



PUBLIC DISCLOSURE

NOVEMBER 30, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**UNION BANK OF CHANDLER
RSSD# 941952**

**1001 MANVEL AVENUE
CHANDLER, OKLAHOMA 74834**

**Federal Reserve Bank of Kansas City
1 Memorial Drive
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.

TABLE OF CONTENTS

Institution's CRA Rating	2
Overall Institution	
Scope of Examination.....	2
Description of Institution	3
Overview of the Bank's Assessment Areas	4
Overall Conclusions with Respect to Performance Criteria	4
Oklahoma City, Oklahoma MSA Assessment Area (Full Review)	
Description of the Assessment Area.....	7
Conclusions with Respect to Performance Criteria.....	9
Tulsa, Oklahoma MSA Assessment Area (Full Review)	
Description of the Assessment Area.....	12
Conclusions with Respect to Performance Criteria.....	14
Glossary	17

INSTITUTION'S CRA RATING: *This institution is rated **Satisfactory***

Union Bank of Chandler (the bank) has a satisfactory record of helping to meet the credit needs of its assessment areas (AAs), including low- and moderate-income (LMI) families and neighborhoods, consistent with its resources, operating philosophy, and credit needs of the communities it serves.

The bank's Net Loan-to-Deposit (NLTD) ratio indicated a reasonable effort to extend credit in competitive lending markets considering the credit needs of the AAs, the bank's financial position, and the ratios of similarly situated financial institutions. A majority of the bank's loans were originated to borrowers within its AAs. In addition, the bank's distribution of loans to individuals of different income levels and to businesses of different revenue sizes, including loans to LMI individuals and small businesses was reasonable. Furthermore, the bank's lending reflected a reasonable dispersion of loans throughout its AAs, including LMI neighborhoods.

SCOPE OF EXAMINATION

The bank's Community Reinvestment Act (CRA) performance was evaluated using the interagency small bank examination procedures. Four of the five criteria used to evaluate small bank CRA performance were relevant to this review and are as follows:

- NLTD Ratio;
- Lending Inside the AAs;
- Geographic Distribution of Loans; and,
- Lending to Borrowers of Different Income Levels and Businesses of Different Revenue Sizes.

The bank's responsiveness to complaints under the CRA, the fifth core criterion used to assess small bank performance, was not evaluated because the bank has not received any CRA related complaints.

The examination evaluated the bank's performance in the criteria articulated above in the context of demographic information for the areas in which the bank operates. Conclusions regarding the four performance criteria were based on data compiled from the bank's major product lines, which were commercial and residential real estate loans. The major product lines were determined through discussions with bank management, a review of the Report of Condition and Income (Call Report), and a review of the number of loan originations since the bank's last CRA examination in October 2005. The CRA examination analyzed 130 residential real estate loans originated between January 1, 2007 and June 30, 2009 that were reported on the bank's Home Mortgage Disclosure Act (HMDA) Loan/Application Registers (LARs). The examination also reviewed a statistical sample of 32 commercial loans from a universe of 84 loans originated from all bank offices between October 28, 2008 and October 27, 2009.

The bank's record of residential real estate lending was also compared to aggregate data consisting of all financial institutions that reported HMDA data for the respective AA.

Under the CRA, a financial institution's performance is evaluated within the context of each AA it has designated. This evaluation discusses the bank's cumulative record first and then evaluates the bank's performance in each individual AA. The overall rating emphasized the bank's lending performance in the Oklahoma City, Oklahoma Metropolitan Statistical Area (MSA) AA because the majority of the bank's lending activity occurred in this AA.

DESCRIPTION OF INSTITUTION

The bank is headquartered in Chandler, Oklahoma. Chandler, which is located approximately 45 miles northeast of Oklahoma City, Oklahoma, is the county seat for Lincoln County. In addition to its head office, the bank also operates a full-service branch in Tulsa, Oklahoma, located in Tulsa County. Both locations offer drive-through banking and full-service automated teller machines (ATMs). In addition, the bank has two cash dispensing-only ATMs located at convenience stores in Chandler and one ATM located at a grocery store in Davenport, Oklahoma.

The Tulsa branch's primary strategy is to serve the commercial credit needs of the Tulsa area. However, the bank does offer consumer and real estate products at both locations. Overall, the bank has a limited presence in the Tulsa area. According to the September 30, 2009 Consolidated Call Report, the bank's total deposits were \$112,269M, of which 27.0 percent of the total deposits were generated from the Tulsa area. However, the June 2009 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share report reveals that the bank as a whole has less than a 1.0 percent market share of deposits in its combined AAs.

The analysis of the bank's CRA performance considers the bank's financial capacity, local economic conditions, and demographics, including the competitive environment in which the bank operates. Based on its financial condition, size, and credit product offerings, the bank has the ability to meet the credit needs of its AAs. According to the bank's September 30, 2009 Call Report, the bank's assets totaled \$125,684M, of which gross loans comprised \$84,822M and total deposits comprised \$112,269M. Although the bank's lending activity by dollar amount is primarily devoted to commercial and residential real estate financing, the bank does offer a variety of other credit products to meet the needs of its AAs. Table 1 illustrates the breakdown of the bank's loan portfolio by product.

TABLE 1 UNION BANK OF CHANDLER'S LOAN PORTFOLIO AS OF SEPTEMBER 30, 2009		
Loan Type	Amount (\$000)	Percent of Total
Commercial	56,903	67.1
Real Estate	19,124	22.5
Consumer	5,644	6.7
Agricultural	2,621	3.1
Other	530	0.6
Total Gross Loans	84,822	100.0

There are no legal or financial factors that prevent the bank from meeting the credit needs of its AA. The bank received a satisfactory rating at its previous CRA evaluation conducted by the Federal Reserve Bank of Kansas City on October 31, 2005.

OVERVIEW OF THE BANK'S ASSESSMENT AREA

The bank has delineated two AAs based on 2000 Census data and 2004 MSA designations. The first AA includes all 7 tracts in Lincoln County, which is part of the Oklahoma City, Oklahoma MSA. The second AA consists of 93 tracts in Tulsa County, which is included in the Tulsa, Oklahoma MSA. Full-scope reviews were conducted for both AAs.

OVERALL CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's overall record of meeting the credit needs of its AAs is satisfactory. The bank's rating was based on its cumulative performance in both AAs, with the greatest emphasis placed on its performance in the Oklahoma City, Oklahoma MSA AA, where the main bank is located.

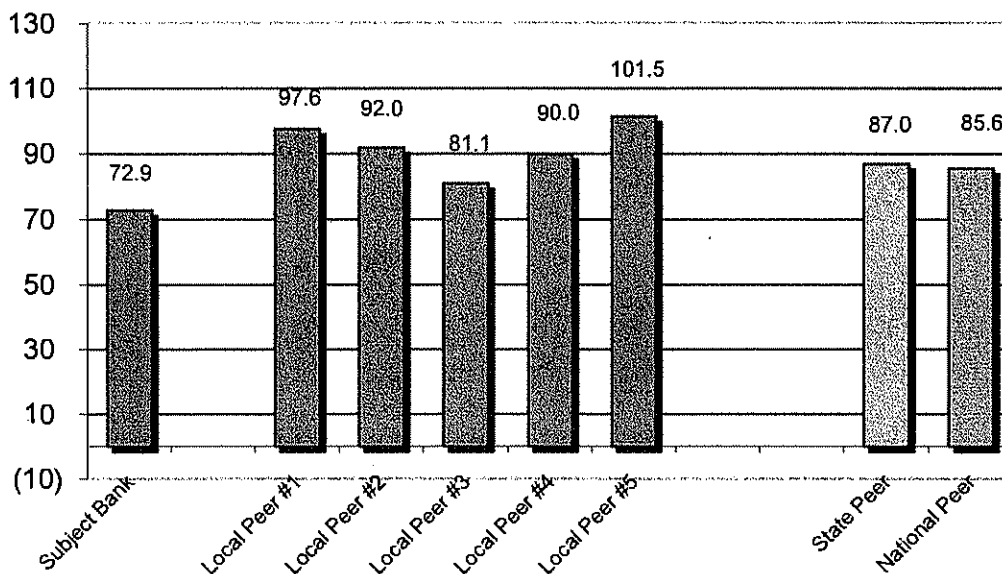
Net Loan-to-Deposit Ratio

During the 16-quarter period since the previous CRA evaluation, the bank's NLTD ratio averaged 69.2 percent. As shown in Table 2, the bank's NLTD ratio over the most recent eight quarters ending September 30, 2009 averaged 72.9 percent, which was reasonable based on the bank's size, financial condition, and local credit needs.

The bank's average NLTD ratio was compared to five similar banks from its AAs, whose average NLTD ratios ranged from 81.1 to 101.5 percent over the same eight-quarter time period. The bank's average NLTD ratio was also lower than both its state and national peer groups as shown in Table 2. The bank's peer groups consisted of insured commercial banks with assets between \$100 million and \$300 million, located in the Oklahoma City, Oklahoma MSA AA. Bank management indicated the bank's lending philosophy and strategic plan target

a 75.0 percent to 80.0 percent NLTD ratio. Discussions with community members also confirmed the area's credit needs were being met.

TABLE 2
Loan-to-Deposit Comparison Chart
(Most Recent 8-Quarter Average)



Lending Inside the Assessment Areas

Based on the statistical sample of loans reviewed during the examination, the bank originated a majority of its loans within its AAs. As shown in Table 3, two loan products were reviewed for the analysis, which included small business and HMDA-related loans. Of the 162 loans reviewed, 104, or 64.2 percent of the bank's loans were originated to borrowers within the bank's AAs. The bank's performance in this lending test is considered satisfactory. Discussions with local community members indicated the bank was meeting the credit demands of the area. The remaining criteria analyzed only those loans originated inside the AAs.

**TABLE 3
UNION BANK OF CHANDLER'S LOANS WITHIN THE OVERALL ASSESSMENT AREAS**

	Inside AA				Outside AA			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Improvement	9	60.0	472	38.7	6	40.0	749	61.3
Home Purchase	39	57.4	5,087	53.1	29	42.6	4,494	46.9
Refinancing	34	72.3	7,962	82.8	13	27.7	1,655	17.2
Total HMDA related	82	63.1	13,521	66.2	48	36.9	6,898	33.8
Small Business	22	68.8	6,546	76.7	10	31.3	1,990	23.3
Total Small Business	22	68.8	6,546	76.7	10	31.3	1,990	23.3
TOTAL LOANS	104	64.2	20,067	69.3	58	35.8	8,888	30.7

Geographic Distribution of Loans

This core performance criterion evaluates the bank's distribution of loans among geographies of various income levels, with emphasis placed on lending in the LMI geographies. The HMDA-related loans were compared to the percentage of owner-occupied housing units located in each geographic income category. The bank's commercial loans were compared to the percentage of small businesses located in each geographic income category. The bank's geographic distribution of HMDA-related and small business loans reflected a reasonable dispersion throughout its AAs, given economic and demographic considerations. The geographic distribution is discussed in more detail within the analysis of each AA.

Distribution of Lending Among Borrowers of Different Income Levels and Businesses of Different Revenue Sizes

This core performance criterion evaluates the bank's distribution of lending to borrowers of different income levels, particularly to LMI individuals and businesses with gross annual revenues less than \$1 million. The HMDA-related loans were compared to the percentage of families located in the AAs by income level. The bank's commercial loans were compared to the percentage of small businesses in the AAs. Based on the demographics of the AAs, the bank's distribution of loans represented a reasonable penetration among individuals of different income levels and businesses of different sizes. Detailed analyses of the loan distribution are provided in the analysis of each AA.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. A review of bank policies and procedures, credit applications, loans and denials, and staff interviews revealed no prohibited practices designed to discourage loan applicants. Also, the bank had not engaged in other illegal credit practices inconsistent with helping to meet the credit needs of its communities.

**OKLAHOMA CITY, OKLAHOMA METROPOLITAN STATICAL AREA
ASSESSMENT AREA (LINCOLN COUNTY)
(Full-Scope Review)**

DESCRIPTION OF THE ASSESSMENT AREA

The Oklahoma City, Oklahoma AA is defined as all of Lincoln County, which is comprised of seven census tracts consisting of three moderate- and four middle-income tracts. The bank's main office is in the City of Chandler which is located in a middle-income tract. Although the AA is primarily rural in nature, it is part of the Oklahoma City MSA.

The bank has a strong presence in this AA, with \$81,278M in deposits as of June 30, 2009, and an 18.8 percent market share of the county's FDIC-insured deposits. Its deposit market share ranked third among the eight FDIC-insured banks operating in Lincoln County.

According to 2000 Census data, the total population of the AA was 32,080; however, 2004 Census Bureau estimates indicated that the population had increased to 32,386. A community member was interviewed during the examination to help determine the credit needs and economic conditions of the area. The contact indicated that Chandler and surrounding areas are bedroom communities for Tulsa and Oklahoma City commuters. Therefore, the contact indicated that Lincoln County's population growth has benefited from its juxtaposition between the Tulsa and the Oklahoma City MSAs.

The area has a large family population. In 2000, 75.3 percent of area households were families, while only 67.4 percent of the households were families in the MSA as a whole. The area also contained a higher elderly population with 13.9 percent of the population 65 and over compared to 11.4 percent in the MSA.

In 2000, the area was middle-income overall with a median family income of \$36,223, which was 81.0 percent of the MSA's at \$44,898. However, the area contained higher concentrations of LMI households and families than the MSA. The area also had higher household and family poverty rates. The area's household and family poverty rates were 14.3 percent and 11.1 percent, respectively, while the MSA's household and family poverty rates were 13.1 percent and 9.9 percent, respectively.

The 2000 Census data shows that the area had a lower labor force percentage at 60.2 percent compared to 65.0 percent for the MSA. The AA's unemployment rate was 4.9 percent which was slightly higher than the MSA's unemployment rate of 4.7 percent. According to community contacts, a large portion of the labor force commutes to locations in either Oklahoma City or Tulsa.

The area has a larger concentration of low-cost housing stock than in the MSA, which made housing substantially more affordable for residents. Its 2000 housing affordability ratio was 56 percent compared to 48 percent in the MSA. The affordability ratio is calculated by dividing

the median household income by the median housing value. A higher ratio indicates more affordable housing. In addition, the AA's 2000 median housing value of \$55,629 was 27.4 percent lower than the MSA median housing value of \$76,582. Approximately 54.4 percent of the area's specified owner-occupied housing units were valued under \$60,000 compared to only 34.8 percent in the MSA. A community contact indicated the area has a broad range of housing values and while there are a few homes in the area that are considered affordable, many of these homes are not livable. Therefore, the community contact indicated that the area needs newly constructed affordable housing.

A large concentration of area housing stock was single-family, owner-occupied. In 2000, 73.9 percent of the area housing stock was single-family units and 71.1 percent were owner-occupied. In the MSA, 72.8 percent of housing units were single-family units and 59.3 percent of housing units were owner-occupied. The area's housing unit vacancy rate was considered high at 11.2 percent compared to 9.0 percent in the MSA. In addition, the area contained a large volume of mobile homes, which generally have shorter use cycles than traditional housing stock. According to 2000 Census data, 22.2 percent of the housing stock was mobile homes, compared to only 6.4 percent in the MSA.

Community members perceived local financial institutions to be very involved in the community and willing to meet the credit needs of the city, as well as small businesses and consumers in the area. Major employers in the area are Hiland Dairy, National American Insurance Company, Central Expanded Metal, Acorn Transportation, Wal-Mart, and the local schools.

Table 4 summarizes income-related demographic and economic characteristics of the bank's Lincoln County AA based on 2000 Census and 2008 Dun & Bradstreet (D&B) data.

**TABLE 4
UNION BANK'S OKLAHOMA CITY, OKLAHOMA MSA AA
(ALL OF LINCOLN COUNTY)**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	2,380	25.9
Moderate-income	3	42.9	3,244	35.3	426	13.1	2,147	23.4
Middle-income	4	57.1	5,937	64.7	596	10.0	2,214	24.1
Upper-income	0	0.0	0	0.0	0	0.0	2,440	26.6
Total Assessment Area	7	100.0	9,181	100.0	1,022	11.1	9,181	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Moderate-income	4,995	3,400	34.9	68.1	972	19.5	623	12.5
Middle-income	8,717	6,349	65.1	72.8	1,457	16.7	911	10.5
Total Assessment Area	13,712	9,749	100.0	71.1	2,429	17.7	1,534	11.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Moderate-income	348	35.3	307	35.3	19	27.9	22	45.8
Middle-income	638	64.7	563	64.7	49	72.1	26	54.2
Total Assessment Area	986	100.0	870	100.0	68	100.0	48	100.0
Percentage of Total Businesses:			88.2		6.9		4.9	

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA - OKLAHOMA CITY, OKLAHOMA MSA AA (LINCOLN COUNTY)

Geographic Distribution of Loans

HMDA-Related Loans

The bank's distribution of residential real estate loans was compared to the percentage of owner-occupied housing units in each geographic income category. Emphasis was placed on lending in moderate-income tracts, because there are no low-income tracts in the AA. The bank demonstrated a reasonable geographic distribution of mortgage loans in the moderate-income tract and was similar to the aggregate lending data. As shown in Table 5, 26.5 percent of the bank's HMDA loans were originated in moderate-income tracts, which was slightly lower than the total percentage of owner-occupied housing located in these tracts, at 34.9 percent. However, the bank's record of lending to moderate-income tracts in this AA was similar to the aggregate record of other HMDA data filers, at 29.5 percent. Discussions with community members indicated that there is limited affordable housing available that is currently livable.

Moreover, demographic data indicates these moderate-income tracts contain higher percentages of rental, multifamily, and vacant units, resulting in a lower demand for real estate credit in these areas.

Small Business Loans

The bank's distribution of small business loans was compared to the percentage of small businesses located in each geography type. As demonstrated in Table 5, the bank originated 37.5 percent of its loans in moderate-income tracts, which was slightly higher than the percentage of small businesses in these tracts at 35.3 percent, and is therefore considered reasonable.

Lending to Borrowers of Different Income Levels and Businesses of Different Revenue Sizes

HMDA-Related Loans

The bank's level of lending to borrowers of different income levels is considered reasonable. As shown in Table 5, the bank originated fewer total HMDA-related loans to LMI individuals than suggested by area demographics. However, the bank's lending to LMI families, at 28.6 percent is comparable to the aggregate data at 30.8 percent. Discussions with community members stated that livable, affordable housing is limited in the area, impacting the supply of housing for low- and moderate-income borrowers.

Small Business Loans

The bank's level of lending to businesses with gross annual revenues of less than \$1,000,000 is considered reasonable. As depicted in Table 5, 75.0 percent of the bank's commercial loans were made to small businesses compared to the percentage of small businesses located in the AA at 88.2 percent. Also, 83.3 percent of the bank's small business loans were for amounts of \$250,000 or less, which are amounts typically needed by small businesses. This demonstrates the bank's willingness and commitment to meet the credit needs of small businesses in its AA.

TABLE 5 SUMMARY OF LENDING PERFORMANCE IN THE OKLAHOMA CITY, OKLAHOMA MSA AA (ALL OF LINCOLN COUNTY)								
Loan Distribution by Income Level of Geographies								
	% of Bank Loans				% of Owner-Occupied Units			
	Moderate		Middle		Moderate		Middle	
Home Purchase	34.6		65.4		34.9		65.1	
Refinance	11.1		88.9					
Home Improvement	40.0		60.0					
Total HMDA Loans	26.5		73.5					
Residential Real Estate 2008 Aggregate HMDA Lending Data**	29.5		70.5					
	% of Bank Loans				% of Small Businesses			
	Moderate		Middle		Moderate		Middle	
Small Business	37.5		62.5		35.3		64.7	
Distribution by Borrower Income Level and Revenue Size of Business								
	% of Bank Loans				% of Families			
	Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
*Home Purchase	11.5	19.2	15.4	46.2	25.9 23.4 24.1 26.6			
*Refinance	22.2	11.1	22.2	38.9				
Home Improvement	0.0	0.0	20.0	80.0				
*Total HMDA Loans	14.3	14.3	18.4	46.9				
*Residential Real Estate 2008 Aggregate HMDA Lending Data**	9.9	20.9	23.2	35.1				
	% of Bank Loans				% of Small Businesses			
	75.0				88.2			
Small Business	75.0				88.2			

*Totals do not add to 100.0 percent because borrower incomes were unknown for some loans.

**Combined data on Oklahoma City, Oklahoma MSA AA financial institutions that reported HMDA data in 2008.

**TULSA, OKLAHOMA METROPOLITAN STATICAL AREA ASSESSMENT AREA
(PARTIAL TULSA COUNTY)
(Full-Scope Review)**

DESCRIPTION OF THE ASSESSMENT AREA

The Tulsa, Oklahoma AA consists of 93 census tracts that comprise part of Tulsa County. The AA consists of 1 low-income, 13 moderate-income, 33 middle-income, and 46 upper-income census tracts. The area comprised 52.8 percent of the Tulsa County population and 34.6 percent of the total Tulsa MSA population. The bank's branch location in Tulsa is located in an upper-income tract.

The bank has a small presence in this area, with only \$30.2 million in deposits as of June 30, 2009, representing less than a half percent market share of Tulsa County's FDIC-insured deposits. Its deposit market share was ranked 31st among 48 FDIC-insured banks operating in Tulsa County.

According to 2000 Census data, the total population of the AA was 297,565. The AA contained a smaller concentration of families when compared to the Tulsa MSA. In 2000, 60.3 percent of AA households were families, while the Tulsa MSA contained a concentration of 68.8 percent families. The 2000 Census data shows that the AA had a higher percentage labor force at 68.4 percent compared to 65.4 percent for the MSA.

The AA was an upper-income area in 2000 with a median family income of \$55,722. The median family income was substantially higher than the Tulsa MSA median family income of \$45,678. In addition, the AA had smaller concentrations of LMI households and families and lower household and family poverty rates when compared to the Tulsa MSA. The AA's LMI households totaled 34.9 percent compared to the Tulsa MSA total of 39.5 percent. Similarly, the AA's LMI families totaled 29.0 percent compared to the Tulsa MSA total of 38.3 percent. The AA's household and family poverty rates were over 2.0 percent below the comparable Tulsa MSA rate.

The area contained some of the most expensive housing stock in the MSA, which made it difficult for residents to find affordable housing. Its 2000 housing affordability ratio was 39 percent compared to 47 percent in the MSA. In addition, the area's 2000 median housing value of \$102,634 was substantially higher than the Tulsa MSA median housing value of \$79,950. Approximately 12.2 percent of the area's specified owner-occupied housing units were valued under \$60,000 compared to 32.1 percent in the MSA.

A smaller concentration of area housing stock was single-family, owner-occupied housing units. In 2000, 64.1 percent of the area housing stock was single-family units and 54.4 percent were owner-occupied. In the MSA, 71.6 percent of housing units were single-family units and 62.1 percent of housing units were owner-occupied.

Housing stock quality in the LMI tracts varied substantially from that in the middle- and upper-income tracts. Housing stock in the LMI tracts contained high concentrations of rental and multifamily housing units. High vacancy rates, particularly in the low-income tracts, also indicated that there may be housing dilapidation, which was confirmed by discussions with a local community member.

Community members stated the AA's primary credit needs were affordable housing and small business loans. Major employers in the AA are the state and local governments, education and health service industry, American Airlines, Arrow Trucking, Blue Cross and Blue Shield of Oklahoma, and Quick Trip Corporation.

Table 8 summarizes income-related demographic and economic characteristics of the bank's designated Tulsa County AA based on 2000 Census and 2008 D&B data.

TABLE 6 UNION BANK'S TULSA, OKLAHOMA MSA AA (PARTIAL TULSA COUNTY)								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	1.1	427	0.6	108	25.3	10,941	14.3
Moderate-income	13	14.0	8,293	10.8	1,430	17.2	11,238	14.7
Middle-income	33	35.5	29,259	38.2	1,999	6.8	15,010	19.6
Upper-income	46	49.4	38,545	50.4	1,029	2.7	39,335	51.4
Total Assessment Area	93	100.0	76,524	100.0	4,566	6.0	76,524	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low-income	956	300	0.4	31.4	507	53.0	149	15.6
Moderate-income	18,535	5,485	7.4	29.6	11,205	60.5	1,845	10.0
Middle-income	55,865	27,262	36.9	48.8	25,036	44.8	3,567	6.4
Upper-income	60,751	40,939	55.3	67.4	16,166	26.6	3,646	6.0
Total Assessment Area	136,107	73,986	100.0	54.4	52,914	38.9	9,207	6.8
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	130	0.8	109	0.8	17	1.0	4	1.2
Moderate-income	2,871	18.4	2,418	17.8	385	23.4	68	20.3
Middle-income	5,237	33.6	4,535	33.3	593	36.0	109	32.5
Upper-income	7,342	47.1	6,535	48.1	653	39.6	154	46.0
Total Assessment Area	15,580	100.0	13,597	100.0	1,648	100.0	335	100.0
Percentage of Total Businesses:				87.3		10.6		2.1

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA – TULSA, OKLAHOMA
MSA AA**

Geographic Distribution of Loans

HMDA-Related Loans

The bank's distribution of residential real estate loans was compared to the percentage of owner-occupied housing units in each geographic income category. Emphasis was placed on lending in the LMI tracts. The bank demonstrated a reasonable geographic distribution of mortgage loans in the LMI tracts as it exceeded the percentage of owner-occupied housing units and aggregate lending data. This is especially noteworthy considering the various economic and housing conditions in the LMI tracts that challenge financial institutions' abilities to lend in these areas.

Small Business Loans

The bank's geographic distribution of small business loans reflects a reasonable penetration throughout the AA. The bank's lending patterns appear to be consistent with the AA credit demand and the lending strategy of the bank. According to D&B data, 0.8 percent and 18.4 percent of the small businesses in the AA were located in LMI tracts, respectively. The sample revealed no bank lending activity in the low-income tract which is reasonable considering the low number of businesses located in this tract. The bank originated 35.7 percent of its small business loans in the moderate-income tracts, which exceeded the demographic figure of 18.4 percent. In addition, the bank's opportunity to lend in LMI geographies was limited by the location of the branch and the characteristics of the individual census tracts. Competitive factors also lower the amount of lending opportunities given the bank's limited presence in the area.

Lending to Borrowers of Different Income Levels and Businesses of Different Revenue Sizes

HMDA- Related Loans

The bank's record of lending to borrowers of different income levels was reasonable considering the aggregate record of other HMDA filing financial institutions in the area and demographic information. As shown in Table 7, the bank made a total of 21.2 percent of its HMDA loans to LMI individuals. The bank's lending to low-income families, at 12.1 percent, was slightly lower than the percentage of low-income families in the AA at 14.3 percent, but significantly higher than aggregate lending to low-income families, at 4.8 percent. Table 7 also indicates 9.1 percent of the bank's HMDA loans were originated to moderate-income families. Although this is lower than both the composition of moderate-income families in the AA and aggregate lending to these families, at 14.7 percent and 16.1 percent respectively, the bank's record is reasonable considering the relatively higher cost of housing in the AA, compared to other areas of the Tulsa MSA. The AA's median housing value at \$102,634 was significantly

higher than the median housing value of the Tulsa MSA as a whole at \$79,500. Moreover, AA housing is less affordable than other areas of the Tulsa MSA, which may limit the ability of LMI families to purchase housing in the area.

Small Business Loans

The bank's level of lending to businesses with gross annual revenues of less than \$1,000,000 is considered reasonable. As depicted in Table 7, 64.3 percent of the bank's commercial loans were made to small businesses which comprised 87.3 percent of all businesses in the AA. Also, 77.7 percent of the bank's small business loans were for amounts of \$250,000 or less, which are amounts typically needed by small businesses. The bank's ability to lend to small businesses was also challenged by competitive factors. The bank competes with 64 other financial institutions with a total of 313 locations.

**TABLE 7
SUMMARY OF LENDING PERFORMANCE IN THE TULSA, OKLAHOMA MSA AA
(PARTIAL TULSA COUNTY ONLY)**

Loan Distribution by Income Level of Geographies

	% of Bank Loans				% of Owner-Occupied Units			
	Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
Home Purchase	7.7	15.4	38.5	38.5	0.4	7.4	36.9	55.3
Refinance	0.0	6.3	37.5	56.3				
Home Improvement	25.0	0.0	25.0	50.0				
Total HMDA Loans	6.1	9.1	36.4	48.5				
Residential Real Estate 2008 Aggregate HMDA Lending Data**	0.3	6.7	32.4	60.6				
	% of Bank Loans				% of Small Businesses			
	Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
Small Business	0.0	35.7	50.0	14.3	0.8	18.4	33.6	47.1

Distribution by Borrower Income Level and Revenue Size of Business

	% of Bank Loans				% of Families			
	Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
*Home Purchase	15.4	7.7	15.4	46.2	14.3	14.7	19.6	51.4
*Refinance	6.3	6.3	6.3	68.8				
Home Improvement	25.0	25.0	25.0	25.0				
*Total HMDA Loans	12.1	9.1	12.1	54.5				
*Residential Real Estate 2008 Aggregate HMDA Lending Data**	4.8	16.1	22.1	47.2				
	% of Bank Loans				% of Small Businesses			
	64.3				87.3			
Small Business	64.3				87.3			

* Totals do not add to 100.0 percent because borrower incomes were unknown for some loans.

** Combined data on all Tulsa, Oklahoma MSA financial institutions that reported HMDA data in 2008.

GLOSSARY OF COMMON CRA TERMS

(For additional information, please see the Definitions section of Regulation BB at 12 CFR 228.12.)

Assessment Area – The geographic area(s) delineated by the bank and used in evaluating the bank’s record of helping to meet the credit needs of its community. The assessment area must include the geographies where the main office, branches, and deposit-taking automated tellers machines are located. The assessment area must consist only of whole geographies, may not reflect illegal discrimination, and may not arbitrarily exclude low- or moderate-income geographies.

Census Tracts – Census tracts are small, relatively permanent geographic entities within counties delineated by a committee of local data users. Census tracts are designed to be homogenous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons and average about 4,000 inhabitants.

Community Development – Includes affordable housing (including multifamily rental housing) for low- and moderate-income individuals; community services targeted to low- and moderate-income individuals; activities that promote economic development by financing businesses or farms that have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, designated distressed or underserved nonmetropolitan middle-income areas or designated disaster areas.

Community Development Loan – A loan that has community development as its primary purpose and (except in the case of a wholesale or limited-purpose bank):

1. Has not been reported or collected by the bank or an affiliate as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan, and
2. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

Community Development Service – A service that has as its primary purpose community development, is related to the provision of financial services, has not been considered in the evaluation of the bank’s retail banking services, benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area, and has not been claimed by other affiliated institutions.

Consumer Loans – Loans to individuals for household, family, and other personal expenditures. These loans do not include real estate-secured loans.

Dun & Bradstreet Data – Data collected by Dun & Bradstreet regarding types of businesses and their respective gross annual revenues. The data can be sorted by geographies.

Geography – A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

Income Level – Both geographies and individuals can be described in terms of their income levels. In MSAs, the level is based on the MSA median family income (MFI). In nonMSA areas, the level is based on the statewide, nonMSA median family income.

Low-Income – Less than 50 percent of the area median family income

Moderate-Income – At least 50 percent and less than 80 percent of the area median family income

Middle-Income – At least 80 percent and less than 120 percent of the area median family income

Upper-Income – At least 120 percent or more of the area median family income

LMI – Collectively, low- and moderate-income families or tracts.

Metropolitan Statistical Area (MSA) – The general concept of an MSA is that of a core area containing a large population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. Generally, a single city with at least 50,000 inhabitants or an urbanized area with a total population of at least 100,000 would meet the definition of an MSA.

Qualified Investment – A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small Business – A business with gross annual revenues of \$1 million or less.

Small Farm – A farm with gross annual revenues of \$1 million or less.

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”). 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.

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.