



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

June 29, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**National Bank of Commerce
Charter Number 17457**

**13401 North Pennsylvania
Oklahoma City, Oklahoma 73120**

**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 **National Bank of Commerce, Oklahoma City, Oklahoma** as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of June 29, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated Satisfactory. Consistent with its resources and capabilities, the bank is meeting the credit needs of its assessment area, including those of low- and moderate-income individuals, in a reasonable manner.

The following table indicates the performance level of **National Bank of Commerce, Oklahoma City, Oklahoma**, with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	National Bank of Commerce, Oklahoma City, Oklahoma Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	There have been no CRA related complaints received.		

DESCRIPTION OF INSTITUTION:

National Bank of Commerce (NBC), is headquartered in Oklahoma City, Oklahoma. The main bank and a drive-through facility are located at 13401 North Pennsylvania Avenue. A branch facility is located at 2800 N.W. Grand Boulevard. Automated Teller Machines (ATM's) are also available at these locations. The bank's primary focus is to serve commercial, real estate, and consumer customers in northwest Oklahoma County. The bank meets these needs by providing various loan and deposit products as well as other services.

As of March 31, 1998, NBC's total assets equaled \$95,737,000 of which \$57,100,000 or 59.64 percent, were composed of loans to individuals and businesses. The \$57,100,000 in loans outstanding consisted of \$31,146,000 in residential and commercial real estate (54.55 percent), \$19,830,000 in commercial loans (34.73 percent), \$4,233,000 in consumer loans (7.41 percent), and \$1,891,000 in agricultural loans (3.31 percent).

There are no known factors which have or may potentially impede the bank's ability to meet the credit needs of its assessment area. The last review of performance under the Community Reinvestment Act was completed as of February 21, 1995.

DESCRIPTION OF NATIONAL BANK OF COMMERCE ASSESSMENT AREA:

The assessment area adopted by the bank's board of directors includes 131 census tracts located in northwestern Oklahoma County. This area meets the requirements of the regulation. It does not arbitrarily exclude any low or moderate income geographies. The adopted area is justified because at year-end 1997, 1,542 of the bank's 1,956 outstanding loans or 78.83 percent were within the area. This equated to \$44,077,000 of the \$55,030,000 loan dollars outstanding or 80.10 percent. More details on the assessment area are provided below.

Oklahoma County is part of the Oklahoma City Metropolitan Statistical Area (MSA). The assessment area contains 131 of the 221 census tracts in the county. Based on 1990 census data, the United States Census Bureau identifies the 131 tracts as follows: Twelve tracts or 9.16 percent are considered low income tracts. Thirty-one or 23.66 percent are considered moderate income tracts. Forty-two or 32.06 percent are considered middle income tracts. Forty-two or 32.06 percent are considered upper income tracts. There are four tracts representing 3.06 percent that have not been categorized by income.

United States Census Bureau information as of 1990 reflected a total population of 343,740 in the assessment area. The area contained 167,005 housing units with 82,665 or 49 percent owner occupied. Additionally, there were 90,818 families and 141,361 households in the area. Seventy-nine percent of the households derive their income from wages or salaries. The largest employment sectors were services, government, retail trade, and manufacturing related entities.

Per the 1990 census, the households and families are divided among the income categories as follows:

Description	Low Income (< 50% of Median)	Moderate Income (50-80% of Median)	Middle Income (80-120% of Median)	Upper Income (> 120% of Median)
% of Households	22.34%	16.17%	19.09%	42.41%
% of Families	18.19%	16.05%	20.83%	44.94%

The 1990 census median family income for the assessment area was \$37,333. Median household income for the assessment area was \$29,632. Census median family income for the Oklahoma City MSA was \$32,406. The Department of Housing and Urban Development's most recent estimate of median family income for the Oklahoma City MSA was \$40,800.

The Oklahoma County area is served by 32 other national and state chartered banks. The area is also served by branches of these banks as well as the branches of other banks and savings and loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio

The loan to deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. As such, it meets the standard for satisfactory performance. The average quarterly loan to deposit ratio from March 31, 1995 through March 31, 1998 was 74.17 percent. The ratio as of March 31, 1998 was 69.06 percent. The low ratio for the period was 62.74 percent at September 30, 1995. The high ratio for the period was the 82.60 percent at September 30, 1996.

NBC's ratio compares well to the average loan to deposit ratio for the five banks operating in the assessment area with assets totaling \$75,000,000 to \$125,000,000. The average ratio for this group of banks was 67.99 percent at March 31, 1998. This was up from 66.49 percent at June 30, 1995. The low ratio in this group at March 31, 1998 was 56.10 percent and the high ratio was 89.15 percent.

NBC's ratio also compares well to the average loan to deposit ratio for the thirteen banks operating in northwest Oklahoma City, Bethany, and Edmond, Oklahoma. The average ratio for this group of banks was 69.15 percent at March 31, 1998. This was up from 67.52 percent at June 30, 1995. The low ratio in this group at March 31, 1998 was 44.65 percent and the high ratio was 84.19 percent.

Finally, NBC's ratio compares well to the average loan to deposit ratio for the fifty-three banks operating in the Oklahoma City MSA. The average ratio for this group of banks was 63.92 percent at March 31, 1998. This was up from 59.15 percent at June 30, 1995. The low ratio in this group at March 31, 1998 was 36.96 percent and the high ratio was 94.18 percent.

Lending in Assessment Area

A substantial majority of credit extended is within the assessment area which exceeds the standard for satisfactory performance. Analysis of the 1997 and year-to-date 1998 Home Mortgage Disclosure Act Loan Application Register (HMDA-LAR) and a random sample of twenty business and agriculture loans extended in 1998 noted the following results:

Loan Sample	% of Loans Inside Area	% of Loans Outside Area	% of Loan Dollars Inside Area	% of Loan Dollars Outside Area
Residential (HMDA-LAR) (177 loans for \$16,493,000)	79.10%	20.90%	80.35%	19.65%
Business/Agriculture (20 loans for \$4,109,432)	80.00%	20.00%	72.37%	27.63%
Combined Totals (197 loans for \$20,602,432)	79.19%	20.81%	78.76%	21.24%

The above information is corroborated by an internal analysis of 1997 lending activity which reflected the following for loans extended in 1997.

Loan Category	% of Loans Inside Area	% of Loans Outside Area	% of Loan Dollars Inside Area	% of Loan Dollars Outside Area
Consumer Loans (375 loans for \$5,131,000)	84.27%	15.73%	89.90%	10.10%
Real Estate Loans (136 loans for \$12,590,000)	91.91%	8.09%	95.18%	4.82%
Commercial/Agriculture (177 loans for \$18,649,000)	87.01%	12.99%	81.79%	18.21%
Combined Totals (688 loans for \$36,370,000)	86.48%	13.52%	87.57%	12.43%

Lending to Borrowers of Different Incomes

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses/farms of different revenue sizes within the assessment area. The following table uses income data collected from the 1997 and year-to-date 1998 HMDA-LAR's for residential real estate lending. (Note, 111 of the 140 or \$8,336,000 of the \$13,252,000 in loans reviewed contained information about income levels).

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
Number of Loans (111)	4.50%	8.11%	9.91%	77.48%
Dollars of Loans (\$8,336,000)	1.55%	5.77%	6.27%	86.41%

Although low in the first three categories, the number of loans to each income group compares reasonably to the distribution of households and families by income level illustrated in the table on Page 4. Additionally, other internally generated data on the loan to deposit ratios of the various tract income categories reflects responsiveness to the credit needs of depositors from those tracts. This data is reflected in table form under Geographic Distribution of Loans.

The following table uses revenue data collected from the sixteen business and agricultural loans in the assessment area. The number and dollar volume of loans to the three groups compares adequately to the distribution of companies and farms reporting revenues in the 1990 census.

Description	% with less than \$500,000 in revenues	% with \$500,000 to \$1,000,000 in revenues	% with greater than \$1,000,000 in revenues
Number of Loans (16)	37.50%	25.00%	37.50%
Dollars of Loans (2,974,047)	34.04%	25.40%	40.56%
Number of Businesses/Farms (13,637)	77.89%	9.42%	12.69%

Internal analysis for 1997 also reflected that 77 percent of NBC's commercial loans were for amounts less than \$100,000. This volume indicates a good responsiveness to the needs of small businesses

Geographic Distribution of Loans

The distribution of loans reflects a reasonable dispersion throughout the assessment area. This is based on an internal analysis of the loans originated in the assessment area during 1997. The results of this analysis are depicted in the table below.

Distribution of 1997 Originations by Census Tract Types				
Description	% of Total Tracts (131)	% with Originations (96)	% of Total Originations to Tracts (596)	% of Population in Tracts (343,740)
Low Income Tracts (12)	9.16%	3.05% (4 of 131)	1.01%	4.68%
Moderate Income Tracts (31)	23.66%	15.27% (20 of 131)	15.27%	23.84%
Middle Income Tracts (42)	32.06%	23.66% (31 of 131)	26.34%	32.48%
Upper Income Tracts (42)	32.06%	29.77% (39 of 131)	55.70%	38.80%
Uncategorized Tracts (4)	3.06%	1.53% (2 of 131)	1.68%	0.20%
Total Tracts (131)	100.00%	73.28% (96 of 131)	100.00%	100.00%

Although penetration levels of the low and moderate income tracts seem low based on this one analysis, internally generated reports of actual results versus expected results for 1997 indicate that the penetration is above expectations. The expected results are derived from demographic data that outlines the volume of families with incomes greater than 15,000 per year, the volume of borrowing age population in the tracts, and the volume of owner occupied housing in the tracts. Each of these components have a bearing on the ability of NBC or any other financial institution to make loans in the tracts.

The loan to deposit ratio of each tract type is also a good measure of the reinvestment activities of the bank. Internal geocoding of all outstanding loans and deposits at year-end 1997 reflected good levels of reinvestment in the tracts relative to the volume of deposits generated from each tract type. These results are depicted in the table on the next page.

Geographic Distribution of Loans (Continued)

Loan to Deposit Ratios of Each Tract Category in Assessment Area			
Tract Category	Loans	Deposits	Ratio
Low Tracts (12)	1,250,734	1,281,741	97.58%
Moderate Tracts (31)	6,511,276	10,515,021	61.92%
Middle Tracts (42)	9,961,221	23,334,578	41.53%
Upper Tracts (42)	25,245,525	31,859,440	79.24%
Uncategorized (4)	1,377,842	2,985,192	46.16%
Total (131)	44,346,598	69,975,972	63.37%

Responses to Complaints

No complaints concerning the Community Reinvestment Act have been received since the last examination of the bank.

Fair Lending Matters

No violations of the substantive provisions of antidiscrimination laws and regulations were identified. Additionally, no evidence of discrimination or disparate treatment was found. The lending practices of National Bank of Commerce, are reflective of antidiscrimination policies.