

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

September 15, 1997

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Bank of the Lakes, NA
Charter Number 23235

12401 E. 86th Street North
P.O. Box 1017
Owasso, Oklahoma 74055

Comptroller of the Currency
Tulsa Field Office
7134 South Yale, Suite 910
Tulsa, Oklahoma 74136

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 Bank of the Lakes, N.A. prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of September 15, 1997. 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."

- ▶ Since the previous performance evaluation, Bank of the Lakes, N.A. has maintained an average net loan-to-deposit ratio of 82.24%.
- ▶ Lending has been reasonably dispersed within the assessment areas to borrowers of all income levels and businesses of different sizes.

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

The following table indicates the performance level of Bank of the Lakes, N.A. with respect to each of the five performance criteria.

SMALL
INSTITUTION
ASSESSMENT
CRITERIA

Bank Of the Lakes, N.A.
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

NA

NA

NA

* Not applicable. No complaints relating to the bank's CRA performance have been received.

DESCRIPTION OF INSTITUTION:

Bank of the Lakes, N.A. (BOL), is a \$64 million bank headquartered in Owasso, Oklahoma with branch locations in Collinsville, Langley, and Bernice, Oklahoma. In addition, the Langley branch has an extended deposit taking facility in Disney, Oklahoma. The home office in Owasso is temporarily operating out of a strip shopping center until construction of the main bank facility is completed. BOL, a subsidiary of Lake Bancshares Corporation, originated in Langley, Oklahoma in 1976. On February 18, 1997, BOL converted to a national charter.

The bank offers a variety of loan products. As captioned below, the institution's primary lending focus are residential and commercial real estate and commercial loans. Table 1 shows a comparative breakdown of the loan portfolio.

Table 1

LOAN TYPE	6/30/97	\$ VOLUME	(000'S)	% OF	PORTFOLIO
	9/30/96	\$ VOLUME	(000'S)	% OF	PORTFOLIO
1-4 FAMILY	15,159	30.64	17,238	40.06	
CONSTR. & LAND DEV.	4,669	28.63	-----	-----	

COMMERCIAL
REAL ESTATE
14,167
20.39
11,850
27.54

COMMERCIAL
10,089
10.91
9,079
21.10

CONSUMER
5,397
9.43
4,868
11.30

TOTAL
49,481
100.00%
43,035
100.00%

Source: Uniform Bank Performance Report

BOL has participations purchased of \$15,397M representing 31.12% of the loan portfolio. Commercial marina loans are unique to the Langley and Bernice branches. And, construction and land development loans have increased in the fast growing Owasso community since the previous examination.

Based on bank's financial condition, size, products offered, and previous performance, BOL has the ability to meet the various needs of its communities. No legal impediments or other factors hinder the bank's ability to provide credit.

DESCRIPTION OF ASSESSMENT AREA

BOL has two assessment areas: The Tulsa Metropolitan Statistical Assessment (MSA) area

which includes the Owasso and Collinsville locations in portions of Tulsa and Rogers counties. And, a non-MSA area which includes the Langley and the Bernice locations in portions of either Mayes or Delaware counties. The Langley location also includes an extended deposit taking facility in Disney, Oklahoma. Below are specific characteristics of each assessment area.

METROPOLITAN STATISTICAL ASSESSMENT AREA (MSA)

The specific census tracts are #0058.03 and #0504.01 for Owasso, and #0054.00 for Collinsville. Most of Owasso's population and incoming residents are located in census tract #0504.01. According to 1990 census data, the population for this area was 19,692 and the median family income was \$32,578. The assessment area has two middle and one upper income level tract. The population mix is 90% White and 10% other. Table 2 shows the income distribution of families living in this area.

Table 2

FAMILY INCOME LEVEL COUNT PERCENTAGE

Low Income
702
12.26%

Moderate Income
991
17.31%

Middle Income
1,307
22.83%

Upper Income
2,724
47.58%

Total
5,724
100.00%

Source: 1990 U.S. Census data

According to housing data, there are 7,329 housing units in the MSA area. Seventy four percent (74%) are owner occupied, 18% are rental units, and 7% are vacant. The median year built is 1976. The median value is \$64,007.

NON-METROPOLITAN ASSESSMENT AREA (Non-MSA)

The specific census tracts/Block Numbering Areas (BNA) are # 0407.00 for Langley, #0407.00 and #9759 (BNA) for Disney, and #9758 (BNA) for Bernice. According to 1990 census data, the population for this area was 10,470. And, the statewide median family income was \$24,139. This area has three middle income census tracts. The population mix is 77% White and 22% American Indian Table 3 shows the income distribution of families living in this area.

Table 3

INCOME LEVEL COUNT PERCENTAGE

Low Income

667

19.84%

Moderate Income

649

19.30%

Middle Income

823

24.48%

Upper Income

1,224

36.41%

Totals

3,363
100.00%

Source: 1990 U.S. Census data

According to housing data, there are 8,500 housing units in this area. Forty three percent (43%) are owner occupied, 7% are rental units, and 49% are vacant. The median year built is 1973. The median value is \$43,453.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's average loan-to-deposit ratio has been 82.24% since the previous performance evaluation dated October 23, 1996. This is considered satisfactory given the average loan-to-deposit ratio of 65.95% for comparable banks in close proximity. Excluding participations purchased, BOL's loan-to-deposit ratio was 58.05% on June 30, 1997. Although this loan-to-deposit ratio is less than peer average, it is considered satisfactory given the bank's size, financial condition, demographic, and economic factors.

Lending in the Assessment Area

Lending is considered satisfactory in both assessment areas. A majority of home purchases, consumer, and commercial loans, when aggregated, were made within the bank's assessment areas. We reviewed thirty-eight consumer loans and all commercial loans originated since the previous performance evaluation. In addition, we reviewed all home purchase loans in 1996. Tables 5 & 6 summarizes our analysis of loans made within each assessment area.

Table 5

Lending in MSA Area (\$'s in 000's)

LOAN TYPE

#

INSIDE

%age

IN AREA

\$
INSIDE

\$ %AGE
IN AREA

Home Purchase

13

72%

423M

74%

Consumer

10

56%

83M

55%

Commercial

58

34%

3,173M

41%

Source: Internal reports and Home Mortgage Disclosure Act (HMDA) data.

Table 6

Lending in Non-MSA Area (\$ in 000's)

LOAN TYPE

INSIDE

%AGE

IN AREA

\$ INSIDE

\$ %AGE

IN AREA

Home
Purchase

	24
	100%
	953M
	100%
Consumer	
	11
55%	
	308M
71%	
Commercial	
	39
23%	
1,110M	
14%	

Source: Internal reports and HMDA data.

Lending to Borrowers of Different Incomes

The distribution of loans to borrowers of different income levels and businesses of different sizes is satisfactory given the fact there are no low- or moderate-income census tracts in either assessment area. Tables 7 & 8 reflects the distribution of lending across different income levels for consumer and home purchase loans in our sample.

Table 7

MSA Area

Distribution of Consumer & Home Purchase Loans by Borrower Income

	Income Level
	Consumer Loans
	Home Purchase
Low Income	0%
	0%
Moderate Income	

22%
23%

Middle Income
11%
15%

Upper Income
67%
62%

Total
100%
100%

Source: Loan review of consumer and home purchase loans inside metropolitan assessment area.

Table 8

Non-MSA Area
Distribution of Consumer & Home Purchase Loans by Borrower Income

	Income Level	Consumer Loans	Home Purchase
Low Income		9%	4%
Moderate Income		36%	12%
Middle Income		18%	17%

Upper Income
 36%
 67%

Total
 100%
 100%

Source: Loan review of consumer and home purchase loans inside non-metropolitan area.

As captioned in Table 2, low income families represent 12.26% of the Tulsa MSA area. Table 7 reflects no consumer or home purchase loans to low income families. However, subsequent to our file review, management showed us nine recent consumer loans to low income families which mitigate this adverse statistic. Management indicated the low penetration of lending to low income families for home purchases is primarily due to the already high level (74%) of owner-occupied homes. Additionally, only 4.60% of all approved home purchase loan made in 1996, by all banks in the Tulsa MSA area, were to low income families. HMDA data for 1996 and 1997 revealed there were no denials to low income families based solely on income.

By year-end 1997, BOL plans to address the need for residential lending to low income families by offer long-term mortgages eligible for the secondary market. BOL has no minimum loan amount. Since the previous performance evaluation, BOL has originated twenty-six consumer loans in amounts less than \$1,000.

Loans to Businesses of Different Sizes

An internal report on commercial loans originating since October 23, 1996, indicates 170 loans of varying sizes totaling 7,757M. Table 9 reflects the distribution of these loans.

Table 9

Loan Amounts to Commercial Businesses

Loan Amount	
	0-100M
	100-250M
	250-500M
500-1,000M	
	+1,000M

# of Loans	150
	15
	3
	2
	0

% of Sample	88%
	9%
	2%
	1
0%	

Based on loan size, BOL makes a significant portion of its commercial loans to businesses with revenue of less than \$1 million.

Geographic Distribution of Loans

The geographic distribution of loans reflect a reasonable dispersion throughout the assessment areas. Internal reports reveal 995 loans totaling \$35,846M were made since the previous performance evaluation. Of these, 790 or 79.40% of the total number of loans were made within the assessment areas. This represents a dollar amount of \$20,798M or 58.02% of total loans.

Response to Complaints

BOL has not received any complaints regarding CRA performance since the last performance evaluation.

Compliance with Fair Lending Laws and Regulations

An evaluation of the bank's compliance with fair lending laws and regulations was conducted as part of a concurrent compliance examination. Based on this evaluation, the bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations.