



Public Disclosure

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Community Reinvestment Act Performance Evaluation

**State Bank and Trust, N. A.
Charter Number: 18368**

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Tulsa, Oklahoma 74103**

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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.

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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 CRA performance of **State Bank and Trust, N. A. (State Bank)** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **April 6, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Community Reinvestment Act (CRA) - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Community Development Purpose - Defined as affordable housing (including multifamily rental housing) for low- and moderate-income individuals; community services targeted to low- and moderate-income individuals; activities that promote economic development by financing businesses or farms that meet size and revenue standards defined by the CRA regulation; and, activities that revitalize or stabilize low- and moderate-income geographies. Community development loans specifically exclude loans which have been reported under the Home Mortgage Disclosure Act or as small loans to businesses or farms, except for multi-family rental housing loans, which can be reported under both categories.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Census Tract (CT) - Small, locally defined statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

Home Mortgage Disclosure Act (HMDA) - A statute that requires certain mortgage lenders that do business or have banking offices in a MSA to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and its disposition (e.g., approved, denied, withdrawn).

Median Family Income (MFI) - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of census tracts. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Low-Income - Income levels that are less than 50% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Upper-Income - Income levels that are 120% or more of the MFI.

Small Business Loans - Loans with an original amount of \$1 million or less for which the bank is required to collect and report certain monitoring data under the CRA regulation.

Small Farm Loans - Loans with an original amount of \$500 thousand or less for which the bank is required to collect and report certain monitoring data under the CRA regulation.

CRA Rating

Institution’s CRA Rating: This institution is rated “Satisfactory.”

The major factors which support this rating include:

- ▶ A good responsiveness to the credit needs of State Bank’s assessment area.
- ▶ An adequate distribution of loans throughout State Bank’s assessment area and a good record of loans to borrowers of all income levels and businesses of all sizes.
- ▶ A low level of community development loans and investments.
- ▶ The accessibility of State Bank’s services through branch/ATM locations and telephone/computer services is very good.

The following table indicates the performance level of **State Bank and Trust, N. A.** with respect to the lending, investment, and service tests:

Performance Levels	State Bank and Trust, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Low Satisfactory	X		
Needs to Improve		X	
Substantial Noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Description of Institution

State Bank is a full service retail financial institution located in Tulsa, Oklahoma. As of 12-31-97, State Bank reported total assets of \$477 million and a net loan-to-deposit ratio of 70.86%. State Bank is a wholly-owned subsidiary of Arvest Bank Group, Inc., headquartered in Lowell, Arkansas. Arvest Bank Group is a \$2.9 billion multi-bank holding company with nine other community banks located primarily in northwest Arkansas and central and northeast Oklahoma. In addition to the main bank office in downtown Tulsa, there are eleven full service branches, 24 automated teller machines (ATMs), the Arvest Mortgage Company, trust department services, retail nondeposit investment sales, and insurance offices in various branch locations. Retail banking is the primary focus. The bank offers loans for consumer, real estate construction and development, business and the energy industry.

There are no financial impediments limiting State Bank's ability to help meet the credit needs of its assessment area. However, state laws impose significant limitations on additional branching and acquisitions are limited by a state deposit cap. The bank's loan composition as of year-end 1997 is captioned below.

Loan Portfolio Composition as of December 31, 1997

Loan Purpose/Collateral	\$(000's)	Percentage
REAL ESTATE:		
1-4 Residential	137,841	46.01%
Construction & Land Development	29,125	9.72%
Secured by Farmland	179	0.06%
Secured by Multifamily Residential	2,190	0.73%
Secured by Nonfarm Nonresidential	37,216	12.42%
COMMERCIAL/INDUSTRIAL	56,263	18.78%
CONSUMER LOANS	23,375	7.81%
OTHER LOANS	13,388	4.47%
TOTAL LOANS AND LEASES	299,577	100.00%

Data Source: Bank records

State Bank's CRA performance was last evaluated as of July 11, 1996. At that time, the bank's overall level of performance was rated "satisfactory."

Description of the Assessment Area

State Bank's AA is the entire Tulsa County consisting of 158 census tracts. Tulsa County is part of the five county MSA #8560. The following table depicts the demographic characteristics of State Bank's AA.

State Bank's Assessment Area Profile: Entire Tulsa County in MSA #8560-Tulsa, OK MSA						
Demographic Characteristics	#	Low % of (#)	Moderate % of (#)	Middle % of (#)	Upper % of (#)	NA*
Population	503,341					
Family Distribution	136,842	20%	17%	21%	42%	0%
Census Tracts	158	7%	25%	39%	28%	1%
Small Businesses (% of # in CT)	17,101	3%	25%	42%	30%	0%
Small Farms (% of # in CT)	374	4%	16%	48%	32%	0%
Owner Occupied Housing (% of # in CT)	123,041	4%	19%	45%	32%	0%
Median Housing Value = \$65,220						
HUD Adjusted Median Family Income for 1998 = \$41,400						

Data Source: 1990 Census Data - U.S. Bureau of the Census

* NA=No income designation

These demographics were used to provide some insight into the opportunities available for lending amongst geographies and borrowers of different income levels. Competition is very strong in the assessment area especially for mortgage related products. Mortgage related competitors include, community and regional banks, mortgage companies, and anti-poverty organizations. Also hindering lending opportunities is the fact that 12% of the families living in the assessment area are below the poverty level. Other pertinent demographic information used in this analysis is discussed under the Lending Test of this Performance Evaluation.

As captioned above, there are very few small farms in the assessment area. This is understandable given the fact Tulsa County is an urbanized area. The bank has identified home improvement lending as its "niche." Home improvement lending was also identified as a need through conversations with community leaders.

Conclusions with Respect to Performance Tests

LENDING TEST

In assessing lending performance, we focused on State Bank's lending activity; assessment area concentration; geographic distribution of loans; borrowers' profile; responsiveness to credit needs of highly economically disadvantage geographies; low-income persons or small businesses; community development lending; and product flexibility. Unless otherwise noted, year-to-date (YTD) 1998 loan data presented in this report is data through April 7, 1998.

Conclusions:

- ▶ State Bank's lending level reflects a good responsiveness to assessment area credit needs.
- ▶ A substantial majority of State Bank's loans are made within the assessment area.
- ▶ The distribution of loans reflects adequate penetration throughout the assessment area geographies and good penetration to borrowers of all income levels and to businesses of all sizes.
- ▶ State Bank exhibits an adequate record of serving the credit needs of the most economically disadvantaged low-income borrowers and very small businesses, consistent with safe and sound banking practices.
- ▶ State Bank's volume of community development lending is very limited. The bank has not made use of innovative and/or flexible lending practices in order to serve assessment area credit needs.

Our conclusions are based on our review of State Bank's HMDA and small business and farm loan data. Large banks are required to collect and report this data to their regulatory agencies. We verified the accuracy of this data through limited sampling. We determined the data was suitable for analyzing the bank's lending performance under the CRA.

Lending Activity

Lending levels reflect a good responsiveness to the credit needs in State Bank's assessment area. The loan-to-deposit (LTD) ratio continues an increasing trend and averaged 67.16% since the previous evaluation. The bank's average is slightly above other similarly situated institutions in the assessment area. The December 31, 1997 LTD ratio totaled approximately 71% compared to 64% the previous year. Business/commercial lending represents 32% of the bank's total loans on December 31, 1997. HMDA and small business loans originated in 1997 increased 46% and 84%, respectively from 1996 totals.

The loan-to-deposit ratio does not fully capture State Bank's lending activity because of the volume of home mortgage loans originated and sold into the secondary market by the affiliated

Arvest Mortgage Company (Arvest). During this evaluation period, State Bank originated 1,994 HMDA reportable loans totaling over \$70 million. Comparable HMDA market data from 1996 (the most current available) reflects that State Bank's market share (5.50%), including Arvest originations, ranks third behind two mortgage companies. The larger of which is a subsidiary of a regional bank ten times the size of State Bank with a market share of just 11.65%. State Bank's market share and ranking is commendable given its size and the strong level of competition with other financial institutions operating within the assessment area.

The bank's small business and farm lending levels are good when compared to similarly situated institutions. Since 1996, State Bank originated 1,526 small business and small farm loans aggregating over \$161 million. According to 1996 market data (the most current available), State Bank ranks in the seventh position (8.33% market share) behind four larger banks and two finance companies in small business and farm originations made within the assessment area. The leading bank had a market share of 17.28%

Assessment Area Concentration

State Bank has an outstanding record of lending within its assessment area. Approximately 85% of their home mortgage and small business/farm loans were originated within the assessment area during the evaluation period.

Home Mortgage Loans

Since the previous evaluation, State Bank originated approximately 80% of its home mortgages (including home improvement loans) within the assessment area. The following table illustrates the volume of originations and their location:

Home Mortgage Loan Activity in 1996 & 1997						
Product	Total Originations		Within the Assessment Area			
	#	\$(000)	#	%	\$(000)	%
Home Purchase/Refinance	136	12,176	116	85.29%	11,043	90.69%
Home Improvement	599	7,651	497	82.97%	6,503	85.00%
Multifamily	1	13,200	0	0.00%	0	0.00%
Total 1996	736	33,027	613	83.29%	17,546	53.13%
Home Purchase/Refinance	194	12,715	174	89.69%	10,699	84.14%
Home Improvement	882	18,846	655	74.26%	13,663	72.50%
Multifamily	0	0	0	0.00%	0	0.00%
Total 1997	1,076	31,561	829	77.04%	24,362	77.19%
Home Purchase/Refinance	53	3,576	46	86.79%	3,185	89.07%
Home Improvement	128	2,046	100	78.13%	1,660	81.13%
Multifamily	1	242	1	100%	242	100%
Total YTD 1998	182	5,864	147	80.77%	5,087	86.75%
Grand Total	1,994	70,452	1,589	79.69%	46,995	66.70%

Source: 1996 and 1997 HMDA information.

Small Business and Farm Loans

Since the previous performance evaluation, 1,367 or 90% of the 1,526 originations were made within the assessment area. The following table illustrates the volume of originations and their location by product type:

Volume of Small Business and Small Farm Loan Originations in 1996 & 1997						
Loan Product	Total Originations		Within the Assessment Area			
	#	\$(000)	#	%	\$(000)	%
Small Business	536	49,544	503	93.84	47,129	95.13
Small Farm	0	0	0	0.00	0	0.00
Total 1996	536	49,544	503	93.84	47,129	95.13
Small Business	987	112,105	861	87.23	97,207	86.71
Small Farm	3	166	3	100.00	166	100.00
Total 1997	990	112,271	864	87.27	97,373	86.73
Grand Total	1,526	161,815	1,367	89.58	144,502	89.30

Source: 1996 & 1997 small business loan data collected by the bank.

Geographic Distribution of Loans within the Assessment Area

Home Mortgage Loans

The geographic distribution of State Bank's home mortgage loan originations for 1996, 1997 and YTD 1998 reflects an adequate penetration throughout the assessment area. As captioned in the table on the following page, only 36% of the low-income census tracts and 77% of the moderate-income census tracts were penetrated. Furthermore, only 1% of State Bank's aggregate home mortgages were made in low-income census tracts and just 8% were made in moderate-income census tracts. Low-income tracts comprise 7% of the assessment area and moderate-income tracts comprise 25%. State Bank attributes its low penetration in low- and moderate-income census tracts to the overall economic conditions and low demand for these products.

Approximately 39% of the households in low-income tracts and 21% of the households in moderate-income tracts are below poverty level. Also only 4,662 applications were received, by all institutions, from applicants living in either low- or moderate-income level census tracts. Of those originated, State Bank ranked sixth (market share 3.69%), in the low-income tracts, behind two mortgage companies, two larger banks, and one smaller community bank with a branch location in one of the low-income tracts. State Bank ranked fifth (market share 3.56%), in the moderate-income tracts, behind three mortgage companies and one regional bank. The market leader in the low-income and the moderate-income tracts maintained a market share of 5.74% and 8.69%, respectively.

As the origination of home improvement loans represents 81% of all State Bank's home mortgage loan originations and given the fact home improvement lending is considered its "niche," more weight was given to the distribution of this loan product. State Bank's home improvement originations in low- and moderate-income tracts averaged 1% and 10%, respectively, of its total home improvement loan originations. State Bank mitigates these low penetrations by the economic conditions and overall low demand for this product type in low- and moderate-income census tracts. Only 1,056 home improvement applications were received, by all institutions, from applicants living in either low- or moderate-income level census tracts. State Bank ranked second in originations for home improvement loans in both the low- and moderate-income census tracts and carried a market share of 10.96% & 13.22%, respectively. A regional bank is the market leader in home improvement originations in both the low- and moderate-income tracts with a market share of 17.81% and 13.79%, respectively. State Bank's market share in middle and upper-income census tracts is significantly higher than its market share in low- and moderate-income census tracts. State Bank attributes this fact to the lower percentages of households below the poverty level and the overall greater demand for this product in the higher income level census tracts.

Distribution of Home Mortgage Loan Originations in 1996 & 1997 Within the Assessment Area By Income Level of the Census Tracts								
Assessment Area Data	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
Census Tracts	11	7%	39	25%	62	40%	44	28%
Census Tracts Penetrated in 1997 (% of tracts in income group)	4	36%	30	77%	60	97%	44	100%
Number of Owner Occupied Units	4,317	4%	23,101	19%	55,825	45%	39,798	32%
Median Year Built of Housing	1966		1967		1974		1980	
Loan Product	#	%	#	%	#	%	#	%
Home Purchase/Refinance	0	0%	8	7%	35	30%	72	63%
Home Improvement	8	2%	46	9%	210	42%	232	47%
Total for 1996	8	1%	54	9%	245	40%	304	50%
Home Purchase/Refinance	2	1%	9	5%	65	37%	98	56%
Home Improvement	4	1%	56	9%	260	40%	335	51%
Total for 1997	6	1%	65	8%	325	39%	433	52%
Home Purchase/Refinance	0	0%	2	5%	16	39%	23	56%
Home Improvement	1	1%	11	12%	43	45%	40	42%
Total YTD 1998	1	1%	13	10%	59	43%	63	46%
Grand Total	15	1%	132	8%	629	40%	800	51%

Source: 1990 U.S. Census and 1996,1997 and 1998 HMDA information.

1996 Home Mortgage Loan Originations Market State Within the Assessment Area by Income Level of the Census Tract												
Loan Product	Low-Income			Moderate-Income			Middle-Income			Upper-Income		
	#	%Mkt	Rank	#	%Mkt	Rank	#	%Mkt	Rank	#	%Mkt	Rank
Home Purchase/Refi.	1	0.58	45	17	1.21	25	117	2.30	10	153	2.87	7
Home Improvement	8	10.96	2	46	13.22	2	210	21.11	1	232	27.88	1

Source: 1996 Aggregate HMDA information.

Small Business and Farm Loans

State Bank has an adequate penetration of small business/farm loans throughout its assessment area. The bank's small business and farm loan originations, by income level of the census tract, are captioned below:

Distribution of Small Business and Farm Loan Originations in 1996 & 1997 Within the Assessment Area By Income Level of the Census Tracts								
Assessment Area Data	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
Census Tracts	11		39		62		44	
Number of Small Businesses	582		4,136		7,186		5,197	
Number of Small Farms	16		59		181		118	
Loan Product	#	%	#	%	#	%	#	%
Small Business	0	0.00	93	18.49	171	34.00	239	47.51
Small Farms	0	0.00	0	0.00	0	0.00	0	0.00
Total for 1996	0	0.00	93	18.49	171	34.00	239	47.51
Small Business	14	1.63	122	14.17	323	37.51	402	46.69
Small Farm	0	0.00	0	0.00	3	100%	0	0.00
Total for 1997	14	1.62	122	14.12	326	37.73	402	46.53
Grand Total	14	1.02	215	15.73	497	36.36	641	46.89

Source: 1990 U.S. Census and 1996/1997 small business data collected by the bank.

State Bank had no small business originations in low-income census tracts and 93 originations in moderate-income census tracts in 1996. The bank ranked seventh in small business originations in moderate-income census tracts behind four larger banks and two finance companies. As the table depicts, the number of small business originations in low- and moderate-income areas improved in 1997. Further improvement is anticipated as the bank recently became a "preferred lender" with the Small Business Administration.

State Bank originated no small farm loans in 1996 and only three small farm loans in 1997 due to the limited opportunities available. As the chart indicates, there are relatively few farms within the assessment area.

Distribution by Borrowers' Income within the Assessment Area

Home Mortgage Loans

The distribution of State Bank's home mortgage loan originations reflects a good penetration amongst borrowers of different income levels in the assessment area. As captioned in the table on the following page, low-income families represent 19.57% of the assessment area; however, only 5.70% of the State Bank's home loan originations were to low-income applicants. Moderate income families represent 17.10% of the assessment area; however, only 11.39% of the bank's home loan originations were to moderate-income families. State Bank overall market share for all product types is 5.50% and ranks third behind two mortgage companies. This is commendable given the level of competition and the number of larger banks operating in the assessment area. Based on 1996 aggregate HMDA data, State Bank's market share of all home mortgage loans originated to low-and moderate-income families is more consistent with its overall 5.50% market share. The market share to low-income families represents 80% of State Bank's overall market share and the market share to moderate-income families represents 82% of its overall market share.

As the origination of home improvement loans represents 81% of all home mortgage loan originations, more weight was given to the distribution of this loan product. State Bank's average home improvement originations as a percentage of the number of low- and moderate-income families is 37.20% and 74.33%, respectively. Although these percentages are not compatible with the number of low- and moderate-income families, State Bank was the market leader in home improvement loans in all income categories with a market share of 12.90% to low-income borrowers and 19.61% to moderate-income borrowers. This is commendable given the number of mortgage companies and larger banks competing in the same market.

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 19.57		23,299 17.10%		29,319 21.43%		57,431 41.90%	
Loan Product	#	%	#	%	#	%	#	%
Home Purchase/Refi	4	3.77	8	7.55	15	14.15	79	74.53
Home Improvement	28	5.73	70	14.31	115	23.52	276	56.44
Total 1996	32	5.38	78	13.11	130	21.85	355	59.66
Home Purchase/Refi	7	4.17	7	4.17	26	15.48	128	76.19
Home Improvement	39	6.11	74	11.60	155	24.29	370	57.99
Total 1997	46	5.71	81	10.05	181	22.46	498	61.79
Home Purchase/Refi	0	0.00	4	11.11	6	16.67	26	72.22
Home Improvement	9	10.00	11	12.22	31	34.44	39	43.33
Total YTD 1998	9	7.14	15	11.90	37	29.37	65	51.59
Grand Total	87	5.70	174	11.39	348	22.79	918	60.12

Source: 1990 U.S. Census and 1996/1997 HMDA data.

Market Share of Home Mortgage Loan Originations in 1996 Within the Assessment Area By Income Level of the Borrower								
Loan Product	Total Originations		Overall		Low-Income		Mod.-Income	
	Number	\$(000)	Market Rank	Market Share	Market Rank	Market Share	Market Rank	Market Share
Home Purchase/Refinance	116	11,043	8	2.41	13	2.05	13	1.89
Home Improvement	497	6,503	1	22.10	1	12.90	1	19.61
Grand Total	613	17,546	3	5.50	4	4.41	4	4.50

Source: 1996 Aggregate HMDA data.

Based on 1996 aggregate HMDA data, State Bank's market share of home improvement loans originated to low- and moderate-income families is more consistent with its overall 5.50% market share. The market share to low-income families represents 58% of State Bank's overall market share and the market share to moderate-income families represents 89% of its overall market share.

Small Business and Farm Loans

The distribution of loans to small businesses is very good. Approximately 80% of the number of loan originations, inside the assessment area, were to entities with revenue of less than one million dollars. Furthermore, over 51% of the loans originated were in amounts less than \$250 thousand. The following table further illustrates small business loan originations by number, dollar amount, and size.

Loan Size (in 000's)	Small Business Loans- Distribution by Loan Size to Businesses with Revenues of Any Size - 1997			
	# of Loans	% by #	\$ (000's)	% by \$
\$0 to <=\$100	596	69	22,266	23%
>\$100 to<=\$250	170	20	27,808	28%
>\$250 to \$1,000	98	11	47,299	49%
TOTALS	864	100%	97,373	100%

Data Source: Bank Records

Community Development Lending

State Bank's volume of community development lending is very limited. Community development loans are those loans whose primary purpose meet the regulatory definition, as described in the **"Definitions and Common Abbreviations"** section of this Evaluation, and that have not already been considered under the HMDA or small loans to businesses or farms categories.

Based on information provided by State Bank, one community development loan totaling \$10 thousand was originated since the last CRA examination. The funds were used to participate in a micro-loan pool with the Greenwood Chamber of Commerce. These funds benefit State Bank's assessment area. Positive consideration is given to the fact that a portion of State Bank's loan originations, reported and considered as small business loans, have community development characteristics.

Product Innovation and Flexibility

State Bank has not used innovative and/or flexible lending practices in order to serve the assessment area's credit needs. Since the previous evaluation, no innovative products have been implemented which benefit low- and moderate-income tracts or individuals.

INVESTMENT TEST

To assess State Bank's performance under the Investment Test, we reviewed its investment and grant activity; responsiveness to credit and community needs; and its initiatives with community development.

Conclusions:

- ▶ State Bank has a low level of qualified community development related investments based on its size and financial capacity. The bank's qualified investments are not considered innovative or complex.

Qualified investments must have a "community development purpose" as described by the regulation. Please refer to the "**Definitions and Common Abbreviations**" section of this report for this definition. During this evaluation period, State Bank made qualifying grants to six organizations totaling approximately \$92,000 and one in-kind contribution totaling approximately \$7,200 per year. Grants have been extended to organizations that promote youth, child care, and housing services. The in-kind contribution includes the leasing of office space, at a below market rate, to a local housing services provider.

SERVICE TEST

In assessing State Bank's performance under the Service Test, we focused on the accessibility of its delivery systems, changes in branch locations, reasonableness of its business hours and services in meeting the needs of its assessment area, and level of community development services.

Conclusions:

- ▶ State Bank's delivery systems are reasonably accessible to essentially all portions of its assessment area.
- ▶ Since the last CRA review, there have been no changes in branch locations.
- ▶ Services and business hours are tailored to the convenience and needs of the assessment area.
- ▶ State Bank provides a limited level of community development services.

Retail Banking Services

The quantity, quality, and accessibility of State Bank's service-delivery systems within its assessment area are satisfactory. The bank provides a wide range of services at its main office and branch locations. State Bank has twelve full service facilities located throughout the assessment area. Three branches are located in moderate-income tracts. All offices are staffed with customer service personnel and loan officers. Business hours are very conducive to the needs of the assessment area. State Bank offers extended banking hours. Excluding the downtown location, all branch locations are opened from 8 a.m.- 8 p.m. on weekdays and most branches are opened on Saturday from 8 a.m.-1 p.m. No other bank in Tulsa County offers these extended hours. Since the previous public evaluation, there have been no branch openings or closings.

To further provide access to financial services, the bank operates 24 proprietary Automated Teller Machines (ATMs). Five ATMs are located in moderate-income tracts. Since the last CRA review, State Bank opened three new ATMs. These ATMs are located in middle- and upper-income tracts. Additionally, one ATM located in a moderate-income tract was closed due to low usage. This closure did not adversely affect the accessibility of the bank's delivery systems.

The following table illustrates the aggregate distribution of State Bank's branch and ATM locations by income level within the assessment area:

Distribution of Delivery System By Income Level of the Census Tracts								
Community Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Census Tracts	11	7%	39	25%	62	39%	44	28%
Households	11,009	5%	43,646	22%	90,911	45%	57,197	28%
Type of Service	#	%	#	%	#	%	#	%
Branches	0	0%	3	25%	6	50%	3	25%
ATMs	0	0%	5	21%	11	46%	8	33%
Totals	0	0%	8	22%	17	47%	11	31%

Oklahoma branching laws significantly impede branching opportunities (excluding acquisitions, banks are generally limited to two branches). Most of State Bank's branches result from acquisitions. Although State Bank has no branches in low-income census tract, they have attempted to open one at least three branches at different times. Alternative delivery systems offset the absence of branches in low-income tracts. Furthermore, the longest distance a customer living in any low-income tract would have to travel to reach a branch is within eight miles. This is considered reasonable given the size of the assessment area and the extended hours offered at branch locations.

The bank makes extensive use of alternative delivery systems in an effort to reach a broader section of its assessment area and to compensate for branching restrictions mandated by state law. In addition to branches and proprietary ATMs, the bank offers the following services:

- ▶ **24 - Hour Banking Service:** a full-service automated banking system which allows customers to perform a variety of functions by telephone including applying for a consumer loan, inquiring about checking, savings, and loan information, transferring funds between accounts, and paying bills. This service is no charge to bank customers.
- ▶ **Internet - PC access:** allows customers the ability to access their accounts through the Internet. It allows the customer to conduct such transactions as transfer funds between accounts, pay bills, order checks, download account information into various financial software programs, and review balances of checking, savings, CD's, money market, or loan accounts. Besides the normal fee for Internet access, there is no extra charge to use this service.
- ▶ **Telephone Bill Paying Service:** this service allows customers to pay bills by telephone. This service is free to bank customers.
- ▶ **Loan by Phone or Fax Program:** this service allows customers to apply for loans without physically coming to the bank. The customer calls the bank and verbally answers questions

contained on a loan application. Customers can also submit applications by fax. No fee is charged for this service.

- ▶ **Hispanic Bilingual Services:** State Bank has one employee who speaks Spanish and is available to provide interpretation services. This increases access of the bank's financial services to customers who speak Spanish, often low- and moderate-income individuals.

Community Development Services

State Bank has participated in a limited number of services for the purpose of community development. Please refer to the “**Definitions and Common Abbreviations**” section of this report for the meaning of the term “community development. State Bank has provided the following services.

- ▶ **Project Get Together:** This organization's focus is providing affordable housing. State Bank allows two of its' loan underwriters the opportunity to provide training on the technical aspects of home ownership to constituents of this organization. Assistance is provided in the areas of how to apply for a loan, credit counseling, and explaining various home ownership requirements such as down payment and closing costs. In addition, one of the two loan underwriters is a member of this organization's loan committee. As a member of the loan committee, the underwriter reviews loan applications and assists in making credit decisions by approving or denying loan requests.
- ▶ **Greenwood Chamber of Commerce:** This organization focuses on providing small business loans. State Bank has one employee who provides technical assistance to this organization's loan committee. As a member of the loan committee, this employee reviews loan applications and assists in making credit decisions by approving or denying loan requests.
- ▶ **Access Oklahoma ATM Services:** Access Oklahoma Cards are “money cards” which the State of Oklahoma recently issued to persons receiving certain types of state assistance. ATM access is required to obtain these funds. State Bank has modified its ATMs to accept these cards and does not charge a fee for the use of its ATM.

Fair Lending Review

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified. Policies, procedures, training programs, and internal assessment efforts indicate a proactive stance toward ensuring all applicants are treated fairly and in accordance with applicable laws.

SCOPE OF EXAMINATION

The OCC evaluated State Bank's CRA performance using the Lending, Investment and Service Tests for Large Banks pursuant to the revised CRA Regulation. These tests assess the bank's record of helping to meet community credit needs. This evaluation covers the time period from the last CRA evaluation, July 11, 1996 to April 6, 1998, the date of this evaluation. We analyzed 1996 and 1997 and YTD 1998 (HMDA) originations and 1996-1997 small business and farm loan originations. We also considered mortgage lending data from the affiliated Arvest Mortgage Company. Finally, the number and type of qualified investments; branch distribution and accessibility; and retail and community development services were evaluated.

The examination also included a review of the bank's Public File, which contained no negative CRA comments.