



PUBLIC DISCLOSURE

September 28, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American National Bank and Trust Company of Sapulpa, Oklahoma
Charter No. 7788

2 South Main Street
Sapulpa, Oklahoma 74066

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 **American National Bank and Trust Company of Sapulpa, Oklahoma** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **September 28, 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 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 **American National Bank and Trust Company of Sapulpa, Oklahoma** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>American National Bank</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

American National Bank and Trust Company of Sapulpa, Oklahoma (ANB) is headquartered in Sapulpa, Oklahoma. As of June 30, 1998, ANB reported total assets of \$254 million. In addition to the main office and branch located in Sapulpa, there are branches in Kellyville (Creek County), Mounds (Creek County), Beggs (Okmulgee County), Sand Springs (Tulsa County), and Tulsa (Tulsa County). In total, ANB has seven banking offices, two drive-in facilities, and five automated teller machines (ATMs). ANB offers convenient banking hours and has a variety of loan and deposit products to meet the service needs in the assessment area. ANB is a wholly owned subsidiary of American Bancorporation, Inc. (ABI), a multi-bank holding company. ABI also owns Heritage Bank in Mannford, Oklahoma. ABI reported total assets of \$310 million at December 31, 1997.

ANB's primary business focus is retail (residential mortgages and consumer) and small business. ANB offers and extends a variety of loan products including residential mortgages, home improvement, agricultural, commercial, and consumer loans. The table below shows the loan portfolio composition as of June 30, 1998:

Loan Type	\$ Volume (000)	% of Portfolio
1-4 Family Residential	\$49,393	43%
Installment	22,631	19%
Commercial	21,744	19%
Commercial Real Estate	20,061	17%
Agriculture & Farmland	1,861	2%
TOTAL	\$115,690	100%

Source: June 30, 1998 Call Report.

Creek County has a total of six financial institutions. ANB's competition in Sapulpa includes a \$76 million bank based in Sapulpa (federally-chartered), and branches of a savings association, two federally-chartered banks, and two state-chartered banks. Based on information compiled by the FDIC, ANB had approximately 38% of deposits in the market as of June 30, 1997. Spiritbank, N.A. of Bristow had 28% of the deposits in the market for the same time period.

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

DESCRIPTION OF THE ASSESSMENT AREA

ANB’s assessment area is defined as all of Creek County, a portion of Tulsa County [20 census tracts (CTs)], and a portion of Okmulgee County [2 block numbering areas (BNAs)]. In total, ANB’s assessment area consists of 35 Cts and 2 BNAs. The following table shows the income distribution of CTs/BNAs and families that comprise ANB’s assessment area.

Income Distribution of CTs/BNAs and Families															
Low-Income				Moderate-Income				Middle-Income				Upper-Income			
CT/BNA		Families		CT/BNA		Families		CT/BNA		Families		CT\BNA		Families	
1	3%	9,766	24%	12	32%	7,994	19%	22	60%	10,154	25%	2	5%	13,230	32%

Source: 1990 U.S. Census.

Creek County

Creek County is located in northeastern Oklahoma and is part of the Tulsa Metropolitan Statistical Area (MSA) 8560. Sapulpa is the county seat and is located in northeastern Creek County, approximately 20 miles southwest of Tulsa. There are 15 CTs in Creek County. The 1990 U.S. Census reports a population of 60,915 for Creek County and 18,074 for Sapulpa.

The median family income (MFI) for the Tulsa MSA (which includes Creek County) is \$32,578. This income figure is used to determine the income level of individual CTs. The 1998 Department of Housing and Urban Development (HUD) Updated MFI for the Tulsa MSA is \$41,400. The HUD Updated MFI is used to determine the income level of individual applicants and is updated annually.

ANB’s primary trade area is Creek County. Major employers in the county include manufacturers of glass, residential and business locks, and metal and steel products. The county is very concentrated in small- to medium-sized manufacturing companies. The 1990 Business Demographic Data shows 43 farms and 1,673 businesses in Creek County of which 42 (98%) farms and 1,303 (78%) businesses reported gross annual revenues less than \$1 million.

The economy of Creek County is stable. The 1997 unemployment rate for the county is 4.1%. The unemployment rate for the state is 4.1%, and the national unemployment rate is 5.0%.

Tulsa County

Tulsa County, Oklahoma is adjacent to Creek County to the east. 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. There are 158 CTs in Tulsa County. ANB's assessment area includes 20 CTs located in southwestern Tulsa County which encompass the communities of Sand Springs, Jenks, and Glenpool.

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, of which 374 farms (92%) and 17,101 businesses (72%) report gross annual revenues less than \$1 million.

Okmulgee County

Okmulgee County is adjacent to Creek County to the east and is a non-MSA county. There are 9 BNAs in Okmulgee County. BNAs 5.0 and 6.0 are part of the bank's assessment area which includes the community of Beggs, where a bank branch is located. These BNAs are located in northwestern Okmulgee County. The 1990 U.S. Census population for Okmulgee County is 36,490. Beggs, Oklahoma reports a population of 1,150. The MFI for Okmulgee County is \$24,139. The 1998 HUD estimated statewide MFI for non-MSA counties is \$31,100.

Business Demographic Data for Okmulgee County shows 26 farms and 926 businesses of which 24 farms (92%) and 726 businesses (78%) report gross annual revenues less than \$1 million. The employment base for Beggs is dependent upon Okmulgee and the surrounding communities in and around Tulsa. Major employers in Okmulgee County include government services, small manufacturing companies, and education. Okmulgee County reports an unemployment rate of 8.5% for 1997.

Community Contact

Information about community needs was obtained from a local realtor. According to this contact, there were no unmet credit needs in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The evaluation period covers 1996, 1997, and year-to-date 1998. ANB's last CRA Performance Evaluation was dated October 23, 1995. Residential real estate mortgages (originated in 1996, 1997 and through August 31, 1998) and business and farm loans (originated from May to October, 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 businesses of different sizes, and geographic distribution of loans.

Loan-to-Deposit Ratio

The loan-to-deposit (L/D) ratio is reasonable given ANB's size, financial condition, and assessment area credit needs. The L/D ratio averaged 48% from December 31, 1995 to June 30, 1998. The highest loan-to-deposit ratio reported for ANB was 52% at June 30, 1998. The March 31, 1996 L/D ratio is the lowest at 45%. ANB retains all home mortgage loans and does not purchase or sell loans from affiliates or other institutions. The following table shows total assets (as of June 30, 1998) and the average loan-to-deposit ratio from December 31, 1995 to June 30, 1998 for financial institutions in Creek County.

Institution	Location	Total Assets (Millions)	Avg. L/D Ratio
American National Bank	Sapulpa	\$254	48%
Spirit Bank, N.A.	Bristow	\$267	64%
Security National Bank	Sapulpa	\$76	71%
Heritage Bank†	Mannford	\$66	32%
Community Bank	Bristow	\$44	70%

†Affiliate of ANB of Sapulpa.

Lending in Assessment Area

Residential Real Estate Loans

A majority of residential real estate loans originated in the bank's assessment area. For the evaluation period, 86% of the number and 83% of the dollar volume of residential mortgage loans originated in the assessment area. The following table shows the volume of loans originated in and out of the assessment area.

Volume of Home Mortgage Loan Originations in 1996, 1997 and YTD 1998 Within the Assessment Area						
Product	Total Originations		Within the Assessment Area			
	#	\$ (000)	#	%	\$ (000)	%
Home Purchase/Refinance	208	\$8,681	176	85%	\$6,576	76%
Home Improvement	76	\$923	66	87%	\$764	83%
Total 1996	284	\$9,604	242	85%	\$7,340	76%
Home Purchase/Refinance	313	\$14,473	261	83%	\$12,118	84%
Home Improvement	68	\$815	62	91%	\$670	82%
Total 1997	381	\$15,288	323	85%	\$12,788	84%
Home Purchase/Refinance	238	\$12,139	208	87%	\$10,570	87%
Home Improvement	47	\$687	44	94%	\$619	90%
Total YTD 1998	285	\$12,826	252	88%	\$11,189	87%
Grand Total	950	\$37,718	817	86%	\$31,317	83%

Source: HMDA Loan Application Registers

Business and Farm Loans

A substantial majority of the bank's business and farm loans originated in its assessment area. Business and farm loans are evaluated for year-to-date 1998. During this period, ANB originated 393 business loans and 16 farm loans, of which 357 (91%) business loans and 16 (100%) farm loans were made in the bank's assessment area. Fifteen loans were not identified by a CT or BNA and could not be accounted for.

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

Residential Real Estate Loans

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). The following table shows the distribution by borrower income levels for the number and dollar volume 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	9,766	24%	7,944	19%	10,154	25%	13,230	32%
Loan Product	#	%	#	%	#	%	#	%
Home Purchase/Refi	24	14%	35	21%	51	30%	58	35%
Home Improvement	7	11%	21	32%	17	26%	20	31%
Total 1996†	31	13%	56	24%	68	29%	78	33%
Home Purchase/Refi	26	11%	54	22%	66	27%	97	40%
Home Improvement	10	17%	16	27%	14	23%	20	33%
Total 1997‡	36	12%	70	23%	80	26%	117	39%
Home Purchase/Refi	22	11%	36	17%	44	21%	104	50%
Home Improvement	9	19%	9	19%	14	30%	15	32%
Total YTD 1998#	31	12%	45	18%	58	23%	119	47%
Grand Total	98	12%	171	22%	206	26%	314	40%

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

†Applicant income not available on 9 loans.

‡Applicant income not available on 20 loans.

#Applicant income not available on 3 loans.

Small Business and Small Farm Loans

ANB has a satisfactory record of making loans to businesses and farms of different sizes. Of the 373 loans originated in the assessment area, 104 loans had revenue information to determine if the business or farm is considered small in size. Revenue information was not reported for 269 loans. One hundred businesses and one farm reported gross annual revenues less than or equal to \$1 million. Three businesses reported gross annual revenues exceeding \$1 million. Bank management is in the process of developing a system for data collection on small business and small farm loans.

Geographic Distribution of Loans

Residential Real Estate Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. There is one low-income tract in the assessment area, CT 46.00 in Tulsa County. The table below shows the geographic distribution of residential real estate loans made in the assessment area by tract income levels.

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	
CTs/BNAs	1	3%	12	32%	22	59%	2	5%
CTs/BNAs Penetrated (% of tracts in income group)	1	100%	11	92%	19	86%	2	100%
Number of 1-4 Family Units	512	1%	14,684	31%	29,357	63%	2,373	5%
Median Year Built of Housing	1978		1960		1971		1979	
Loan Product	#	%	#	%	#	%	#	%
Home Purchase/Refi	0	0%	25	14%	149	85%	2	1%
Home Improvement	0	0%	10	15%	55	83%	1	2%
Total 1996	0	0%	35	14%	204	84%	3	1%
Home Purchase/Refi	0	0%	36	14%	223	85%	2	1%
Home Improvement	1	2%	9	15%	52	84%	0	0%
Total 1997	1	0%	45	14%	275	85%	2	1%
Home Purchase/Refi	0	0%	26	13%	180	87%	2	1%
Home Improvement	0	0%	4	9%	39	89%	1	2%
Total YTD 1998	0	0%	30	12%	219	87%	3	1%
Grand Total	1	0%	110	13%	698	85%	8	1%

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

Business and Agriculture Loans

Based on assessment area demographics, business and farm loans reflect reasonable penetration throughout the assessment area. The table below shows the distribution of small business and small farm loans by CT or BNA.

<i>Distribution of Loans in Assessment Area by Census Tract/BNA</i>								
Income Levels	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
Tract Characteristics	1	3%	12	32%	22	60%	2	5%
Number of Loans	1	0%	62	18%	286	82%	1	0%

Source: 1990 U.S. Census data and bank data. 38 loans did not have CT/BNA designations.

Other Lending Activity

ANB funded two loans in 1998 that qualify as community development loans. ANB extended a \$1.4 million line of credit to a real estate development partnership to construct a HUD-subsidized apartment building for low- and moderate-income senior citizens. The bank also made a \$1 million loan to a developer to construct a government-subsidized apartment complex for low- and moderate-income residents.

ANB offers an affordable housing program called *Restoration Loans*. This program is specifically for low- and moderate-income applicants and is more flexible than the bank's conventional residential mortgage product. Features of this program include a 15-year, fixed-rate loan at an interest rate of 7.5% with no points, a \$1,000 minimum down payment, and the loan amount is 95% of the appraisal or cost. Since the prior CRA Performance Evaluation in October 1995, ANB has booked \$1.8 million in restoration loans. These loans are reported on the bank's Home Mortgage Disclosure Act Loan Application Register.

Qualified Investments

ANB's subsidiary, American National Development Corporation (ANDC) was formed in 1991. The purpose of the ANDC is to improve housing conditions, increase home ownership, and to promote economic revitalization in low- and moderate-income areas of the community. The ANDC has been responsible for demolishing approximately

125 dilapidated houses in its assessment area. ANB financed the rebuilding of seven homes (totaling \$327,100) on some of the vacant lots. The ANDC purchased a house, rehabilitated it, and subsequently sold the home to a family that qualified as low- and moderate-income. The ANDC's total investment in this venture was \$50,000. The ANDC also purchased property, demolished the structure and sold the vacant lot to a developer who constructed a duplex on the property to lease to low- and moderate-income families. The lot is located in a low- and moderate-income area in Sapulpa. The ANDC's total investment in this venture was \$22,000. The ANDC contributed \$6,000 to secure a matching federal grant of \$150,000. The grant funds were used to rehabilitate ten older structures in low- and moderate-income areas in Sapulpa. Since its inception, ANDC has expended approximately \$30,000 annually to clear lots. The source of ANDC's funding is through an investment by ANB.

Response to Complaints

ANB 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 ANB's CRA performance. No evidence of discrimination or disparate treatment was noted during this review.