 thousand of financing provided to purchase and renovate an apartment complex offering affordable rentals in a low-income census tract in the City of Tulsa.
- \$1.5 million of business financing extended to a company in Tulsa County that operates a mining business and provides mined materials to construction sites across the Tulsa MSA. These credits helped retain three permanent jobs held by LMI workers (75% of the company's work force).
- \$508 thousand of business financing extended to a company in the City of Tulsa that conducts insurance brokerage services and real estate investment. These credits helped retain 23 permanent jobs held by LMI workers (92% of the company's work force).
- \$343 thousand of business financing extended to a company in Jenks, OK (Tulsa County) that provides plumbing-related services. This financing retained 17 permanent jobs held by LMI workers (94% of the company's work force).
And
- \$335 thousand of business financing extended to a company in Glenpool, OK (Tulsa County) that provides commercial painting services. This financing retained 21 permanent jobs held by LMI workers (58% of the company's work force).

Oklahoma Non-MSA Assessment Area

The bank's Non-MSA AA includes Mayes, Craig, and Delaware counties in Oklahoma. As of the start of the 2016 CRA performance evaluation, the bank has branches in the towns of Langley (Mayes County), and Ketchum (Craig County). About 17 percent of the bank's total deposits are held in these branches.

Qualifying community development loans are those that meet the definition of community development, as defined in the CRA regulation. VNB's level of community development loans in its Non-MSA AAs indicates adequate responsiveness to the qualified credit needs in these rural communities.

The bank originated or renewed eight (8) community development loans totaling \$1,008,762 during the evaluation period. These loans primarily qualified as "economic development" loans that retained jobs for LMI workers; however, one loan also qualified under community "revitalization" because the proceeds were used to repair infrastructure in the Non-MSA AA. Examples of these loans include:

- \$500 thousand of public infrastructure financing provided in Langley, OK (Mayes County), in a tract designated "Distressed & Underserved." This credit is qualified under community "revitalization" because the proceeds were used to repair infrastructure in the County. Additionally, it also qualifies under "economic development" because it helped retain seven jobs for LMI workers (100% of the borrower's work force).
- \$355 thousand of business financing extended to a woodworking company in Mayes County and located in a tract designated "Distressed & Underserved." This credit retained ten jobs for LMI workers (91% of the company's work force).
- \$77 thousand of business financing to a building construction company in Delaware County and located in a tract designated "Distressed & Underserved." This credit retained ten jobs for workers (100% of the company's work force).
- A \$14.5 thousand agriculture loan to a rancher in Craig County. This credit retained four jobs for LMI workers (57% of the rancher's work force).

Number and Amount of Qualified Investments

Qualifying investments are investments, deposits, membership shares, or grants that have as their primary purpose community development, as defined in the CRA regulation. During the review period, the Bank's total qualified investments in all of its AAs indicated adequate responsiveness to the needs of these areas. This included \$27,140 total donations and \$1,862,711 in total qualified bond investments.

Partial Tulsa MSA Assessment Area

Qualifying investments are investments, deposits, membership shares, or grants that have as their primary purpose community development, as defined in the CRA regulation. Overall, VNB's qualified investments in its Partial Tulsa MSA AA indicated adequate responsiveness to this community's needs. During the evaluation period, the bank made 16 qualified donations totaling \$26,040 in VNB's Partial Tulsa MSA AA. Donations were primarily to local non-profit organizations that provide social services, youth programs, homeless centers, food banks, and health care facilities that target low- and moderate-income individuals. Additionally, some donations promoted affordable housing, and business and economic development.

Additionally, during the review period, qualified bond investment purchases in the Partial Tulsa MSA AA totaled \$1,737,517. This included four Rogers County ISD school bonds totaling \$1,622,429 and a prior-period investment of \$115,088 in a still outstanding Creek County Public Facilities Revenue Bond purchased in 2010.

Oklahoma Non-MSA Assessment Area

Qualifying investments are investments, deposits, membership shares, or grants that have as their primary purpose community development, as defined in the CRA regulation. Overall VNB's qualified investments in its Non-MSA AA indicated adequate responsiveness to this community's needs. During the evaluation period, the bank made three qualified donations totaling \$1,100 in Craig and Delaware counties. Donations assisted public high school activities and were to a local non-profit organization that provide social services for children of LMI families. Additionally, the bank carries a \$125,195 Craig County ISB school bond as a prior period investment purchased in 2010.

Extent to Which the Bank Provides Community Development Services

Overall, the level of qualified community development services in the bank-wide AA indicates excellent responsiveness in meeting community needs.

Partial Tulsa MSA Assessment Area

The level of qualified community development services in the bank's Partial Tulsa MSA AA indicates excellent responsiveness in meeting this community's needs. Bank officers have served in leadership positions on organizations that provide community services to LMI families and provided technical and financial expertise to these organizations. Bank officers also serve in leadership positions in organizations involved in economic and small business development that lead to creating and retaining jobs. During the review period, bank officers served in qualifying positions or led 13 different service organizations in the Partial Tulsa MSA AA. The following are examples of qualifying community development services:

- ***Tulsa Small Business Connection***

The President of the bank serves as the Chair of the Programs Committee. The organization works to provide small business leaders with the tools they need to effectively lead and to grow their businesses.

- ***Catoosa Chamber Of Commerce***

An officer of the bank's Catoosa region serves on the Board of the Catoosa Chamber of Commerce. The Chamber works to develop financing & promote new businesses and employment in the Catoosa, Oklahoma area.

- ***Collinsville Chamber of Commerce***

An officer of the bank's Collinsville/Oologah region serves on the Board of the Collinsville Chamber of Commerce. The Chamber works to develop financing & promote new businesses and employment in the Collinsville, Oklahoma area.

- ***Tulsa Area United Way***

Two bank officers have served in leadership positions assisting the Tulsa Area United Way in fund raising, literacy training, and other youth services.

- ***Tulsa Day Center for the Homeless***

A member of the bank's Board serves on the Board of Directors & Executive Committee of this organization, which provides a full spectrum of resources to help lower-income persons become self-sufficient.

- ***Reading Partners-Tulsa***

A member of the bank's Board serves on the Board of Directors of this organization that focuses on increasing literacy achievement by low-income students.

- ***Home of Hope***

A bank officer serves on the Board of Directors, Planning & Development Committee that provides residential, vocational and educational service to over 200 adults with disabilities in communities located in Craig, Rogers & Tulsa counties.

- ***Community Health Connection***

A bank officer serves as a member of the Board of this medical clinic that provides of a full range of primary and preventive health care to all in need of these services, including vulnerable individuals, persons without insurance, those with Medicaid (Sooner-Care), Insure Oklahoma and Medicare. Additionally, the clinic serves persons who do not speak English.

- ***Oklahoma State Board of Education***

A member of the bank's Board of Directors has served as a member of the State Board of Education for over two years. This Board's authority impacts all regions of the State of Oklahoma, including the bank's Non-MSA AA.

Oklahoma Non-MSA Assessment Area

The level of qualified community development services in the bank's Non-MSA AA indicates adequate responsiveness in meeting this community's needs. Qualified community development services were primarily provided by the branch sales manager for the towns of Langley and Bernice, Oklahoma. Four (4) qualified service activities were provided in the Non-MSA AAs. Additionally, a member of the bank's Board of Directors serves on a key statewide Board, whose coverage includes the Bank's Non-MSA AA.

- ***Town of Langley***

A bank officer serves on the Langley City Planning & Development Committee that coordinates real estate development and promotes commercial, residential and industrial development in the area.

- ***South Grand Lake Helping Children***

A bank officer serves on the Board of Directors for this 503C3 charity serving Delaware and Craig Counties. The organization assists children from lower-income families with living necessities, school supplies, and services to make the Christmas holiday something better for these children.

- ***Home of Hope***

A bank officer serves on the Board of Directors, Planning & Development Committee that provides residential, vocational and educational service to over 200 adults with disabilities in communities located in Craig, Rogers & Tulsa counties.

- **Lions Club of Langley**

A bank officer currently serves as Vice President, and is the Past President, of the Lions Club of Langley, which provides multiple community services, including eye examinations, glasses, scholarships, and weekend food programs for children in need.

- ***Oklahoma State Board of Education***

A member of the bank's Board of Directors has served as a member of the State Board of Education for over two years.