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Comptroller of the Currency  
Administrator of National Banks

**SMALL BANK**

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## **PUBLIC DISCLOSURE**

December 14, 1998

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

**Lincoln National Bank  
Charter Number 18596**

**1111 N. Lincoln Blvd.  
Oklahoma City, Oklahoma, 73104**

**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 **Lincoln National Bank, Oklahoma City, Oklahoma** as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of December 14, 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 Outstanding. Given its limited resources and capabilities, this small community bank is meeting the credit needs of its large assessment area, including those of low- and moderate-income individuals, in an outstanding manner. Specifically, this small community bank has:

- Maintained a loan-to-deposit ratio that ranks it in the top one-third of banks serving the Oklahoma City Metropolitan Statistical Area (MSA).
- Consistently maintained a substantial majority of its lending within its designated assessment area.
- Distributed its consumer and residential real estate lending efforts to individuals in a manner commensurate with the volume of families and households in the four income categories.
- Distributed its commercial loans to businesses of different revenue sizes in a manner commensurate with the volume of businesses existing demographically.
- On an aggregate basis, penetrated over 75 percent of each of the four tract categories by income level.
- Participated in community development loans, investments, and services within its assessment area.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	Lincoln National Bank, 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:**

Lincoln National Bank, is headquartered in Oklahoma City, Oklahoma. The main bank and a drive-through facility are located at 1111 N. Lincoln Blvd. One branch facility with drive-through is located at 4200 S. Sunnyside in Del City, Oklahoma. A second branch facility and drive-through, opened in 1998, is located at 7701 S. Sooner Road in Oklahoma City. The main bank is located in a low income census tract, the Del City branch is in a middle income census tract and the new Sooner Road branch is located in an upper income census tract.

Automated Teller Machine (ATM) services are available at each of the bank's three locations. A fourth ATM is available at the Oklahoma City Clinic at 701 N.E. 10th Street, in Oklahoma City, Oklahoma.

The bank's primary focus is to serve commercial, real estate, and consumer customers in Oklahoma County and northern Cleveland County. The bank meets these needs by providing various loan and deposit products as well as other financial services.

As of September 30, 1998, Lincoln's total assets equaled \$65,574,000 of which \$44,118,000 or 67.28 percent, were composed of loans to individuals and businesses. The \$44,118,000 in loans outstanding consisted of \$20,729,000 in residential and commercial real estate (46.99 percent), \$16,215,000 in consumer loans (36.76 percent), and \$7,161,000 in commercial and agriculture loans (16.25 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 August 31, 1995 with a rating of Outstanding assigned.

## **DESCRIPTION OF LINCOLN NATIONAL BANK ASSESSMENT AREA:**

The assessment area adopted by the bank's board of directors includes 222 census tracts located in Oklahoma County and northern Cleveland County. This area meets the requirements of the regulation. This relatively large area does not arbitrarily exclude any low or moderate income geographies. More details on the assessment area are provided below.

Oklahoma County and Cleveland County are part of the Oklahoma City Metropolitan Statistical Area (MSA). The assessment area contains all 221 census tracts in Oklahoma County and one of the 47 tracts in Cleveland County. Based on 1990 census data, the United States Census Bureau identifies the 222 tracts as follows: Twenty-one tracts or 9.46 percent are considered low income tracts. Fifty-nine or 26.58 percent are considered moderate income tracts. Eighty-eight or 39.64 percent are considered middle income tracts. Fifty-one or 23.97 percent are considered upper income tracts. There are four tracts representing 1.80 percent that have not been categorized by income.

United States Census Bureau information as of 1990 reflected a total population of 603,752 in the assessment area. The area contained 280,878 housing units with 146,984 or 52.33 percent owner occupied. Additionally, there were 162,280 families and 239,877 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:

<b>Description</b>	<b>Low Income ( &lt; 50% of Median)</b>	<b>Moderate Income (50-80% of Median)</b>	<b>Middle Income (80-120% of Median)</b>	<b>Upper Income ( &gt; 120% of Median)</b>
% of Households	23.69%	17.16%	20.08%	39.07%
% of Families	20.95%	18.23%	22.10%	38.73%

The 1990 census median family income for the assessment area was \$33,488. Median household income for the assessment area was \$27,677. 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 \$41,300.

The Oklahoma and Cleveland County area is served by 36 other national and state chartered banks. The area is also is 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 more than reasonable given the institution's smaller size, financial condition, and assessment area credit needs. As such, it exceeds the standard for satisfactory performance. The average quarterly loan to deposit ratio from September 30, 1995 through September 30, 1998 was 75.81 percent. The ratio as of September 30, 1998 was 73.01 percent. The low ratio for the period was 67.83 percent at September 30, 1995. The high ratio for the period was the 80.94 percent at September 30, 1996.

Lincoln's ratio also compares very well to the average loan to deposit ratio for the fifty-three banks operating in Oklahoma City Metropolitan Statistical Area or MSA. The average ratio for this group of banks was 64.37 percent at June 30, 1998. This was up from 59.11 percent at December 31, 1995. The low ratio in this group was 30.32 percent and the high ratio was 99.48 percent.

The bank's September 30, 1998 loan-to-deposit ratio of 75.81 percent ranks it 17th in the market. This places the bank in the top one-third of banks operating in the Oklahoma City MSA. Lincoln's loan-to-deposit ratio over the three years being reviewed has consistently been in the top one-third of banks in the MSA. Given the bank's small size and the volume of competition in the market, this achievement evidences excellent performance.

In addition to the loans held by Lincoln National Bank, the mortgage department originates long term mortgage loans through secondary market investors. In 1996, 1997, and 1998, the mortgage department originated 93 loans totaling \$10,518,340. These loans represent additional credit extended to customers in the assessment area and facilitated by Lincoln National Bank. Due to its small size, the bank does not hold these types of long-term loans for its own portfolio. However, if the bank did, its loan-to-deposit ratio would easily exceed 85 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 1996, 1997 and year-to-date 1998 Home Mortgage Disclosure Act Loan Application Registers (HMDA-LAR's), as well as a random sample of one hundred consumer loans and ninety-five business loans extended in 1998 noted the following results:

<b>Loan Sample</b>	<b>% of Loans Inside Area</b>	<b>% of Loans Outside Area</b>	<b>% of Loan Dollars Inside Area</b>	<b>% of Loan Dollars Outside Area</b>
Residential (HMDA-LAR) (302 loans for \$10,793,000)	78.48%	21.52%	75.16%	24.84%
Consumer Loans (100 loans for \$780,766)	84.00%	16.00%	83.85%	16.15%
Business Loans (95 loans for \$5,060,901)	92.63%	7.37%	88.64%	11.36%
Combined Totals (497 loans for \$16,634,667)	82.29%	17.71%	79.67%	20.33%

The sample data corroborates an internal analysis that reflected that 82 percent of the loan portfolio as of November 1997 was in the assessment area. At that time, the total reflected 85.7 percent of portfolio dollars in the assessment area.

**Lending to Borrowers of Different Incomes and Businesses of Different Revenues**

The distribution of borrowers reflects very good penetration among individuals of different income levels and businesses of different revenue sizes within the assessment area. The following table uses income data collected from the 1996, 1997 and year-to-date 1998 HMDA-LAR's for residential real estate lending and the random sample of consumer loans.

<b>Description</b>	<b>% to Low Income Borrowers</b>	<b>% to Moderate Income Borrowers</b>	<b>% to Middle Income Borrowers</b>	<b>% to Upper Income Borrowers</b>
# of HMDA Loans (236)	13.98%	17.80%	19.92%	48.30%
\$ of HMDA Loans (\$8,101,000)	8.09%	16.45%	16.80%	58.66%
# of Consumer Loans (79)	27.85%	21.52%	16.46%	34.18%
\$ of Consumer Loans (\$637,267)	15.99%	24.61%	11.57%	47.83%
Combined # of Loans (315)	17.46%	18.73%	19.05%	44.76%
Combined \$ of Loans (\$8,737,267)	8.66%	17.05%	16.42%	57.87%

Overall, the combined number of loans to individuals of different incomes represents very good penetration relative to the volume of families and households in each income group as depicted below. Additionally, the consumer sample reflects excellent penetration of low- and moderate-income individuals.

<b>Description</b>	<b>Low Income (&lt; 50% of Median)</b>	<b>Moderate Income (50-80% of Median)</b>	<b>Middle Income (80-120% of Median)</b>	<b>Upper Income (&gt; 120% of Median)</b>
% of Households	23.69%	17.16%	20.08%	39.07%
% of Families	20.95%	18.23%	22.10%	38.73%

It should also be noted that comparison of Lincoln's 1997 HMDA data to all other lenders regulated by the Comptroller of the Currency in the bank's assessment area found the bank to be the highest ranked bank with less than \$100,000,000 dollars in assets. Specifically, Lincoln's originations to low income borrowers ranked 13th out of 62 institutions. Lincoln's originations to moderate income borrowers ranked 15th out of 62 institutions.

**Lending to Borrowers of Different Incomes and Businesses of Different Revenues - continued**

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

<b>Description</b>	<b>% with less than \$500,000 in revenues</b>	<b>% with \$500,000 to \$1,000,000 in revenues</b>	<b>% with greater than \$1,000,000 in revenues</b>
Number of Loans (88)	61.36%	17.05%	21.59%
Dollars of Loans (\$4,486,120)	47.80%	10.90%	41.30%
Number of Businesses/Farms (19,753)	78.56%	9.32%	12.12%

The sample data above corroborates an internal analysis of business customers, business loans, and the dollar volume of business loans. These results are depicted in the table below and also compare very well to the number of businesses and farms reporting revenues.

<b>Description</b>	<b>% with less than \$500,000 in revenues</b>	<b>% with \$500,000 to \$1,000,000 in revenues</b>	<b>% with greater than \$1,000,000 in revenues</b>
Number of Customers (342)	75.73%	15.79%	8.48%
Number of Loans (495)	68.48%	19.19%	12.33%
Dollar of Loans (\$22,193,617)	54.19%	24.44%	21.37%

## **Geographic Distribution of Loans**

The combined distribution of instalment, real estate, and commercial loans as noted in the November 1997 internal analysis reflects an excellent penetration of the four major tract categories. The fact that this smaller community bank can reach 75 to 85 percent of each tract type is indicative of a strong effort to equally market its loan products throughout the large assessment area. The results of this analysis, as confirmed by examiners, are depicted in the table below.

<b>Distribution of Loans by Census Tract Types</b>				
<b>Description</b>	<b>% of Tracts with Loans</b>	<b>% of Tract Type with Loans</b>	<b>% of Total Loans to Tract</b>	<b>% of Population in Tracts</b>
Low Income Tracts (21 or 9.46%)	7.21% (16 of 222)	76.19% (16 of 21)	3.28%	5.59%
Moderate Income Tracts (59 or 26.58%)	19.82% (44 of 222)	74.58% (44 of 59)	16.96%	25.96%
Middle Income Tracts (88 or 39.64%)	33.78% (75 of 222)	85.23% (75 of 88)	53.68%	41.98%
Upper Income Tracts (51 or 22.97%)	19.82% (44 of 222)	86.27% (44 of 51)	25.53%	26.36%
Uncategorized Tracts (4 or 1.80%)	0.45% (1 of 222)	25.00% (1 of 4)	0.55%	0.11%
<b>Total Tracts (222 or 100.00%)</b>	<b>81.08%</b> <b>(180 of 222)</b>	<b>81.08%</b> <b>(180 of 222)</b>	<b>100.00%</b>	<b>100.00%</b>

## **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 Lincoln National Bank, are reflective of antidiscrimination policies.

## **Community Development Loans, Investments, and Services**

In addition to strong performance in each of the rated areas, Lincoln's commitment to Community Reinvestment is demonstrated by the following Community Development Loans, Investments, and Services.

- Loans originated through Phase III of the Central Oklahoma Clearing House Association (COCHA) affordable housing program for low and moderate income individuals and areas totaled \$46,953 as of October 1998.
- A loan of \$173,000 was advanced to the Southwestern Urban Development Corporation to supplement the funding for the acquisition and renovation of the Plymouth House Apartments. The corporation is a Housing and Urban Development (HUD) certified organization providing affordable housing to low- and moderate- income individuals.
- An equity investment of \$12,500 in the Eastern Oklahoma Development Corporation. This Community Development Corporation's (CDC) primary purpose is the purchase, rehabilitation, and sale of affordable housing to low- and moderate-income individuals. The bank has also provided financing totaling \$96,799 to the buyers of two of the homes.
- Community development services include:
  - Participation in COCHA's First Time Home Buyers courses as well as a similar program offered by Oklahoma City Housing Services.
  - Participation in a seminar on "How to Apply for Credit and Credit Management" to the Board of the Vietnamese Refugee Center in Oklahoma City.
  - Service by a bank director on the Community Development Capital Formation Task Force.
  - Service by bank officer on the City of Midwest City Small Business Assistance Program Committee.