



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

November 29, 2012

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

Firststar Bank, National Association  
Charter Number 15429

1720 E. Cherokee  
Sallisaw, OK 74955

Office of the Comptroller of the Currency

8282 South Memorial Drive, Suite 300  
Tulsa, OK 74133

**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.

## **This institution is rated *Satisfactory***

The major factors supporting the institution's rating include the following:

- The loan-to-deposit ratio is *reasonable* and meets the standard for satisfactory performance.
- A *substantial majority* of the bank's loans originated during the review period are within the bank's assessment area (AA) and exceed the standard for satisfactory performance.
- The geographic distribution of loans reflects a *reasonable dispersion* of loans in most census tracts throughout the bank's AA, and meets the standard for satisfactory performance.
- The bank's distribution of loans reflects *reasonable penetration* of loan originations among borrowers of different income levels and businesses of different sizes and meets the standard for satisfactory performance.

## **Scope of CRA Evaluation**

Firststar Bank, National Association (Firststar) was evaluated using the small bank standards for assessing performance. The lending test evaluates the bank's record of meeting the credit needs of its AA. We assessed the bank's performance under the lending test using a loan sample comprising 80 commercial loans originated from January 2, 2010 through December 31, 2011, 20 single family real estate loans originated from the bank's Sallisaw, OK facility during the same period, and all home mortgage loans reported in the 2010 and 2011 Home Mortgage Disclosure Act (HMDA).

## **Description of Institution**

Firststar is a \$404 million community bank located in Sallisaw, OK, and a subsidiary of Firststar Financial Corporation (FFC), a one-bank holding company. Firststar is the result of a July 1, 2012 merger of First National Bank of Muskogee with, into, and under the charter number of affiliate bank First National Bank, Sallisaw.

The bank operates from its main facility in Sallisaw, OK, and other branches located in Roland, OK; Muskogee, OK; and Tulsa, OK. All banking facilities are located in middle-income census tracts except for Tulsa, which is located in an upper-income tract. The Muskogee banking locations are adjacent to four moderate-income census tracts. All banking locations are equipped with automated teller machines (ATMs). Sallisaw is located in northeastern Oklahoma approximately 90 miles southeast of Tulsa and 25 miles west of Ft. Smith, AR. Main bank and branch lobby services are provided Monday through Friday. The standard drive-in facilities also offer banking services on Saturday. Firststar offers a variety of loan and deposit products. Based on the June 30, 2012 FDIC Deposit Market Share Report, the bank's presence in the Tulsa, OK market is limited as they only have 0.10% of the deposit market share in the AA.

A CRA Performance Evaluation was last prepared October 12, 2006, and a “Satisfactory” rating was assigned. There are no known legal, financial, or other factors impeding the bank’s ability to meet the credit needs of the AA.

Firststar offers a variety of loan and deposit products to meet the needs of the community and achieve the overall business strategy, including commercial and small business loans, commercial real estate loans, one-to-four family real estate loans, construction loans, and consumer loans. The table below shows the composition of the bank’s loan portfolio as of September 30, 2012 which represents 76 percent of total assets, based on the data presented in the Consolidated Reports of Condition and Income. Management does not anticipate any significant changes in the composition of the loan portfolio in the near future.

<b>Loan Type</b>	<b>Dollar (000’s)</b>	<b>% of Portfolio</b>
Construction and Land Development	\$53,157	17.20%
Farmland	\$6,315	2.05%
1-4 Family Real Estate	\$78,981	25.56%
Commercial Real Estate	\$82,261	26.62%
Multifamily residential properties	\$10,389	3.36%
Agricultural Production	\$1,088	0.35%
Commercial and Industrial	\$49,340	15.97%
Consumer Loans	\$11,188	3.62%
Other	\$16,286	5.27%
<b>Total Loan Portfolio</b>	<b>\$309,005</b>	<b>100.00%</b>

Source: September 30, 2012 Consolidated Reports of Condition and Income

**Description of the Assessment Area(s)**

Firststar’s AA as of this evaluation meets the requirements of the regulation and does not arbitrarily exclude low-or-moderate geographies. The AA consists of 3 complete geographies in Oklahoma. These geographies and the related whole census tracts include the following:

- Sequoyah County: 7 middle-income census tracts;
- Muskogee County: 5 moderate-income census tracts, 8 middle-income tracts, and 2 upper-income census tracts; and
- Tulsa County: 2 low-income census tracts, 20 moderate-income census tracts, 46 middle-income census tracts, and 58 upper-income census tracts. Part of the Tulsa Metropolitan Statistical Area (MSA), the tracts are located predominately in the southern section of Tulsa County where the bank branch is located, and bounded on the north by Interstate 244, on the west by the Arkansas River, and the east by the Tulsa County border.

Economic conditions in each AA are generally stable with some remaining volatility. Banking competition in each assessment area, particularly Tulsa County, is significant with multiple banks competing for loan and deposit market share. There are periodic signs of recovery through various indices such as unemployment, manufacturing, home sales and closing, and foreclosures, however, overall unemployment levels continue to weigh negatively to some degree on each AA and there is no evidence of a significant planned increase in hiring by local businesses in the near term. However, company expansions in Tulsa are evidenced during 2011 and 2012 for such industries as aerospace, light manufacturing, energy, and oil and gas. Retail, light manufacturing, and construction are predominant industries in the Muskogee County AA with farm, health care, retail trade, and services related industries predominant in the Sequoyah County AA. The following tables illustrate the key demographic and economic characteristics of each AA.

<b>Demographic Information – Tulsa MSA Assessment Area</b>					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	126	1%	16%	38%	45%
Population by Geography	412,515	1%	15%	40%	44%
Owner-Occupied Housing by Geography	102,484	0%	9%	40%	51%
Businesses by Geography	61,321	1%	14%	32%	53%
Farms by Geography	984	0%	11%	36%	53%
Family Distribution by Income Level	108,140	1%	13%	40%	46%
Household Distribution by Income Level	170,513	20%	16%	19%	45%
Weighted average of Median Family Income (MFI)	\$56,848	Median Housing Value 2011			\$110,824
Weighted average of HUD updated MFI: 2011	\$59,600	Households Below the Poverty Level			9%

Source: 2011 Geo-demographic Data; 2000 United States Census Data

<b>Demographic Information – Muskogee County Assessment Area</b>					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	15	0%	33%	53%	14%
Population by Geography	69,451	0%	29%	51%	20%
Owner-Occupied Housing by Geography	18,414	0%	27%	50%	23%
Businesses by Geography	6,111	0%	26%	53%	21%
Farms by Geography	270	0%	19%	55%	26%
Family Distribution by Income Level	18,531	0%	28%	51%	21%
Household Distribution by Income Level	26,453	23%	17%	18%	42%
Weighted average of Median Family Income (MFI)	\$35,913	Median Housing Value 2011			\$58,074
Weighted average of HUD-updated MFI: 2011	\$48,800	Households Below the Poverty Level			18%

Source: 2011 Geo-demographic Data; 2000 United States Census Data

<b>Demographic Information – Sequoyah County Assessment Area</b>					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	7	0%	0%	100%	0%
Population by Geography	38,972	0%	0%	100%	0%
Owner-Occupied Housing by Geography	30,725	0%	0%	100%	0%
Businesses by Geography	3,048	0%	0%	100%	0%
Farms by Geography	118	0%	0%	100%	0%
Family Distribution by Income Level	11,044	0%	0%	100%	0%
Household Distribution by Income Level	14,765	26%	15%	17%	42%
Weighted average of Median Family Income (MFI)	\$33,129	Median Housing Value 2011			\$56,328
Weighted average of HUD-updated MFI: 2011	\$47,800	Families Below the Poverty Level			20%

Source: 2011 Geo-demographic Data; 2000 United States Census Data

### Community Contact

The OCC contacted local community leaders in Sallisaw and Muskogee to get a better understanding of general community credit and development needs, and discuss local economic conditions. The contacts stated manufacturing jobs have declined to varying degrees and retail is expanding, although there are no known additional incentive plans to bring business to any of the AA’s. The common credit needs noted by each of the contacts include affordable housing that is not dilapidated, increased multi-family rental units, and small business loans, particularly for start-up businesses. One contact specifically referenced the Sallisaw Improvement Corporation Business Incubator as a benefit to the community designed to house a start-up company looking to locate, remain in, and grow within the Sallisaw area. Each of the contacts acknowledged the existence of significant banking competition and stated that local banks are very involved in the respective community in terms of community leadership positions, participation with the local Chamber of Commerce, making donations to worthy causes, and actively participating in lending and development opportunities when possible.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to-Deposit (LTD) Ratio

Firststar’s LTD ratio is *reasonable* relative to their financial condition, significant banking competition within the AA, and credit needs of the AA. Since the last CRA Performance Evaluation, the bank’s quarterly average LTD ratio averaged 82.24 percent, compared to 80.51 percent averaged by 18 peer banks within the bank’s market area during the same period.

### Lending in the Assessment Area

Firststar’s HMDA data reveals that a *substantial majority* of loans originated during the review period are within the bank’s AA. The following tables present a more specific identification of loan types within and outside of each AA.

Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000’s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	410	90.91	41	9.09	451	32,592	96.71	1,108	3.29	33,700
Home Improvement	71	95.95	3	4.05	74	2,878	91.13	280	8.87	3,158
Refinancing	190	90.05	21	9.95	211	37,512	90.30	4,028	9.70	41,540
Business	67	83.75	13	16.25	80	21,802	85.37	3,736	14.63	25,538
Totals	738	90.44	78	9.56	816	94,784	91.19	9,152	8.81	103,936

Source: HMDA Data, Loan Sample

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

Lending patterns during the review period indicate *reasonable penetration* of loan originations among borrowers of different income levels and businesses of different sizes, particularly considering that many times low-income families have a difficult time qualifying for conventional home mortgage products. Also, loan demand for these products is low based on the overall low number of applications received by the banking office. Most of the loan applications received for the low-income family group is centered in consumer instalment loans such as general purpose or automobile. The following tables present a more specific identification of loan distribution patterns among borrowers within each AA.

Borrower Distribution of Residential Real Estate Loans in Muskogee County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	21.63	7.55	18.77	22.73	19.94	24.72	39.66	45.00
Home Improvement	21.63	0.00	18.77	0.00	19.94	40.65	39.66	59.35
Refinancing	21.63	5.56	18.77	11.11	19.94	11.11	39.66	72.22

Source: HMDA Data, Loan Sample, United States Census Data

Borrower Distribution of Loans to Businesses in Muskogee County AA				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unknown	Total
% of AA Businesses	64.69	3.09	32.22	100%
% of Bank Loans in AA by #	60.00	40.00	0.00	100%
% of Bank Loans in AA by \$	35.36	64.64	0.00	100%

Source: Loan Sample, Dunn and Bradstreet

<b>Borrower Distribution of Residential Real Estate Loans in Tulsa MSA AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	15.33	7.69	15.66	24.92	20.70	23.08	48.31	44.62
Home Improvement	15.33	0.00	15.66	0.00	20.70	0.00	48.31	100.00
Refinancing	15.33	6.25	15.66	12.50	20.70	20.83	48.31	60.42

Source: HMDA Data, Loan Sample, United States Census Data

<b>Borrower Distribution of Loans to Businesses in Tulsa MSA AA</b>				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unknown	Total
% of AA Businesses	58.15	3.30	38.55	100%
% of Bank Loans in AA by #	70.00	30.00	0.00	100%
% of Bank Loans in AA by \$	36.66	63.37	0.00	100%

Source: Loan Sample, Dunn and Bradstreet

<b>Borrower Distribution of Residential Real Estate Loans in Sequoyah County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	20.71	14.10	16.69	16.67	21.49	30.77	41.10	38.46
Home Improvement	20.71	26.92	16.69	28.85	21.49	26.92	41.10	17.31
Refinancing	20.71	3.51	16.69	12.28	21.49	21.05	41.10	63.16

Source: HMDA Data, Loan Sample, United States Census Data

<b>Borrower Distribution of Loans to Businesses in Sequoyah County AA</b>				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unknown	Total
% of AA Businesses	65.96	3.54	30.49	100%
% of Bank Loans in AA by #	89.66	10.34	0.00	100%
% of Bank Loans in AA by \$	35.65	64.35	0.00	100%

Source: Loan Samples, Dunn and Bradstreet

**Geographic Distribution of Loans**

Lending patterns during the review period indicate a *reasonable dispersion* of loans in most census tracts throughout the bank’s AA, particularly given the heavy banking competition in the Tulsa MSA AA. Also, the two low-income census tracts within the Tulsa County AA are approximately 15 miles from the bank’s branch and comprise only 455 owner-occupied housing units.

<b>Geographic Distribution of Residential Real Estate Loans in the Tulsa MSA AA</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
Home Purchasing	0.44	0.00	9.38	7.69	39.60	27.69	50.58	64.62
Home Improvement	0.44	0.00	9.38	0.00	39.60	0.00	50.58	100.00
Refinancing	0.44	0.00	9.38	4.17	39.60	20.83	50.58	75.00

Source: HMDA Data, Loan Sample, United States Census Data

<b>Geographic Distribution of Loans to Businesses in the Tulsa MSA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans
Businesses	0.60	0.00	14.44	20.00	32.30	50.00	52.66	30.00

Source: Loan Sample, Dunn and Bradstreet

<b>Geographic Distribution of Residential Real Estate Loans in the Muskogee County AA</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
Home Purchasing	0.00	0.00	27.44	22.73	50.28	54.55	22.28	22.73
Home Improvement	0.00	0.00	27.44	25.00	50.28	75.00	22.28	0.00
Refinancing	0.00	0.00	27.44	5.56	50.28	72.22	22.28	22.22

Source: HMDA Data, Loan Sample, HMDA Data

<b>Geographic Distribution of Loans to Businesses in the Muskogee County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans
Businesses	0.00	0.00	25.59	33.30	52.89	41.67	21.52	25.03

Source: Loan Sample, Dunn and Bradstreet



<b>Geographic Distribution of Residential Real Estate Loans in the Sequoyah County AA</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
Home Purchasing	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00
Home Improvement	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00
Refinancing	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00

Source: Loan Sample, Dunn and Bradstreet

<b>Geographic Distribution of Loans to Businesses in the Sequoyah County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans
Businesses	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00

Source: Loan Sample, Dunn and Bradstreet

### Responses to Complaints

There have been no consumer complaints regarding the bank’s performance under the Community Reinvestment Act during the evaluation period. The bank’s CRA public file contains all of the required information.

### Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices with helping to meet community credit needs.