



**PUBLIC DISCLOSURE**

March 10, 2003

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**BancFirst**

**RSSD# 1386251**

**101 North Broadway  
Oklahoma City, Oklahoma 73127**

**Federal Reserve Bank of Kansas City  
925 Grand Boulevard  
Kansas City, Missouri 64198**

**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.

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**INSTITUTION RATING**

**INSTITUTION'S CRA RATING:** BancFirst is rated "**SATISFACTORY.**"

*The following table indicates the performance level of BancFirst with respect to the Lending, Investment, and Service Tests.*

PERFORMANCE LEVELS	<u>BancFirst</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests in determining the overall rating.

Major factors supporting the institution's rating include:

**Lending:**

- Lending levels reflect a good responsiveness to assessment area credit needs, with a high percentage of loans made in the bank's designated assessment areas;
- The geographic distribution of Home Mortgage Disclosure Act (HMDA), small business, and small farm loans reflects a good penetration throughout the assessment area geographies, including low- and moderate-income areas;
- The distribution of the HMDA and small business loans reflects good penetration to individuals of different income levels and to businesses of different revenue sizes;

- The distribution of small farm loans reflects a good penetration to farms of different revenue sizes; and,
- The level of community development lending is good.

**Investments:**

- The bank extended a significant level of qualified investments in the majority of the assessment areas.

**Services:**

- Delivery systems are reasonably accessible to essentially all portions of the bank's assessment areas. To the extent changes have been made, they have not adversely affected the accessibility of the bank's delivery systems;
- The bank offers a wide range of retail services, which do not vary in ways that inconvenience certain portions of its assessment areas; and,
- Bank personnel provided a relatively high level of community development services.

## **INSTITUTION**

### **DESCRIPTION OF BANCFIRST**

BancFirst is a \$2.8 billion financial institution, as of December 31, 2002, headquartered in Oklahoma City, Oklahoma, and is the fourth largest banking organization in the state, based on deposits. The bank is a wholly-owned subsidiary of BancFirst Corporation, Inc., also located in Oklahoma City. The holding company is also the parent entity to Peoples State Bank, First Ada Bancshares, Inc., and several non-bank subsidiaries.

In addition to the main facility, the bank owns and operates 68 branch locations throughout the northeast, central, and southwest portions of Oklahoma, as well as a mortgage division and a Small Business Administration loan generation division. The bank owns and operates 33 deposit-taking automated teller machines (ATMs) and 64 cash-dispensing ATMs. Approximately 4 percent and 12 percent of the bank's full-service branches are located in low- and moderate-income census tracts, respectively.

Since the last examination, the bank opened seven branches, including one that was moved, and closed one. The bank opened two new branches in Oklahoma City, one in McAlester, and one in Tulsa, Oklahoma. The bank also opened branches in Hobart, Frederick, and Chattanooga, Oklahoma, which were acquired as part of a bank merger in September 2001. With the acquisition, BancFirst expanded its assessment areas from 37 to 39 counties. The branch closures occurred in Kaw City and Oklahoma City, Oklahoma.

BancFirst has nine assessment areas, including three metropolitan and six rural assessment areas. The bank's metropolitan assessment areas consist of the Oklahoma City and Lawton metropolitan statistical areas (MSAs) and the majority of the Tulsa MSA. The six rural assessment areas are designated as follows: North Central, Southwestern, Central, Eastern, Southeastern, and Southern. According to 1990 census data, the assessment areas contained approximately 77 percent of the state's total population, households, and housing units. The population of the combined MSA assessment areas was 1,724,109, or 92 percent of the state's total MSA population. The bank's nonmetropolitan assessment areas contained a total population of 704,977, or 55 percent of the state's total nonmetropolitan population.

BancFirst offers a variety of lending and deposit products at its full service locations. Neither the loan or deposit products vary significantly by branch or location. As illustrated in Exhibit 1, the primary business focus for the bank is commercial and consumer real estate, and commercial loans. According to the bank's Reports of Condition and Income for 2001 and 2002, construction and land development loans, farm loans, and revolving open-end loans have increased by 62 percent, 70 percent, and 105 percent, respectively. A sizeable portion of this growth was attributable to several acquisitions. Over the same period, both commercial and consumer loans declined by 4 percent. Overall, there has been a 15 percent increase in loan assets. This is attributable, in part, to the acquisition of the branches in the Southwestern assessment area in September 2001. In addition, the decreasing prime interest rate in recent years has contributed to the increase in the bank's open-end loan portfolio. Exhibit 1 provides the distribution of the bank's loan portfolio by type of loan.

<b>EXHIBIT 1 DISTRIBUTION OF LOANS IN THE LOAN PORTFOLIO AS OF DECEMBER 31, 2002</b>		
<b>Type of Loan</b>	<b>Amount \$(000's)</b>	<b>Percent of Total Loans</b>
Commercial Purpose Loans (41 percent):		
Commercial Loans	371,628	20
Secured by nonfarm, nonresidential properties	383,598	21
Agriculture (9 percent)		
Loans to Finance Agriculture Production	99,706	5
Secured by Farmland	67,447	4
Other Loans Secured by Real Estate: (33 percent)		
Loans secured by 1- to 4-family residential properties	377,902	21
Multifamily	16,034	1
Construction and Land Development	136,539	8
Revolving, Open-end Loans	45,649	3
Consumer Loans	260,819	14
Other Loans	54,250	3
<b>TOTAL</b>	<b>1,813,572</b>	<b>100</b>

The assessment of the bank's Community Reinvestment Act (CRA) performance is considered in the context of its financial capacity, legal impediments, local economic conditions, and demographics, including the competitive environment in which it operates. Although BancFirst is subject to a high level of competition from a number of financial institutions within the bank's assessment areas, there are no financial or legal impediments that impact the bank's ability to lend. BancFirst's CRA performance was last reviewed as of January 29, 2001, at which time it was rated "Satisfactory."

## **SCOPE OF EXAMINATION**

An evaluation of BancFirst's CRA performance was conducted as of March 10, 2003, using the Lending, Investment, and Service Tests defined by the Federal Financial Institutions Examination Council (FFIEC) interagency large bank examination procedures. The evaluation included all commercial, agricultural, and residential real estate loans reported by the bank pursuant to CRA and Home Mortgage Disclosure Act (HMDA) data collection requirements. Loans originated during calendar years 2001 and 2002 were analyzed to determine the bank's performance under the Lending Test.

In addition, a comparative review of the bank with other commercial banks operating within the same assessment areas was conducted. Specifically, the review included a comparison of the bank's lending performance to the aggregate lending performance of all large financial institutions (hereafter referred to as aggregate lenders) reporting the origination of home mortgage, small businesses, and small farm loans within the bank's assessment areas. Information provided by the bank for community development loans and activity related to the Investment and Service Tests was evaluated for the same time period.

The primary focus for the evaluation of the bank's CRA performance was the Oklahoma City and Tulsa metropolitan assessment areas and the North Central and Southwestern rural assessment areas, where the majority of the bank's loans are originated. These assessment areas also encompass approximately 70 percent of the population within the bank's assessment areas. A limited review of loan data from the Lawton MSA and the Central, Eastern, Southeastern, and Southern rural assessment areas was also conducted. Exhibit 2 shows the assessment areas receiving full-scope reviews and those areas receiving limited-scope reviews. The counties that comprise each of the bank's designated assessment areas are also listed.

<b>EXHIBIT 2 BANCFIRST ASSESSMENT AREAS</b>	
<b>Assessment Area</b>	<b>Counties</b>
<b>Full Review:</b>	
Oklahoma City Metropolitan	Canadian, Cleveland, Logan, McClain, Oklahoma, and Pottawattomie
Tulsa Metropolitan	Creek, Osage, Tulsa, and Wagoner (Does not include Rogers County)
North Central Non-Metropolitan	Kay, Lincoln, Noble, Okfuskee, Pawnee, Payne, and Seminole
Southwestern Non-Metropolitan	Caddo, Custer, Grady, Kiowa, Stephens, and Tillmen
<b>Limited Review:</b>	
Lawton Metropolitan	Comanche
Central Non-Metropolitan	Kingfisher
Eastern Non-Metropolitan	Adair, Cherokee, McIntosh, and Muskogee
Southeastern Non-Metropolitan	Choctaw, Pittsburg, and Pushmataha
Southern Non-Metropolitan	Carter, Garvin, Johnston, Love, Marshall, Murray, and Pontotoc

Information obtained from community contacts during and within six months previous to the examination was reviewed in conjunction with this evaluation. The contacts represent private business, economic development and housing organizations, and trade associations. The contacts stated that the area is in need of additional affordable housing. Furthermore, unemployment levels are increasing, the economy is stable, and competition among the area financial institutions is strong. None of the community contacts were aware of any financial institutions discriminating on the basis of any protected class.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

The overall conclusions regarding the Lending, Investment, and Service Tests are summarized at the beginning of each section. Supporting information is then divided into performance characteristics that are described in Appendix A of Regulation BB, which implements the CRA. BancFirst collected HMDA and CRA data in accordance with the requirements for commercial banks with assets greater than \$250 million that have offices located in a MSA. BancFirst collected loan location and gross annual revenue information for 7,190 HMDA reportable loans, 8,362 small business and 3,919 small farm loans originated from January 1, 2001 to December 31, 2002. This data was analyzed under the Lending Test to determine the bank’s performance with respect to assessment area loan concentration, geographic distribution of loans, and originations to borrowers of different income levels and to businesses and farms of different sizes.



## **LENDING TEST**

The overall rating for the institution under the Lending Test is High Satisfactory. The bank offers a significant number of credit products that reflect good responsiveness to the credit needs of the assessment areas. Additionally, a high percentage of loans are made in the institution's assessment areas. The geographic distribution of loans reflects a good penetration throughout the combined assessment areas. The bank's loans are also well distributed among borrowers of different income levels and to businesses and farms of different sizes. The bank exhibits a good record of serving the credit needs of low-income individuals and geographies and of small businesses and small farms, consistent with safe and sound banking practices. BancFirst also originates a relatively high level of community development loans and makes use of flexible lending practices to help meet assessment area credit needs.

### **Lending Activity:**

The bank's overall lending levels reflect good responsiveness to the assessment areas' credit needs. Table 1 of Appendix C shows BancFirst's home mortgage, small business, small farm, and community development lending activity since the previous examination. As identified in its CRA public file, the bank offers a full range of credit products, including traditional and nontraditional residential mortgages, refinancings, interim residential construction loans, land acquisition and development loans for commercial and residential projects, consumer loans, credit cards, business loans, and farm loans. The bank's overall lending activity during this examination period included 7,190 residential loan originations totaling \$403,584,000; 8,362 small business loan originations totaling \$583,861,000; and, 3,919 small farm loan originations totaling \$138,495,000.

BancFirst is heavily involved in making residential mortgage loans for permanent placement on the secondary market and in providing guaranteed lending products targeted to small businesses and small farms. During interviews, community contacts confirmed that affordable housing remains a credit need throughout the majority of the assessment areas. As such, the bank's mortgage department offers Veterans Administration (VA) and Federal Housing Administration (FHA) loans for home purchase, refinance, and home improvement purposes. The bank also participates in bond programs in all of its assessment areas. Each of these programs provides assistance with down payments and closing costs for low- and moderate-income applicants and typically have purchase price limitations. The Oklahoma Housing Finance Authority (OHFA) Bond program offers assistance to low- and moderate-income borrowers, with a portion of the funds targeted toward distressed areas of Oklahoma. The county bond programs offer assistance to low- and moderate-income borrowers for specific counties. The Rural Enterprise Bond Program (RE) provides home purchase loans targeted toward rural Oklahoma and the Lawton MSA. The Department of Housing and Urban Development (HUD) oversees the Section 184 program, which is an Indian housing loan guarantee program that was established by Congress in 1994. The program is designed to offer home purchase, construction, and

rehabilitation loans to Native Americans. Furthermore, the bank utilizes the Farm Service Agency (FSA) to provide housing loans. Exhibit 3 illustrates the secondary market and government-insured housing loans generated by the bank during 2001 and 2002.

<b>EXHIBIT 3 SECONDARY MARKET AND GOVERNMENT-INSURED HOUSING LOANS</b>		
	<b>Number</b>	<b>Amount</b>
Secondary Market	1,393	\$ 151,685,013
Government-Insured		
FHA	508	32,323,117
VA	137	11,001,348
OHFA	92	5,558,414
County Bond Program	16	1,001,731
RE	53	2,775,929
Section 184	15	1,041,792
FSA	122	22,655,172
Total Government-Insured	943	\$ 76,357,503

BancFirst also actively participates in government-insured loan programs for small businesses and small farms. The bank is the largest Small Business Administration (SBA) lender, by number and dollar volume, in the state of Oklahoma and operates a division specializing solely in SBA lending. The bank also participates in the SBA's Preferred Lender Program (PLP), which delegates full lending authority to the lender. Since the previous examination, the bank originated 176 SBA loans totaling \$38,950,000. The bank also participates in the FSA's Certified Lender Program (CLP), a streamlined loan-processing program for farm loans. The bank originated 122 FSA loans totaling \$22,655,172 during the same time frame.

**Assessment Area Concentration:**

This criterion evaluates the concentration of loans originated by the bank in its combined assessment area. A substantial majority of the bank's lending activity occurs within the boundaries of its assessment area. The analysis was based upon all HMDA-reportable loans, small business loans, and small farm loans that the bank originated between January 1, 2001 and December 31, 2002. Exhibit 4 illustrates, by product type, the number and dollar amount of loans that were originated within the bank's assessment area. As can be seen, 96 percent of the number and 94 percent of the dollar volume of loans were made within the combined assessment area. This demonstrates an excellent concentration of loans in the combined assessment area.

<b>EXHIBIT 4 LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREA</b>								
	<b>Inside</b>				<b>Outside</b>			
	<b>#</b>	<b>%</b>	<b>\$(000's)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000's)</b>	<b>%</b>
HMDA home purchase	2,461	96	156,238	93	107	4	10,993	7
HMDA refinancings	2,751	97	187,420	97	80	3	5,924	3
HMDA home improvement	1,727	98	26,123	98	31	2	572	2
HMDA multifamily	30	91	12,423	76	3	9	3,891	24
<b>Total HMDA-related</b>	<b>6,969</b>	<b>97</b>	<b>382,204</b>	<b>95</b>	<b>221</b>	<b>3</b>	<b>21,380</b>	<b>5</b>
<b>Total small business</b>	<b>7,996</b>	<b>96</b>	<b>547,093</b>	<b>94</b>	<b>366</b>	<b>4</b>	<b>36,768</b>	<b>6</b>
<b>Total small farm</b>	<b>3,661</b>	<b>93</b>	<b>125,274</b>	<b>91</b>	<b>258</b>	<b>7</b>	<b>13,221</b>	<b>9</b>
<b>TOTAL LOANS</b>	<b>18,626</b>	<b>96</b>	<b>1,054,571</b>	<b>94</b>	<b>845</b>	<b>4</b>	<b>71,369</b>	<b>6</b>

Note: Affiliate loans not included.

#### **Geographic and Borrower Distribution:**

The geographic performance criterion focuses on the bank's lending penetration in the assessment area throughout geographies of all income levels, with specific emphasis placed on the bank's performance in low- and moderate-income geographies. Alternatively, the borrower performance criterion evaluates the bank's loan originations to borrowers of different income levels, particularly to low- and moderate-income individuals, and to small businesses and small farms of varying revenue levels.

The bank's lending penetration throughout the bank's assessment areas is considered good. The bank's distribution of home mortgage loans in low- and moderate-income geographies is comparable to the percentage of owner-occupied housing units and generally exceeds that of the aggregate lenders in the moderate-income tracts. By percentage, the bank's distribution of loans among small businesses is generally less than the percentage of businesses within the low-income geographies, but is equal to or better than the percentage of loans generated by aggregate lenders for these geographies. For farm loans, the percentage of loans generated by both the bank and the aggregate lenders is comparable to the percentage of the farms in all income categories. Refer to Tables 2 through 7 in Appendix C for data used to evaluate the bank's geographic distribution performance. Table 5 of Appendix C shows the geographic distribution of multi-family loans and was not used because of the low number of such loans originated during the evaluation period.

BancFirst's distribution of home mortgage loans among borrowers of different income levels is good. While the bank's home mortgage loan distribution is somewhat less than demographic data, the bank generally exceeds the aggregate loan distribution to borrowers of different income levels. The bank's distribution of loans among businesses with gross revenues of \$1

million or less is very good. Overall, the bank's percentage of loans to small businesses compared very favorably to the percentage of small businesses throughout the assessment areas. The bank also outperformed the aggregate lenders in the percentage of loans to small businesses. The bank's distribution of loans among small farms was comparable to the percentage of small farms within the assessment areas and to the percentage of loans generated by the aggregate lenders. Refer to Tables 8 through 12 in Appendix C for data used to evaluate the bank's borrower distribution performance.

Overall, the bank has demonstrated a good loan penetration throughout the assessment area and exhibits a good distribution of loans to borrowers of different income levels and to small businesses and small farms of different sizes. Details of the geographic distribution are provided in the *Geographic Distribution* section for each assessment area, while the details of the borrowers' profile are provided in the *Distribution by Borrower Income and Revenue Size of the Business or Farm* section for each assessment area.

#### **Community Development Lending:**

This performance criterion evaluates the bank's responsiveness to development lending opportunities in its assessment area. Refer to Table 1 in Appendix C for the information used to evaluate Community Development Lending.

Overall, the bank makes a relatively high level of community development loans considering its resources, abilities, and opportunities to make such loans. BancFirst extended 31 community development loans totaling \$31,654,000. Details of community development lending are provided in the *Community Development Lending* section for each assessment area.

#### **INVESTMENT TEST**

This test evaluates the degree to which the institution's qualified investments serve affordable housing needs, assist community services targeted to low- and moderate-income individuals, or enhance economic development issues in the bank's assessment area. In addition, this criterion evaluates the bank's responsiveness to available investment opportunities and the use of innovative or complex investments not routinely provided by other investors.

The overall rating for the institution under the Investment Test is High Satisfactory. The bank offers a good level of participation in qualified community development investments and grants in consideration of the bank's size, capacity, and resources. Given the bank's branching structure, market focus, and the limited community development opportunities in the nonmetropolitan assessment areas, most of the bank's investment activities occur in the metropolitan areas. In total, the bank made \$7,249,000 in qualified investments. Details of the qualified investments and grants are provided in the *Investment and Grant Activity* section for

each assessment area. Table 13 in Appendix C illustrates the allocation of donation activity among the bank's assessment areas.

## **SERVICE TEST**

The overall rating for BancFirst under the Service Test is High Satisfactory. BancFirst's delivery systems are reasonably accessible to essentially all portions of its assessment area. To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. Services, including business hours, do not vary in a way that inconveniences customers within the assessment areas, particularly as they relate to low- and moderate-income geographies and individuals. Given the bank's size, financial capacity, and resources, BancFirst provides a relatively high level of community development services in the bank's overall assessment area. Details of the retail services and qualified community development services are provided in the *Retail Services and Community Development Services* sections for each assessment area.

### **Retail Services:**

This criterion evaluates the accessibility of the bank's branches, availability of alternative delivery systems, services and hours, and changes in branch locations. As illustrated in Table 14 in Appendix C, BancFirst has 4 branches in low-income geographies, 11 in moderate-income geographies, 38 in middle-income geographies, and 16 in upper-income geographies. In addition, the bank has 3 ATMs in low-income, 16 in moderate-income, 47 in middle-income and 31 in upper-income geographies. Overall, the number of branches and ATMs located in each geography compares favorably to the income demographics of each geography. BancFirst also offers alternative 24-hour banking systems such as an on-line banking product and telephone banking. The bank's overall delivery systems are reasonably accessible to essentially all portions of each assessment area.

Since the last examination, BancFirst has opened three de novo branch offices, moved one branch to a more accessible location, acquired three branches and closed one branch. These changes do not adversely affect the accessibility of the bank's delivery systems. Overall, BancFirst's loan and deposit products and services, alternative banking products, and business hours address the convenience and needs of its customers in a way that does not inconvenience any portions of the assessment areas.

**Community Development Services:**

The bank provides a relatively high level of community development services. Bank officers have assisted various community organizations, providing their financial expertise in the operation, fundraising, financial planning, and management of these organizations. These organizations have as their primary purpose community development and serve low- and moderate-income persons throughout the bank's assessment areas.

**COMPLIANCE WITH ANTIDISCRIMINATION LAWS**

An evaluation of the bank's fair lending activities was conducted during the examination to determine compliance with the broad, nondiscriminatory provisions of the Equal Credit Opportunity Act. The Federal Financial Institutions Examination Council Interagency Fair Lending Examination Procedures were used for the analysis. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified. Overall, satisfactory policies, procedures, and training programs have been developed to support nondiscrimination in lending activities. Further, the bank is not engaged in other illegal practices inconsistent with helping to meet the communities' credit needs.

## **METROPOLITAN AREAS**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE OKLAHOMA CITY ASSESSMENT AREA**

The Oklahoma City MSA includes BancFirst's main office and support center. The Oklahoma City assessment area is comprised of the entire Oklahoma City MSA, which is the largest metropolitan area in the state.<sup>1</sup> The assessment area includes Canadian, Cleveland, Logan, McClain, Oklahoma, and Pottawatomie Counties. The assessment area contains 19 branches located in Oklahoma City (9 branches), Shawnee (3 branches), Norman (2 branches) and Edmond, Harrah, McLoud, Tecumseh, and Guthrie (each with one branch).

The assessment area consists of 22 low-, 86 moderate-, 126 middle-, and 73 upper-income geographies. All but one of the area's low-income geographies is in Oklahoma County, and the remaining low-income tract is in the city of Shawnee in Pottawatomie County. Nineteen of BancFirst's 68 branch offices are located in the Oklahoma City assessment area; two are in low-income, four are in moderate-income, six are in middle-income, and six are in upper-income geographies. One branch is located in a geography with no designated income level. All offices offer a full range of services. Twenty-six of BancFirst's 97 ATMs are located in the Oklahoma City assessment area; one in low-income, eight in moderate-income, seven in middle-income, and ten in upper-income geographies. As of June 30, 2002, 32 percent of the bank's \$2.4 billion in deposits were in the Oklahoma City assessment area. In addition, since the last examination, approximately 29 percent of the bank's reported HMDA, small business, and small farm loans were originated to borrowers located within this assessment area. Assessment area demographics and characteristics based upon 1990 U.S. Census Data are summarized in Exhibit 5.

According to the Federal Deposit Insurance Corporation (FDIC) Market Share report dated June 30, 2002, BancFirst's market share of deposits in the Oklahoma City MSA was 6 percent of the total deposits for the assessment area. BancFirst ranked sixth out of 65 financial institutions in deposit market share. The major competitors in this market include Bank One-Oklahoma, MidFirst Bank, Bank of Oklahoma, Bank of America, and Local Oklahoma Bank.

### **DEMOGRAPHIC CHARACTERISTICS**

According to the 2000 U.S. Census data, the Oklahoma City assessment area population comprises nearly one-third of the state's total population, at 1,083,346. This figure represents a growth rate of 13 percent since 1990. In 1990, the assessment area median family income

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<sup>1</sup> The terms "Oklahoma City assessment area" and "Oklahoma City MSA" in this evaluation refer to the same geographic area.

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was \$32,406, representing 113.5 percent of that of the state at \$28,554.<sup>2</sup> The concentrations of low- and moderate-income families in this assessment are comparable to the state figures, at 20 and 18 percent, respectively, although the assessment area contains a slightly smaller concentration of low-income families and had a lower family poverty rate.

Reflecting regional trends, the assessment area economy declined during 2001 and 2002, suffering from weaknesses in its major industries, especially those related to manufacturing. In the third quarter of 2002, several area industries showed a decreasing number of jobs from the first three-quarters of 2001, with the largest decreases in manufacturing and transportation/utilities that lost 5.5 percent and 3.1 percent, respectively. Job losses resulted in area unemployment increasing sharply in 2001 to 3.9 percent from 2.4 in 2000. Nonetheless, there were signs of recovery over the last quarter of 2002. Unemployment decreased in 2002 and preliminary November 2002 data showed that the MSA's unemployment rate was 3.8 percent, which is lower than the 4.3 percent unemployment rate of November 2001 and the statewide unemployment rate of 4.1 percent.<sup>3</sup>

Services, manufacturing, government, and industries that are related to these sectors are vital to the area's economy. In the third quarter of 2002, the area's job base had the following industry mix: services (33 percent); trade (23.5 percent); government (18.4 percent); manufacturing (8.9 percent); financial services (5.6 percent); transportation/public utilities (4.6 percent); construction (4.6 percent); and mining (1.4 percent). In addition, the assessment area's concentration of small nonfarm businesses is higher than statewide levels. Dun and Bradstreet (D&B) data shows that 87.4 percent of nonfarm businesses in the area have gross revenues under \$1 million and, statewide, 86.7 percent of nonfarm businesses have gross revenues under \$1 million. The area's largest employers include Retail Supermarkets, Inc., Tinker Air Force Base, General Motors Corporation (car bodies), Old Navy (family clothing stores), Celestica Technologies (computer hardware), Mike Monroney Aeronautical Center (airport services), Electronic Data Systems (accounting/auditing), several hospitals and health centers, and the University of Oklahoma.<sup>4</sup>

Housing statistics, according to 1990 census data, are slightly less favorable compared to statewide figures. The home ownership level of 56 percent was somewhat lower than the percentage for the state of Oklahoma (58 percent), due in part, to the high percentage of occupied rental units (31 percent) in the Oklahoma City MSA compared to the state (27 percent). Approximately 15 percent of the assessment area's housing was boarded up or vacant. In addition, the assessment area's median housing value was 21.2 percent higher than the statewide median housing value, and its housing affordability ratio was .48 compared to

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<sup>2</sup> The median family income for the Oklahoma City MSA, used for borrower income analysis, was \$46,000 in 2002 and \$45,400 in 2001.

<sup>3</sup> Source: Bureau of Labor Statistics (BLS), FDIC Regional Economic Conditions (RECON) and Oklahoma Employment Security Commission (OESC).

<sup>4</sup> Source: RECON



other MSA's of .49.<sup>5</sup> As noted earlier, community contacts noted that affordable housing development is still needed.

In an effort to obtain a perspective on local economic conditions and possible credit needs in the assessment area, community contacts were conducted. Seven contacts relative to this assessment area were conducted during the last quarter of 2002 and the first quarter of 2003 in conjunction with this or other examinations. Four of the contacts noted that the job market has diminished as a result of recent layoffs in the aircraft industry and conditions in the petroleum industry. All of the community contacts stated that the major credit needs in the assessment area were generally being met by the area's financial institutions.

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<sup>5</sup> Affordability ratios are calculated using the median household income/median housing value. The higher the ratio, the more affordability of housing stock.

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**EXHIBIT 5  
OKLAHOMA CITY ASSESSMENT AREA DEMOGRAPHICS**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	22	6.8	8,304	3.2	3,486	42.0	51,683	20.1
Moderate-income	86	26.5	58,502	22.7	10,445	17.9	45,687	17.7
Middle-income	126	38.9	117,500	45.6	10,282	8.8	58,686	22.8
Upper-income	73	22.5	73,265	28.4	2,480	3.4	101,515	39.4
<b>Total Assessment Area*</b>	<b>324</b>	<b>100.0</b>	<b>257,571</b>	<b>100.0</b>	<b>26,693</b>	<b>10.4</b>	<b>257,571</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	17,977	5,566	2.4	31.0	7,669	42.7	4,742	26.4
Moderate-income	114,001	50,600	21.4	44.4	42,671	37.4	20,730	18.2
Middle-income	188,016	110,071	46.5	58.5	54,658	29.1	23,287	12.4
Upper-income	105,049	70,241	29.7	66.9	26,299	25.0	8,509	8.1
<b>Total Assessment Area</b>	<b>425,043</b>	<b>236,478</b>	<b>100.0</b>	<b>55.6</b>	<b>131,297</b>	<b>30.9</b>	<b>57,268</b>	<b>13.5</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	2,234	4.9	1,877	4.7	269	7.4	88	4.1
Moderate-income	12,170	26.5	10,587	26.4	995	27.4	588	27.1
Middle-income	18,249	39.8	16,015	40.0	1,393	38.3	841	38.8
Upper-income	12,131	26.4	10,713	26.7	838	23.0	580	26.8
Tract not reported	1,097	2.4	886	2.2	142	3.9	69	3.2
<b>Total Assessment Area</b>	<b>45,881</b>	<b>100.0</b>	<b>40,078</b>	<b>100.0</b>	<b>3,637</b>	<b>100.0</b>	<b>2,166</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>87.3</b>				

\* Seventeen area tracts (5.2 percent of total tracts) contained no families or housing units and were excluded from these calculations.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OKLAHOMA CITY ASSESSMENT AREA**

The conclusions regarding the Lending, Investment, and Service Tests are at the beginning of each section. Supporting information is then divided into performance characteristics under each test.

**LENDING TEST**

The geographic distribution of loans reflects a good penetration throughout the assessment area. Similarly, the distribution of loans among borrowers displays a good penetration among borrowers of different income levels and to businesses and farms of different sizes. The bank exhibits a good record of serving the credit needs of low- and moderate-income individuals and geographies and of very small businesses consistent with safe and sound banking practices. The bank also makes a very high level of community development loans. In addition, BancFirst makes use of innovative and flexible lending practices in serving assessment area credit needs.

**Lending Activity:**

The bank's lending activity in the Oklahoma City assessment area reflects a good responsiveness to credit needs in the area. Refer to Table 1 of Appendix C for the information used to evaluate the bank's lending activity. As illustrated, about 29 percent of rated area loans are in the assessment area, consistent with the rated area deposits of about 32 percent. This indicates the bank is lending in the community where deposits are being accepted. As illustrated in Exhibit 6, the bank also makes excellent use of secondary market mortgage loans and government-insured loan programs, including both federal- and state-sponsored programs, which benefit low- and moderate-income individuals.

<b>EXHIBIT 6 SECONDARY MARKET AND GOVERNMENT-INSURED LOANS IN THE OKLAHOMA CITY ASSESSMENT AREA</b>		
	<b>Number</b>	<b>Dollar Amount</b>
Secondary Market	637	\$ 81,178,224
Government-Insured		
FHA	176	12,846,866
VA	46	3,715,533
OHFA	61	3,917,702
County Bond Programs	15	925,731
Rural Enterprise	9	607,029
Section 184	2	116,402
SBA	113	25,465,000
Total Government-Insured	422	\$ 47,594,263

**Geographic Distribution:**

This performance criterion focuses on the bank's penetration of loans among geographies of different income levels in the bank's assessment area, primarily in low- and moderate-income geographies. The geographic distribution of home mortgage, small business, and small farm loans is generally good when compared to the distribution of low-, moderate-, middle-, and upper-income geographies and aggregate lending levels within the assessment area. Refer to Tables 2 through 7 in Appendix C for details.

### *Home Mortgage Loans*

BancFirst's geographic distribution of home purchase loans reflects a very good penetration in the Oklahoma City MSA assessment area. As shown in Tables 2, 3, and 4 in Appendix C, the bank's origination of home mortgage loans in low-income geographies is lower than the percent of owner-occupied units within that geography. However, loan origination within the moderate-income geographies was slightly higher. In addition, when compared to other lenders in the area, the bank's loan origination percentages are comparable in the low-income geographies and considerably higher in the moderate-income geographies.

### *Small Business Loans*

The percentage of small business loans originated was compared to the percentage of businesses located within the geographies at each income level. As shown in Table 6 in Appendix C, the bank's lending to businesses in low- and moderate-income geographies is comparable to the overall concentration of businesses in these geographies and exceeds the performance of the aggregate lenders in the moderate-income geographies. The bank's small business lending benefited middle-income geographies more than the upper-income geographies, as well. This reflects a very good dispersion of small business loans in the Oklahoma City assessment area.

### *Small Farm Loans*

The percentage of small farm loans originated was compared to the percentage of businesses located within the geographies at each income level. As noted in Table 7 in Appendix C, the bank originated a higher percentage of small farm loans in moderate-income geographies, which exceeded the aggregate lenders and small farms in those geographies. Moreover, while the bank's loan origination in the low-income geographies is lower than the percentage of small farms located in those geographies, the bank compares favorably to the aggregate lenders in the area. This reflects a very good dispersion of small farm loans in the Oklahoma City assessment area.

### **Distribution by Borrower Income and Revenue Size of the Business or Farm:**

This performance criterion evaluates the bank's loan originations to borrowers of different income levels, particularly to low- and moderate-income individuals and businesses and farms of different sizes.

### *Home Mortgage Loans*

The bank's percentage of loans made to borrowers in each income level compared to the percentage of families in the assessment area that are designated low-, moderate-, middle-, or

upper-income is considered reasonable. In addition, a comparison was made with aggregate lending data for mortgage peer groups. Refer to Tables 8, 9, and 10 in Appendix C for the information used to evaluate the borrower distribution of the bank's home mortgage loans.

As shown in the borrower distribution tables, the percentage of low-income families within the assessment area is higher than the bank's origination of loans to those families. However, in comparison to the aggregate lenders in the area, the bank is only slightly lower. In contrast, the bank's percentage of loans to moderate-income borrowers within the assessment area is slightly higher, compared to the percentage of families in this income level.

#### *Small Business Loans*

The bank's lending to businesses with gross annual revenues of \$1 million or less is good. As noted in Table 11 in Appendix C, of the businesses operating within the bank's assessment area, 87.3 percent had revenues of \$1 million or less and were considered small businesses under CRA. Although BancFirst's loan distribution was lower than the proportion of small businesses in the area, its lending to small businesses was more than 20 percent greater than aggregate lending to small businesses. In addition, more than 76 percent of the bank's loans to businesses, regardless of business revenue size, are for amounts less than \$100,000, which are loan amounts typically needed by very small businesses. As previously noted, BancFirst also makes very good use of guaranteed lending products targeted to small businesses.

#### *Small Farm Loans*

The bank's level of lending to farms with gross annual revenues of \$1 million or less is excellent. As noted in Table 12 in Appendix C, 92 percent of the farms in the assessment are considered small farms under CRA. BancFirst's loan distribution is higher than the proportion of small farms in the area and higher than the aggregate lenders in the area. In addition, more than 95 percent of the bank's loans to farms, regardless of revenue size, are for amounts less than \$100,000, which are loan amounts typically needed by very small farms. As with small businesses, BancFirst makes good use of guaranteed lending products targeted to small farms.

#### **Community Development Lending:**

This performance criterion evaluates a bank's responsiveness to community development lending opportunities in its assessment area. The bank is considered a leader in making community development loans in the Oklahoma City assessment area. Refer to Table 1 in Appendix C for the information used to evaluate Community Development Lending. Eleven community development loans totaling \$20,869,000 were originated in the Oklahoma City assessment area during the evaluation period. Eight of the community development loans were made for the purpose of affordable housing, and two were to businesses for the revitalization of

low- and moderate-income areas. In addition, one loan was for the remodeling and expansion of a hospital in a moderate-income area to provide reduced cost services for low- and moderate-income individuals.

### **INVESTMENT TEST**

This test evaluates the degree to which the institution's qualified investments serve affordable housing needs, assist community services targeted to low- and moderate-income individuals, or enhance economic development issues in the bank's assessment area. In addition, this criterion evaluates the bank's responsiveness to available investment opportunities and the use of innovative or complex investments not routinely provided by other investors.

The bank has a significant level of qualified community development investments and grants within the Oklahoma City assessment area. Additionally, the bank exhibits a good responsiveness to credit and community economic development needs and occasionally uses innovative and/or complex investments to support community development initiatives in this assessment area. As detailed in Table 13 of Appendix C, the investments in the Oklahoma City assessment area total \$2,090,000. Since the last examination the bank made 14 qualified investments or grants totaling \$1,278,000. Three of the investments are for county bonds designated for the construction and improvement of schools where the students' families are predominantly low- and moderate-income. The bank's qualified grant (donation) activity consists of donations to such qualified community development organizations as Habitat for Humanity, Central Oklahoma Community Action Program, the Salvation Army, and the United Way.

Community contacts within the Oklahoma City assessment area stated that the bank is responsive to area concerns with contributions to, or involvement in, local organizations. As previously mentioned, branches in the Oklahoma City assessment area respond to investment and/or grant issues as they arise, but community contacts stated that they are aware of few, if any, innovative and/or complex investments available for the bank's participation.

### **SERVICE TEST**

The bank's overall rating in the Oklahoma City assessment area is High Satisfactory under the Service Test. The bank's delivery systems, branch locations, and office hours are accessible to essentially all portions of the assessment area and accommodate the needs of the community. Bank officers and employees contribute their financial expertise to a relatively high number of community development service organizations.

**Retail Services:**

This criterion evaluates the accessibility of the bank's branches, availability of alternative delivery systems, services and hours, and changes in branch locations. Refer to Table 14 of Appendix C for the information used to evaluate the bank's retail services. BancFirst has 19 branches, 14 deposit-taking ATMs, and 12 cash-dispensing ATMs in the Oklahoma City assessment area. Delivery systems are accessible to essentially all of the assessment area. All branches and ATMs are located proportionately throughout the assessment area. In addition, BancFirst offers on-line and telephone banking. The on-line features allow for location and product information, deposit account balances, inter-account transfers, banking services for businesses, cash management, and wire transfer services.

Since the last evaluation, BancFirst has opened one office and moved a branch to a more accessible location. These changes did not adversely affect the accessibility of the delivery systems. Overall, BancFirst's loan and deposit products and services, alternative banking products, and business hours address the convenience and needs of its customers in a way that does not inconvenience certain portions of the assessment area. The bank's hours of operation at each location throughout the assessment area are comparable and provide reasonable accessibility to the bank's services.

**Community Development Services:**

This criterion evaluates the extent of bank personnel's involvement in community development services, the innovativeness of those services, and the degree to which they serve low- and moderate-income individuals. Qualified community development services include services that have as their primary purpose community development, are related to the provision of financial services, and have not been considered in the evaluation of the bank's other retail banking services.

As bank personnel within the Oklahoma City assessment area provide their time and services in many community associations, the bank is considered a leader in providing community development services. The following list describes the organizations in which bank management, officers, and staff provide particularly noteworthy financial expertise, involvement, and leadership.

- Housing Authorities – Ten of the bank's employees provided their financial expertise to six different housing authorities in order help individuals obtain affordable housing.
- Economic Development – Three bank employees serve on organizational boards that review business loans for low- and moderate-income areas or in designated enterprise zones.

- Community Development Advisory Council (CDAC) – A bank employee serves on the Reserve Bank’s CDAC to help identify and explore community economic issues and needs.
- Little Dixie Community Action Agency – This non-profit agency serves three counties in southeast Oklahoma. The agency is a Native American operated organization that is able to originate home mortgage loans on the bank’s behalf. A bank employee was instrumental in obtaining the necessary approvals from the government in order for the agency to perform this service. In addition, this employee contacted an Oklahoma City title company to perform the closing of these loans via telephone, thus reducing the cost of title company services. In 2001 the agency originated 5 conventional, 18 FHA, 10 FSA, and 2 VA loans totaling \$1,737,221. In 2002, the agency originated 19 FHA loans for \$1,205,972.



## **METROPOLITAN AREAS**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE TULSA ASSESSMENT AREA**

The Tulsa assessment area includes four of the five counties that comprise the entire Tulsa MSA (Creek, Osage, Tulsa, and Wagner Counties).<sup>6</sup> The assessment area is located in the northeastern portion of the state, is contiguous to the bank's North Central and Eastern assessment areas, and abuts the state of Kansas. The Tulsa assessment area includes eight branches in Tulsa (3 branches), Sand Springs (2 branches), and Jenks, Glenpool, and Coweta (each with one branch).

The Tulsa assessment area consists of 11 low-, 52 moderate-, 83 middle- and 49 upper-income geographies. Assessment area demographics and characteristics based upon 1990 U.S. Census data are summarized in Exhibit 7. Eight of BancFirst's 68 branch offices are located in the Tulsa assessment area; seven are in middle-income geographies, and one is located in an upper-income geography. All offices offer a full range of services. Nine of BancFirst's 97 ATMs are located in the assessment area; seven in middle- and two in upper-income geographies. As of June 30, 2002, 11.5 percent of the bank's \$2.4 billion in deposits were in the Tulsa assessment area. In addition, since the last examination, approximately 8 percent of the bank's reported HMDA, small business, and small farm loans were originated to borrowers located within this assessment area.

According to the FDIC Market Share report dated June 30, 2002, BancFirst's market share of deposits in the Tulsa MSA was 2.5 percent of the total deposits and ranked eighth among 59 financial institutions in total deposit market share. The major competitors in this market include Bank One-Oklahoma, Bank of Oklahoma, Bank of America, F & M Bank and Trust, Arvest Bank, RCB Bank, and Local Oklahoma Bank.

### **DEMOGRAPHIC CHARACTERISTICS**

The Tulsa MSA population grew by 13.3 percent from 1990 to 2000 and was the second fastest growing metropolitan area in the state, according to the Oklahoma Department of Commerce (ODOC). Population growth was also high in the assessment area though it did not match the growth rate in the MSA as a whole. According to census data, from 1990 to 2000 the assessment area population grew by 12.1 percent. In 1990, the median family income in the assessment area was \$34,703, representing 106.5 percent of that of the MSA as a whole at \$32,578<sup>7</sup>. The family income distribution and the family poverty rate were generally the same as the MSA.

<sup>6</sup> The terms "Tulsa assessment area" and "Tulsa MSA" refer to distinctly different geographic areas in this evaluation.

<sup>7</sup> The median family incomes for the Tulsa MSA used for borrower income analysis are \$46,800 in 2001 and \$46,900 in 2002.

The economy in the Tulsa MSA declined in 2001 and this decline continued into the first half of 2002. In 2001, the number of employed workers decreased by 0.2 percent and the number of unemployed workers increased by 14.2 percent. The city of Tulsa expects high deficits for fiscal 2003.

Construction and mining industries were the fastest and slowest growing industries, respectively, in the MSA during 2002. From the third quarter of 2001 to the third quarter of 2002, construction jobs grew by 5.2 percent, while mining jobs decreased by 7.1 percent.

The assessment area's concentration of small nonfarm businesses was smaller than in the MSA as a whole and statewide. According to D&B data, 83.7 percent of area nonfarm businesses have gross revenues under \$1 million while 84.0 percent of MSA-wide and 86.7 percent of statewide nonfarm businesses have gross revenues under \$1 million. The Tulsa MSA economy is diverse and expanded at a fast pace over the past decade. Service, retail, and manufacturing industries (with a strong reliance on aviation and medical services) are the primary employment sectors. In the second quarter of 2002, service industries comprised 32.9 percent of the MSA employment base, followed by retail trade (21.9 percent), manufacturing (13.9 percent), government (10.5 percent), transportation/utilities (8.6 percent), financial services (5.5 percent), construction (5.3 percent), and mining (1.4 percent). The assessment area's largest employers include: American Airlines (maintenance, reservations); several health and medical service companies, among which are St. John Medical Center, St. Francis Hospital, and Hillcrest Medical Center; Sabre, Inc. (information retrieval services); Williams Marketing and Trading (electrical work); Parker Drilling Company Indonesia (oil drilling); Amoco Fabrics and Fibers (plastics materials); Worldcom (telecommunications), and Boeing (search navigation equipment).

According to 1990 census data, assessment area housing stock was comparable to that in the Tulsa MSA as a whole, though the area contained slightly larger concentrations of rental units and multifamily units than the MSA and state. However, because of high median values in this assessment area, housing was less affordable than for households in the MSA and state. In 1990, the area's housing affordability rate was 45.0 percent compared to 46.1 percent MSA-wide and 49.5 percent statewide. The area's median housing value (\$63,593) was higher than MSA-wide (\$58,521) and substantially higher than statewide (\$47,643). Of total area housing stock, 17.4 percent had five or more units. In the Tulsa MSA as a whole, 30.6 percent of housing stock was comprised of rental units and 16.4 percent had five or more units. Statewide, 27.4 percent of housing stock was comprised of rental units and 11.1 percent had five or more units. The boarded-up rate was 6.9 percent in the low-income tracts and 1.5 percent in moderate-income tracts compared to a 0.4 percent boarded up rate in area middle-income tracts and a 0.1 percent boarded up rate in the upper-income tracts.

In an effort to obtain a perspective on local economic conditions, and possible credit needs in the assessment area, community contacts were made. The four contacts relative to this assessment area and used for this examination were conducted during the last quarter of 2002

and the first quarter of 2003 in conjunction with other examinations. One contact noted that the area has experienced massive layoffs in certain sectors, however, the unemployment rate has remained below the national average. In addition, two of the contacts noted that affordable housing remains a primary focus in the area. All contacts indicated that the major credit needs in the area were generally being met by the area's financial institutions.

EXHIBIT 7 TULSA MSA ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	11	5.6	6,459	3.6	2,563	39.7	36,703	20.4
Moderate-income	52	26.4	41,302	23.0	7,428	18.0	31,860	17.8
Middle-income	83	42.1	86,679	48.2	7,025	8.1	39,599	22.0
Upper-income	49	24.9	45,278	25.2	1,481	3.3	71,556	39.8
<b>Total Assessment Area*</b>	<b>197</b>	<b>100.0</b>	<b>179,718</b>	<b>100.0</b>	<b>18,497</b>	<b>10.3</b>	<b>179,718</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	14,635	4,318	2.6	29.5	6,748	46.1	3,569	24.4
Moderate-income	75,118	37,222	22.4	49.6	25,337	33.7	12,559	16.7
Middle-income	135,651	80,830	48.7	59.6	41,803	30.8	13,018	9.6
Upper-income	65,031	43,596	26.3	67.0	17,482	26.9	3,953	6.1
<b>Total Assessment Area</b>	<b>290,435</b>	<b>165,966</b>	<b>100.0</b>	<b>57.1</b>	<b>91,370</b>	<b>31.5</b>	<b>33,099</b>	<b>11.4</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than \$1 Million		or =	Over \$1 Million		Revenue Reported	Not
	#	%	#	%	#	%	#	%
Low-income	833	2.6	672	2.5	110	3.7	51	2.4
Moderate-income	8,252	26.0	6,764	25.4	882	29.3	606	28.6
Middle-income	14,027	44.1	11,883	44.6	1,194	39.6	950	44.9
Upper-income	8,677	27.3	7,342	27.5	825	27.4	510	24.1
Tract not reported	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>31,789</b>	<b>100.0</b>	<b>26,661</b>	<b>100.0</b>	<b>3,011</b>	<b>100.0</b>	<b>2,117</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>83.9</b>				

\* Two area tracts (1.0 percent of total tracts) contained no families or housing units and were excluded from the calculations.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE TULSA ASSESSMENT AREA**

The conclusions regarding the Lending, Investment, and Service Tests are at the beginning of each section. Supporting information is then divided into performance characteristics under each test.

### **LENDING TEST**

The geographic distribution of loans reflects an adequate penetration throughout the assessment area. Similarly, the distribution of loans to borrowers displays a good penetration among borrowers of different income levels and to businesses and farms of different sizes. The bank exhibits an adequate record of serving the credit needs of low- and moderate-income individuals and geographies and of very small businesses consistent with safe and sound banking practices. The bank also makes a reasonable level of community development loans. In addition, BancFirst makes use of innovative and flexible lending practices in serving assessment area credit needs.

#### **Lending Activity:**

The lending activity for the bank in the Tulsa assessment area reflects a good responsiveness to credit needs in the area. Refer to Table 1 of Appendix C for the information used to evaluate the bank's lending activity. As illustrated, about 8.3 percent of rated area loans are in the assessment area, consistent with the rated area deposits of about 11.5 percent. This indicates the bank is lending in the community where deposits are being accepted. As illustrated in Exhibit 8, the bank also makes good use of secondary market home mortgage loans and government loan programs, including both federal- and state-sponsored programs, which benefit low- and moderate-income individuals.

**EXHIBIT 8  
SECONDARY MARKET AND GOVERNMENT-INSURED LOANS IN THE  
TULSA ASSESSMENT AREA**

	<b>Number</b>	<b>Dollar Amount</b>
Secondary Market	100	\$ 10,148,221
Government-Insured		
FHA	18	1,371,306
VA	6	503,566
OHFA	2	94,039
County Bond Programs	1	76,000
SBA	26	5,460,000
FSA	3	338,000
Total Government-Insured	56	\$ 7,842,911

**Geographic Distribution:**

This performance criterion focuses on the bank's penetration of loans among geographies of different income levels in the bank's assessment area, primarily in low- and moderate-income geographies. The geographic distribution of home mortgage, small business, and small farm loans is generally adequate when compared to the demographic data and aggregate lending levels within the assessment area. Refer to Tables 2 through 7 in Appendix C for details.

*Home Mortgage Loans*

BancFirst's geographic distribution of home purchase loans reflects an adequate penetration in the Tulsa assessment area. As shown in Table 2, 3, and 4 in Appendix C, the bank did not originate any home purchase or improvement loans in low-income geographies. In addition, lending levels within the moderate-income geographies are lower than the percentage of owner-occupied units within those geographies. However, when compared to other lenders in the area, the bank is comparable or higher in the moderate-income geographies, as well as in low-income geographies for home mortgage refinance loans. Therefore, BancFirst's geographic distribution of home purchase loans reflects an adequate penetration in the Tulsa assessment area.

*Small Business Loans*

The percentage of small business loans originated was compared to the percentage of businesses located within the geographies at each income level. As shown in Table 6 in Appendix C, the bank's lending to businesses in low- and moderate-income geographies is lower than the overall concentration of businesses in these geographies and is slightly lower than the performance of the aggregate lenders in the moderate-income geographies. In contrast, the bank's small business lending benefits middle-income geographies more than the upper-income

geographies. This reflects an adequate dispersion of small business loans in the Tulsa assessment area.

#### *Small Farm Loans*

The percentage of small farm loans originated was compared to the percentage of farms located within the geographies at each income level. As noted in Table 7 in Appendix C, consistent with the aggregate reporters, the bank originated no loans in the low-income geographies. In addition, the bank originated few loans in the moderate-income geographies, with loan concentration in the middle-income geographies. The bank originated only 70 small farm loans in the assessment area since the last examination. The low origination of small farm loans is attributed to the bank's focus on business lending in this assessment area. As a result, the origination of small farm loans for the Tulsa assessment area received minimal weight in the overall evaluation. The bank's performance reflects an adequate dispersion of small farm loans in the Tulsa assessment area.

#### **Distribution by Borrower Income and Revenue Size of the Business or Farm:**

This performance criterion evaluates the bank's loan originations to borrowers of different income levels, particularly to low- and moderate-income individuals, and businesses and farms of different sizes.

#### *Home Mortgage Loans*

The bank's percentage of loans made to borrowers of each income level compared to the percentage of families in the assessment area that are designated low-, moderate-, middle-, or upper-income is considered good. In addition, a comparison was made with aggregate lending data for mortgage peer groups. Refer to Tables 8, 9, and 10 in Appendix C for the information used to evaluate the borrower distribution of the bank's home mortgage loans.

As shown in the borrower distribution tables, the percentage of low-income families within the assessment area is higher than the bank's origination of loans to those families. In contrast, the bank originated more loans to moderate-income borrowers in the area than the percentage of those families within those geographies. Furthermore, the bank's percentage of loans to low- and moderate-income families within the assessment area is significantly higher when compared to the aggregate lenders within the area.

#### *Small Business Loans*

The bank's lending to businesses with gross annual revenues of \$1 million or less is very good. As noted in Table 11 in Appendix C, of the businesses operating within the bank's assessment area, 83.9 percent had revenues of \$1 million or less and were considered small businesses under CRA. BancFirst's loan distribution is comparable to the proportion of small businesses in

the area, and its lending to small businesses is more than 30 percent greater than aggregate lending to small businesses. In addition, more than 81 percent of the bank's loans to businesses, regardless of business revenue size, are in amounts less than \$100,000, which are loan amounts typically needed by very small businesses. As previously noted, BancFirst also makes good use of guaranteed lending products targeted to small businesses.

#### *Small Farm Loans*

The bank's level of lending to farms with gross annual revenues of \$1 million or less is good. As previously stated, the bank's volume of small farm loans is minimal and, therefore, is weighted accordingly in the evaluation of the assessment area. As noted in Table 12 in Appendix C, 92.6 percent of the farms in the assessment are considered small farms under CRA. BancFirst's loan distribution is comparable to the proportion of small farms in the area and higher than the aggregate lenders in the area. In addition, more than 81 percent of the bank's loans to farms, regardless of revenue size, are for amounts less than \$100,000, which are loan amounts typically needed by very small farms. As previously noted, BancFirst also makes use of guaranteed lending products targeted to small farms.

#### **Community Development Lending:**

This performance criterion evaluates a bank's responsiveness to community development lending opportunities in its assessment area. The bank makes a very high level of community development loans in the Tulsa assessment area. Refer to Table 1 in Appendix C for the information used to evaluate Community Development Lending. Seven community development loans totaling \$5,734,000 were originated in the Tulsa assessment area during the evaluation period. Four of the community development loans were made for the purpose of affordable housing, and three were to businesses for the revitalization of low- and moderate-income areas. Affordable housing was a need identified by all community contacts.

#### **INVESTMENT TEST**

This test evaluates the degree to which the institution's qualified investments serve affordable housing needs, assist community services targeted to low- and moderate-income individuals, or enhance economic development issues in the bank's assessment area. In addition, this criterion evaluates the bank's responsiveness to available investment opportunities and the use of innovative or complex investments not routinely provided by other investors. As detailed in Table 13 of Appendix C, the bank has a low level of qualified investments in the Tulsa assessment area compared to other areas. The bank's only qualified investment consists of a donation to Goodwill Industries for a training program for low- and moderate-income individuals.



Community contacts within the Tulsa assessment area stated that the bank is responsive to area concerns with contributions to, or involvement in, local organizations. As previously mentioned, branches in the Tulsa assessment area respond to investment and/or grant issues as they arise, but community contacts stated that there are few, if any, innovative and/or complex investments available for the bank's participation.

## **SERVICE TEST**

The bank's overall rating in the Tulsa assessment area is High Satisfactory under the Service Test. The bank's delivery systems, branch locations, and office hours are accessible to essentially all portions of the assessment area and accommodate the needs of the community. Bank officers and employees contribute their financial expertise to a relatively high number of community development service organizations.

### **Retail Services:**

This criterion evaluates the accessibility of the bank's branches, availability of alternative delivery systems, services and hours, and changes in branch locations. Refer to Table 14 of Appendix C for the information used to evaluate the bank's retail services. BancFirst has eight branches, two deposit-taking ATMs, and seven cash-dispensing ATMs in the Tulsa assessment area. While no offices are situated in low- or moderate-income tracts, two branch offices are in close proximity to moderate-income geographies. Delivery systems are reasonably accessible to essentially all of the bank's assessment area. In addition, BancFirst offers on-line and telephone banking. The on-line features allow for location and product information, deposit account balances, inter-account transfers, banking services for businesses, cash management, and wire transfer services.

Since the last evaluation, BancFirst has opened one office in an upper-income geography. This change did not adversely affect the accessibility of delivery systems. Overall, BancFirst's loan and deposit products and services, alternative banking products, and business hours address the convenience and needs of its customers in a way that does not inconvenience certain portions of the assessment area. The bank's hours of operation at the respective offices throughout the assessment area are comparable and reasonably provide accessibility to the bank's products and services.

### **Community Development Services:**

This criterion evaluates the extent of bank personnel's involvement in community development services, the innovativeness of those services, and the degree to which they serve low- and moderate-income individuals. Qualified community development services include services that

have as their primary purpose community development, are related to the provision of financial services, and have not been considered in the evaluation of the bank's other retail banking services.

As bank personnel within the Tulsa assessment area provide their time and services in many community associations, the bank is considered a leader in providing community development services. The following list describes the organizations in which bank management, officers, and staff provide particularly noteworthy financial expertise, involvement, and leadership:

- Economic Development – Bank employees serve on different boards that review business loans for low- and moderate-income areas or are in designated enterprise zones.
- Community agencies targeted to low- and moderate-income individuals and small businesses – Two bank employees serve on finance committees for Goodwill and United Way. Another employee provides financial counseling through the Family and Children Services. One bank employee provided financial expertise as a panelist for a seminar on starting a small business.

## **NONMETROPOLITAN AREA**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTH CENTRAL ASSESSMENT AREA**

The North Central assessment area consists of seven counties (Kay, Lincoln, Noble, Okfuskee, Pawnee, Payne, and Seminole Counties) in the north central part of the state of Oklahoma. The assessment area is contiguous to the Oklahoma City, Tulsa, Eastern, and Southern assessment areas. The North Central assessment area includes 11 branches in the towns of Stillwater (2 branches), Seminole (2 branches), and Blackwell, Braman, Davenport, Konawa, Meeker, Prague, and Stroud (each with one branch).

The North Central assessment area consists of 1 low-, 8 moderate-, 29 middle-, and 19 upper-income geographies. Assessment area demographics and characteristics based upon 1990 U.S. Census data are summarized in Exhibit 9. As shown, the low-income tract contained less than one percent of the assessment area families, 0.9 percent of the households, and 0.1 percent of the owner-occupied housing units. Eleven of BancFirst's 68 branch locations are located in the North Central assessment area; one in a moderate-, eight in the middle-, and two in the upper-income geographies. All offices offer a full range of services. Eleven of BancFirst's 97 ATMs are located in the assessment area; one in the low-, five in middle-, and five in upper-income geographies.

As of June 30, 2002, 12.8 percent of the bank's \$2.4 billion in deposits were in the North Central assessment area. In addition, since the last examination, approximately 16 percent of the bank's reported HMDA, small business, and small farm loans were originated to borrowers located within this assessment area. According to the FDIC Market Share report dated June 30, 2002, BancFirst's market share of deposits in the North Central assessment area was 11.7 percent of the total deposits for the area. Overall, BancFirst ranked second out of 40 financial institutions in market share. The major competitors in this market include Stillwater National Bank, Home National, Pioneer Bank and Trust, and Commercial Federal Bank.

### **DEMOGRAPHIC CHARACTERISTICS**

Census data reveals that the North Central assessment area population totals 213,081 as of 2000, an increase of 5.3 percent since 1990. The population increased throughout the majority of the assessment area. The largest increase was in Payne County, with a growth rate of 10.9 percent. In 1990, the area's median family income of \$27,671 was 114.6 percent of that of the statewide rural areas as a whole at \$24,139.<sup>8</sup>

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<sup>8</sup> The median family incomes for rural Oklahoma used for borrower income analysis are \$34,000 in 2001 and \$34,200 in 2002.

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The assessment area contains about the same concentrations of small farms and nonfarm businesses as in statewide rural areas. According to D&B data, 96.9 percent of area farms and 87.6 percent of area nonfarm businesses have gross revenues under \$1 million. In rural Oklahoma as a whole, 96.1 percent of farms and 87.5 percent of nonfarm businesses have gross revenues under \$1 million. The area's primary farm products are cattle and wheat. Prolonged downturns in regional farm and manufacturing industries have adversely impacted the area's economy. Over the past few years, low commodity prices and severe weather conditions have plagued farm industries.

Oil, agriculture, and small manufacturing industries provide a substantial part of the economic base in the most rural parts of the area, while the economies of its largest cities rely on service and manufacturing industries. Manufacturing industries have suffered from decreased consumer and business spending and competition from foreign sources.

Payne County's economy differed from that in the rest of the assessment area due to the county's high reliance on educational services. Oklahoma State University is located in Stillwater, a town in Payne County. RECON data shows that unemployment was low in 2001 (1.5 percent) and by November 2002, the unemployment rate was 1.8 percent. Nonetheless, Payne County's labor force decreased by 3.2 percent in 2001 and in two of the first three-quarters of 2002, showing economic weakness.

Most area counties had high unemployment in 2001 and into 2002. The annualized 2001 unemployment rates for six of the area's seven counties were higher than the 3.8 percent statewide unemployment rate. High unemployment continued into the fourth quarter of 2002 for most area counties. The one exception is Noble County, where a shrinking labor force from November 2001 to November 2002 resulted in lower unemployment. The largest employers in the assessment area included: Oklahoma State University; Kayo Oil Company (lumber building materials); Ditch Witch (construction machinery); Wrangler (clothing manufacturer); Mercruiser (internal combustion engines).<sup>9</sup>

According to census data, assessment area housing characteristics reflect an increasing population living in group quarters. By 2000, the area's population living in college dormitories had increased, but still comprised about 2.6 percent of the total population. In addition, prison population more than doubled from 1990 to 2000, and, in 2000, 0.9 percent of the population lived in prisons. Because of the large college population, the area contained a low concentration of families. In 1990, 69.5 percent of area households were families, while in statewide rural areas, 72.8 percent of households were families. The assessment area's concentration of families decreased to 66.8 percent in 2000.

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<sup>9</sup> Sources: FDIC RECON and BLS

Housing in the assessment area is slightly less affordable than the statewide rural areas. In 1990, the housing affordability ratio was .52 compared to .54 in the statewide rural areas. In addition, the median value of area housing stock of \$41,579 was 14 percent higher than that of other rural areas in the state at \$36,373. The assessment area's median household income of \$21,818 was slightly higher than the \$19,647 recorded for other rural areas of the state.

In an effort to obtain a perspective on local economic conditions and possible credit needs in the assessment area, community contacts were made. The three contacts relative to this assessment area and used for this examination were conducted during the last quarter of 2002 and the first quarter of 2003 in conjunction with other examinations. One contact noted that Stillwater's population is significantly dependent upon the student attendance at Oklahoma State University and Meridian Technology Center. The population has gradually increased in recent years due, in part, to growth in student attendance. The area's housing affordability has declined in recent years, and many inhabitants have moved to more affordable surrounding rural communities. The contact noted that 40 percent of the area workforce lives outside of Stillwater, partly because of the high housing cost. Another contact noted that the layoffs at the Ditch Witch trencher plant in 2001 had a significant impact on the Perry, Oklahoma economy, and the local population and businesses continue to suffer from the effects of the reduction in income. The layoffs also resulted in more people commuting to other cities (e.g., Stillwater and Enid) for employment, as well as people moving out of Perry for other employment. The contact noted that the local agricultural community has not suffered as much as other areas of the country. The livestock prices have been higher, and grain and wheat production has benefitted from reasonable prices for the first time in several years. This was in part due to more favorable weather conditions than other parts of country.

<b>EXHIBIT 9 NORTH CENTRAL ASSESSMENT AREA DEMOGRAPHICS</b>									
<b>Income Categories</b>	<b>BNA Distribution</b>		<b>Families by BNA Income</b>		<b>Families &lt; Poverty Level as % of Families by BNA</b>		<b>Families by Family Income</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
Low-income	1	1.7	488	0.9	221	45.3	10,490	19.4	
Moderate-income	8	13.8	5,154	9.6	1,432	27.8	8,358	15.5	
Middle-income	29	50.0	26,700	49.4	4,068	15.2	10,265	19.0	
Upper-income	19	32.8	21,673	40.1	1,749	8.1	24,902	46.1	
<b>Total Assessment Area</b>	<b>58</b>	<b>100.0</b>	<b>54,015</b>	<b>100.0</b>	<b>7,470</b>	<b>13.8</b>	<b>54,015</b>	<b>100.0</b>	
	<b>Housing Units by BNA</b>	<b>Housing Types by BNA</b>							
		<b>Owner-occupied</b>			<b>Rental</b>		<b>Vacant</b>		
		<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
Low-income	749	39	0.1	5.2	659	88.0	51	6.8	
Moderate-income	10,841	4,914	9.1	45.3	4,139	38.2	1,788	16.5	
Middle-income	43,629	27,413	51.0	62.8	9,355	21.4	6,861	15.7	
Upper-income	35,519	21,434	39.8	60.3	9,863	27.8	4,222	11.9	
<b>Total Assessment Area*</b>	<b>90,738</b>	<b>53,800</b>	<b>100.0</b>	<b>59.3</b>	<b>24,016</b>	<b>26.5</b>	<b>12,922</b>	<b>14.2</b>	
	<b>Total Businesses by BNA</b>	<b>Businesses by BNA &amp; Revenue Size</b>							
				<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low-income	149	1.8	107	1.5	24	4.7	18	3.5	
Moderate-income	1,163	14.2	1,033	14.4	64	12.7	66	12.9	
Middle-income	3,935	48.2	3,426	47.9	236	46.6	273	53.5	
Upper-income	2,929	35.8	2,593	36.2	182	36.0	154	30.1	
BNA not reported	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>8,176</b>	<b>100.0</b>	<b>7,159</b>	<b>100.0</b>	<b>506</b>	<b>100.0</b>	<b>511</b>	<b>100.0</b>	
	<b>Percentage of Total Businesses:</b>			<b>87.6</b>					

\* One area BNA (1.7 percent of total BNAs) contained no families or housing units and were excluded from the calculations.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NORTH CENTRAL ASSESSMENT AREA**

The conclusions regarding the Lending, Investment, and Service Tests are at the beginning of each section. Supporting information is then divided into performance characteristics under each test.

**LENDING TEST**

The geographic distribution of loans reflects a good penetration throughout the assessment area. Similarly, the loan distribution displays a good penetration among borrowers of different income levels and to businesses and farms of different sizes. The bank exhibits a good record of serving the credit needs of low- and moderate-income individuals and geographies and of very small businesses consistent with safe and sound banking practices. The bank also makes a high level of community development loans. In addition, BancFirst makes use of innovative and flexible lending practices in serving assessment area credit needs.

**Lending Activity:**

The lending activity for the bank in the North Central assessment area reflects a good responsiveness to credit needs in the area. Refer to Table 1 of Appendix C for the information used to evaluate the bank’s lending activity. As illustrated, about 16 percent of rated area loans are in the assessment area, consistent with the rated area deposits of about 12.8 percent. This indicates the bank is lending in the community where deposits are being accepted. As illustrated in Exhibit 10, the bank also makes good use of secondary market home mortgage loans and government loan programs, including both federal- and state-sponsored programs, which benefit low- and moderate-income individuals.

<b>EXHIBIT 10 SECONDARY MARKET AND GOVERNMENT-INSURED LOANS IN THE NORTH CENTRAL ASSESSMENT AREA</b>		
	<b>Number</b>	<b>Dollar Amount</b>
Secondary Market	144	\$ 15,120,209
Government-Insured		
FHA	49	2,882,699
VA	17	1,465,763
OHFA	3	122,511
Rural Enterprise	12	585,277
SBA	6	1,305,000
FSA	6	1,451,970
Total Government-Insured	93	\$ 7,813,220

**Geographic Distribution:**

This performance criterion focuses on the bank's penetration of loans among geographies of different income levels in the bank's assessment area, primarily in low- and moderate-income geographies. The geographic distribution of home mortgage, small business and small farm loans is generally good when compared to the demographic data and aggregate lending levels within the assessment area. Refer to Tables 2 through 7 in Appendix C for details.

*Home Mortgage Loans*

As shown in the borrower distribution tables, when compared to the percentage of owner-occupied units, the bank originated a few loans in the low-income areas, but is comparable in the moderate-income geographies. In addition, when compared to the aggregate lenders, the bank's lending in moderate-income geographies is higher. Furthermore, the home mortgage lending in the low-income geographies is not be weighted as heavily as the other three geographies, since this geography has a very small number of owner-occupied homes. Therefore, the distribution among geographies is considered good.

*Small Business Loans*

The percentage of small business loans originated was compared to the percentage of businesses located within the geographies at each income level. As shown in Table 6 in Appendix C, the bank's lending to businesses in low- and moderate-income geographies is lower than the overall concentration of businesses in these geographies. However, the bank's lending performance, while only slightly lower than the aggregate lenders in the low-income geography, is also slightly higher in the moderate-income geographies. The bank's small business lending benefits middle-income geographies more than the upper-income geographies, as well. This reflects a good dispersion of small business loans in the North Central assessment area.

*Small Farm Loans*

The percentage of small farm loans originated was compared to the percentage of small farms located within the geographies at each income level. As noted in Table 7 in Appendix C, there are virtually no farms located within the assessment area's only low-income geography. The bank originated a higher percentage of small farm loans in moderate-income geographies than originated by the aggregate lenders. This reflects a good dispersion of small farm loans in the North Central assessment area.



### **Distribution by Borrower Income and Revenue Size of the Business or Farm:**

This performance criterion evaluates the bank's loan originations to borrowers of different income levels, particularly to low- and moderate-income individuals, and businesses and farms of different sizes.

#### *Home Mortgage Loans*

The comparison of the bank's percentage of loans made to borrowers of each income level to the percentage of families in the assessment area that are designated low-, moderate-, middle-, or upper-income is considered good. In addition, a comparison was made with aggregate lending data for mortgage peer groups. Refer to Tables 8, 9, and 10 in Appendix C for the information used to evaluate the borrower distribution of the bank's home mortgage loans.

As shown in the borrower distribution tables, the percentage of low-income families within the assessment area is higher than the bank's origination of loans to those families. However, when compared to moderate-income borrowers, the percentage of loans is comparable. Furthermore, the bank's percentage of loans to low- and moderate-income families within the assessment area is comparable or higher when compared to the aggregate lenders within the area.

#### *Small Business Loans*

The bank's lending to businesses with gross annual revenues of \$1 million or less is very good. As noted in Table 11 in Appendix C, of the businesses operating within the bank's assessment area, 87.6 percent have revenues of \$1 million or less and are considered small businesses under CRA. BancFirst's loan distribution is higher than the proportion of small businesses in the area and its lending to small businesses is more than 40 percent greater than aggregate lending to small businesses. In addition, more than 91.4 percent of the bank's loans to businesses, regardless of business revenue size, are for amounts less than \$100,000, which are loan amounts typically needed by very small businesses. As previously noted, BancFirst also makes good use of guaranteed lending products targeted to small businesses.

#### *Small Farm Loans*

The bank's level of lending to farms with gross annual revenues of \$1 million or less is very good. As noted in Table 12 in Appendix C, 96.9 percent of the farms in the assessment are considered small farms under CRA. BancFirst's loan distribution is higher than the proportion of small farms in the area and higher than the aggregate lenders in the area. In addition, more than 95 percent of the bank's loans to farms, regardless of revenue size, are for amounts less than \$100,000, which are loan amounts typically needed by very small farms. As previously noted, BancFirst also makes good use of guaranteed lending products targeted to small farms.

**Community Development Lending:**

This performance criterion evaluates a bank's responsiveness to community development lending opportunities in its assessment area. The bank makes a very high level of community development loans in the North Central assessment area. Refer to Table 1 in Appendix C for the information used to evaluate Community Development Lending. Three community development loans were originated totaling \$4,617,000 in the North Central assessment area during the evaluation period. One of the loans was for the revitalization of a hospital in Stroud, Oklahoma, that was devastated by a tornado. The loan resulted in the reopening of the hospital and the stabilization of employment within the area. Another loan was an SBA loan to build a hotel in the low-income geography in Stillwater, Oklahoma. The last loan was to a foundation to provide low-interest loans to low- and moderate-income individuals with disabilities.

**INVESTMENT TEST**

This test evaluates the degree to which the institution's qualified investments serve affordable housing needs, assist community services targeted to low- and moderate-income individuals, or enhance economic development issues in the bank's assessment area. In addition, this criterion evaluates the bank's responsiveness to available investment opportunities and the use of innovative or complex investments not routinely provided by other investors. The bank has a significant level of qualified community development investments and grants within the North Central assessment area. Additionally, the bank exhibits a good responsiveness to credit and community economic development needs and occasionally uses innovative and/or complex investments to support community development initiatives in this assessment area.

As detailed in Table 13 of Appendix C, the investments in the North Central assessment area total \$1,518,000. Three of the investments were for county bonds designated for the construction and improvement of schools for students from predominantly low- and moderate-income families. The bank's qualified grant (donation) activity consists of donations to such qualified community development organizations as Habitat for Humanity and school programs pertaining to banking.

Community contacts within the North Central assessment area stated that the bank is responsive to area concerns with contributions to or involvement in local organizations. As previously mentioned, branches in the assessment area respond to investment and/or grant issues as they arise, but community contacts stated that they were aware of few, if any, innovative and/or complex investments available for the bank's participation.

## **SERVICE TEST**

The bank's overall rating in the North Central assessment area is High Satisfactory under the Service Test. The bank's delivery systems, branch locations, and office hours are accessible to essentially all portions of the assessment area and accommodate the needs of the community. Bank officers and employees contribute their financial expertise to a relatively high number of community development service organizations.

### **Retail Services:**

This criterion evaluates the accessibility of the bank's branches, availability of alternative delivery systems, services and hours, and changes in branch locations. Refer to Table 14 of Appendix C for the information used to evaluate the bank's retail services. BancFirst has eleven branches, four deposit-taking ATMs, and seven cash-dispensing ATMs in the North Central assessment area. While no offices are situated in the low-income geography, the bank does have a deposit-taking ATM there. In addition, one branch office is located in a moderate-income geography. No branch offices have been closed in the area since the prior exam. Delivery systems are reasonably accessible to essentially all of the bank's assessment area. In addition, BancFirst offers on-line and telephone banking. The on-line features allow for location and product information, deposit account balances, inter-account transfers, banking services for businesses, cash management, and wire transfer services.

Overall, BancFirst's loan and deposit products and services, alternative banking products, and business hours address the convenience and needs of its customers in a way that does not inconvenience certain portions of each assessment area. The bank's hours of operation, by branch, are generally the same and provide reasonable accessibility to the bank's products and services.

### **Community Development Services:**

This criterion evaluates the extent of bank personnel's involvement in community development services, the innovativeness of those services, and the degree to which they serve low- and moderate-income individuals. Qualified community development services include services that have as their primary purpose community development, are related to the provision of financial services, and have not been considered in the evaluation of the bank's other retail banking services.

As bank personnel within the North Central assessment area provide their time and services in many community associations, the bank provides a relatively high level of community development services. The following list describes the organizations in which bank management, officers, and staff provide particularly noteworthy financial expertise, involvement, and leadership:

- Economic Development – One bank employee provided financial assistance to potential business investors. As a result, the investors opened two businesses and provided 15 jobs to the community.
- Community agencies targeted to low- to moderate-income individuals and small businesses – One bank employee is a treasurer for the Salvation Army. Another employee was the financial advisor for the reopening of the Stroud Hospital. Seven bank employees provided banking and financial training to area schools with students from predominately low- and moderate-income families.

## **NONMETROPOLITAN AREA**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN SOUTHWESTERN ASSESSMENT AREA**

The Southwestern assessment area consists of six counties (Caddo, Custer, Grady, Kiowa, Stephens, and Tillman) located in southwest Oklahoma. This rural assessment area surrounds the Lawton MSA and abuts the state of Texas. Since the last examination, BancFirst acquired a bank with locations in Hobert, Frederick, and Chattanooga, Oklahoma. Thus, the assessment area expanded to include Kiowa and Tillman Counties.

The Southwestern assessment area includes seven branches in the towns of Duncan (2 branches), Marlow (2 branches), and Weatherford, Hobart, and Frederick (each with one branch). Assessment area demographics and characteristics based upon 1990 U.S. Census data are summarized in Exhibit 11. Seven of the BancFirst's 68 branches are located in the Southwestern assessment area: six are located in middle-income geographies and one is in an upper-income geography. All offices offer a full range of services. Ten of BancFirst's 97 ATMs are located in this assessment area; two are in moderate-, four are in middle-, and four are in upper-income geographies.

As of June 30, 2002, 14.4 percent of the bank's \$2.4 billion deposits were in the Southwestern assessment area. Since the last examination, approximately 16 percent of the bank's reported HMDA, small business, and small farm loans were originated to borrowers located within this assessment area. According to the FDIC Market Share report dated June 30, 2002, BancFirst's market share of deposits in this assessment area is 15.8 percent of the total bank deposits for the area. BancFirst is ranked first of 38 financial institutions in deposit market share. The major competitors in this market include First Bank & Trust, Local Oklahoma Bank, MidFirst Bank, Legacy Bank, and First National Bank and Trust.

### **DEMOGRAPHIC CHARACTERISTICS**

According to 2000 census data, the overall assessment area population is 164,505, an increase of 1.4 percent since 1990. Conversely, the counties in the western portion of the assessment area lost population during the same time period. The population percentage change by county is as follows: Custer County (-2.8 percent); Kiowa County (-9.9 percent); Tillman County (-10.6 percent); Caddo County (2.0 percent); Grady County (9.0 percent); and Stephens County (2.1 percent). As of 1990, the median family income of \$25,733 was 106.66 percent of that of the statewide rural areas as a whole at \$24,139.<sup>10</sup>

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<sup>10</sup> The median family incomes for rural Oklahoma used for borrower income analysis are \$34,000 in 2001 and \$34,200 in 2002.

The area's concentrations of small farm and nonfarm businesses are comparable to rural Oklahoma as a whole. According to D&B data, 96.3 percent of area farms and 87.9 percent of area nonfarm businesses had gross revenues under \$1 million. In rural portions of Oklahoma, 96.1 percent of farms and 87.5 percent of nonfarm businesses have gross revenues under \$1 million. Much of the area is in the Anadarko Basin, where mining and oil production are vital to area economies, but certain portions of the area are also heavily reliant on agriculture, tourism, and manufacturing industries. The area's primary agricultural products are cattle, wheat, peanuts, and cotton. However, prolonged downturns in the regional farm industry have adversely effected the area's economy.

During 2001 and 2002, much of the area experienced high unemployment, coupled with decreases in the labor force and the population. The highest unemployment rate and largest labor force decreases were in Caddo and Tillman Counties, where the 2001 annualized unemployment rates were 5.4 percent and 4.6 percent, respectively, compared to 3.8 percent statewide. However, OESC preliminary November 2002 unemployment data shows lower unemployment in most area counties including: Caddo County, 4.4 percent; Custer County, 2.8 percent; Grady County, 3.4 percent; Kiowa County, 2.6 percent; Stephens County, 4.2 percent; and Tillman County, 2.9 percent compared to 4.1 statewide. Among the larger employers in the assessment area are Halliburton Energy Services (oil gas field services); Southwestern Oklahoma State University; Delta Faucet of Oklahoma (plumbing fixtures); Bar-S Foods (meat processing), Arvin Replacement Products (motor vehicle parts/accessories); and several hospitals, including Duncan Regional Hospital, Grady Memorial Hospital, and Tillman County Hospital.

The area contains high concentrations of single-family and owner-occupied housing units. Exhibit 11 shows the area's general housing characteristics. In 1990, 78.7 percent of the housing stock consisted of single-family units. In statewide rural areas, 60.8 percent of housing stock was owner-occupied and 75.8 percent was single-family units. Owner occupancy was particularly high in Grady County, where 66.3 percent of housing units were owner-occupied. Every area county, except for Custer and Grady Counties, contained substantially higher concentrations of single-family housing units than in statewide rural areas. Reflecting the area's low population growth, from 1990 to 2000, census data reveals that housing stock increased by 1.5 percent. The number of housing units decreased in Caddo, Kiowa, and Tillman Counties over that period.

In an effort to obtain a perspective on local economic conditions and possible credit needs in the assessment area community contacts were made. The two contacts used relative to this assessment area for this examination were conducted during the last quarter of 2002 and the first quarter of 2003 in conjunction with other examinations. One contact noted there is a strong need for affordable homes in the \$50,000 to \$70,000 range. The housing values have remained relatively stable with home prices ranging from \$20,000 to \$500,000. Due to the age and condition of the current housing stock, it is difficult for borrowers looking for homes in the moderate price range to obtain financing because the homes will not qualify based on the restrictive guidelines of government-sponsored lending programs. Another contact noted that

current economic conditions are down due to farming problems in the area. The population is stable and there is very limited housing in the area. Both contacts noted that the local banks are meeting the credit needs of the community, but that opportunities were few.

<b>EXHIBIT 11</b>								
<b>SOUTHWESTERN ASSESSMENT AREA DEMOGRAPHICS</b>								
<b>Income Categories</b>	<b>BNA Distribution</b>		<b>Families by BNA Income</b>		<b>Families &lt; Poverty Level as % of Families by BNA</b>		<b>Families by Family Income</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low-income	2	4.2	639	1.4	278	43.5	9,654	21.3
Moderate-income	10	20.8	5,443	12.0	1,447	26.6	7,295	16.0
Middle-income	30	62.5	28,838	63.4	4,962	17.2	9,196	20.2
Upper-income	6	12.5	10,548	23.2	864	8.2	19,323	42.5
<b>Total Assessment Area</b>	<b>48</b>	<b>100.0</b>	<b>45,468</b>	<b>00.0</b>	<b>7,551</b>	<b>16.6</b>	<b>45,468</b>	<b>100.0</b>
	<b>Housing Units by BNA</b>	<b>Housing Types by BNA</b>						
		<b>Owner-occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low-income	1,191	605	1.3	50.8	288	24.2	298	25.0
Moderate-income	9,716	5,319	11.9	54.7	2,557	26.3	1,840	18.9
Middle-income	46,640	28,427	63.4	60.9	10,648	22.8	7,565	16.2
Upper-income	15,092	10,482	23.4	69.5	3,263	21.6	1,347	8.9
<b>Total Assessment Area</b>	<b>72,639</b>	<b>44,833</b>	<b>100.0</b>	<b>61.7</b>	<b>16,756</b>	<b>23.1</b>	<b>11,050</b>	<b>15.2</b>
	<b>Total Businesses by BNA</b>	<b>Businesses by BNA &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
Low-income	124	1.8	109	1.8	12	2.9	3	0.7
Moderate-income	963	14.0	845	13.9	50	12.1	68	16.2
Middle-income	4,490	65.1	3,939	65.0	269	65.0	282	67.1
Upper-income	1,318	19.1	1,168	19.3	83	20.0	67	16.0
BNA not reported	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>6,895</b>	<b>100.0</b>	<b>6,061</b>	<b>100.0</b>	<b>414</b>	<b>100.0</b>	<b>420</b>	<b>00.0</b>
	<b>Percentage of Total Businesses:</b>			<b>87.9</b>				

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE SOUTHWESTERN ASSESSMENT AREA**

The conclusions regarding the Lending, Investment, and Service Tests are at the beginning of each section. Supporting information is then divided into performance characteristics under each test.

**LENDING TEST**

The geographic distribution of loans reflects a good penetration throughout the assessment area. Similarly, the distribution of loans displays a good penetration among borrowers of different income levels and to businesses and farms of different sizes. The bank exhibits a good record of serving the credit needs of low- and moderate-income individuals and geographies and of very small businesses consistent with safe and sound banking practices. The bank also makes a reasonable level of community development loans. In addition, Bancfirst makes use of innovative and flexible lending practices in serving assessment area credit needs.

**Lending Activity:**

The lending activity for the bank in the Southwestern assessment area reflects a good responsiveness to credit needs in the area. Refer to Table 1 of Appendix C for the information used to evaluate the bank’s lending activity. As illustrated, about 16.0 percent of rated area loans are in the assessment area, consistent with the rated area deposits of about 14.4 percent. This indicates the bank is lending in the community where deposits are being accepted. As illustrated in Exhibit 12, the bank also is involved in secondary market home mortgage loans and government-insured loan programs, including both federal- and state-sponsored programs, which benefit low- and moderate-income individuals.

<b>EXHIBIT 12 SECONDARY MARKET AND GOVERNMENT-INSURED LOANS IN THE SOUTHWESTERN ASSESSMENT AREA</b>		
	<b>Number</b>	<b>Dollar Amount</b>
Secondary Market	99	\$ 7,364,175
Government-Insured		
FHA	48	2,467,750
VA	12	776,405
OHFA	3	109,467
Rural Enterprise	8	366,868
SBA	26	5,460,000
FSA	75	14,895,577
Total Government-Insured	172	\$ 24,076,067



**Geographic Distribution:**

This performance criterion focuses on the bank's penetration of loans among geographies of different income levels in the bank's assessment area, primarily in low- and moderate-income geographies. The geographic distribution of home mortgage, small business, and small farm loans is generally good when compared to the demographic data and aggregate lending levels within the assessment area. Refer to Tables 2 through 7 in Appendix C for details.

*Home Mortgage Loans*

Refer to Tables 2, 3, and 4 in Appendix C for the information used to evaluate the geographic distribution of the bank's home mortgage loans. As shown, the bank's loan origination of home mortgage loans in low-income geographies is comparable to the percent of owner-occupied units within those geographies; however, loan origination within the moderate-income geographies was lower. When compared to other lenders in the area, the bank's loan origination percentage is comparable in the low- and moderate-income geographies. Overall, the distribution among geographies is good.

*Small Business Loans*

The percentage of small business loans originated was compared to the percentage of businesses located within the geographies at each income level. As shown in Table 6 in Appendix C, the bank's lending to businesses in low- and moderate-income geographies is comparable to the overall concentration of businesses in these geographies. In addition, the bank's lending performance is comparable to the aggregate lenders in all of the geographies. This reflects a good dispersion of small business loans in the Southwestern assessment area.

*Small Farm Loans*

The bank's lending performance to small farms is more heavily weighted than the other products for this assessment area, since agriculture lending is prevalent in this area. As noted in Table 7 in Appendix C, the bank's lending levels are comparable to the percentage of farms in the area, as well as the percentage of loans of the aggregate lenders in the area. The bank's origination of loans in geographies of all income levels compares favorably to the aggregate lenders and the percentage of small farms within those geographies. This reflects a good dispersion of small farm loans within the Southwestern assessment area.

**Distribution by Borrower Income and Revenue Size of the Business or Farm:**

This performance criterion evaluates the bank's loan originations to borrowers of different income levels, particularly to low- and moderate-income individuals, and businesses and farms of different sizes.

### *Home Mortgage Loans*

The bank's percentage of loans made to borrowers of each income level compared to the percentage of families in the assessment area that are designated as low-, moderate-, middle-, or upper-income is considered reasonable. In addition, a comparison was made with aggregate lending data for mortgage peer groups. Refer to Tables 8, 9, and 10 in Appendix C for the information used to evaluate the borrower distribution of the bank's home mortgage loans.

As shown in the borrower distribution tables, the percentage of low-income families within the assessment area is higher than the bank's origination of loans to those families. However, in comparison to the aggregate lenders, the bank's percentage of loans is higher. In contrast, the bank's percentage of loans to moderate-income families within the assessment area is comparable to both the percent of families and the aggregate lenders within this assessment area. Overall, the distribution among borrowers is good.

### *Small Business Loans*

The bank's lending to businesses with gross annual revenues of \$1 million or less is very good. As noted in Table 12 in Appendix C, of the businesses operating within the bank's assessment area, 87.9 percent have revenues of \$1 million or less and are considered small businesses under CRA. Although BancFirst's loan distribution was only slightly higher than the proportion of small businesses in the area, its lending to small businesses was more than 30 percent greater than aggregate lending to small businesses. In addition, more than 91.8 percent of the bank's loans to businesses, regardless of business revenue size, were for amounts less than \$100,000, which are loan amounts typically needed by very small businesses. As previously noted, BancFirst also offers guaranteed lending products targeted to small businesses.

### *Small Farm Loans*

The bank's level of lending to farms with gross annual revenues of \$1 million or less is very good. As noted in Table 12 in Appendix C, 96.3 percent of the farms in the assessment are considered small farms under CRA. BancFirst's loan distribution is higher than the proportion of small farms in the area, as well as the aggregate lenders in the area. In addition, BancFirst's lending to small farms was approximately eight percent greater than aggregate lending to small farms. Furthermore, more than 89 percent of the bank's loans to farms, regardless of revenue size, were for amounts less than \$100,000, which are loan amounts typically needed by very small farms. As previously noted, BancFirst also offers guaranteed lending products targeted to small farms.

**Community Development Lending:**

This performance criterion evaluates a bank's responsiveness to community development lending opportunities in its assessment area. The bank's community development lending in the Southwestern assessment area is at an adequate level. The bank's only community development loan was for \$20,000. This loan was made for the purpose of purchasing equipment for a school. The students come from predominately low- and moderate-income families. According to the community contacts, there are limited community development lending opportunities in the assessment area.

**INVESTMENT TEST**

This test evaluates the degree to which the institution's qualified investments serve affordable housing needs, assist community services targeted to low- and moderate-income individuals, or enhance economic development issues in the bank's assessment area. In addition, this criterion evaluates the bank's responsiveness to available investment opportunities and the use of innovative or complex investments not routinely provided by other investors. The bank has a significant level of qualified community development investments and grants within the Southwestern assessment area. Additionally, the bank exhibits a good responsiveness to credit and community economic development needs and occasionally uses innovative and/or complex investments to support community development initiatives in this assessment area.

As detailed in Table 13 of Appendix C, the investments in the Southwestern assessment area totaled \$901,000. During this evaluation, the bank made two investments in county bonds designated for the construction and improvement of a school with students from predominantly low- and moderate-income families. Another investment was for an authority bond designated for the improvement of streets in a moderate-income geography. The bank's qualified grant (donation) activity consists of a donation to the Hobart Industrial Development, an economic development organization.

Community contacts within the Southwestern assessment area stated that bank's are responsive to area concerns with contributions to or involvement in local organizations. As previously mentioned, branches in the assessment area respond to investment and/or grant issues as they arise, but community contacts stated that they are aware of few, if any, innovative and/or complex investments available for the bank's participation.

## **SERVICE TEST**

The bank's overall rating in the Southwestern assessment area is High Satisfactory under the Service Test. The bank's delivery systems, branch locations, and office hours are accessible to essentially all portions of the assessment area and accommodate the needs of the community. Bank officers and employees contribute their financial expertise to a relatively high number of community development service organizations.

### **Retail Services:**

This criterion evaluates the accessibility of the bank's branches, availability of alternative delivery systems, services and hours, and changes in branch locations. Refer to Table 14 of Appendix C for the information used to evaluate the bank's retail services. BancFirst has seven branches, one deposit-taking ATM, and nine cash-dispensing ATMs in the Southwestern assessment area. While no offices are situated in low- or moderate-income geographies, the bank has two branch locations that are in close proximity and two cash-dispensing ATMs in moderate-income geographies. No branch offices have been closed in the area since the prior examination. The bank acquired two branches located in Fredrick and Hobart through the acquisition of another bank. Delivery systems are reasonably accessible to essentially all of the assessment area. In addition, BancFirst offers on-line and telephone banking. The on-line features allow for location and product information, deposit account balances, inter-account transfers, banking services for businesses, cash management, and wire transfer services.

Overall, BancFirst's loan and deposit products and services, alternative banking products, and business hours address the convenience and needs of its customers in a way that does not inconvenience certain portions of the assessment area. The bank's hours of operation throughout each assessment area are reasonable and provide adequate accessibility to the bank's products and services.

### **Community Development Services:**

This criterion evaluates the extent of bank personnel's involvement in community development services, the innovativeness of those services, and the degree to which they serve low- and moderate-income individuals. Qualified community development services include services that have as their primary purpose community development, are related to the provision of financial services, and have not been considered in the evaluation of the bank's other retail banking services.

As bank personnel within the Southwestern assessment area provide their time and services in many community associations, the bank provides a relatively high level of community development services. The following list describes the organizations in which bank management, officers, and staff provide particularly noteworthy financial expertise, involvement, and leadership:

- Economic Development – A bank employee serves as member of the Agriculture Enhancement and Diversification Advisory Board. This individual helps review loan applications for technology development in processing agricultural products and by-products in Oklahoma. Another employee is a director for the Association of South Central Oklahoma Governments. Through this organization, this individual furnishes loan-funding assistance to small businesses.
- Community agencies targeted to low- and moderate-income individuals and small businesses – A bank employee, in association with the Fredrick Housing Authority, supervises the redevelopment of a hotel into a 29-unit apartment for retired individuals that have minimal income. The same individual is also the treasurer for the local Salvation Army.

**METROPOLITAN AREAS**  
Lawton Assessment Area  
Limited Scope Review

**DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE LAWTON ASSESSMENT AREA**

The Lawton MSA is a small metropolitan area in Comanche County in the southwestern part of Oklahoma. The assessment area, which is comprised of Comanche County, includes one low-income, 10 moderate-income, 13 middle-income, and 6 upper-income geographies. BancFirst has five branches in the assessment area, including one in a moderate-income, two in middle-income, and two in upper-income geographies. Of the bank's 17 area ATMs, three are in moderate-income tracts, ten are in middle-income tracts, and four are in upper-income tracts.

As shown in Table 1 in Appendix C, the Lawton assessment area contains only 7.9 percent of the bank's total deposits. Likewise, the five branches located in the assessment area generate a relatively small percentage of the bank's total loans. Approximately 4.2 percent of the bank's reported home mortgage, small business, and small farm loans were originated to borrowers located within the assessment area. Therefore, an analysis would not affect the bank's overall assessment area rating, and only a limited review of the Lawton assessment area was conducted.

**NONMETROPOLITAN STATEWIDE AREA**  
Limited Scope Reviews

**DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE CENTRAL, EASTERN,  
SOUTHEASTERN, AND SOUTHERN ASSESSMENT AREAS**

The Central assessment area is comprised of Kingfisher County in north central Oklahoma. The assessment area is comprised of one middle-income and three upper-income geographies. The bank's sole office in this assessment area is in an upper-income geography. Of the bank's three ATMs in this assessment area, two are in upper-income geographies and one is in a middle-income geography. The assessment area is rural and is highly reliant on agriculture with wheat, rye, and cattle being the primary farm products.

The Eastern assessment area consists of four counties in east central Oklahoma (Adair, Cherokee, McIntosh, and Muskogee), with Adair County abutting the Arkansas state line. Agriculture and service industries are the area's economic mainstays. The assessment area is comprised of 1 low-income, 12 moderate-income, 20 middle-income, and 3 upper-income geographies. Of the six branch offices located in this assessment area, one is in a low-income geography, three are in moderate-income geographies, one is in a middle-income geography, and one is in an upper-income geography. Of the bank's nine ATMs, one is in a low-income, three are in a moderate-income, four are in middle-income, and one is in an upper-income geographies.

The Southeastern assessment area contains all of Choctaw, Pittsburg, and Pushmataha Counties and is located in southeastern Oklahoma. The area's southernmost edge abuts the Texas border. The assessment area is comprised of one low-income, seven moderate-income, ten middle-income, and three upper-income geographies. The bank has three branches in this assessment area; two in middle-income geographies and one in an upper-income geography. In addition, the bank has two ATMs in middle-income geographies and one ATM in a upper-income geography.

The Southern assessment area contains seven counties (Carter, Garvin, Johnston, Love, Marshall, Murray, and Pontotoc). The area abuts the southern border of the Oklahoma City MSA and extends to the Texas state line. The assessment area is comprised of 1 low-income, 4 moderate-income, 32 middle-income, and 6 upper-income geographies. Of the nine branch locations in this assessment area, two are in moderate-income geographies, six are in middle-income geographies, and one is in an upper-income geography. In addition, the bank has eight ATMs in the assessment area with six in middle-income and two in upper-income geographies. The area's low-income geography is in the City of Ada in Pontotoc County.

As shown in Table 1 in Appendix C, these assessment areas comprise approximately 22 percent of the bank's total deposits. In addition, a relatively small percentage of the bank's total loans are originated in these areas. Approximately 26 percent of the bank's reported home mortgage,

small business, and small farm loans were originated to borrowers located within the assessment areas, as, well. Therefore, an analysis would not impact the bank's overall assessment rating and a limited review of these assessment areas was conducted.



**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE LAWTON, CENTRAL,  
EASTERN, SOUTHEASTERN, AND SOUTHERN ASSESSMENT AREAS**

Information reviewed, including performance and demographic information, can be found in the core tables accompanying this report. Conclusions regarding the bank's performance in the assessment areas where limited reviews were conducted are as follows:

<b>Assessment Area</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>
Lawton MSA	Consistent	Consistent	Consistent
Central	Consistent	Consistent	Consistent
Eastern	Consistent	Below	Consistent
Southeastern	Consistent	Below	Consistent
Southern	Consistent	Exceeds	Consistent

**CRA APPENDIX A  
SCOPE OF EXAMINATION**

<b>Time Period Reviewed</b>	Lending, Investment, Services Tests and CD Loans -	
	January 1, 2001 to December 31, 2002	
<b>Financial Institution</b>		<b>Products Reviewed</b>
BancFirst Oklahoma City, Oklahoma (Parent holding company is BancFirst Corporation)		Home Mortgage Loans, Small Loans to Businesses, and Small Loans to Farms
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Century Life Assurance Co.	Sub of BancFirst Corp	None
Century Property Casualty Co.	Sub of Century Life	None
BFC Capital Trust I	Sub of BancFirst Corp	None
Mojave Asset Management Co.	Sub of BancFirst	None
Delamar Asset Mgmt. Co	Sub of Mojave Asset Mgmt.	None
Desert Asset Management Co.	Sub of BancFirst	None
Delamar Asset Mgmt. Co	Sub of Desert Asset Mgmt.	None
Shawnee Cmnty Spirit	Sub of BancFirst	None
Express FC	Sub of BancFirst	None
Lenders Collection Corp	Sub of BancFirst	None
Citibanc Insurance Agency	Sub of BancFirst	None
First Ada Bshrs	Sub of BancFirst Corp	None
Witherspoon Fnc Co.	Sub of First Ada Bshrs	None
First NB&TC of Ada	Sub of First Ada Bshrs	None
Council Oak Inv Corp	Sub of BancFirst	None
Peoples State Bank	Sub of BancFirst Corp	None
<b>List of Assessment Areas and type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	
Oklahoma City	Full-Scope	
Tulsa	Full-Scope	
North Central	Full-Scope	
Southwestern	Full-Scope	
Lawton	Limited-Scope	
Central	Limited-Scope	
Eastern	Limited-Scope	
Southeastern	Limited-Scope	
Southern	Limited-Scope	

## CRA APPENDIX B

### GLOSSARY

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Block numbering area ("BNA"):** A statistical subdivision of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status and living conditions to allow for statistical comparisons.

**Community development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

**Full review:** Performance under the lending, investment and service tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act ("HMDA"):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include data such as race, gender and income of applications, amount of loan requested, and disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited review:** Performance under the lending, investment and service tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Metropolitan area ("MA"):** Any primary metropolitan statistical area ("PMSA"), metropolitan statistical area ("MSA"), or consolidated metropolitan statistical area ("CMSA"), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small loan(s) to business(es):** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income ("Call Report") and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in "loans to small farms" as defined in the instructions for preparation of the Call Report. These loans have original amounts of \$500 thousand or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

**CRA APPENDIX C**

**CRA CORE TABLES**

**Institution ID: 20001386251 BANCFIRST**

**Table 1. Lending Volume**

LENDING VOLUME MA/Assessment Area (2003):	Geography: STATE OF OKLAHOMA										Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002		
	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)		
<b>OKC MSA</b>	29.32	2,274	158,508	2,702	268,579	486	12,693	11	20,869	5,462	439,780	32.17	
<b>TULSA MSA</b>	8.28	477	28,676	994	73,651	70	3,695	7	5,734	1,541	106,022	11.48	
<b>NORTH CENTRAL</b>	16.03	1,033	52,068	1,370	57,127	582	15,481	3	4,617	2,985	124,676	12.79	
<b>SOUTHWESTERN</b>	16.05	1,199	45,770	872	32,695	918	38,348	1	20	2,989	116,813	14.44	
<b>Limited Review:</b>													
<b>LAWTON MSA</b>	4.20	291	14,207	315	28,246	177	9,989	6	248	783	52,442	7.86	
<b>CENTRAL</b>	4.06	89	3,799	184	11,677	484	22,046	0	0	757	37,522	2.77	
<b>EASTERN</b>	6.15	513	30,501	515	33,115	118	3,435	0	0	1,146	67,051	5.46	
<b>SOUTHEASTERN</b>	7.73	542	24,986	551	22,299	347	10,125	0	0	1,440	57,410	3.39	
<b>SOUTHERN</b>	8.18	551	23,689	493	19,704	479	9,462	3	166	1,523	52,855	9.64	

Full Review:

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.  
 \*\* The evaluation period for Community Development Loans is From January 1, 2001 to December 31, 2002.  
 \*\*\* Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Institution ID: 20001386251 BANCFIRST**

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: STATE OF OKLAHOMA						Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
OKC MSA	784	31.86	2.35	1.28	21.40	26.15	46.55	45.91	29.70	26.66	0.89	13.41	38.44	47.26
TULSA MSA	171	6.95	2.60	0.00	22.43	21.05	48.70	59.07	26.27	19.88	1.42	13.62	46.02	38.94
NORTH CENTRAL	362	14.71	0.07	0.00	9.13	8.01	50.96	46.69	39.84	45.30	0.15	3.26	37.89	58.70
SOUTHWESTERN	357	14.51	1.35	1.12	11.86	5.88	63.41	75.63	23.38	17.37	0.76	5.80	56.35	37.09
<b>Limited Review:</b>														
LAWTON MSA	67	2.72	2.01	1.49	15.33	16.42	58.55	56.72	24.11	25.37	1.31	10.41	57.91	30.37
CENTRAL	22	0.89	0.00	0.00	0.00	0.00	30.29	18.18	69.71	81.82	0.00	0.00	18.67	81.33
EASTERN	242	9.83	0.23	0.00	30.31	20.66	56.98	71.90	12.48	7.44	0.22	26.58	55.88	17.32
SOUTHEASTERN	234	9.51	3.33	1.71	37.63	15.81	46.86	60.26	12.18	22.22	1.91	21.94	56.91	19.24
SOUTHERN	222	9.02	1.14	0.45	9.14	14.86	68.13	58.56	21.59	26.13	1.32	6.68	56.39	35.61

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Institution ID: 20001386251 BANCFIRST**

**Table 3. Geographic Distribution of Home Improvement Loans**

MA/Assessment Area:		Geography: STATE OF OKLAHOMA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002											
		HOME IMPROVEMENT		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*					
#	% of Total**	% Owner Occ Units***		% BANK Loans		% Owner Occ Units***		% BANK Loans		% Owner Occ Units***		% BANK Loans		Low	Mod	Mid	Upp
		Total Home Improvement Loans	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																	
OKC MSA	679	39.32	2.35	0.74	21.40	23.71	46.55	48.75	29.70	26.80	1.50	16.46	46.74	35.30			
TULSA MSA	131	7.59	2.60	0.00	22.43	15.27	48.70	58.78	26.27	25.95	1.66	16.00	47.05	35.29			
NORTH CENTRAL	227	13.14	0.07	0.88	9.13	8.37	50.96	53.75	39.84	37.00	0.55	6.89	50.69	41.87			
SOUTHWESTERN	236	13.67	1.35	1.69	11.86	6.36	63.41	72.88	23.38	19.07	1.30	7.53	63.38	27.79			
<b>Limited Review:</b>																	
LAWTON MSA	105	6.08	2.01	3.81	15.33	17.14	58.55	52.38	24.11	26.67	1.70	14.89	60.86	22.55			
CENTRAL	19	1.10	0.00	0.00	0.00	0.00	30.29	10.53	69.71	89.47	0.00	0.00	27.27	72.73			
EASTERN	65	3.76	0.23	0.00	30.31	16.92	56.98	73.85	12.48	9.23	0.24	28.16	58.98	12.62			
SOUTHEASTERN	129	7.47	3.33	3.10	37.63	22.48	46.86	58.92	12.18	15.50	2.68	25.00	53.57	18.75			
SOUTHERN	136	7.87	1.14	0.00	9.14	15.44	68.13	61.77	21.59	22.79	0.00	6.71	54.88	38.41			

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of owner-occupied units is the number of owner-occupied housing units in a particular geography divided by number of owner-occupied housing units in the area based on 1990 Census information.



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**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF OKLAHOMA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002								
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
OKC MSA	803	29.19	2.35	0.62	21.40	23.91	46.55	46.95	29.70	28.52	1.00	12.76	39.83	46.41
TULSA MSA	172	6.25	2.60	1.16	22.43	18.02	48.70	54.66	26.27	26.16	1.38	12.99	44.55	41.08
NORTH CENTRAL	433	15.74	0.07	0.46	9.13	7.62	50.96	48.50	39.84	43.42	0.10	4.11	39.39	56.40
SOUTHWESTERN	602	21.88	1.35	1.83	11.86	7.14	63.41	70.43	23.38	20.60	1.42	7.72	53.38	37.48
<b>Limited Review:</b>														
LAWTON MSA	116	4.22	2.01	0.86	15.33	12.07	58.55	54.31	24.11	32.76	0.78	12.80	58.60	27.82
CENTRAL	48	1.74	0.00	0.00	0.00	0.00	30.29	18.75	69.71	81.25	0.00	0.00	13.70	86.30
EASTERN	206	7.49	0.23	0.00	30.31	14.08	56.98	69.42	12.48	16.50	0.15	23.40	58.82	17.63
SOUTHEASTERN	179	6.51	3.33	1.12	37.63	13.41	46.86	56.98	12.18	28.49	2.06	20.22	53.38	24.34
SOUTHERN	192	6.98	1.14	0.00	9.14	16.67	68.13	54.16	21.59	29.17	0.97	9.78	54.94	34.31

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of owner-occupied units is the number of owner-occupied housing units in a particular geography divided by number of owner-occupied housing units in the area based on 1990 Census information.

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**Table 5. Geographic Distribution of Multifamily Loans**

MA/Assessment Area:		Geography: STATE OF OKLAHOMA										Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002			
		Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*		Lending (%) by Tract	
#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	Low	Mod	Mid	Upp	
<b>Full Review:</b>															
OKC MSA	8	26.67	4.42	12.50	30.24	37.50	42.45	0.00	22.89	50.00	7.36	31.59	44.20	16.85	
TULSA MSA	3	10.00	8.12	0.00	23.91	66.67	43.44	33.33	24.53	0.00	2.17	46.75	41.30	9.78	
NORTH CENTRAL	11	36.67	8.44	0.00	14.21	54.55	18.52	9.09	58.83	36.36	0.00	20.00	6.67	73.33	
SOUTHWESTERN	4	13.33	3.29	0.00	10.83	0.00	55.67	50.00	30.21	50.00	0.00	0.00	50.00	50.00	
<b>Limited Review:</b>															
LAWTON MSA	3	10.00	1.50	0.00	27.84	0.00	46.33	66.67	24.33	33.33	0.00	75.00	25.00	0.00	
CENTRAL	0	0.00	0.00	0.00	0.00	0.00	10.42	0.00	89.58	0.00	0.00	0.00	0.00	0.00	
EASTERN	0	0.00	3.11	0.00	40.29	0.00	33.46	0.00	23.14	0.00	0.00	33.33	50.00	16.67	
SOUTHEASTERN	0	0.00	5.20	0.00	13.82	0.00	70.74	0.00	10.24	0.00	0.00	0.00	0.00	0.00	
SOUTHERN	1	3.33	5.07	0.00	9.71	0.00	55.27	0.00	29.95	100.00	0.00	0.00	100.00	0.00	

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

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**Table 6. Geographic Distribution of Small Loans to Businesses**

MA/Assessment Area:		Geography: STATE OF OKLAHOMA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
		Geographic Distribution: SMALL LOANS TO BUSINESSES		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract					
#	% of Total**	Low-Income Geographies		% of Businesses***		% of BANK Loans		% of Businesses***		% of BANK Loans		Low	Mod	Mid	Upp
		% of Businesses***	% of BANK Loans	% of Businesses***	% of BANK Loans	% of Businesses***	% of BANK Loans	% of Businesses***	% of BANK Loans						
<b>OKC MSA (Tract Not Reported)</b>	2,702	33.79	4.87	5.18	26.53	28.84	39.77	41.23	26.44	24.75	4.25	22.43	41.86	31.46	
<b>TULSA MSA</b>	994	12.43	2.62	0.40	25.96	20.42	44.12	58.05	27.30	21.13	2.58	21.70	43.99	31.73	
<b>NORTH CENTRAL</b>	1,370	17.13	1.82	0.15	14.22	10.44	48.14	60.94	35.82	28.47	0.49	9.62	44.59	45.30	
<b>SOUTHWESTERN</b>	872	10.91	1.80	1.61	13.97	10.67	65.11	70.98	19.12	16.74	1.63	9.37	66.57	22.43	
<b>Limited Review:</b>															
<b>LAWTON MSA</b>	315	3.94	2.37	0.95	40.72	37.14	42.37	42.86	14.54	19.05	1.81	34.01	43.67	20.51	
<b>CENTRAL</b>	184	2.30	0.00	0.00	0.00	0.00	26.98	15.76	73.02	84.24	0.00	0.00	30.48	69.52	
<b>EASTERN</b>	515	6.44	8.65	6.99	42.88	26.80	39.37	48.15	9.10	18.06	5.88	36.10	44.55	13.47	
<b>SOUTHEASTERN</b>	551	6.89	3.50	2.90	27.56	21.78	58.55	63.34	10.39	11.98	3.29	21.86	62.92	11.93	
<b>SOUTHERN</b>	493	6.17	1.91	0.20	15.70	21.70	64.22	59.64	18.17	18.46	1.74	15.43	58.40	24.43	

\* Based on 2001 Peer Small Business Data: SW Region.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2001).

**Institution ID: 20001386251 BANCFIRST**

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: STATE OF OKLAHOMA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002						
MA/Assessment Area:	Total Farm Loans	Low-Income Geographies	Moderate-Income Geographies	Middle-Income Geographies	Upper-Income Geographies	Aggregate Lending (%) by Tract Income*						
	#	% of Total**	% of Farms***	% of Farms***	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>												
OKC MSA	486	13.28	1.94	22.35	47.06	52.17	28.65	7.66	0.11	29.49	57.18	13.22
TULSA MSA	70	1.91	1.26	25.98	49.56	81.43	23.20	1.43	0.00	46.13	48.48	5.39
NORTH CENTRAL	582	15.90	0.33	6.35	65.19	59.97	28.13	30.24	0.13	7.41	62.57	29.89
SOUTHWESTERN	918	25.08	0.21	13.69	72.82	79.41	13.28	6.21	0.12	14.57	73.17	12.14
<b>Limited Review:</b>												
LAWTON MSA	177	4.83	0.52	21.01	63.33	81.36	15.14	14.12	0.00	8.79	81.32	9.89
CENTRAL	484	13.22	0.00	0.00	22.73	9.92	77.27	90.08	0.00	0.00	26.55	73.45
EASTERN	118	3.22	0.30	43.79	49.70	70.34	6.21	12.71	0.00	44.93	52.07	3.00
SOUTHEASTERN	347	9.48	0.00	45.24	50.00	54.76	4.76	14.99	1.36	34.09	54.40	10.15
SOUTHERN	479	13.08	1.67	11.00	77.28	75.78	10.05	7.31	0.00	11.53	72.18	16.29

\* Based on 2001 Peer Small Business Data: SW Region.  
 \*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.  
 \*\*\* Source Data - Dun and Bradstreet (2001).

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**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: STATE OF OKLAHOMA										Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002			
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp	
<b>OKC MSA</b>	784	31.86	20.07	7.63	17.74	18.80	22.78	25.48	39.41	48.09	8.32	24.03	26.68	40.97	
<b>TULSA MSA</b>	171	6.95	20.42	11.73	17.73	22.84	22.03	24.69	39.82	40.74	6.96	20.66	25.78	46.60	
<b>NORTH CENTRAL</b>	362	14.71	19.42	6.53	15.47	15.91	19.00	20.17	46.11	57.39	2.94	14.48	23.59	58.99	
<b>SOUTHWESTERN</b>	357	14.51	21.23	7.47	16.04	16.95	20.23	24.43	42.50	51.15	3.60	15.13	24.87	56.40	
<b>Limited Review:</b>															
<b>LAWTON MSA</b>	67	2.72	18.81	9.52	18.85	7.94	22.94	25.40	39.40	57.14	7.70	22.31	31.29	38.70	
<b>CENTRAL</b>	22	0.89	12.02	4.55	16.35	0.00	21.29	27.27	50.34	68.18	1.65	12.64	25.82	59.89	
<b>EASTERN</b>	242	9.83	25.95	2.52	16.83	14.71	19.26	17.65	37.96	65.12	4.09	20.74	26.19	48.98	
<b>SOUTHEASTERN</b>	234	9.51	26.95	3.91	20.36	20.00	18.85	29.13	33.84	46.96	4.43	20.48	26.75	48.34	
<b>SOUTHERN</b>	222	9.02	22.89	5.96	17.42	17.89	19.13	26.61	40.56	49.54	4.24	19.66	26.14	49.96	

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* As a percentage of loans with borrower income information available. No information was available for 3.82% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

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**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: STATE OF OKLAHOMA										Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002			
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp	
<b>Full Review:</b>															
OKC MSA	679	39.32	20.07	7.42	17.74	20.45	22.78	25.91	39.41	46.22	9.36	21.11	25.44	44.09	
TULSA MSA	131	7.59	20.42	14.88	17.73	20.66	22.03	28.10	39.82	36.36	9.17	17.25	23.68	49.90	
NORTH CENTRAL	227	13.14	19.42	9.91	15.47	15.32	19.00	18.47	46.11	56.31	6.90	16.67	19.54	56.89	
SOUTHWESTERN	236	13.67	21.23	9.17	16.04	15.72	20.23	22.71	42.50	52.40	6.99	14.25	22.85	55.91	
<b>Limited Review:</b>															
LAWTON MSA	105	6.08	18.81	15.53	18.85	22.33	22.94	26.21	39.40	35.93	10.09	17.54	27.63	44.74	
CENTRAL	19	1.10	12.02	0.00	16.35	11.11	21.29	27.78	50.34	61.11	2.44	2.44	29.27	65.85	
EASTERN	65	3.76	25.95	11.11	16.83	14.29	19.26	19.05	37.96	55.55	8.16	22.96	19.39	49.49	
SOUTHEASTERN	129	7.47	26.95	9.52	20.36	23.02	18.85	21.43	33.84	46.03	7.21	19.82	19.82	53.15	
SOUTHERN	136	7.87	22.89	13.85	17.42	16.92	19.13	27.69	40.56	41.54	8.64	19.14	22.84	49.38	

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* As a percentage of loans with borrower income information available. No information was available for 3.18 percent of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Institution ID: 20001386251 BANCFIRST**

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF OKLAHOMA		Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002										
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
<b>OKC MSA</b>	803	29.19	20.07	4.66	17.74	16.25	22.78	21.70	39.41	57.39	5.87	16.61	23.42	54.10
<b>TULSA MSA</b>	172	6.25	20.42	5.00	17.73	20.63	22.03	28.13	39.82	46.24	5.46	15.90	24.27	54.37
<b>NORTH CENTRAL</b>	433	15.74	19.42	7.37	15.47	14.00	19.00	17.20	46.11	61.43	2.92	10.62	17.56	68.90
<b>SOUTHWESTERN</b>	602	21.88	21.23	6.04	16.04	13.47	20.23	21.42	42.50	59.07	3.91	13.32	20.97	61.80
<b>Limited Review:</b>														
<b>LAWTON MSA</b>	116	4.22	18.81	6.14	18.85	14.91	22.94	21.05	39.40	57.90	6.92	14.17	25.93	52.98
<b>CENTRAL</b>	48	1.74	12.02	4.44	16.35	6.67	21.29	26.67	50.34	62.22	2.65	10.18	16.37	70.80
<b>EASTERN</b>	206	7.49	25.95	4.50	16.83	9.50	19.26	16.00	37.96	70.00	3.33	11.94	20.56	64.17
<b>SOUTHEASTERN</b>	179	6.51	26.95	3.49	20.36	12.79	18.85	25.58	33.84	58.14	3.70	14.16	23.09	59.05
<b>SOUTHERN</b>	192	6.98	22.89	4.86	17.42	10.81	19.13	21.62	40.56	62.71	2.70	13.73	19.93	63.64

\* Based on 2001 Peer Mortgage Data: US & PR.

\*\* As a percentage of loans with borrower income information available. No information was available for 5.02 percent of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Institution ID: 20001386251 BANCFIRST**

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: STATE OF OKLAHOMA		Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					
M/A/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Aggregate Lending Data*				
	#	% of Total**	% of Businesses***	% BANK Loans****					
			Loans by Original Amount Regardless of Business Size		Rev.\$ 1 Million or Less				
			\$ 100,000 or less	> \$100,000 to \$250,000					
			> \$250,000 to \$1,000,000		All				
<b>Full Review:</b>									
OKC MSA	2,702	33.79	87.35	73.39	76.90	13.29	9.81	26,339	12,419 (47.15%)
TULSA MSA	994	12.43	83.87	83.20	81.29	11.57	7.14	18,704	8,965 (47.93%)
NORTH CENTRAL	1,370	17.13	87.56	93.87	91.46	5.84	2.70	4,807	2,248 (46.77%)
SOUTHWESTERN	872	10.91	87.90	90.48	91.86	6.42	1.72	2,911	1,680 (57.71%)
<b>Limited Review:</b>									
LAWTON MSA	315	3.94	89.81	85.71	77.46	11.75	10.79	1,443	803 (55.65%)
CENTRAL	184	2.30	87.25	96.74	89.13	4.35	6.52	458	264 (57.64%)
EASTERN	515	6.44	88.00	76.89	86.41	7.38	6.21	2,601	1,472 (56.59%)
SOUTHEASTERN	551	6.89	87.74	92.92	92.92	3.81	3.27	1,499	976 (65.11%)
SOUTHERN	493	6.17	87.61	92.09	91.68	5.48	2.84	2,233	1,222 (54.72%)

\* Based on 2001 Peer Small Business Data: SW Region.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 1.75 percent of small loans to businesses originated and purchased by the bank.



**Institution ID: 20001386251 BANCFIRST**

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: STATE OF OKLAHOMA		Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less	Loans by Original Amount Regardless of Farm Size		Aggregate Lending Data*		
	#	% of Total**		% of BANK Loans***	\$100,000 or less		> \$100,000 to \$250,000	Rev \$ 1 Million or Less
<b>Full Review:</b>								
OKC MSA	486	13.28	92.07	95.47	3.50	1.03	895	823 (91.96%)
TULSA MSA	70	1.91	92.56	81.43	17.14	1.43	298	264 (88.59%)
NORTH CENTRAL	582	15.90	96.88	95.19	4.47	0.34	759	692 (91.17%)
SOUTHWESTERN	918	25.08	96.27	89.11	8.50	2.40	871	794 (91.16%)
<b>Limited Review:</b>								
LAWTON MSA	177	4.83	93.51	85.32	11.86	2.82	91	89 (97.80%)
CENTRAL	484	13.22	95.45	88.85	8.88	2.27	583	496 (85.08%)
EASTERN	118	3.22	96.15	96.61	3.39	0.00	601	580 (85.08%)
SOUTHEASTERN	347	9.48	96.85	93.94	5.48	0.58	662	637 (96.22%)
SOUTHERN	479	13.08	97.13	96.87	2.92	0.21	406	398 (98.03%)

\* Based on 2001 Peer Small Business Data: SW Region.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2001).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.82 percent of small loans to farms originated and purchased by the bank.

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**Table 13. Qualified Investments**

QUALIFIED INVESTMENTS	Geography: STATE OF OKLAHOMA										Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002		
	Prior Period Investments*		Current Period Investments		Total Investments		Unfunded Commitments**			Unfunded Commitments**	#	%(000's)	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total				
<b>Full Review:</b>													
OKC MSA	2	812	14	1,278	16	2,090	28.83			0	0	0	
TULSA MSA	0	0	1	1	1	1	0.01			0	0	0	
NORTH CENTRAL	1	25	13	1,493	14	1,518	20.94			0	0	0	
SOUTHWESTERN	1	125	3	776	4	901	12.43			0	0	0	
<b>Limited Review:</b>													
LAWTON MSA	1	290	7	213	8	503	6.94			0	0	0	
CENTRAL	1	587	0	0	1	587	8.10			0	0	0	
EASTERN	1	400	5	8	6	408	5.63			0	0	0	
SOUTHEASTERN	0	0	0	0	0	0	0.00			0	0	0	
SOUTHERN	4	1,241	0	0	4	1,241	17.12			0	0	0	

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

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**Table 14. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS														Geography: STATE OF OKLAHOMA			Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002			
MA/Assessment Area:	Deposits		Branches						Branch Openings/Closings			Population								
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)			# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			% of Population within Each Geography								
				Low	Mod	Upp			Low	Mod	Upp	Low	Mod	Upp						
<b>Full Review:</b>																				
<b>OKC MSA</b>	32.17	19	27.54	15.79	21.05	31.58	31.58	31.58	2	1	0	0	0	-	1	2	3.71	24.73	44.58	26.98
<b>TULSA MSA</b>	11.47	8	11.59	0.00	0.00	87.50	12.50	12.50	1	0	0	0	0	0	0	1	4.34	23.75	47.59	24.32
<b>NORTH CENTRAL</b>	12.79	11	15.94	0.00	9.09	72.73	18.18	18.18	0	1	0	0	0	0	-	1	2.40	10.84	47.05	39.71
<b>SOUTHWESTERN</b>	14.44	7	10.14	0.00	0.00	85.71	14.29	14.29	2	0	0	0	0	2	0	0	1.40	12.49	63.65	22.46
<b>Limited Review:</b>																				
<b>LAWTON MSA</b>	7.86	5	7.25	0.00	20.0	40.0	40.00	40.00	1	0	0	0	0	1	0	0	2.16	18.15	60.00	19.69
<b>CENTRAL</b>	2.77	1	1.45	0.00	0.00	0.00	100.00	100.00	0	0	0	0	0	0	0	0	0.00	0.00	30.32	69.68
<b>EASTERN</b>	5.46	6	8.70	16.67	50.00	16.67	16.67	16.67	0	0	0	0	0	0	0	0	0.45	31.93	55.56	12.06
<b>SOUTHEASTERN</b>	3.39	3	4.35	0.00	0.00	66.67	33.33	33.33	1	0	0	0	0	0	1	4.44	35.94	46.75	12.87	
<b>SOUTHERN</b>	9.64	9	13.04	0.00	22.22	66.67	11.11	11.11	0	0	0	0	0	0	0	1.58	10.27	66.86	21.29	



**CRA APPENDIX D**  
**ASSESSMENT AREA MAP(S)**