



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

May 23, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Triad Bank, National Association
Charter Number 17926

7666 East 61st Street
Tulsa, OK 74133

Office of the Comptroller of the Currency

Assistant Deputy Comptroller Kyle M. Jones
Eastern Oklahoma Field Office
Executive Center Building
7134 South Yale, Suite 910
Tulsa, OK. 74136-6360

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.

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

The major factors that support this rating include:

- A majority of the loans sampled were originated within the bank's assessment area.
- The loan-to-deposit ratio is more than reasonable and exceeds the standard for satisfactory performance.
- The bank meets the standard for satisfactory performance for lending to borrowers of different incomes and to businesses of different sizes.
- The bank has not received any consumer complaints regarding Community Reinvestment Act (CRA) performance.
- Triad Bank, National Association (Triad), Tulsa, Oklahoma is committed to serving the community and demonstrates satisfactory lending performance.

SCOPE OF EXAMINATION

This Performance Evaluation (PE) is based largely on 2000 U.S. Census data and 2010 business demographic information. The bank's assessment area was reviewed and included the census tracts in which the bank has its main office, branch and drive-in facility, as well as the surrounding geographies. Products reviewed for Triad included a sample of business loans and all residential real estate loans originated in 2009, 2010 and as of May 19, 2011. Triad offices are located in a Metropolitan Statistical Area; therefore, they are required to complete the Home Mortgage Disclosure Act (HMDA) reporting log.

DESCRIPTION OF INSTITUTION

Triad is a community bank located in Tulsa, Oklahoma. Triad is a wholly owned subsidiary of Triad Bancshares, Inc., a one-bank holding company. Triad was established in 1983 and consists of two banking offices in south Tulsa. The main bank is located at 7666 East 61st Street and a full-service branch with a drive-in facility is located at 5951 South Lewis Avenue. In March 2008, the branch was moved a few blocks to its current location. No other locations have been opened or closed since the previous CRA examination. Automated Teller Machines (ATM) services are available through the Transfund network that has over 500 terminals.

The bank's primary focus is to serve commercial and consumer customers in Tulsa and the surrounding communities. The bank meets these needs by providing traditional loan and deposit products, as well as Internet Banking, 24-hour phone access and Remote Deposit Capture services. Bank lobby services are provided Monday through Friday, with the drive-in open longer hours than the lobby. The bank's lending strategy focuses on commercial real estate loans and other commercial loans. The bank is a leader in offering Small Business Administration (SBA) 504 and 7A loans in the area.

As of March 31, 2011, Triad had total assets of \$154 million, of which \$121 million, or 79 percent of total assets, were comprised of various types of loans to individuals, commercial businesses, and agricultural related enterprises. Specifically, the bank's loan portfolio consists of the following:

Loan Portfolio Composition as of March 31, 2011		
Loan Category	\$ (000)	%
1-4 Family Residential	45,827	38%
Commercial Real Estate	38,314	32%
Commercial	29,935	25%
Consumer	4,918	4%
Agriculture	1,577	1%
Total	120,571	100%

There are no known legal or financial impediments that would prevent the bank from meeting the credit needs within the assessment area. Triad 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 examination dated September 19, 2005.

DESCRIPTION OF TRIAD'S ASSESSMENT AREA

The assessment area adopted by Triad 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.

Triad's assessment area is identified as all of Tulsa County in northeastern Oklahoma. The assessment area includes 172 contiguous census tracts in the Tulsa, OK Metropolitan Statistical Area. Of these, 7 tracts are considered low-income, 44 tracts are considered moderate-income, 61 tracts are considered middle-income, and 60 tracts are considered upper-income tracts. The main bank and branch are located in upper-income census tracts in Tulsa County. The majority of the census tracts in the assessment area are middle- and upper-income tracts. The following table describes major demographic and economic characteristics of the assessment area, based on 2000 U.S. Census data.

Demographic and Economic Characteristics of Assessment Area	
<i>Population</i>	
Number of Families	148,149
Number of Households	226,988
<i>Geographies</i>	
Number of Census Tracts/BNA	172
% Low-Income Census Tracts/BNA	4.07%
% Moderate-Income Census Tracts/BNA	25.58%
% Middle-Income Census Tracts/BNA	35.47%
% Upper-Income Census Tracts/BNA	34.88%
<i>Median Family Income (MFI)</i>	
2000 MFI for Assessment Area	51,562
2010 HUD-Adjusted MFI	59,300
<i>Economic Indicators</i>	
2000 Median Housing Value	91,995
% of Households Below Poverty Level	11.26%

The total population of the assessment area is 563,299 persons. Although there are only 7 low-income census tracts in the assessment area, there are low- and moderate-income families in the assessment area. Of the 148,189 families, 19 percent are low-income families and 17 percent are moderate-income families. Of the 226,988 households, 11 percent are below the poverty level. The median housing value is 91,995, with the median age of housing stock at 42 years.

The local economic conditions are stabilizing, with forecasts for improvement. The economy

continues to be dependent on several larger diversified oil and gas businesses and to a lesser extent on the aviation industry. In addition to these businesses, the City of Tulsa has several private and public colleges and universities, as well as one of the largest public school systems in the state. The major employers in the area are St. Francis Heart Hospital, St. Francis Hospital, American Airlines Maintenance, and Bank of Oklahoma.

Triad faces strong competition from several other national and state chartered banks and branches of other banks and financial institutions.

A community contact was made during the examination to help ascertain the credit needs of the assessment area. The immediate needs of the community are being fulfilled, according to the contact. The contact identified small business loans and minority business loans as needs in the community. The contact stated that area financial institutions are meeting these needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

This Performance Evaluation assesses Triad's performance focusing primarily on five performance criteria: the loan-to-deposit ratio; lending in the assessment area; lending to borrowers of different incomes and to businesses of different sizes; geographic distribution of loans; and responses to CRA related complaints.

To evaluate Triad's lending performance, the major loan products offered by the bank were evaluated. A random sample of 27 commercial loans originated since January 1, 2009 was selected. All HMDA residential real estate loans originated in 2009, 2010 and as of May 19, 2011 were reviewed and analyzed. Based on the analysis and consistent with available resources and capabilities, Triad is meeting the credit needs of the assessment area in a satisfactory manner.

Loan-to-Deposit Ratio

Triad's loan-to-deposit (LTD) ratio is more than reasonable and exceeds the standard for satisfactory performance. Triad's average quarterly loan-to-deposit ratio from December 31, 2005 through March 30, 2011 is 98 percent. The average quarterly LTD of the 38 banks chartered in Tulsa County and the five surrounding Counties in Oklahoma is 78 percent. The ratios range from a low of 36 percent to a high of 102 percent. The ratios of four similarly situated banks were analyzed over the same time period and are listed in the table below. The quarterly average LTD ratio for this group is 94 percent.

Institution	Assets as of 3/31/2011 \$(000)	Average LTD Ratio
<i>Triad Bank, N.A., Tulsa</i>	<i>\$153,540</i>	<i>98%</i>
Grand Bank, Tulsa	\$216,541	95%
Peoples Bank, Tulsa	\$98,478	95%
Summit Bank, Tulsa	\$189,285	93%
Tulsa National Bank, Tulsa	\$171,482	91%

Lending in Assessment Area

Triad's lending in their assessment area meets the standard for satisfactory performance. A majority of the residential real estate loans and the business loans sampled were originated in the bank's assessment area. This conclusion is based on the 82 HMDA residential real estate loans and the sample of 27 business loans that originated in 2009, 2010 and as of May 19, 2011, as depicted in the following table.

TOTAL LOANS REVIEWED										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Residential Real Estate	61	74%	21	26%	82	13,470	76%	4,315	24%	17,785
Business	20	74%	7	26%	27	1,475	64%	845	36%	2,320
Totals	81	74%	28	26%	109	14,945	74%	5,160	26%	20,105

Source: Data reported under HMDA and business loan sample

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

Triad's lending to borrowers of different incomes and to businesses of different sizes is reasonable and meets the standard for satisfactory performance. The following tables represent the distribution of lending based on the sample of 20 business loans and the 61 HMDA residential real estate loans extended within the assessment area.

Borrower Distribution of Loans to Businesses in Tulsa County				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	74%	6%	20%	100%
% of Bank Loans in AA by #	70%	30%	0%	100%
% of Bank Loans in AA by \$	57%	43%	0%	100%

Source: Dunn and Bradstreet and business loan sample

Triad's loan distribution to businesses is reasonable. The sample of business loans revealed that a majority of the loans were extended to small businesses with annual gross revenues of less than \$1 million per year.

Borrower Distribution of Residential Real Estate Loans in Tulsa County

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
Residential Real Estate	19%	7%	17%	5%	21%	16%	43%	72%

Source: U.S. Census data and data reported under HMDA

Triad’s distribution of residential real estate loans to borrowers of different income levels is reasonable. Although the number of real estate loans extended to low- and moderate-income borrowers is lower than the ratio of low- and moderate-income families, the numbers have increased since the prior CRA evaluation. There are numerous financial institutions competing for the market share of residential home purchase, home refinancing, and home improvement loan products. Triad is not a market leader in this area. Other factors that contribute to this low penetration include: (1) the bank does not offer long-term fixed rate residential loans, (2) residential loans are primarily to existing customers who are high income professionals (jumbo loans with an annual adjustable rate), (3) the bank does not advertise its mortgage products, and (4) no Veterans Administration (VA) and Federal Housing Administration (FHA) financing is available. Although limited mortgage products are available at the bank, management has provided an avenue for low- and moderate-income applicants to obtain financing. Applicants seeking special financing such as VA, FHA, or with minimal down payment requirements are referred to an affiliate of the bank’s holding company. The low number of low- and moderate-income borrowers in which the bank has extended residential loans may also be attributed to the fact that lower income individuals have fewer resources to enable them to purchase residential real estate.

Geographic Distribution of Loans

The distribution of residential real estate loans and business loans to geographies of different income levels is poor and does not meet the standard for satisfactory performance. The following tables represent the distribution of lending based on the sample of 20 business loans and the 61 HMDA residential real estate loans extended within the assessment area.

Geographic Distribution of Loans to Businesses in Tulsa County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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	1%	0%	22%	10%	36%	30%	41%	60%

Source: U.S. Census data and business loan sample

The business loan sample did not include any loans in the low-income census tracts, but a few

business loans were extended in the moderate-income census tracts. Only 7 of the 172 census tracts in the assessment area are considered low-income census tracts. An additional factor contributing to the low penetration in the low- and moderate-income tracts is that both bank locations are in upper-income tracts and a majority of the census tracts surrounding the bank locations is middle- and upper-income census tracts.

Geographic Distribution of Residential Real Estate Loans in Tulsa County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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
Residential Real Estate	1%	0%	17%	3%	42%	30%	40%	67%

Source: U.S. Census data and data reported under HMDA

The number of loans extended in the low- and moderate-income census tracts does not compare favorably to the owner occupied housing in the low- and moderate-income census tracts. The low penetration of real estate lending in the low- and moderate-income areas can be attributed to several factors, some mentioned previously and some additional factors. The bank faces strong competition from Mortgage Departments that originate and sell long-term fixed rate loans in the secondary market. Both of the bank’s locations are in upper-income census tracts and a substantial majority of the census tracts surrounding the bank offices is middle- and upper-income census tracts. The majority of the low- and moderate-income census tracts is located around the downtown area, which is a few miles away from either bank location. The main bank and branch are southeast of the downtown area and mainly provide services in the south sections of the assessment area.

Responses to Complaints

There have been no consumer complaints pertaining to Triad’s CRA performance during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

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