



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

November 09, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Firststar Bank, National Association
Charter Number 15429

1720 E. Cherokee, Sallisaw, OK 74955

Office of the Comptroller of the Currency

8282 South Memorial Drive, Suite 300, Tulsa, OK 74133

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The following factors support the overall rating:

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

Scope of Examination

Evaluation Period/Products Evaluated

We commenced the 2015 CRA Performance Evaluation of Firststar Bank, N.A. (Firststar), which is headquartered in Sallisaw, Oklahoma, on November 9, 2015. The evaluation was conducted using the Intermediate Small Bank (ISB) CRA procedures. Since the bank has branches in both Oklahoma and in the Fort Smith, AR multistate metropolitan statistical area (MSA), the review includes separate evaluations of the bank's CRA performance in the State of Oklahoma, and in the Fort Smith, AR multistate MSA. The analysis included a review of Home Mortgage Disclosure Act (HMDA) reportable loans (home purchase, home improvement and refinance lending), and commercial/business loans. These lending products were evaluated using data from the two-and one-half year period January 1, 2013 through June 30, 2015.

HMDA residential mortgage lending was evaluated using data in the filed HMDA Loan Application Registers for 2013, 2014, and 2015 (through June 30, 2015). Random samples of commercial/business loans originated during this same period were selected in each assessment area (AA) and analyzed for the review. Commercial/business lending and home mortgage lending are the bank's major loan products.

Data Integrity

Prior to this CRA performance evaluation, we verified the accuracy of the data available to the public in accordance with the HMDA regulation. A CRA Data Integrity examination was conducted in July 2015 to evaluate the bank's process to accurately collect and report HMDA loan data. We found the bank had a good process, and effective internal controls, to accurately collect and report HMDA information. As a result, we relied on filed HMDA data during this CRA review to assess residential real estate lending performance. We also reviewed the integrity of the bank's Community Development activities to ensure these activities qualify for credit under the CRA regulation.

DESCRIPTION OF INSTITUTION

Firststar Bank (Firststar) is a \$507 million community banking institution headquartered in Sallisaw, Oklahoma, which is located in eastern central Oklahoma. As of June 30, 2015, Firststar had loans of \$395 million, or 78 percent of total assets. Firststar is a subsidiary of a one-bank holding company, Firststar Financial Corp. that is headquartered in Muskogee, Oklahoma. The bank operates seven banking centers, six in Oklahoma and one in Arkansas. The main office and one branch are located in Sallisaw, and there are branches in Tulsa, Muskogee, and Roland in Oklahoma. There is also one branch in Fort Smith, Arkansas. All branches offer drive-in banking.

Since the previous CRA performance evaluation (PE) on November 29, 2012, Firststar opened one branch in Ft. Smith, Arkansas in December 2012. The Tulsa Branch was relocated to its current location in February 2014. The Roland East Branch was closed and consolidated into the Roland Main Branch in December 2014.

Firststar has five ATM locations, none of which accepts deposits. Each ATM is located at a branch location. The Muskogee East and Fort Smith branches do not have ATMs. The bank added one ATM at the Tulsa Branch when it opened in February 2014, and the bank closed the ATM at the Roland East Branch when it closed in December 2014.

The following tables provide complete information on Firststar's branch and ATM locations.

Firststar's Branch Locations		
Location	Address	City
Sallisaw Main Bank	1720 E. Cherokee	Sallisaw, OK
Sallisaw West Branch	209 N. Kerr Blvd.	Sallisaw, OK
Roland Branch	103 E. Ray Fine Blvd.	Roland, OK
Muskogee Main Branch	510 N. Main Street	Muskogee, OK
Muskogee East Branch	2215 Chandler Rd.	Muskogee, OK
Tulsa Branch	9696 E. 101st St.	Tulsa, OK
Fort Smith Branch	4300 Rogers Ave. Suite 7	Fort Smith, AR

Firststar's ATM Locations		
Location	Address	City
Sallisaw Main Bank	1720 E. Cherokee	Sallisaw, OK
Sallisaw West Branch	209 N. Kerr Blvd.	Sallisaw, OK
Roland Branch	103 E. Ray Fine Blvd.	Roland, OK
Muskogee Main Branch	510 N. Main Street	Muskogee, OK
Tulsa Branch	9696 E. 101st St.	Tulsa, OK

The bank's strategic focus is primarily commercial/business lending in the Tulsa and Fort Smith markets, while the Sallisaw/Roland Oklahoma areas have a more retail focus. The Muskogee market is focused on a mixture of both business segments. In all of the bank's assessment areas, Firststar meets its community development responsibility primarily through commercial/business lending that provides multifamily affordable housing, job creation and retention, and that supports critical community services. Additionally, bank officers have served in numerous leadership positions on organizations that provide community services to low- and moderate-income persons and families.

Firststar offers a variety of loan and deposit products to meet the needs of the community and achieve their overall business strategy. In addition to providing traditional loan and deposit products and services, Firststar also offers Telephone Banking and Online Banking. Bank lobby hours are provided Monday through Friday at all locations.

As of June 30, 2015, Firststar's total assets were \$507 million, of which \$395.3 million, or 78 percent, comprise various types of loans. Specifically, the bank's loan portfolio mix consists of the following:

Loan Category	\$ (000)	%
Business Loans	\$268,999	68%
1-4 Family Residential RE Loans	\$105,327	26%
Consumer Loans	\$10,245	3%
Agricultural Loans	\$7,728	2%
Other Loans	\$3,025	1%
Total	\$395,324	100%

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its AAs. Firststar is involved in and provides support to meet the community's financial needs. The bank received an overall rating of "**Satisfactory**" at the last CRA evaluation dated November 29, 2012.

Selection of Areas for Full-Scope Review

All three of the Firststar assessment areas received full-scope reviews. In the State of Oklahoma there is one non-metropolitan AA, the Muskogee County AA, and one MSA AA, the partial Tulsa MSA AA. In addition, Firststar has branches in the City of Fort Smith, AR and in the Oklahoma towns of Sallisaw and Roland. The corresponding surrounding geographies comprise the partial Fort Smith, AR multistate MSA AA, which includes the bank's Fort Smith, AR and Sallisaw, OK markets. Refer to the "Scope" section under the Multistate MSA rating and the State of Oklahoma rating for additional details.

Ratings

The bank's overall rating is a blend of the Multistate MSA and State ratings. In the Overall Rating, performance in the State of Oklahoma received more weight than performance in the partial Fort Smith, AR multistate MSA. In addition to an overall (bank-wide) ISB CRA performance rating, this evaluation will include Firststar CRA performance ratings in the State of Oklahoma, and in the partial Fort Smith, AR multistate MSA. Please refer to the "Scope" section under the State and Multistate Metropolitan Area Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Conclusions with Respect to Performance Criteria

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

Based on our sample of lending during the evaluation period January 2013 through June 2015, Firststar meets the standard for satisfactory performance for lending within its assessment areas. Firststar's quarterly average LTD ratio is commensurate with similarly situated institutions and meets the standard of satisfactory performance.

Additionally, the bank meets the standard for satisfactory performance for lending within the assessment areas.

The bank's strength is in its lending to small businesses. The distribution of loans to businesses with revenues of less than \$1 million was reasonable; and the overall penetration of loans to individuals and businesses of different income levels is reasonable. In light of the performance context factors, the geographic distribution of loans reflects a reasonable dispersion throughout the AAs and meets the standards for satisfactory performance.

Community Development lending, investments, and services bank-wide is satisfactory and indicates adequate responsiveness to the needs of the bank's assessment areas. See the State of Oklahoma and Fort Smith Multistate MSA sections of this report for details.

Loan-to-Deposit Ratio

Firststar's quarterly average loan-to-deposit ratio (LTD) ratio since its last CRA performance evaluation is 88.85 percent, which is reasonable, and exceeds the average LTD ratios of many similarly situated banks. The ratio meets the standards for satisfactory performance. The loan-to-deposit ratio is the quarterly average from December 31, 2012 through June 30, 2015. See the following table.

Loan-to-Deposit Ratios		
Institution	Total Assets as of 6/30/2015 (000's)	Average LTD Ratio
Grand Bank, Tulsa, OK	\$258,219	94.11%
Firststar Bank, N.A., Sallisaw, OK	\$507,257	88.85%
Valley National Bank, Tulsa, OK	\$422,387	82.24%
Mabrey Bank, Bixby, OK	\$788,259	79.40%
Armstrong Bank, Muskogee, OK	\$840,648	78.26%

Source: Institution Reports of Condition from December 31, 2012 to June 30, 2015

Firststar also originates approximately \$43 million per year of home mortgage loans that are immediately sold in the secondary market. Additionally, the bank offers reverse mortgages for which they perform the majority of the underwriting as the agent bank. During 2013 and 2014, Firststar processed approximately \$42 million of this type of reverse mortgage lending. These types of loans and lending-related activities have provided significant consumer services but are not reflected in the above LTD ratio, which is computed using outstanding loans still in the loan portfolio.

Lending in Assessment Area

Based on our sample of lending during the evaluation period January 2013 through June 2015, Firststar meets the standards for satisfactory performance for lending within its AAs. Our bank-wide analysis of 1,364 loans included 1,259 HMDA residential real estate loans. We also randomly selected 105 commercial/ business loans. Based upon the combined loan samples, the majority of loans, both in terms of number of loans and dollar volume of loans, were originated inside Firststar's assessment areas (AAs).

Lending in Firststar Bank AAs										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	500	72.05	194	27.95	694	65,012	68.54	29,836	31.46	94,848
Home Improvement	183	87.14	27	12.86	210	7,137	75.17	2,357	24.83	9,494
Refinance	264	74.37	91	25.63	355	45,517	72.05	17,655	27.95	63,172
Business Loans	88	83.81	17	16.91	105	27,606	69.79	11,952	30.21	39,558
Totals	1,035	75.88	329	24.12	1,364	145,272	70.16	61,800	29.84	207,072

Source: Data reported for HMDA Loans and Business Loans samples 2013, 2014, and YTD 6/30/15.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.82(c), or 12 CFR 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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

Multistate Metropolitan Area Rating Partial Fort Smith, AR Multistate MSA

CRA Rating for Partial Fort Smith, AR Multistate MSA: Satisfactory.

The Lending test is rated: Satisfactory

The Community Development test is rated: Satisfactory

The following factors support the overall rating:

- The penetration of loans to individuals and businesses of different income levels is reasonable, and meets the standard for satisfactory performance.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AA, and meets the standard for satisfactory performance.
- Community Development lending is satisfactory and indicates adequate responsiveness to the needs of the bank's assessment areas.
- The bank provided an adequate amount of qualified Community Development investments and services within its assessment areas.

Description of Institution's Operations in the Partial Fort Smith, AR Multistate MSA Assessment Area

The partial Fort Smith multistate MSA assessment area (Fort Smith AA) adopted by Firststar 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.

Firststar's Fort Smith AA includes key parts of Sebastian County, AR and all of Sequoyah County, OK. The census tracts in Sebastian County comprise the City of Fort Smith and Barling, AR. Of the 20 census tracts in Arkansas, none of the tracts are low-income, eight tracts are moderate-income, six tracts are middle-income, and six tracts are upper-income. Of the nine census tracts in Sequoyah County, OK, none of the tracts are low-income, three tracts are moderate-income, six tracts are middle-income, and none are upper-income.

The main bank in Sallisaw, OK and the Fort Smith, AR branch are located in middle-income census tracts. The Roland and Sallisaw West branches in Oklahoma are located in moderate-income census tracts.

The following table describes major demographic and economic characteristics of the Fort Smith AA, based on 2010 U.S. Census data:

Demographic and Economic Characteristics of Fort Smith Partial MMSA AA		
Population		
Number of Families		33,913
Number of Households		51,422
Geographies		
Number of Census Tracts		29
% of Low-Income Census Tracts		0.00%
% of Moderate-Income Census Tracts		37.93%
% of Middle-Income Census Tracts		41.38%
% of Upper-Income Census Tracts		20.69%
Median Family Income (MFI)		
2010 MFI for AA		\$46,675
2013 HUD-Adjusted MFI		\$47,000
2014 HUD-Adjusted MFI		\$49,900
2015 HUD-Adjusted MFI		\$49,600
Economic Indicators		
Unemployment Rate		4.00%
2010 Median Housing Value		\$99,536
% of Households Below Poverty Level		18.63%
<i>Source: 2010 Census data</i>		

According to the 2010 U.S. Census Data, the Fort Smith AA has a population of 134,006 persons. Although there are no low-income census tracts, there are low- and moderate-income families in the Fort Smith AA. Of the 33,913 families, 24 percent are low-income families and 18 percent moderate-income families. The AA includes 58,462 housing units and 31.5 thousand, or 54 percent of these units, are owner-occupied. Households below the poverty level are 19 percent, and households that receive public assistance total 3 percent.

The economy in Fort Smith, AR has been stable with small areas seeing sustained growth. Historically, the Fort Smith area has supported numerous manufacturing jobs. However, in recent years, other industries have seen increases, with the most significant growth in the areas of health care and education. According to the Fort Smith Chamber of Commerce, the top employers for 2014 were Sparks Health System, Mercy Fort Smith, O.K. Industries, Baldor Electric Company, and Fort Smith Public Schools.

The community's credit needs and business opportunities in the Fort Smith area are also served by several other national and state chartered banks. Competition from other financial institutions in the area is strong. The primary competitors for financial services include First National Bank of Fort Smith, Arvest Bank, Bancorp South Bank, Armstrong Bank, and Citizens Bank & Trust. Firststar holds approximately 3.77 percent of the market share of the Fort Smith metro area. A community contact indicated that there is a need for more diversification in the economy, as well as, a need to address services for the sizable homeless population.

The economy in Sequoyah County, OK has substantially rebounded from the economic downturn in prior years and unemployment is near national averages. Future job growth over the next ten years in Sallisaw, the county seat, is expected be almost 30 percent. The majority of jobs are in sales, office support, business management, and finance. Major employers include the Sequoyah Memorial Hospital, Sallisaw Public Schools, American Storm Shelter, and the Cherokee Casino. The primary competitors for financial services include Armstrong Bank, Arvest Bank, and National Bank of Sallisaw.

The community credit needs and business opportunities in the Sequoyah County portion of the AA differ slightly from those in the City of Fort Smith. The community contact in Sequoyah County indicated that there is a need for more affordable housing and small business loans to improve employment opportunities.

Scope of Evaluation in the Partial Fort Smith MSA AA

Firststar has branches in the City of Fort Smith, AR and in the towns Sallisaw, OK and Roland, OK. The corresponding surrounding geographies comprise the partial Fort Smith, AR multistate MSA AA, which includes the bank's Fort Smith, AR and Sallisaw/Roland, OK markets. The Fort Smith, AR market area includes most of Sebastian County, AR. The Sallisaw/Roland, OK markets include all of Sequoyah County, OK. The partial Fort Smith, AR multistate MSA AA received a full-scope review.

The bank's overall rating is a blend of the Multistate MSA and State ratings. In the Overall Rating, performance in the State of Oklahoma received more weight than performance in the partial Fort Smith, AR multistate MSA. As of June 30, 2015, the partial Fort Smith MSA AA accounted for 37 percent of the dollar amount of total deposits, 35 percent of gross loans, and four (57 percent) of the bank's seven banking centers.

Two community contacts were evaluated for the consideration of the community needs in the partial Fort Smith, AR multistate MSA. One in Fort Smith, AR, a community development expert, and the other in Sallisaw, OK, a professional in economic development. The comments from these professionals are summarized in the "Description of Institution's Operations" section above.

Conclusions With respect to performance Tests In the Partial Fort Smith, AR Multistate MSA Assessment Area

LENDING TEST

The bank's performance under the Lending Test in the partial Fort Smith multistate MSA AA (Fort Smith AA) is rated Satisfactory. The bank's strength is its lending to small businesses. The distribution of loans to businesses with annual revenues of less than \$1 million is excellent, and penetration of loans to residential mortgage borrowers of different income levels is reasonable. Geographic dispersion of business loans is also excellent; and in light of the performance context factors, geographic dispersion of loans to residential mortgage borrowers reflects reasonable dispersion throughout the AA and meets the standard for satisfactory performance. Community Development (CD) lending is also satisfactory and indicates adequate responsiveness to the needs of the bank's Fort Smith AA.

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

Based on our sample, Firststar meets the standards for satisfactory performance with respect to lending to borrowers of different incomes and to businesses of different sizes. The penetration of loans to small businesses was excellent. A small business is defined by the CRA regulation as a business with annual revenue of less than \$1 million. The following table reflects the results of our commercial/business sampling:

Borrower Distribution of Loans to Businesses in Partial Fort Smith, AR Multistate MSA AA (Sequoyah Cnty, OK & Sebastian Cnty, AR)				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	68.71	6.99	24.30	100%
% of Bank Loans in AA by #	85.71	14.29		100%
% of Bank Loans in AA by \$	89.95	10.05		100%

Source: Business Loans sample 2013, 2014, and YTD 6/30/15; Dunn and Bradstreet data.

The borrower distribution of business loans in the Fort Smith AA is excellent and exceeds the standard. The bank's percentage of lending to Fort Smith AA small businesses exceeds the percentage of Fort Smith AA businesses with gross annual revenues of less than one million dollars both in terms of the number of loans made and the dollar volume of loans originated. The distribution of sampled Fort Smith AA loans to businesses by loan size follows. As indicated, all of the randomly selected business loans were originated in amounts of less than \$1 million, and 71 percent of these loans were in amounts of less than \$100 thousand.

Borrower Distribution of Loans to Businesses by Loan Size in Partial Fort Smith, AR Multistate MSA AA (Sequoyah Cnty, OK & Sebastian Cnty, AR)				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	20	71.43	558,573	22.30
\$100,001 - \$250,000	6	21.43	1,089,475	43.50
\$250,001 - \$500,000	1	3.57	256,500	10.24
\$500,001 - \$1,000,000	1	3.57	600,000	23.96
Over \$1,000,000	0	0.00	0	0.00

Source: Business Loans sample 2013, 2014, and YTD 6/30/15; Dunn and Bradstreet data.

Overall, penetration of home mortgage lending to both low- and moderate-income borrowers in the Fort Smith AA is reasonable and meets the standard. See the table below. While the percentage of loans made to both low- and moderate-income (LMI) borrowers is below the percentage of assessment area families, especially for home purchases by low-income borrowers, lending levels to the combined group of LMI borrowers is not significantly below the ratio. According to 2010 Census data, approximately 49 percent of households in the AA are on a fixed income from Social Security or retirement benefits. In addition, approximately 37 percent of housing units in the AA are rental property, and 19 percent of AA households are living below the poverty level. The incentive and the level of difficulty for these persons to qualify for home mortgage loans are factored into the overall rating.

Borrower Distribution of Residential RE Loans in Partial Fort Smith, AR Multistate MSA AA (Sequoyah Cnty, OK & Sebastian Cnty, AR)								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	23.99	8.85	18.03	16.94	18.75	21.11	39.24	41.59
Home Improvement	23.99	16.73	18.03	15.21	18.75	25.10	39.24	33.84
Refinance	23.99	15.08	18.03	12.40	18.75	14.89	39.24	50.57

Source: Data reported for HMDA Loans 2013, 2014, and YTD 6/30/15; U.S. Census data.

Income NA for 11.50% of home purchases, 9.13% of home improvement and 7.06% of refinanced loans.

Geographic Distribution of Loans

Geographic distribution of loans to businesses and home mortgage borrowers indicates reasonable dispersion in low- and moderate-income tracts. There are no low-income census tracts in the Fort Smith AA; however, there are 11 moderate-income census tracts. Lending tends to center around branch locations. The Sallisaw, OK Main Branch and the Fort Smith, AR branch are located in middle-income census tracts, while the Sallisaw West and Roland, OK branches are located in moderate-income census tracts.

Geographic Distribution of Loans to Businesses in Partial Fort Smith, AR Multistate MSA AA (Sequoyah Cnty, OK & Sebastian Cnty, AR)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	0.00	0.00	33.81	39.29	36.91	46.43	29.28	14.29

Source: Business Loans sample 2013, 2014, and YTD 6/30/15; Dunn and Bradstreet data.

The table above illustrates the borrower distribution of business loans in the Fort Smith AA is excellent and exceeds the standard. The bank’s percentage of business loans made to businesses in moderate-income census tracts exceeds the percentage of Fort Smith AA businesses located in moderate-income tracts.

The overall geographic distribution of home mortgage loans in the Fort Smith AA is reasonable and meets the standard. See the table below. There are no low-income geographies in this AA. Although the bank’s percentage of home mortgage loans made in moderate-income tracts is below the percentage of AA owner-occupied housing, it still indicates reasonable dispersion of mortgage lending in the Fort Smith AA. As previously mentioned the percentage of the population on fixed incomes and below the poverty level has impacted the bank’s success in this category.

Geographic Distribution of Residential Real Estate Loans in Partial Fort Smith, AR Multistate MSA AA (Sequoyah Cnty, OK & Sebastian Cnty, AR)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	27.52	18.46	45.40	58.66	27.08	22.88
Home Improvement	0.00	0.00	27.52	17.87	45.40	67.30	27.08	14.83
Refinance	0.00	0.00	27.52	16.23	45.40	53.24	27.08	30.53

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

CD Loans, Qualified Investments, and CD Services Test

The bank’s performance in its partial Fort Smith multistate MSA AA under the Community Development Test is rated **“Satisfactory.”**

Firststar's community development performance demonstrates adequate responsiveness to the community development needs of the partial Fort Smith multistate MSA AA (Fort Smith AA).

The Fort Smith AA includes only two of the five counties in this multistate MSA: parts of Sebastian County, including Fort Smith and Barling on the Arkansas-side and all of Sequoyah County on the Oklahoma-side. The Fort Smith branch is located in the more urban Sebastian County, AR, and the Sallisaw and Roland branches are located in rural Sequoyah County, OK. Opportunities for qualified community development loans are sufficient in the Fort Smith MSA AA; however, opportunities for qualified investments are limited. Nevertheless, the bank did purchase a Sallisaw school bond during the review period.

During the Community Development Test evaluation period, in the Fort Smith MSA AA, the bank originated or renewed 12 community development loans totaling \$9,739,696 and made the qualified school bond investment of \$990 thousand. In addition, Firststar donated \$27,354 to qualified organizations and provided qualified officer services to three different organizations that primarily serve low- and moderate-income persons.

Fort Smith MSA AA officers have served in leadership positions in community development organizations in Fort Smith, AR and Sallisaw, OK, which are primarily involved in economic development and providing community services to low- and moderate-income persons. These activities are described below.

Community Development Loans

Qualifying community development loans are those that meet the definition of community development, as defined in the CRA regulation. This includes activities that promote affordable housing, community services, economic development and revitalization and stabilization that benefits low- and moderate-income individuals and geographies. Activities are considered to promote economic development if they support permanent job creation, retention, and/or improvement for low- and moderate-income persons.

Qualified community development activities that help revitalize or stabilize a community are activities that attract new businesses or persons to a community or are activities that help retain existing businesses or persons in a community.

Qualified activities, may include, for example, providing financing to help retain businesses in an area that employ low- and moderate-income persons; or providing financing to attract a new employer that will create permanent job opportunities for low- and moderate-income persons.

During the review period, November 29, 2012 through November 9, 2015, Firststar originated or refinanced twelve loans, totaling \$9.74 million, of qualified community development lending in its Fort Smith AA. Key lending in this AA financed three large multifamily affordable housing projects in Fort Smith, AR and financed the Sallisaw Hospital Authority in Sallisaw, OK.

These loans included:

Firststar provided \$2.44 million of credit to finance the purchase of a 127-unit apartment complex in Fort Smith, AR. The entire complex is considered affordable housing because all units rent for below Fair Market Rent (FMR) levels published for Sebastian County, AR.

The bank provided \$2.20 million of credit to a different borrower to finance the purchase of a 50-unit apartment complex in Fort Smith, AR where 72 percent of the units are qualify as affordable housing because they rent for below Fair Market Rent (FMR) levels published for Sebastian County, AR.

Firststar provided \$444 thousand credit to renew the financing of a 32-unit apartment complex in Fort Smith, AR. The entire complex qualifies as affordable housing because all units rent for below FMR levels published for Sebastian County, AR.

During the review period, the bank also originated a \$1.3 million loan, and refinanced it in the following year at \$1.3 million, to finance some of the needs of Sequoyah County Sallisaw Hospital Authority. The Authority is a public trust supported by both the city and the county. The hospital serves all persons in the region, including a large number of patients whose care is funded by Medicare and Medicaid. In addition, the hospital is one of the largest employers in the county with about 170 employees; and 65 percent of these employees are low- and moderate-income workers.

Community Development Investments

Qualifying investments are investments, deposits, membership shares, or grants that have as their primary purpose community development, as defined in the CRA regulation. Opportunities for qualified community development investments are limited in the Fort Smith AA; however, during the review period, the bank made a qualified ISD #1 Sallisaw school bond investment for \$990 thousand and donated \$27,354 to qualified organizations.

Community Development Services

The level of qualified community development services is excellent. Bank officers have served in 19 leadership positions in Fort Smith AA organizations that either promote economic development in the AA (Sebastian County, AR and Sequoyah County, OK) or that provide community services to low- and moderate-income families in these counties. They provided technical and financial expertise to these organizations. The following are examples of qualifying community development services:

- ***Eastern Workforce Investment Board***
An executive officer of the bank serves on the Board of Directors of the Investment Board, whose mission is to assist in the workforce development to create employment opportunities in eastern Oklahoma.
- ***Sallisaw Improvement Corporation***
An executive officer of the bank serves on the Board of Directors of this nonprofit, whose mission is to bring and retain jobs in the Sallisaw Industrial Park area.
- ***Health and wellness Center Sallisaw***
A bank officer serves on the Board of Directors of this nonprofit, whose mission is to provide medical, dental, behavioral, pharmacy, and optometry services to primarily low- and moderate-income persons who are uninsured or underinsured.
- ***Sallisaw Schools, Brushy Schools, Dept of Human Services Sequoyah County***
An executive officer and three other bank officers officed in the Sequoyah County/Sallisaw region conducted six financial literacy seminars primarily to the children of low- and moderate-income families through these organizations.
- ***United Way of Fort Smith Area***
An executive officer of the bank's Sequoyah County/Sallisaw region serves on and provides his expertise to the Allocations Committee through the "Loaned Executive" program. The United Way provides support to many agencies that provide services to low- and moderate-income persons.
- ***Mercy Foundation Board Fort Smith***
An executive officer of the bank serves on the Board of Directors and the Finance Committee of this nonprofit, which raises money for low- and moderate-income persons to purchase essentials such as gasoline and medicine, and to pay funeral expenses.
- ***Lincoln Child Care Center Fort Smith***
An executive officer of the bank serves on the Board of Directors and the Finance Committee of this facility, whose mission is to provide childcare for low-income families.

State of Oklahoma

CRA Rating for Oklahoma: Satisfactory.

The Lending test is rated: Satisfactory

The Community Development test is rated: Satisfactory

The following factors support the overall rating:

- The penetration of loans to individuals and businesses of different income levels is reasonable, and meets the standard for satisfactory performance.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AA, and meets the standard for satisfactory performance.
- Community Development lending is satisfactory and indicates adequate responsiveness to the needs of the bank's assessment areas.
- The bank provided an adequate amount of qualified Community Development investments and services within its assessment areas.

Description of Institution's Operations in the State of Oklahoma

The Oklahoma assessment areas adopted by Firststar consist of whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude low- or moderate-income geographies. They meet the requirements of the CRA regulation.

Firststar has two assessment areas in Northeast Oklahoma, which are described below.

Muskogee County Non-MSA Assessment Area

The Muskogee County Non-MSA AA (Muskogee AA) consists of 16 census tracts in Muskogee County, OK. This county is not located in a metropolitan statistical area. Of the 16 census tracts in the Muskogee AA, none of the tracts are low-income, five tracts are moderate-income, seven tracts are middle-income, and four tracts are upper-income. All seven of the middle-income tracts in the Muskogee AA are designated as "distressed or underserved nonmetropolitan" geographies. The bank's Muskogee Main branch is located in a moderate-income census tract, while the Muskogee East branch is located in a middle-income census tract.

The following table describes major demographic and economic characteristics of the Muskogee Non-MSA AA, based on 2010 U.S. Census data:

Demographic and Economic Characteristics of Muskogee Non-MSA AA		
Population		
Number of Families		17,751
Number of Households		26,927
Geographies		
Number of Census Tracts		16
% of Low-Income Census Tracts		0.00%
% of Moderate-Income Census Tracts		31.25%
% of Middle-Income Census Tracts		43.75%
% of Upper-Income Census Tracts		25.00%
Median Family Income (MFI)		
2010 MFI for AA		\$48,104
2013 HUD-Adjusted MFI		\$49,900
2014 HUD-Adjusted MFI		\$51,200
2015 HUD-Adjusted MFI		\$52,700
Economic Indicators		
Unemployment Rate		3.70%
2010 Median Housing Value		\$87,535
% of Households Below Poverty Level		19.07%
<i>Source: 2010 Census data</i>		

According to the 2010 U.S. Census Data, the Muskogee AA has a population of 70,990 persons. Although there are no low-income census tracts, there are low- and moderate-income families in the Muskogee AA. Of the 17,751 families, 22 percent are low-income families and 17 percent moderate-income families. The AA includes 30,880 housing units and 18.5 thousand, or 60 percent, are owner-occupied. Households below the poverty level are 19 percent, and households that receive public assistance total 5 percent.

The most significant job sectors in Muskogee County include healthcare, government, and manufacturing. According to the Muskogee City-County Port Authority Business Development Office, as of December 2014, the largest employers in Muskogee County were the U.S. Department of Veterans Affairs, Jack C. Montgomery VA Medical Center, Georgia-Pacific, EASTAR Health System, and Muskogee Public Schools. The local economy remains stable, and unemployment is commensurate with statewide unemployment rates.

Competition from other financial institutions in the area is strong. The community's credit needs and business opportunities in the Muskogee AA are also served by eight other national and state chartered banks. Bank of Oklahoma has the largest deposit market share. A community contact stated that in Muskogee County, "There is a need for unsecured small dollar loans with flexible repayments. Other funding opportunities are those for housing needs – down payment or rental assistance for non-subsidized housing.

Many low- and moderate-income persons have the ability to make monthly payments but do not have the ability to save funds for down payments or deposits for rental housing.”

Partial Tulsa MSA Assessment Area

The Partial Tulsa MSA AA (Tulsa AA) consists of 127 census tracts in Tulsa County generally south and east of Interstate Highway 244. Of the 127 census tracts in the bank’s Tulsa AA, six tracts are low-income, 34 tracts are moderate-income, 37 tracts are middle-income, and 50 tracts are upper-income. The Tulsa AA branch is located in an upper-income census tract in South Tulsa.

The following table describes major demographic and economic characteristics of the Tulsa AA, based on 2010 U.S. Census data:

Demographic and Economic Characteristics of Tulsa Partial MSA AA		
Population		
Number of Families		111,361
Number of Households		180,814
Geographies		
Number of Census Tracts		127
% of Low-Income Census Tracts		4.72%
% of Moderate-Income Census Tracts		26.77%
% of Middle-Income Census Tracts		29.13%
% of Upper-Income Census Tracts		39.37%
Median Family Income (MFI)		
2010 MFI for AA		\$69,711
2013 HUD-Adjusted MFI		\$59,700
2014 HUD-Adjusted MFI		\$59,200
2015 HUD-Adjusted MFI		\$61,400
Economic Indicators		
Unemployment Rate		3.54%
2010 Median Housing Value		\$146,672
% of Households Below Poverty Level		12.38%
<i>Source: 2010 Census data</i>		

According to the 2010 U.S. Census Data, the Tulsa AA has a population of 445,864 persons. There are six low-income census tracts and 34 moderate-income census tracts in the Tulsa AA. Of the 111,361 families, 18 percent are low-income families and 16 percent moderate-income families. The AA consists of 198,475 housing units and 111 thousand, or 56 percent, are owner-occupied. Households below the poverty level are 12 percent, and households that receive public assistance total 2.6 percent.

The economy in Tulsa remains strong, and unemployment rates remain below statewide and national averages. Key industry sectors in Tulsa include aerospace, energy, healthcare, technology, manufacturing, and transportation. Hospitals, casinos, and public school systems provide a large number of jobs in the Tulsa AA.

The community credit needs and business opportunities in the Tulsa area are also served by several other national and state chartered banks. Competition from these other financial institutions is strong. There are 58 banks or other financial institutions operating in the Tulsa MSA. Bank of Oklahoma, followed by Bank of America, have the largest deposit market shares. Firststar has only one Tulsa banking office and is ranked 32nd in deposit market share, banking only 0.43 percent of the Tulsa MSA reported deposits. A community contact indicated that there is a need for greater financial education for young people in the area. There is also a need for increased small business lending, especially to owners with limited equity or prior credit problems.

Scope of Evaluation in the State of Oklahoma

In the Overall Rating, performance in the State of Oklahoma received more weight than performance in the partial Fort Smith, AR multistate MSA. As of June 30, 2015, Oklahoma assessment areas accounted for 63 percent of the dollar amount of total deposits, 65 percent of gross loans, and three (43 percent) of the bank's seven banking centers. Within the State of Oklahoma, the Muskogee County AA received substantially more weight than the partial Tulsa MSA AA. Muskogee County AA accounted for 62 percent of the dollar amount of total deposits in the State of Oklahoma and two branches (exclusive of the Sallisaw/Roland, OK markets in the Fort Smith multistate MSA). This compares to 24 percent of the dollar amount of total deposits and one branch in the partial Tulsa MSA AA. Firststar has a very small presence in the Tulsa MSA with only 0.43 percent market share of total Tulsa MSA deposits.

Three community contacts were evaluated for the consideration of the community needs in the State of Oklahoma, including one community contact in the Muskogee County who specializes in community building and poverty prevention, and one small business development professional in the Tulsa MSA. The comments made by these professionals are summarized in the "Description of Institution's Operations" section above.

Conclusions With Respect to Performance Tests In the State of Oklahoma Assessment Areas

LENDING TEST

The bank's performance under the Lending Test in the State of Oklahoma is rated "**Satisfactory**." Based on our samples of lending during the evaluation period January 2013 through June 2015, Firststar meets the standard for satisfactory performance for lending within its Oklahoma assessment areas.

The bank is primarily a commercial/business lender and secondarily a residential mortgage lender. Its strength is in its lending to small businesses. Its Oklahoma assessment areas include the Muskogee County market and the southeastern portion of the Tulsa MSA. At the present time, the Muskogee market is the bank's most well developed assessment area (AA). The Muskogee AA accounts for two-thirds of the bank's Oklahoma deposits outside of the Sallisaw market. The Sallisaw market is included in the Fort Smith multistate MSA assessment area rating, and is excluded from the State of Oklahoma rating. Consequently, in the State of Oklahoma rating, most of the weight is placed on the bank's performance in its Muskogee AA.

Satisfactory performance in the Muskogee AA drives the State of Oklahoma Lending Test rating. While overall performance in the Tulsa AA needs to improve, it is noted the overall geographic dispersion of business loans in the Tulsa AA by tract income level is reasonable and does meet the standard. In addition, overall community development activities in the Tulsa AA, especially community development lending, are satisfactory.

Within the State, the overall distribution of loans to businesses with revenues of less than \$1 million was reasonable; the overall penetration of loans to individuals and businesses of different income levels is reasonable. In light of the performance context factors, the geographic distribution of loans reflects a reasonable dispersion throughout the Oklahoma assessment areas and meets the standards for satisfactory performance. Community Development lending, investments, and services in the Oklahoma AAs are satisfactory and indicate adequate responsiveness to the needs of the bank's Oklahoma assessment areas.

COMMUNITY DEVELOPMENT TEST

CD Loans, Qualified Investments, and CD Services Test

The bank's performance in the State of Oklahoma under the Community Development Test is rated "**Satisfactory**."

Firststar's community development performance demonstrates adequate responsiveness to the community development needs of its Oklahoma assessment areas, including the Muskogee County AA and its partial Tulsa MSA assessment area.

Opportunities for qualified community development loans and investments are limited in the Muskogee County AA (Muskogee AA) and opportunities for qualified investments are somewhat limited in the partial Tulsa MSA AA (Tulsa AA). The largest town in Muskogee County, Oklahoma is the City of Muskogee, which has a population of 38,863 persons, followed by Fort Gibson with just 4,124 persons. There are no low-income census tracts in Muskogee County and only five moderate-income tracts. However, all seven of the middle-income census tracts are designated as "distressed and underserved." The Firststar Main Street Muskogee branch is located in a moderate-income census tract and the Firststar Muskogee East branch is located in a "distressed and underserved" middle-income census tract.

The Firststar Tulsa MSA AA comprises much of the southern half of Tulsa County. The Tulsa branch is located in an upper-income census tract near the center of this AA; however, at south 101st Street, it is at the southern end of the most densely populated urban areas. The Tulsa MSA AA includes six low-income census tracts, 34 moderate-income census tracts and 87 middle or upper-income census tracts. Consequently, local qualified bond investment opportunities benefitting low- and moderate-income geographies in the bank's southern Tulsa MSA AA are limited. The relatively few opportunities of this type, for example qualified school bonds, are quickly taken by larger banks in the very competitive Tulsa MSA banking environment.

During the Community Development Test evaluation period, in the State of Oklahoma (and exclusive of the bank's community development activities in Sequoyah County, OK, which are discussed in the Fort Smith Multistate MSA rating analysis), the bank originated or renewed 14 community development loans totaling \$11.5 million, made a qualified school bond investment for \$485 thousand, donated \$20,985 to qualified organizations, and provided qualified officer and employee services to 15 different organizations that primarily serve low- and moderate-income persons.

These activities are discussed more thoroughly in the Community Development sections of the Lending Performance analysis that follows.

Conclusions With Respect to Performance Tests In the Muskogee County Assessment Area

LENDING TEST

The bank's performance under the Lending Test in the Muskogee County Non-MSA AA (Muskogee AA) is rated Satisfactory.

The penetration of loans to businesses with annual revenues of less than \$1 million is reasonable, and penetration of loans to residential mortgage borrowers of different income levels is reasonable in light of the AA performance context. That is, when the level of borrowers on fixed incomes and below the poverty level is factored into the rating. Geographic dispersion of business loans is also reasonable and, overall, geographic dispersion of residential mortgage lending throughout the AA is excellent and meets the standard for satisfactory performance. Community Development (CD) lending is also satisfactory and indicates adequate responsiveness to the needs of the bank’s Muskogee AA.

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

Based on our sample, Firststar meets the standard for satisfactory performance with respect to lending to borrowers of different incomes and to businesses of different sizes. The penetration of loans to small businesses is reasonable. A small business is defined by the CRA regulation as a business with annual revenue of less than \$1 million. The following table reflects the results of our commercial/business sampling:

Borrower Distribution of Loans to Businesses in Muskogee Cnty, OK AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	69.09	5.92	24.99	100%
% of Bank Loans in AA by #	72.41	27.59		100%
% of Bank Loans in AA by \$	38.85	61.15		100%

Source: Business Loans sample 2013, 2014, and YTD 6/30/15; Dunn and Bradstreet data.

The borrower distribution of business loans inside the Muskogee AA is reasonable and meets the standard. By number of loans made, the bank’s percentage of lending to AA small businesses is excellent and exceeds the percentage of small Muskogee businesses with gross annual revenues of less than \$1 million dollars.

In terms of loan dollars originated in the AA, the bank’s percentage is significantly lower than the percentage of small Muskogee businesses that have gross annual revenues of less than \$1 million dollars. However, 25 percent of the businesses in Muskogee County AA did not report their income levels, and the actual percentage of small businesses in the AA may be lower. The distribution of sampled AA loans to businesses by loan size follows. As indicated, all of the randomly selected business loans were originated in amounts of less than \$1 million, and 65 percent of these loans were in amounts of less than \$100 thousand.

Borrower Distribution of Loans to Businesses by Loan Size in Muskogee Cnty, OK AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	19	65.51	446,843	13.69
\$100,001 - \$250,000	7	24.14	1,233,597	37.80
\$250,001 - \$500,000	2	6.90	832,892	25.52
\$500,001 - \$1,000,000	1	3.45	750,510	22.99
Over \$1,000,000	0	0.00	0	0.00

Source: Business Loans sample 2013, 2014, and YTD 6/30/15; Dunn and Bradstreet data.

Home mortgage lending in the Muskogee AA did not compare favorably to the level of low-income families in the AA. However, the borrower penetration of home mortgage loans to moderate-income borrowers was excellent and exceeded the percentage of moderate-income families in the AA. See the table below. According to 2010 Census data, approximately 54 percent of households in the AA are on a fixed income from Social Security or retirement benefits. In addition, approximately 29 percent of housing units in the AA are rental property, and 19 percent of AA households are living below the poverty level. The incentive and level of difficulty for these persons to qualify for home mortgage loans is factored into the overall rating.

Borrower Distribution of Residential RE Loans in Muskogee Cnty, OK AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	22.41	14.05	17.31	21.49	20.45	21.49	39.83	38.84
Home Improvement	22.41	9.84	17.31	19.67	20.45	18.03	39.83	39.34
Refinance	22.41	1.12	17.31	17.98	20.45	14.61	39.83	59.55

Source: Data reported for HMDA Loans 2013, 2014, and YTD 6/30/15; U.S. Census data.

Income NA for 4.13% of home purchases, 13.11% of home improvement and 6.74% of refinanced loans.

Overall, in light of the AA performance context, the borrower distribution of home mortgage loans indicates reasonable penetration to low- and moderate-income (LMI) borrowers, and meets the standard. The bank’s combined percentage of home mortgage loans made to LMI borrowers is not significantly lower than the combined percentage of LMI families in the bank’s Muskogee AA.

Geographic Distribution of Loans

Geographic distribution of loans to businesses and home mortgage borrowers indicates reasonable dispersion when considered in light of the bank’s performance context. There are no low-income census tracts and five moderate-income census tracts in the Muskogee AA.

There are also seven middle-income census tracts, all of which are designated as distressed or underserved. The Muskogee Main Branch is located in a moderate-income census tract, and the Muskogee East Branch is located in a middle-income census tract.

Geographic Distribution of Loans to Businesses in Muskogee Cnty, OK AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	0.00	0.00	31.95	27.59	40.71	31.03	27.34	41.38

Source: Business Loans sample 2013, 2014, and YTD 6/30/15; Dunn and Bradstreet data.

The table above illustrates that the dispersion of business loans in the Muskogee AA is reasonable and meets the standard. There are no low-income census tracts in the Muskogee AA. The bank’s percentage of loans made to businesses in moderate-income census tracts is near to the percentage of Muskogee AA businesses located in moderate-income census tracts.

The overall geographic dispersion of home mortgage loans in the Muskogee AA is reasonable and meets the standard. See the table below. There are no low-income geographies in this AA. The bank’s percentage of home purchase and refinance loans is lower than the corresponding percentage of AA owner-occupied housing in moderate-income tracts, and indicates poor penetration for these types of loans; however, the percentage of home-improvement loans made by the bank in moderate-income tracts indicates excellent dispersion and exceeds the standard.

The bank’s combined percentage of home mortgage loans in the Muskogee AA indicates reasonable dispersion of lending in the moderate-income census tracts.

Geographic Distribution of Residential Real Estate Loans in Muskogee Cnty, OK AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	16.98	11.57	52.06	56.20	30.96	32.23
Home Improvement	0.00	0.00	16.98	21.31	52.06	49.18	30.96	29.51
Refinance	0.00	0.00	16.98	7.87	52.06	44.94	30.96	47.19

Source: Data reported for HMDA Loans 2013, 2014, and YTD 6/30/15 U.S. Census data.

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

CD Loans, Qualified Investments, and CD Services Test

The bank's performance in the Muskogee County AA under the Community Development Test is rated "**Satisfactory.**"

Firststar's community development performance demonstrates adequate responsiveness to the community development needs of the Muskogee County AA (Muskogee AA).

Opportunities for qualified community development loans and investments are limited in the Muskogee AA. The largest town in Muskogee County is the City of Muskogee, which has a population of 38,863 persons, followed by Fort Gibson with just 4,124 persons. There are no low-income census tracts in Muskogee County and only five moderate-income tracts. However, all seven of the middle-income census tracts are designated as "distressed and underserved." The Firststar Main Street Muskogee branch is located in a moderate-income census tract and the Firststar Muskogee East branch is located in a "distressed and underserved" middle-income census tract.

During the Community Development Test evaluation period, in the Muskogee AA, the bank originated or renewed nine community development loans totaling \$5.5 million, made a qualified school bond investment for \$485 thousand, donated almost \$7 thousand to qualified organizations, and provided qualified officer and employee services to 12 different organizations primarily serving low- and moderate-income persons.

Bank officers have been very active serving in leadership positions in community development organizations in Muskogee County that are primarily involved in providing community services to low- and moderate-income persons. These activities are described below.

Community Development Loans

Qualifying community development loans are those that meet the definition of community development, as defined in the CRA regulation. This includes activities that promote affordable housing, community services, economic development and revitalization and stabilization that benefits low- and moderate-income individuals and geographies. Activities are considered to promote economic development if they support permanent job creation, retention, and/or improvement for low- and moderate-income persons. Qualified community development activities that help revitalize or stabilize a community are activities that attract new businesses or persons to a community or are activities that help retain existing businesses or persons in a community. Qualified activities, may include, for example, providing financing to help retain businesses in an area that employ low- and moderate-income persons; or providing financing to attract a new employer that will create permanent job opportunities for low- and moderate-income persons.

During the review period, November 29, 2012 through November 9, 2015, Firststar originated or refinanced nine loans, totaling \$5.5 million, of qualified community development lending in its Muskogee County AA. Key lending in the Muskogee AA financed two large multifamily affordable housing projects and included participation in a loan to fund redevelopment of an older area of Muskogee for retail use.

These loans included:

Firststar provided \$936 thousand of participation in a \$6.5 million loan to redevelop an older area of Muskogee south of Shawnee Street and located in moderate-income census tracts. This project is designed to create retail spaces and is expected to generate approximately 100 permanent retail and food service jobs for low- and moderate-income (LMI) workers.

The bank provided \$2.04 million of credit to refinance a 69-unit apartment complex that is located in a middle-income census tract designated as “distressed and underserved.” The entire complex is considered affordable housing because all units rent for below Fair Market Rent (FMR) levels published for Muskogee County. In addition, the bank financed another \$150,000 for this borrower to renovate several units of this apartment complex.

The bank provided \$1.25 million of credit to renew a loan made to purchase and rehabilitate a 56-unit affordable housing apartment complex. The complex, which is located in a middle-income census tract designated as “distressed and underserved,” offers primarily government-subsidized rents at below Muskogee FMR levels.

The bank also originated and refinanced four loans, totaling \$1.01 million, to a qualified Muskogee County nonprofit organization that provides temporary housing, short-term foster care, and other at-risk services primarily to low- and moderate-income persons.

Community Development Investments

Qualifying investments are investments, deposits, membership shares, or grants that have as their primary purpose community development, as defined in the CRA regulation. Opportunities for qualified community development investments are limited in the Muskogee County AA (Muskogee AA). However, the bank made a qualified school bond investment for \$485 thousand and donated \$21 thousand to qualified organizations.

Community Development Services

The level of qualified community development services is excellent. Bank officers have served in leadership positions on organizations that provide community services to low- and moderate-income families and provided technical expertise and financial assistance to these organizations.

Bank officers also serve in leadership positions on organizations involved in economic and small business development that lead to creating and retaining jobs. During the review period, bank officers served in qualifying positions or led 11 different service organizations in the Muskogee AA. The following are examples of qualifying community development services:

- ***Muskogee Industrial Trust***
The President of the bank serves as the Chairman of the Board of the Trust, which actively promotes economic and business development, and the corresponding creation of new jobs through financing efforts and land acquisition for ongoing business development.
- ***Muskogee Regional Medical Foundation***
An executive officer of the bank's Muskogee region serves on the Board of Directors of the foundation, which was formed to benefit local nonprofit medical foundations, especially the City's hospital, Muskogee Regional Medical Center.
- ***Oklahoma Finance Authority***
An executive officer of the bank's Muskogee region serves on the Board of Directors of the Authority, whose mission is to assist in the creation and retention of employment opportunities throughout Oklahoma by providing a financing conduit or direct lending to promote economic and business development.
- ***Muskogee Port Authority***
An executive officer of the bank's Muskogee region serves on the Board of Directors of the Authority, whose mission is to ensure the continued viability of the Arkansas River Navigation System and to encourage the retention, expansion, and location of industry for the benefit of City and County of Muskogee thereby creating and retaining job opportunities.
- ***Boys & Girls Club Muskogee***
A Muskogee region bank officer serves on the Board of Directors of the Boys & Girls Club. The organization provides community services for low- and moderate-income youth.
- ***Habitat for Humanity Muskogee***
A Muskogee region bank officer serves on the Board of Directors of Habitat for Humanity in Muskogee. The organization provides affordable home ownership options for low- and moderate-income persons.

Conclusions With Respect to Performance Tests In the Partial Tulsa MSA Assessment Area

LENDING TEST

The bank’s performance under the lending test in the partial Tulsa MSA AA (Tulsa AA) is rated Needs to Improve.

In the Tulsa AA, penetration of loans to businesses with revenues of less than \$1 million is poor, and penetration of residential mortgage lending to individuals of different income levels is very poor. The geographic dispersion of business loans reflects reasonable dispersion throughout the Tulsa AA; however, the dispersion of home mortgage lending in low- and moderate-income geographies is very poor and does not meet the standard for satisfactory performance.

The level of borrowers on fixed incomes, the level of households below the poverty level, the Tulsa branch location, and significant competition within the Tulsa AA have impacted the bank’s success in residential lending to low- and moderate persons and geographies. Community Development lending; however, is satisfactory and indicates adequate responsiveness to the needs of the bank’s Tulsa AA.

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

Based on our sample, Firststar does not meet the standards for satisfactory performance with respect to lending to borrowers of different incomes, and to businesses of different sizes.

The penetration of loans to Tulsa AA small businesses is poor and does not meet the standard. A small business is defined by the CRA regulation as a business with annual revenue of less than \$1 million. The following table reflects the results of our commercial/business sampling:

Borrower Distribution of Loans to Businesses in Partial Tulsa, OK MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	60.50	4.81	34.69	100%
% of Bank Loans in AA by #	38.71	61.29		100%
% of Bank Loans in AA by \$	17.28	82.72		100%

Source: Business Loans sample 2013, 2014, and YTD 6/30/15; Dunn and Bradstreet data.

The bank’s percentages of lending to Tulsa AA small businesses is significantly lower than the percentage of Tulsa AA businesses with gross annual revenues of less than \$1 million dollars both in the number of loans made, and the dollar level of loans originated.

Only 12 of 31 business loans sampled (38.71 percent) were made to Tulsa AA businesses that have gross annual revenues of less than \$1 million dollars. Thus, small business lending as defined by the CRA regulation comprised only 17.28 percent of the loan dollars extended to sampled Tulsa AA businesses. Nineteen (19) loans in the sample were made to Tulsa AA businesses with annual revenues exceeding \$1 million, and these loans included 82.72 percent of the funds extended.

In terms of loan dollars originated in the Tulsa AA, the bank's percentage (17.28%) is significantly lower than the (60.50%) percentage of small Tulsa AA businesses that reported gross annual revenues of less than \$1 million dollars. However, about 35 percent of the businesses in Tulsa AA did not report their income levels, and the actual percentage of small businesses in the AA may be lower.

The distribution of sampled Tulsa AA loans to businesses by loan size follows. As indicated, twenty-six, or 84 percent, of the randomly selected business loans were originated in amounts of less than \$1 million, and eight, or 26 percent, of these loans were in amounts of less than \$100 thousand.

Borrower Distribution of Loans to Businesses by Loan Size in Partial Tulsa, OK MSA AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	8	25.81	324,549	1.49
\$100,001 - \$250,000	4	12.90	559,500	2.56
\$250,001 - \$500,000	9	29.03	3,011,460	13.79
\$500,001 - \$1,000,000	5	16.13	3,084,158	14.12
Over \$1,000,000	5	16.13	14,858,395	68.04

Source: Business Loans sample 2013, 2014, and YTD 6/30/15; Dunn and Bradstreet data.

Home mortgage real estate lending in the Tulsa AA did not compare favorably to the level of low- and moderate-income families in the AA. See the table below. Home mortgage lending to both low- and moderate-income borrowers in the Tulsa AA is very poor and does not meet the standard.

According to 2010 Census data, approximately 38 percent of households in the Tulsa AA are on fixed income from Social Security or retirement benefits. Approximately 39 percent of housing units in the AA are rental property, and 12 percent of households are living below the poverty level. The incentive and level of difficulty for these persons to qualify for home purchase loans is factored into the overall rating.

Borrower Distribution of Residential RE Loans in Partial Tulsa, OK MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	18.14	4.30	16.46	10.75	19.41	13.98	45.99	55.91
Home Improvement	18.14	5.26	16.46	0.00	19.41	15.79	45.99	63.16
Refinance	18.14	3.70	16.46	6.17	19.41	7.41	45.99	74.07

Source: Data reported for HMDA Loans 2013, 2014, and YTD 6/30/15; U.S. Census data.
 Income NA for 15.05% of home purchases, 15.79% of home improvement and 8.64% of refinanced loans.

Geographic Distribution of Loans

The overall geographic distribution of loans to businesses and home mortgage borrowers in the Tulsa AA indicates poor dispersion of loans in low- and moderate-income tracts. Six low-income census tracts and 34 moderate-income census tracts together comprise 31 percent of the bank’s Tulsa AA. The Firststar Tulsa branch is located in an upper-income census tract that is surrounded by middle- and upper-income geographies. Due to the branch’s distance from the low- and moderate-income (LMI) census tracts and significant competition in the area, the bank’s lending opportunities in AA LMI tracts are limited. In addition, with the majority of bank’s Tulsa AA businesses located in middle- and upper-income tracts, competition for business loans in LMI census tracts is a mitigating factor in the dispersion of loans to businesses in these geographies.

Geographic Distribution of Loans to Businesses in Partial Tulsa, OK MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	3.80	0.00	22.57	16.13	26.86	25.81	46.77	58.06

Source: Business Loans sample 2013, 2014, and YTD 6/30/15; Dunn and Bradstreet data.

The table above illustrates that the overall geographic dispersion of business loans in the Tulsa AA by tract income-level is reasonable within the banks performance context, and does meet the standard. While the bank’s percentage of business loans made to businesses in moderate-income census tracts is reasonable, the sample of business loans did not pick up any loans made in the six low-income census tracts.

However, the overall geographic dispersion of home mortgage loans in the Tulsa AA is very poor and does not meet the standard. See the table below. The bank’s percentage of home mortgage loans made to both low- and moderate-income (LMI) borrowers is significantly lower than the percentage of LMI “AA Owner Occupied Housing.”

As previously mentioned, we believe the percentage of the population on fixed incomes and the distance of the branch from LMI geographies has affected the success of the bank in this category.

Geographic Distribution of Residential RE Loans in Partial Tulsa MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans						
Home Purchase	1.39	0.00	18.08	6.45	30.58	24.73	49.95	68.82
Home Improvement	1.39	0.00	18.08	0.00	30.58	31.58	49.95	68.42
Refinance	1.39	1.23	18.08	4.94	30.58	20.99	49.95	72.84

Source: Data reported for HMDA Loans 2013, 2014, and YTD 6/30/15; U.S. Census data.

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

CD Loans, Qualified Investments, and CD Services Test

The bank’s performance in the partial Tulsa MSA AA under the Community Development Test is rated “**Satisfactory.**”

In light of Firstar Bank’s very limited deposit market share in the Tulsa MSA, The bank’s community development performance in this AA demonstrates adequate responsiveness to the community development needs of the Tulsa AA.

Opportunities for qualified community development loans are sufficient in the Tulsa AA; however, opportunities for qualified investments by a bank of this size are somewhat limited. The bank’s Tulsa AA comprises much of the southern half of Tulsa County. The Tulsa branch is located in an upper-income census tract near the center of this AA; however, at south 101st Street, it is near the southern end of the most densely populated urban areas. The Tulsa AA includes six low-income census tracts, 34 moderate-income census tracts and 87 middle or upper-income census tracts. Consequently, local qualified bond investment opportunities benefitting low- and moderate-income geographies in this southern Tulsa AA are limited. The relatively few opportunities of this type, for example qualified school bonds, are quickly taken by larger banks in the very competitive Tulsa MSA banking environment.

During the Community Development Test evaluation period, in its Tulsa AA, the bank originated or renewed five community development loans totaling \$5,925,128 but made no qualified bond or equity investments. It did donate \$14,200 to qualified organizations and provided qualified officer and employee services to three different organizations that primarily serve low- and moderate-income persons.

Tulsa bank officers and employees have served in leadership positions in community development organizations in Tulsa County, which are primarily involved in providing community services to low- and moderate-income persons. These activities are described below.

Community Development Loans

Qualifying community development loans are those that meet the definition of community development, as defined in the CRA regulation. This includes activities that promote affordable housing, community services, economic development and revitalization and stabilization that benefits low- and moderate-income individuals and geographies. Activities are considered to promote economic development if they support permanent job creation, retention, and/or improvement for low- and moderate-income persons. Qualified community development activities that help revitalize or stabilize a community are activities that attract new businesses or persons to a community or are activities that help retain existing businesses or persons in a community. Qualified activities, may include, for example, providing financing to help retain businesses in an area that employ low- and moderate-income persons; or providing financing to attract a new employer that will create permanent job opportunities for low- and moderate-income persons.

During the review period, November 29, 2012 through November 9, 2015, Firststar originated or refinanced five loans, totaling \$5.9 million, of qualified community development lending in its Tulsa AA. Key lending in the Tulsa AA included loans to acquire and refinance commercial properties.

These loans included:

Firststar extended \$3.61 million of credit to refinance a commercial building leased to a client that employs over 30 low- and moderate-income (LMI) workers who comprise 60 percent of its workforce. The building itself is located in a moderate-income tract in Tulsa County.

The bank extended \$1.04 million of credit to a borrower to acquire a commercial property that was renovated into a Hispanic grocery store located in a moderate-income tract in Tulsa County. The store now employs thirty LMI workers.

Firststar provided \$264 thousand of credit to refinance the commercial building owned by a medical practice located in a moderate-income tract in Tulsa County. The borrower provides services to LMI persons in the area and provides 14 jobs for LMI workers.

During the review period, the bank also extended two loans, totaling \$1.01 million, that renewed financing originally made to a borrower to acquire and renovate a vacant shopping center located in a moderate-income tract in Tulsa County. The project expanded the retail spaces available, revitalized the area, and created numerous jobs for LMI workers.

Community Development Investments

Qualifying investments are investments, deposits, membership shares, or grants that have as their primary purpose community development, as defined in the CRA regulation. The level of qualified community development investments in the Tulsa AA is very poor. No qualified bond or equity investments were made during the review; however, the bank did donate \$14,200 to qualified organizations.

Community Development Services

The level of qualified community development services is poor. Bank officers have served in three leadership positions in organizations that provide community services to low- and moderate-income families, and provided technical and financial expertise to these organizations. The following are the three qualifying community development services:

- ***Tulsa Public Schools Bond Development Board***
An officer of the bank serves on the Board of Directors of the Development Board, which provides oversight of Tulsa Public Schools bond development and sales. This is a qualifying activity because 61 percent of the students enrolled in the Tulsa School District qualify for the free/reduced lunch program.
- ***Salvation Army, Tulsa***
An executive officer of the bank serves on Board of Directors providing financial expertise including advice and counsel on expenditures and assistance in fund raising activities.
- ***YMCA of Greater Tulsa, Daily YMCA***
An officer of the bank serves on the Board of Directors of the YMCA, which provides community services for low- and moderate-income persons, especially through youth programs.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test: (01/01/13 to 06/30/15) Community Development Test: (11/29/12 to 11/09/15)	
Financial Institution	Products Reviewed	
Firststar Bank, N.A. (Firststar) Sallisaw, OK	HMDA residential lending; Commercial-business lending	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Partial Fort Smith multistate MSA AA #22900 State of Oklahoma: Partial Tulsa MSA AA #46140 Muskogee County AA (Non- metropolitan AA)	Full-Scope Full-Scope Full-Scope	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
Firststar Bank, N.A.	Satisfactory	Satisfactory	Satisfactory
Partial Fort Smith multistate MSA	Satisfactory	Satisfactory	Satisfactory
State of Oklahoma	Satisfactory	Satisfactory	Satisfactory