



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**August 06, 2007**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Regent Bank & Trust Company, National Association  
Charter Number 5401**

**105 N. Maple  
Nowata, OK 74048**

**Comptroller of the Currency  
Tulsa (eastern Oklahoma)  
7134 South Yale Executive Ctr. Bldg., Suite 910  
Tulsa, OK 74136**

**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:

- Regent's lending performance is satisfactory given its size, financial condition, and known credit needs in its assessment area.
- Regent's loan-to-deposit (LTD) ratio is good and has averaged 79 % since our last examination on November 11, 2002.
- Management demonstrates a willingness to originate loans to low-and moderate-income individuals (LMI) and small businesses and farms.
- Regent generates a substantial majority of its loans within the defined assessment area.

## **SCOPE OF EXAMINATION**

This Performance Evaluation (PE) was conducted using small bank examination procedures to assess Regent's lending performance focusing on five performance criteria: the loan-to-deposit ratio; lending in the assessment area (AA); lending to borrowers of different incomes and to businesses/farms of different sizes; geographic distribution of loans; and, responses to complaints.

Major loan products offered by the bank were sampled and consisted of 20 small farm loans, 20 small business loans, 20 residential real estate loans, and 20 consumer loans, originated since the previous performance evaluation. We contacted a local community leader to gain a better understanding of the needs of the citizens residing with the assessment area.

The following pages further describe the bank's CRA performance.

## **DESCRIPTION OF INSTITUTION**

Regent Bank and Trust Company, N.A. (Regent) is an \$81 million community bank headquartered in Nowata, Oklahoma. Regent is owned by Regent Bancshares, Inc., a one-bank holding company. The bank operates all its offices within Oklahoma. These include the main office, a drive-in facility, and an automated teller machine in Nowata and a branch in South Coffeyville, Oklahoma. Typical loan and deposit services are offered. The bank offers an internet banking site for information purposes only. The bank's business strategy primarily focuses on commercial lending, though 1-4 family residential lending, farm production and farm real estate lending. The bank also participates in many government guaranteed loan programs such as FSA interest assist, FSA guaranteed, B&I, and SBA guaranteed. As of March 31, 2007,

commercial lending remains the largest concentration as the table below reflects.

Regent was last evaluated under the CRA on November 11, 2002 and a Satisfactory rating was assigned. There are no legal, financial, or other barriers impeding the bank’s ability to meet the credit needs of the assessment area. The loan portfolio represents approximately 57% of total assets.

<b>Loan Category</b>	<b>\$(000)</b>	<b>%</b>
Commercial Real Estate Loans	657	1.47%
Commercial Loans	16,183	36.48%
Residential Real Estate Loans	9,537	21.50%
Farm Production Loans	7,004	15.79%
Farm Real Estate Loans	6,654	15.00%
Consumer Loans	3,373	7.60%
Construction & Land Development Loans	957	2.16%
<b>Total</b>	<b>44,365</b>	<b>100%</b>

*Source: June 30, 2007 Consolidated Reports of Condition and Income*

## **DESCRIPTION OF ASSESSMENT AREA**

Regent has designated census tracts 9721-9724 in Nowata County and census tracts 1-13 in Washington County as its assessment area. This delineation meets the technical requirements of the regulation and does not arbitrarily exclude LMI geographies/individuals. The following table describes major demographic and economic characteristics of the assessment area.

A community contact interview was conducted with a local community leader during the evaluation. The contact indicated that the local financial institutions are vital to the community and do a good job of serving it.

The following table reflects demographic data for the assessment area.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
Population	
Number of Families	17,152
Number of Households	24,328
Geographies	
Number of Census Tracts/BNA	17
% Low-Income Census Tracts/BNA	0%
% Moderate-Income Census Tracts/BNA	17.65%
% Middle-Income Census Tracts/BNA	52.94%
% Upper-Income Census Tracts/BNA	29.41%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$45,081
2000 MFI for MSA	\$35,517
2007 HUD-Adjusted MFI	\$42,600
Economic Indicators	
Unemployment Rate (as of June 2007)	
Nowata County	6.1%
US	4.5%
2000 Median Housing Value	\$58,556
% of Households Below Poverty Level	12.94%

*Sources: CRA Wiz, Bureau of Labor Statistics; 2000 Census data*

There are many financial institutions operating in the bank's assessment area. Two commercial banks, including subject bank, are located in the city of Nowata. Competition among the banks is moderate. Lending in the assessment area has been centered in commercial and residential real estate loans.

The local economy is strained. The most recent data reflected a 6.1% unemployment rate. Major employers in the assessment area include Nowata Public Schools, Nowata General Hospital, Disan (aircraft and other defense components), Nowata Machine Works (filters & vessels for gas extraction), Nowata Publishing (prints advertisement flyers), and Grand Lake Mental Health (headquartered in Nowata).

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

## Loan-to-Deposit Ratio

Regent's LTD ratio *meets* the standard for satisfactory performance given the bank's size, financial condition, and considering the communities credit needs. Since the last Performance Evaluation, the bank's LTD ratio averaged 79%. The LTD ratio captioned below was calculated by averaging the quarterly LTD ratios since June 2002.

Institution	Assets (as of March 31, 2007)	Average LTD Ratio
Regent Bank & Trust Company	\$ 81 Million	79%

Source: March 31, 2007 Consolidated Reports of Condition and Income; Uniform Bank Performance Report.

## Lending in Assessment Area

Regent's lending within the assessment area *meets* the standard for satisfactory performance. This conclusion was drawn from an analysis of all residential, small business/small farm loans, and consumer loans originated since November 2002. The table below reflects the number and dollar amount of loans and the percentages originated inside and outside the assessment area

TOTAL LOANS REVIEWED								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
<b>Total</b>	834	77%	43,492	52%	254	23%	40,823	48%

Source: Judgmental loan sample

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

Regent's pattern of lending to borrowers of different income levels *meets* the standard for satisfactory performance. Lending patterns reflect a reasonable distribution of loans among borrowers of different income levels. As tables 2 & 2A reflect, less than favorable penetration was noted in lending patterns to low-income individuals for both consumer and 1-4 family residential loans. This is primarily attributed to our limited sample. Bank management presented us with an internally generated report that revealed forty-eight consumer and sixteen 1-4 family residential loans to low-income individuals during the previous twelve months. Demographic income information is updated annually by HUD and used for residential real estate and consumer loan comparisons. The table on the following page reflects the distribution of 1-4 family residential and consumer loans within the bank's assessment area.

Table 2 - Borrower Distribution of Residential Real Estate Loans				
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
Residential Loans	15%	5%	15%	30%	21%	10%	49%	55%

Source: Data reported under HMDA; U.S. 2000 Census data.

Table 2A - Borrower Distribution of Consumer Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	19%	0%	15%	35%	16%	30%	50%	35%

Source: judgmental loan sample; U.S. 2000 Census data.

### **Borrower Distribution of Loans to Businesses:**

Regent Bank, NA demonstrates an *excellent* record of lending to small businesses. We pulled a sample of twenty small business loans, originated since the last performance evaluation, to determine the bank's lending pattern to small businesses generating operating revenue below \$1 million. We found that 18 of the twenty loans in our judgmental sample or 90% were to small businesses with gross annual revenue below \$1 million. US census data for the year 2000 indicated that 94% of the small businesses reporting revenue in the bank's assessment area generate gross revenue of less than \$1 million.

Table 2B - Borrower Distribution of Loans to Businesses		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	94%	6%
% of Bank Loans in AA by #	90%	10%
% of Bank Loans in AA by \$	91%	9%

Source: Loan sample; Dunn and Bradstreet Data.

### **Borrower Distribution of Loans to Small Farms:**

Regent demonstrates an *excellent* record of lending to small farms. We pulled a sample of twenty small farm loans originated since the last performance evaluation to determine the bank's lending pattern to small farms generating gross revenue under \$1 million. We found that 100% of the twenty loans in our judgmental sample were to small farms generating gross annual revenue below \$1 million. US census data for the year 2000 indicated that 98% of the small farms reporting revenue in the bank's assessment area generated gross revenue of less than \$1 million.

<b>Table 2C – Borrower Distribution of Farm Loans</b>		
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA farms*	98%	2%
% of Bank Loans in AA by #	100%	0%
% of Bank Loans in AA by \$	100%	0%

Source: Judgmental loan sample; Dunn and Bradstreet Data.

### **Geographic Distribution of Loans**

Regent demonstrates a satisfactory record of lending to individuals throughout the assessment area. We reviewed a sample of 20 consumer and 20 residential real estate loans. The bank designated 17 census tracts in Nowata and Washington Counties as their assessment area. Based on our judgmental sample, no consumer loans were originated in the moderate-income census tracts. Only three or 17.65% of the census tracts are defined as moderate. Regent Bank does not have a branch office in any of the moderate-income tracts of Washington County. There are a number of financial institutions with branch offices in Bartlesville available to meet the credit needs of these individuals.

<b>Table 3 – Geographic Distribution of Consumer Loans</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer	0%	0%	13%	0%	46%	75%	41%	25%

Source: Judgmental loan sample & U.S. 2000 Census Data

<b>Table 3A - Geographic Distribution of Residential Real Estate Loans</b>								
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
Residential	0%	0%	9%	10%	49%	55%	42%	35%

Source: Judgmental loan sample, U.S. 2000 Census data.

### **Geographic Distribution of Loans to Businesses:**

Regent demonstrates a satisfactory record of lending to small businesses throughout the

assessment area. We sampled twenty small business loans originated since the previous performance evaluation and noted that none of the loans sampled were to small businesses operating within the moderate-income census tracts. According to the year 2000 US census data, 19% of the small businesses in the bank’s assessment area are situated in the moderate-income census tracts. The moderate-income census tracts are located in Washington County/Bartlesville, Oklahoma. Regent does not have a branch office in any of the moderate-income tracts of Washington County. There are a number of financial institutions with branch offices in Bartlesville available to meet the credit needs of these small businesses. Regent offers several loan products to aid the credit needs of small businesses. Small business products available to the more marginal small businesses include the USDA’s Business & Industrial (B&I) government guaranteed loan program and the Small Business Administration (SBA) loan program. There are currently seven small business SBA loans on the bank’s books to businesses within the bank’s assessment area with an outstanding balance of \$1.1 million and an additional \$3.1 million originated to small businesses outside the bank’s assessment area. There is also one B & I government guaranteed loan in the bank’s assessment area for \$1.6 million and an additional \$28 million that were originated to businesses outside the bank’s assessment area.

**Table 3B - Geographic Distribution of Loans to Businesses**

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
Businesses	0%	0%	19%	0%	52%	70%	29%	30%

*Source: loan sample; U.S. 2000 Census data.*

**Geographic Distribution of Loans to Farms:**

Regent demonstrates a satisfactory record of lending to small farms throughout the bank’s assessment area. We sampled twenty small farm loans originated since the previous performance evaluation, and noted that none of these loans were to small farms operating within the moderate-income tracts of the bank’s assessment area. According to year 2000 US census data there are only 15 small farms situated throughout the moderate-income census tracts of the bank’s assessment area. These tracts are all located in Washington County/Bartlesville, Oklahoma. Regent Bank, NA does not have a branch office in any of the moderate-income tracts of Washington County. There are several financial institutions with branch offices in Washington County that are available to serve the credit needs of these few small farms. Prospective customers would have to drive a substantial distance to either the main bank in Nowata, Oklahoma or the branch office in South Coffeyville, Oklahoma to obtain financing for their small farm needs. Regent Bank, NA participates in the Farm Service Agency government guaranteed loan and interest assist programs. There are currently 41 loans totaling \$4.6 million on the bank’s books to small farmers operating with the bank’s assessment area.

**Table 3C - Geographic Distribution of Loans to Farms**

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Farms	0%	0%	9%	0%	69%	100%	22%	0%

*Source: loan sample; U.S. 2000 Census data.*

**Responses to Complaints**

Regent has not received any formal CRA complaints since the prior November 11, 2002 performance evaluation. The bank’s CRA public file contains all required public disclosures.

**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.