



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 20, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Bethany Bank & Trust, National Association
Charter Number 12169**

6500 Northwest 39th Expressway
Bethany, Oklahoma 73008

Comptroller of the Currency
Kyle M. Jones, Assistant Deputy Comptroller
Oklahoma City Field Office
The Harvey Parkway Building
301 NW 63rd Street, Suite 490
Oklahoma City, OK 73116

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'S CRA RATING

This institution is rated Satisfactory.

The major factors that support this rating include:

- All of the bank's loans in the assessment sample were made within the assessment area.
- The bank's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance.
- The bank's distribution of loans among borrowers of different income levels is satisfactory throughout its AA.
- The bank has not received any consumer complaints regarding CRA performance.

First Bethany Bank and Trust, N.A., is committed to serving the community. This is demonstrated by the satisfactory lending performance as described in this Public Disclosure.

DESCRIPTION OF INSTITUTION

First Bethany Bank and Trust, N.A. (FBBT) is headquartered in Bethany, Oklahoma. The bank is 100 percent owned by First Bethany Bancorp, Inc, a one-bank holding company, headquartered in Bethany, Oklahoma.

FBBT's operations are centered in Bethany, Warr Acres, and Oklahoma City, although the assessment area (AA) encompasses a broader area that includes Oklahoma, Canadian, Cleveland, McClain, and Pottowatomie counties in central Oklahoma. The main bank is located at 6500 Northwest 39th Expressway in Bethany, Oklahoma. A full-service branch, Banco Bethany, was opened in 1998 at 2719 Southwest 29th Street, Oklahoma City, Oklahoma. Drive-in facilities are located at the main bank. Automated Teller Machines (ATMs) are located at the main bank, branch location, as well as in The Commons at Southern Nazarene University, 6729 Northwest 39th Expressway, Bethany, Oklahoma. FBBT's primary focus is to provide financial services to small businesses in the Bethany and Oklahoma City metropolitan area, including all of Oklahoma, Canadian, McClain, Cleveland, and Pottowatomie counties. FBBT meets these needs by providing various loan and deposit products.

The Banco Bethany branch was opened to serve the predominately Hispanic area of Oklahoma City. It is located in a moderate-income census tract. It offers a full line of banking products, with forms and brochures available in Spanish and English and also provides bilingual personnel to facilitate banking transactions.

As of December 31, 2002, FBBT's total assets equaled \$120 million, of which \$48 million, or 40 percent, were composed of various types of loans to individuals and commercial businesses. The bank's loan portfolio is segmented as follows:

Loan Category	\$ (000)	%
Commercial Real Estate Loans	25,118	51.18
Commercial Loans	10,916	22.24
Residential Real Estate Loans	6,719	13.69
Consumer Loans	6,323	12.89
Total	49,076	100.00

There are no legal or financial impediments to FBBT's ability to meet the credit needs of their AA. The bank's CRA performance was last evaluated as of January 29, 1998, with a "Satisfactory" rating assigned.

DESCRIPTION OF FIRST BETHANY BANK AND TRUST, N.A., ASSESSMENT AREA

The AA adopted by FFBT consists of whole geographies, does not reflect illegal discrimination, and does not arbitrarily exclude low- or moderate-income geographies. It meets the requirements of the CRA regulation.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	249,863
Number of Households	358,325
<i>Geographies</i>	
Number of Census Tracts/BNA	316
% Low-Income Census Tracts/BNA	6.96%
% Moderate-Income Census Tracts/BNA	25.95%
% Middle-Income Census Tracts/BNA	38.92%
% Upper-Income Census Tracts/BNA	22.78%
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	\$32,406
1990 HUD-Adjusted MFI	\$46,000
<i>Economic Indicators</i>	
Unemployment Rate	3.31%
2001 Median Housing Value	\$55,452
% of Households Below Poverty Level	13.59%

Source: 1990 U.S. Census, and 2001 HUD updated MFI

FFBT has defined their AA as Oklahoma, Canadian, Cleveland, McClain, and Pottowatomie Counties, consisting of 316 census tracts. Of these, 22 tracts (or 7 percent) are considered low income, 82 tracts (26 percent) are considered moderate income, 123 tracts (40 percent) are considered middle income and 72 tracts (23 percent) are considered upper income tracts. Approximate 5 percent (17 tracts) did not detail income level information sufficient to be placed within the above tracts. Total population of the tracts is 929,828. Of the 412,766 total housing units, 228,600 or 55 percent are owner occupied. Households below the poverty level total 48,714 or 14 percent and households that receive public assistance total 20,229 or 5.6 percent of the total number of households.

The economy in Bethany is generally reflective of that of the Oklahoma City metropolitan area. It has been negatively affected in the recent past by significant reductions or total loss of higher paying jobs such as those at Celestial (formerly Lucent Technologies), Xerox, and Gulfstream. Although there have been new jobs that have come to the area, those have typically been lower paying, such as those at call centers and warehouse distribution centers.

Local banking competition is aggressive and includes several community, regional and national banks and/or branches of these financial institutions.

A community contact was conducted during this review. This interview was conducted with the Bethany Chamber of Commerce. The contact indicated that FBBT and other local area financial institutions continue to be very active and take leadership roles in the Bethany community and strive to meet the financial needs of the area.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

This Performance Evaluation (PE) assesses FBBT’s performance focusing primarily on five performance criteria: the loan-to-deposit ratio, lending in the AA, lending to borrowers of different incomes and to businesses/farms of different sizes, geographic distribution of loans, and responses to complaints.

In evaluating the bank’s lending performance, home purchase, improvement, and refinance loans extended in 2002 as recorded on FBBT’s Home Mortgage Disclosure Application – Loan Application Register (HMDA-LAR) were assessed. This resulted in an analysis of 48 loans.

Based on this analysis and consistent with available resources and capabilities, the bank is meeting the credit needs of its AA in a satisfactory manner.

Loan-to-Deposit Ratio

As illustrated in the table below, FBBT’s loan-to-deposit ratio is slightly lower than banks of similar asset size within its AA. However, the bank’s lending activity within its AA is satisfactory and meets the standard for satisfactory performance.

Institution	Assets (As of 9/30/02)	Average LTD Ratio
NBandC Bank, Oklahoma City	120,300,000	107.60%
First Enterprise Bank, Oklahoma City	160,805,000	94.57%
Bank of Union, Union City	89,243,000	85.48%
McClain Bank, N.A., Purcell	137,660,000	80.56%
Lincoln National Bank, Oklahoma City	109,007,000	64.98%
Yukon National Bank, Yukon	126,390,000	62.39%
Southwestern Bank, Oklahoma City	117,576,000	61.02%
First Bethany Bank & Trust, Bethany	121,736,000	54.89%
First National Bank, Shawnee	79,732,000	49.27%

Lending in Assessment Area

FBBT's lending in their AA exceeds the standard for satisfactory performance. This conclusion is based on an analysis of 48 home purchase, improvement and refinance loans as reported on the 2002 HMDA-LAR, as depicted in the following table:

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Purchase	28	100.00	1,202	100.00	0	0	0	0
Home Improvement	15	100.00	104	100.00	0	0	0	0
Home Refinance	5	100.00	330	100.00	0	0	0	0
Business	40	100.00	6,898	100.00	0	0	0	0
Total Reviewed	48	100.00	8,534	100.00	0	0	0	0

Due to the bank's large AA, it is expected that a significant majority of loans would be located inside it.

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

FBBT's overall distribution of loans by income level of borrowers meets the standard for satisfactory performance.

The bank's distribution of home purchase, refinance, and improvement loans by income level is satisfactory. The percentage of the number and dollar volume of home purchase and home improvement loans to low-income borrowers compares favorably to the percentage of low-income families in the AA. These results are notable, as typically the dollar percentage of home purchase loans to low- and moderate-income families are generally smaller in amount than those to higher income individuals/families. The percentage of the number of home improvement loans to moderate-income borrowers is comparable to the percentage of moderate-income families in the AA, while the percentage of the number of home improvement loans to persons in that income group is somewhat lower than the percent of their representation in the AA.

BORROWER DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	19.89		17.69		22.83		39.59	
	% of Number	% of Amount						
Home Purchase*	21.43	22.98	7.14	3.50	7.14	17.32	57.14	46.05
Home Improvement	33.33	23.08	20.00	4.81	40.00	62.50	6.67	9.62
Home Refinance	0.00	0.00	0.00	0.00	20.00	26.67	80.00	73.33

*Two home purchase loan applicants did not disclose income information

Based upon a random sample of 40 commercial loans, the bank's loan distribution to small businesses in the AA is excellent. All loans sampled were extended to small businesses within FBBT's AA. The percentage of loans to businesses with revenues less than \$1 million is somewhat lower than the percentage of businesses with revenues less than \$1 million, as depicted in the following table.

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses	80.05	6.90
% of Bank Loans in AA #	100.00	100.00
% of Bank Loans in AA \$	57.84	42.16

Note: Businesses not reporting revenues was 13.04 percent.

FBBT is a certified SBA lender and actively participates in the Oklahoma Capital Access Program. These programs allow the bank to better facilitate lending to small businesses consistent with the bank's primary lending focus. FBBT is not a significant agricultural lender due to being located in a major metropolitan area, which does not allow for ample opportunity to conduct this type of lending. Therefore, the percentage of loans to small farms was not evaluated.

Additionally, FBBT offers Banco Bethany Home Ownership Loan Program home loan product to assist in meeting the housing needs of low- and moderate-income individuals/families. This product offering is limited to individuals/families with adjusted gross income of \$40,000 or less. The program also allows the applicant to have a debt/income ratio up to 50 percent, allows for a below normal down payment amount and provides a favorable interest rate. As of January 31, 2003, the bank has 12 loans totaling \$287 thousand extended in this program.

FBBT has also made a \$414 thousand investment in the *Oklahoma Metafund Community Development Corporation (Metafund)*. This is a certified Community Development Financial institution (CDFI) organized to provide credit and investment opportunities for community, economic, and workforce development; to aid and promote job creation and self-employment opportunities, housing and property development/rehabilitation and maintenance; and to assist underserved populations and investment areas throughout Oklahoma. It targets low to moderate-income individuals, community revitalization, and small business funding throughout the state. Two bank directors were directly responsible for the development of Metafund, with one currently serving as Chairman and another as a member of the Board of Directors.

Geographic Distribution of Loans

The distribution of loans meets the standard for satisfactory performance. The dollar volume and number of loans extended in the various income tracts is representative of the percentage of the population that those tracts represent. This conclusion is also based on the analysis of home purchase, improvement, and refinance loans as reported on the 2002 HMDA-LAR, as depicted in the following table:

GEOGRAPHIC DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS IN AA								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
Loan Type	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing	% of Number	% of AA Owner Occupied Housing
Home Purchase	7.14	30.96	28.57	43.70	50.00	58.13	14.29	66.83
Home Improvement	20.00	30.96	33.33	43.70	26.67	58.13	20.00	66.83
Home Refinance	0.00	30.96	20.00	43.70	60.00	58.13	20.00	66.83

Responses to Complaints

There have been no consumer complaints regarding the bank's Community Reinvestment Act performance during the evaluation period.

Fair Lending Review

An analysis of 1999-2002 public comments and consumer complaints was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.