

PUBLIC DISCLOSURE

November 16, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Triad Bank, National Association
Charter No. 17926

7666 East 61st Street
Tulsa, Oklahoma 74133

Office of the Comptroller of the Currency
Southwestern District
1600 Lincoln Plaza, 500 North Akard
Dallas, Texas 75201-3394

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Triad Bank, National Association** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **November 16, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

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

The conclusion is based on the following:

- ▶ The loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and the assessment area credit needs.
- ▶ A majority of loans are made in the assessment area.
- ▶ The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- ▶ The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

The following table indicates the performance level of **Triad Bank, National Association** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Triad Bank, N.A.</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	✓		
Lending in Assessment Area		✓	
Lending to Borrowers of Different Incomes and to Businesses of Different sizes		✓	
Geographic Distribution of Loans		✓	
Response to Complaints	No complaints received.		

DESCRIPTION OF INSTITUTION

Triad Bank, National Association (Triad) is headquartered in Tulsa, Oklahoma. As of September 30, 1998, Triad reported total assets of \$72 million. The bank was established in 1983 and is 100% owned by Triad Bancshares, Inc., a one-bank holding company. Triad consists of two banking offices located in south Tulsa. A drive-in facility is located at the branch office on South Lewis Avenue. Triad does not own any proprietary automated teller machines (ATM), but it is a member of the Transfund network which provides customers with free access to ATM services.

The bank's loan portfolio is centered in retail lending, primarily indirect automobile loans and residential real estate loans. The table below shows the composition of the bank's loan portfolio as of September 30, 1998.

Loan Type	\$ Volume (000)	% of Portfolio
Automobile Loans	\$18,243	35%
1-4 Family Real Estate	15,978	31%
Installment Loans	7,646	15%
Commercial	5,515	11%
Commercial Real Estate	4,348	8%
TOTAL	\$51,730	100%

Source: September 30, 1998 Call Report.

There is a total of sixteen financial institutions in the city of Tulsa ranging in asset size from \$17 million to \$5.2 billion. There are six financial institutions that are considered competitors to Triad based on asset size and/or location.

There are no financial constraints that prohibit Triad Bank from meeting assessment area credit needs.

DESCRIPTION OF THE ASSESSMENT AREA

Triad Bank's assessment area is defined as all of Tulsa County, which consists of 158 census tracts (CT); however, two CT's (58.02 and 75.05) do not report any demographic data. Tulsa County is one of five counties that comprise the Tulsa Metropolitan Statistical Area (MSA 8560). The table below shows the income distribution of CTs and the income level of families in Tulsa County.

Income Distribution of CTs and Families															
Low-Income				Moderate-Income				Middle-Income				Upper-Income			
CT		Families		CT		Families		CT		Families		CT		Families	
11	7%	26,782	20%	39	25%	23,399	17%	62	40%	29,319	21%	44	28%	57,341	42%

Source: 1990 U.S. Census.

Tulsa County is located in northeastern Oklahoma. Tulsa serves as the county seat and is the second largest city in the state. The 1990 U.S. Census reports a population for Tulsa County of 503,341 and 367,302 for Tulsa.

The 1990 median family income (MFI) for the Tulsa MSA is \$32,578. The 1998 updated MFI for the Tulsa MSA is \$41,400. The 1990 MFI is used to determine the income level of individual census tracts. The updated MFI is provided annually by the Department of Housing and Urban Development (HUD), and is used to determine the income level of individual borrowers that reside in the Tulsa MSA.

The economy in Tulsa is strong. The 1997 unemployment rate for Tulsa County is reported at 3.4%. The employment base is diversified. Major employers are centered in aviation, aerospace, education, medical, telecommunications, and retail. Based on 1990 Business Demographic Data, there are 408 farms and 23,765 businesses in Tulsa County, of which 374 farms (92%) and 17,101 businesses (72%) report gross annual revenues less than \$1 million.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The evaluation period covers 1996, 1997, and year-to-date 1998. Triad's last CRA Performance Evaluation was dated October 4, 1995. Residential real estate mortgages (originated in 1996, 1997 and through September 11, 1998), a sample of 61 automobile loans (originated from September to November, 1998), and business loans originated year-to-date 1998 were used to determine the bank's lending performance in regards to lending in the assessment area, lending to borrowers of different incomes, and geographic distribution of loans.

Loan-to-Deposit Ratio

The loan-to-deposit (L/D) ratio is more than reasonable given Triad's size, financial condition, and assessment area credit needs. The L/D ratio averaged 84% from September 30, 1995 to June 30, 1998. The highest L/D ratio reported for Triad Bank was 96% at June 30, 1996. The lowest L/D ratio was reported at 74% as of December 31, 1995. The following table shows total assets (as of June 30, 1998) and the average loan-to-deposit ratio from September 30, 1995 to June 30, 1998 for financial institutions in Tulsa County that compare to Triad.

Institution	Location	Total Assets (Millions)	Avg. L/D Ratio
Triad Bank, N.A.	Tulsa	\$73	84%
Tulsa National Bank	Tulsa	\$112	74%
Valley National Bank	Tulsa	\$89	80%
Peoples State Bank	Tulsa	\$52	60%
Community Bank & Trust Co.	Tulsa	\$106	74%
American Bank & Trust Co.	Tulsa	\$153	54%
Grand Lake Bank	Tulsa	\$80	76%

Lending in Assessment Area

Residential Real Estate Loans:

A majority of the bank's residential real estate loans are made in the assessment area. The following table shows the total home mortgage originations in 1996, 1997, and year-to-date 1998 and the total originations in the assessment area.

Volume of Home Mortgage Loan Originations in 1996, 1997 and YTD 1998 Within the Assessment Area						
	Total Originations		Within the Assessment Area			
	#	\$ (000)	#	%	\$ (000)	%
1996	51	\$4,737	42	82%	\$4,113	87%
1997	34	\$3,334	25	74%	\$2,505	75%
YTD 1998	13	\$1,546	12	92%	\$1,498	97%
Grand Total	98	\$9,617	79	81%	\$8,116	84%

Source: HMDA Loan Application Registers

Automobile Loans:

A majority of the automobile loans sampled originated in the bank's assessment area. Of the 61 loans reviewed, 38 or 62% originated in Tulsa County. By dollar volume, the sample size totaled \$689,066 of which \$437,818 or 64% originated in the assessment area.

Business Loans:

From January through October 1998, Triad originated 35 loans less than \$1 million in size to businesses which totaled \$2,179,269. A substantial majority of these loans originated in the bank's assessment area. Thirty-two or 91% of the number and \$2,047,121 or 94% of the dollar volume originated in Tulsa County.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Residential Real Estate Loans:

The distribution of residential real estate loans by applicant income is reasonable. Triad does not compete for mortgage loan business in the market and does not advertise its products. The majority of the bank’s residential mortgage loans are made to existing customers and are typically short-term, variable rate loans; however, the bank does offer fixed-rate, 30-year loans that are sold on the secondary market. The following table shows the distribution by borrower income level for the number of residential real estate loans originated in the assessment area.

Distribution of Home Mortgage Loan Originations in 1996, 1997 and YTD 1998 Within the Assessment Area By Income Level of the Borrower								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Characteristics of Families	26,782	20%	23,399	17%	29,319	21%	57,341	42%
Loan Totals	#	%	#	%	#	%	#	%
1996†	1	2%	3	7%	8	20%	29	71%
1997	2	8%	3	12%	4	16%	16	64%
YTD 1998	2	17%	0	0%	1	8%	9	75%
Total	5	6%	6	8%	13	17%	54	69%

Source: U.S. Census Bureau Demographic Data and HMDA Loan Application Registers

†Applicant income not available on 1 loan.

Automobile Loans:

Of the loans sampled, distribution of loans by borrower income is reasonable when compared to the demographics of the assessment area. The table below shows the distribution of automobile loans by borrower income in the bank's assessment area.

Distribution of Automobile Loan Originations Within the Assessment Area By Income Level of the Borrower								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Characteristics of Families	26,782	20%	23,399	17%	29,319	21%	57,341	42%
Number of Loans	8	21%	10	26%	11	29%	9	24%
Dollar Volume	83,267	19%	88,127	20%	129,873	30%	136,551	31%

Source: U.S. Census Bureau Demographic Data and bank reports.

Business Loans:

Triad has a good record of making loans to small businesses. The majority of loans to businesses in 1998 were made to businesses with gross annual revenues of less than \$1 million. Out of 32 loans originated in the assessment area, 28 or 88% were to small businesses.

Geographic Distribution of Loans

Residential Real Estate Loans:

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The table below shows the geographic distribution of residential real estate loans made in the assessment area by income level of the CT's.

Distribution of Home Mortgage Loan Originations in 1996, 1997 and YTD 1998 Within the Assessment Area By Income Level of the Census Tracts or BNAs								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Census Tracts	11	7%	39	25%	62	40%	44	28%
CT Penetrated (% of tracts in income group)	1	9%	2	5%	7	11%	19	43%
Loan Totals	#	%	#	%	#	%	#	%
1996	1	2%	2	5%	7	17%	32	76%
1997	0	0%	1	4%	7	28%	17	68%
YTD 1998	0	0%	1	8%	3	25%	8	67%
Grand Total	1	1%	4	5%	17	22%	57	72%

Source: U.S. Census Bureau Demographic Data and HMDA Loan Application Registers

Automobile Loans:

Based on assessment area demographics, automobile loans reflect reasonable penetration throughout the assessment area. The following table shows the distribution of automobile loans by CT based on the number and dollar volume.

Distribution of Automobile Loan Originations Within the Assessment Area By Income Level of the Census Tracts								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Census Tracts	11	7%	39	25%	62	40%	44	28%
Number of Loans	4	11%	5	13%	17	45%	12	32%
Dollar Volume	60,508	14%	82,820	19%	160,707	37%	133,783	31%

Business Loans:

Due to the bank's limited number of offices and their locations, the distribution of business loans is centered in middle- and upper-income CT's. The main office is located in an upper-income CT and the branch is located in a middle-income CT. Most of the bank's business loans are from areas in and around the bank's two offices. The following table shows the geographic distribution of loans by CT's.

Distribution of Business Loan Originations Within the Assessment Area By Income Level of the Census Tracts								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Census Tracts	11	7%	39	25%	62	40%	44	28%
Number of Loans	1	3%	1	3%	14	40%	19	54%
Dollar Volume	23,834	1%	20,000	1%	1,190,725	58%	812,562	40%

Response to Complaints

Triad Bank has not received any complaints regarding its performance in meeting assessment area credit needs.

ADDITIONAL INFORMATION

Discrimination or Other Illegal Credit Practices

A Fair Lending review was conducted in conjunction with Triad Bank's CRA performance. No evidence of discrimination or disparate treatment was noted during this review.