



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

September 04, 2012

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Fidelity Bank, National Association  
Charter Number 17045

5100 North Classen Boulevard - Suite 500  
Oklahoma City, OK 73118-1710

Office of the Comptroller of the Currency

The Harvey Parkway Building  
301 NW 63rd Street, Suite 490  
Oklahoma City, OK 73116-7908

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.

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## **INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

The major factors supporting the bank's rating include:

- A substantial majority of the bank's loans were originated within the bank's assessment areas (AAs);
- The loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance;
- The bank's borrower distribution of loans reflects a reasonable penetration to individuals and businesses of different income levels;
- The geographic distribution of loans reflects a reasonable dispersion throughout the AAs and meets the standard for satisfactory performance; and,
- The bank's community development performance demonstrates adequate responsiveness to the community development needs of its AAs.

## **Scope of Examination**

This Performance Evaluation assesses the bank's performance using the Intermediate Small Bank Community Reinvestment Act (CRA) procedures. This process evaluates performance using the small bank Lending Test and the Community Development Test. Intermediate small banks are institutions with total assets greater than or equal to \$290 million and less than \$1.16 billion at the end of the two previous years<sup>1</sup>.

First Fidelity Bank, National Association (FFB) has designated the Oklahoma City, Tulsa, and Phoenix MSAs as the bank's AAs. During this evaluation, full-scope reviews were performed for the Oklahoma City and Phoenix MSA AAs. A full-scope review of the Tulsa MSA assessment area (AA) was not performed since the bank's market presence in Tulsa is minimal. Both lending and deposit activity in the Tulsa MSA AA represent less than 5 percent of FFB's total assets.

Residential mortgage loans and small business loans originated in 2010 and 2011 were reviewed to evaluate the bank's lending performance in the Oklahoma City MSA AA. Small business loans and vehicle loans originated in 2010 and 2011 were used to evaluate the bank's lending performance in the Phoenix MSA AA. Home mortgage loans are not a major loan product in the Phoenix area with only 12 HMDA loans reported since the prior examination. Vehicle loans are not a major loan product for FFB in the Phoenix area and therefore more weight was given to small business lending when evaluating lending performance in the Phoenix MSA AA.

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<sup>1</sup> 12 CFR 25.12(u) Definitions – Small Bank (updated 73 FR 78153)

The evaluation period for community development loans, investments, and services was July 6, 2009 through September 4, 2012. The Investment Test included a review of investments, grants, and donations made in the bank's AAs that meet the definition of community development investments. The Service Test included a review of retail and community development services provided in the bank's AAs.

More weight was given to performance in the Oklahoma City MSA AA than the Phoenix MSA AA since a majority of the bank's lending activity is concentrated in the Oklahoma City MSA AA. Approximately 72 percent of total loans are centered in the Oklahoma portfolio. Another significant factor is that the Phoenix MSA AA is relatively new to the bank with the Phoenix locations acquired in 2007. Since acquiring the Phoenix branches, management's focus in this market has been to manage through the struggling economy. The economy in Phoenix has been weak over the past 4 years.

## Description of Institution

FFB, headquartered in Oklahoma City, Oklahoma, is a wholly owned subsidiary of First Fidelity Bancorp, Inc., a one bank holding company, also located in Oklahoma City. FFB was created in 1989 after the purchase of the former Commercial National Bank, Oklahoma City. FFB's operating subsidiary, FFB Investments, Incorporated, is located in Reno, Nevada. This is a corporation established for the primary purpose of holding direct and indirect consumer and commercial paper. The activities of the operating subsidiary do not adversely affect the capacity of FFB to meet the credit needs of its AAs. In June of 2007, FFB acquired a state bank and three branch locations in Phoenix, Arizona. FFB offers a full range of consumer and commercial related financial services, including mortgage banking, trust services, and retail non-deposit investment products. In addition to the main office located at 5100 North Classen, FFB has twenty-six full service branches, two limited service branches, and thirty-one automated teller machines (ATMs) to serve their customers. The table below provides details on FFB's branch locations.

FFB's Locations		
State	Address	City
Oklahoma	2825 N.W. 164 <sup>th</sup> Street	Edmond
	2600 S. Broadway	Edmond
	725 W. Covell Road	Edmond
	301 N. Air Depot	Midwest City
	400 S. Eastern	Moore
	501 S.W. 19 <sup>th</sup>	Moore
	1521 N. Mustang Road	Mustang
	900 N. Main Street	Noble
	131 E. Main Street	Norman
	1724 W. Lindsey Street	Norman
	3595 W. Robinson	Norman
	<b>Main Office</b> <b>5100 N. Classen Boulevard</b>	<b>Oklahoma City</b>
	11919 S. Pennsylvania Avenue	Oklahoma City
	700 S.W. 29 <sup>th</sup>	Oklahoma City
2000 Classen; Suite G-14	Oklahoma City	
5800 N.W. 39 <sup>th</sup> Expressway	Oklahoma City	
5563 N.W. Expressway	Oklahoma City	
10904 N. May Avenue, Suite A	Oklahoma City	
1400 S. Meridian	Oklahoma City	
1144 N.W. 63 <sup>rd</sup> Street	Oklahoma City	
722 N. Broadway	Oklahoma City	
12215 N. MacArthur Boulevard	Oklahoma City	
30 W. 21 <sup>st</sup> Street	Tulsa	
8120 S. Yale Avenue	Tulsa	

<b>FFB's Locations</b>		
<b>State</b>	<b>Address</b>	<b>City</b>
<b>Arizona</b>	6232 N. 32 <sup>nd</sup> Street	Phoenix
	22841 N. 19 <sup>th</sup> Avenue	Phoenix
	7401 E. Cammelback Road	Scottsdale
	16277 N. Greenway Hayden Loop	Scottsdale

FFB also offers a variety of electronic banking services to its customers, including Direct Line 24 Telephone Banking. This is a free 24-hour telephone banking service. Various online (Internet) banking services are also available to consumer and commercial customers. FFB most recently added mobile deposits in November of 2011.

As of June 30, 2012, FFB reported total assets of \$1,153 million, total loans of \$642 million, and a loan to deposit ratio of 69 percent. Tier 1 capital totaled \$102 million. The bank's business strategy is to focus on small business and consumer lending. The bank offers a diverse choice of loan and deposit products. Loan products include commercial, commercial real estate, consumer (individual) loans, residential real estate loans (both retained and sold to secondary market investors), and credit card loans. The bank's loan portfolio segmentation is detailed below.

<b>Loan Portfolio Composition</b>		
<i>Loan Category</i>	<b>\$ (000)</b>	<b>%</b>
Real Estate Loans	\$403,436	63%
Commercial Loans	\$65,235	10%
Individual Loans	\$167,273	26%
Other Loans	\$5,106	<1%
Agricultural Loans	\$1,106	0%
<b>Total</b>	<b>\$642,156</b>	<b>100%</b>

*Source: June 30, 2012 Uniform Bank Performance Report*

FFB is an interstate bank with the Oklahoma City, Tulsa and the Phoenix MSAs designated as their AAs. The Oklahoma City MSA AA consists of seven counties and 334 census tracts. The Tulsa MSA AA consists of seven counties and 264 census tracts. The Phoenix MSA consists of two counties and 690 census tracts.

There are no significant financial barriers limiting FFB's ability to help meet the identified credit needs of its AAs. The bank is well capitalized and is operating profitably.

A CRA Performance Evaluation dated July 6, 2009, was previously prepared for FFB and a "Satisfactory" performance rating was assigned.

## Selection of Areas for Full-Scope Review

The Oklahoma City and Phoenix MSA AAs were selected for full-scope reviews, as these AAs incorporate a significant portion of the bank’s activities. These AAs do not arbitrarily exclude any low- or moderate-income areas.

### Oklahoma City MSA AA

As of the 2000 census, the total population of the AA was 1,095,421. This population is distributed at 3.6 percent, 27.6 percent, 39.1 percent, and 29.7 percent in low, moderate, middle, and upper-income tracts, respectively. The low- and moderate-income tracts are concentrated in the south- central portions of Oklahoma City.

Of the 289,647 families in the AA, 20.0 percent, 18.2 percent, 21.7 percent, and 40.1 percent report earning low, moderate, middle, and upper-incomes, respectively. Approximately 27.3 percent of the households receive public assistance or social security. Households below the poverty level represent 13.1 percent. Slightly more than 91 percent of the housing units are occupied and 59 percent are owner occupied. According to the Bureau of Labor Statistics, Oklahoma’s unemployment rate was 4.9 percent at July 31, 2012.

Selected information about the demographics of FFB’s Oklahoma City MSA AA is detailed in the table below.

Demographic and Economic Characteristics of FFB’s Oklahoma City MSA AA	
Population	
Number of Families	289,647
Number of Households	429,991
Geographies	
Number of Census Tracts/BNA	334
% Low-Income Census Tracts/BNA	7.19%
% Moderate-Income Census Tracts/BNA	30.24%
% Middle-Income Census Tracts/BNA	36.23%
% Upper-Income Census Tracts/BNA	24.85%
Median Family Income (MFI)	
2000 MFI for AA	\$44,898
2011 HUD-Adjusted MFI	\$60,600
Economic Indicators	
Unemployment Rate	4.90%
2000 Median Housing Value	\$78,215
% Of Households Below Poverty Level	13.09%

FFB operates twenty full service branches, one drive-thru, and twenty-five ATMs in the Oklahoma City MSA AA. Three of the branch offices are located in moderate-income census tracts and four of the ATMs are located in moderate-income tracts. Since the previous CRA examination, the bank has removed 2 ATMs, one of which was located in a moderate tract. This removal was at the request of the storeowner.

Local banking competition is aggressive and includes affiliates of large national banking companies, regional banks, small community banks, credit unions, and non-bank financial service providers.

The economic conditions in Oklahoma City are stable. The housing market has softened and some of the national retailers are experiencing lower sales and profits. The energy and agriculture sectors continue to prop up the local economy.

A review of community contacts conducted within the Oklahoma City MSA noted that there are several opportunities to participate in community service activities, but opportunities are more limited for community development opportunities. Contacts indicated that local banks are interested and active in seeking community development opportunities. Several contacts stated investment opportunities are limited in Oklahoma. Contacts indicated that affordable housing and rehabilitation of declining areas continue to be the primary needs of the AA.

## **Phoenix MSA AA**

As of the 2000 census, the total population of the AA was 3,251,876. This population is distributed at 4.9 percent, 30.6 percent, 36.2 percent, and 28.4 percent in low, moderate, middle, and upper-income tracts, respectively. The low- and moderate-income tracts are concentrated in the east and southern sections of Phoenix.

Of the 814,264 families in the AA, 3.6 percent, 27.9 percent, 36.9 percent, and 31.64 percent report earning low, moderate, middle, and upper-incomes, respectively. Approximately 27.21 percent of the households receive public assistance or social security. Households below the poverty level represent 9.9 percent. Slightly less than 90 percent of the housing units are occupied and 61 percent are owner occupied. According to the Bureau of Labor Statistics, the unemployment rate for Arizona was 8.30 percent at July 31, 2012.

Selected information about the demographics of FFB’s Phoenix MSA AA is detailed in the table below.

Demographic and Economic Characteristics of FFB's Phoenix MSA AA	
Population	
Number of Families	814,264
Number of Households	1,194,461
Geographies	
Number of Census Tracts/BNA	696
% Low-Income Census Tracts/BNA	6.18%
% Moderate-Income Census Tracts/BNA	28.59%
% Middle-Income Census Tracts/BNA	34.20%
% Upper-Income Census Tracts/BNA	30.17%
Median Family Income (MFI)	
2000 MFI for AA	\$51,172
2011 HUD-Adjusted MFI	\$65,500
Economic Indicators	
Unemployment Rate	8.30%
2000 Median Housing Value	\$127,589
% Of Households Below Poverty Level	9.88%

FFB operates four full service branches and four ATMs in the Phoenix MSA AA. Two of the branch offices are located in moderate-income census tracts and two of the ATMs are located in moderate-income tracts.

Local banking competition is aggressive and includes affiliates of large national banking companies, regional banks, small community banks, credit unions, and non-bank financial service providers.

The Phoenix area is struggling economically. Rising unemployment and falling home values have positioned Phoenix among the nations weakest economically. Many economic forecasters anticipate a long recovery period ahead for the Phoenix area.

## Conclusions with Respect to Performance Criteria

### Loan-to-Deposit Ratio

FFB's loan-to-deposit (LTD) ratio is reasonable and meets the standard for satisfactory performance. The bank's LTD ratio at June 30, 2012 was 69.3 percent. The bank's average quarterly LTD ratio from September 31, 2009 through June 30, 2012 was 73.09 percent. This average was compared to the average of four similar banks located in FFB's AAs with total assets between \$500 million and \$1.5 billion, for the same time period. FFB's LTD ratio is below the average of the three comparable banks of 88.21 percent. This is largely due to some contraction in the Phoenix loan portfolio as a result of the distressed economy in Phoenix. Further, loan demand in the Oklahoma City AA has been flat. The average LTD ratios are listed in the following table:

Loan-To-Deposit Ratios		
Institution	Total Assets \$000's (As of 6/30/12)	Average Loan – to-Deposit Ratio
Coppermark Bank, Oklahoma, City, OK	\$1,296,044	85.73%
ONB Bank and Trust Tulsa, OK	\$599,687	97.91%
Spiritbank Tulsa, OK	\$1,068,164	98.91%
<b>FFB, Oklahoma City, OK</b>	<b>\$1,152,602</b>	<b>73.09%</b>
Kirkpatrick Bank, Oklahoma City, OK	\$565,420	70.30%

Source: Institution Reports of Condition from September 31, 2009 to June 30, 2012

### Lending in Assessment Area

FFB's lending in its AA is excellent and exceeds the standard for satisfactory performance. A substantial majority of the number and dollar amount of home mortgage, vehicle and small business loans were originated within the bank's AAs. As depicted in the table below, 94.75 percent of the number and 93.67 percent of the dollar amount of loans were originated in FFB's AAs.

Lending in AA										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Small Business	1,021	97.2%	30	2.85%	1,051	\$158,482	95.9%	\$6,814	4.12%	\$165,296
Home Mortgage	683	91.2%	66	8.81%	749	\$72,172	89.1%	\$8,806	10.9%	\$80,978
Vehicle	29	100%	0	0.0%	29	\$579	100%	0	0.0%	\$579
<b>Totals</b>	<b>1,733</b>	<b>94.75%</b>	<b>96</b>	<b>5.25%</b>	<b>1,829</b>	<b>\$231,233</b>	<b>93.67%</b>	<b>\$15,620</b>	<b>6.33%</b>	<b>\$246,853</b>

Source: Sample of 2010- 2011 home mortgage, vehicle and small business loans.

## **Fair Lending or Other Illegal Credit Practices Review**

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

# Multistate Metropolitan Area Rating

## Oklahoma State Rating

**CRA Rating for the Oklahoma City MSA is Satisfactory.**

**The Lending Test is rated Satisfactory.**

**The Community Development Test is rated Satisfactory.**

The major factors that support this rating include:

- The borrower distribution of loans to home mortgage borrowers and small business of different income levels is reasonable;
- The geographic distribution of small business and home mortgage loans is reasonable; and,
- Community development activity reflects an adequate responsiveness to community needs.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN OKLAHOMA

FFB is headquartered in Oklahoma City, Oklahoma, which is located in Oklahoma County. Oklahoma County is one of seven counties in the Oklahoma City MSA. Twenty-four of the bank's twenty-eight offices are located in Oklahoma. Twenty-five of the bank's thirty-one ATMs are located in Oklahoma. Because of the bank's wide branching network in the Oklahoma City MSA, the loan portfolio is more diversified between retail and commercial loans. The Tulsa and Phoenix AAs do not have retail branch networks. FFB's focus in these markets is more on commercial lending. The Oklahoma branches comprise 72 percent of the bank's deposits and loans compared to the Phoenix branches comprising 22 percent. As a result, more weight was given to the bank's performance in the State of Oklahoma versus Arizona when determining overall performance. The Tulsa MSA is also an AA within the State of Oklahoma comprising two branches and two ATMs. The Tulsa MSA AA represents less than five percent of the bank's total dollar amount of deposits and loans and therefore a full-scope analysis was not performed on this AA.

## SCOPE OF EVALUATION IN OKLAHOMA

A full-scope review was performed of the Oklahoma City MSA AA. The Tulsa MSA AA did not receive a full-scope review due to its limited market share. The same scope and analysis methodology was used here as were described for the CRA evaluation of the institution as a whole. Please refer to the *Scope of Examination* comments previously detailed at the beginning of this Performance Evaluation.

# CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OKLAHOMA

## OKLAHOMA LENDING TEST

The bank’s performance under the Lending Test in Oklahoma City MSA AA is rated “Satisfactory.”

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

Overall, the distribution of loans reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses of different sizes and meets the standard for satisfactory performance.

The distribution of small business loans is reasonable as the percentage of bank loans extended to businesses with revenues of less than \$1 million slightly exceeds the percentage of reporting businesses with revenues of \$1 million or less in the AA. However, note that 32.4 percent of the businesses in the AA did not report income data.

Borrower Distribution of Loans to Businesses				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	64.88%	2.72%	*32.39%	100%
% of Bank Loans in AA by #	68.39%	31.61%	0.00%	100%

*Source: Loan sample of 2010-2011 small business loans; Dunn and Bradstreet data.*

*\* 32.39% of the businesses did not report income data.*

The bank’s borrower distribution of home mortgage loans is reasonable. The percentage of loans to low- income borrowers is less than the percentage of low- income families in the AA. This performance is not unreasonable in light of the fact that low-income families have a difficult time qualifying for conventional home mortgage products. The percentage of home loans to moderate-income borrowers is equal to or exceeds the percentage of moderate-income families in the AA for an overall reasonable penetration.

Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans						
Home Purchase	20.04%	9.59%	18.19%	26.71%	21.66%	17.81%	40.11%	45.89%
Home Improvement	20.04%	11.11%	18.19%	17.99%	21.66%	22.75%	40.11%	48.15%
Home Refinance	20.04%	7.24%	18.19%	16.45%	21.66%	24.34%	40.11%	51.97%

*Source: Home loan sample 2010--2011; U.S. Census data.*

## Geographic Distribution of Loans

FFB's geographic distribution of small business and home mortgage loans is reasonable and meets the standard for satisfactory performance.

The geographic distribution of loans to businesses is excellent as the percentage of loans extended to low- and moderate-income geographies exceeds the percentage of businesses in those income tracts.

Geographic Distribution of Loans to Businesses								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business Loans	3.11%	4.81%	19.83%	22.94%	37.06%	43.13%	38.41%	29.12%

Source: Loan sample of 2010-2011 small business loans; Dunn and Bradstreet data.

The geographic distribution of home mortgage loans to low- income areas is below the percentage of owner occupied housing in all areas except home improvement. Opportunities to lend in low-income tracts are limited with only 1.79 percent owner occupancy in those tracts. The geographic distribution of home mortgage loans to moderate-income tracts is near to the percentage of owner occupied housing in those tracts for an overall reasonable penetration to low- and moderate-income tracts.

Geographic Distribution of Residential Real Estate Loans								
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 Purchase	1.79%	0.63%	21.95%	20.89%	41.09%	37.34%	35.17%	41.14%
Home Improvement	1.79%	2.04%	21.95%	17.35%	41.09%	44.39%	35.17%	36.22%
Home Refinance	1.79%	0.61%	21.95%	10.06%	41.09%	41.77%	35.17%	47.56%

Source: Sample of 2010- 2012 home mortgage; 2000 U.S. Census data.

In 2011, FFB introduced a new credit product called Credit Builder. Credit Builder makes secured credit available to consumers in an amount as low as \$1.5 thousand to allow low- to moderate- income individuals/families to build or repair credit. From July of 2011 to year-end 2011, 71 new accounts were opened totaling \$144 thousand. As of September 9, 2012, 109 accounts have been opened totaling \$274 thousand.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Lending Test in the Tulsa MSA is not inconsistent with the bank's overall "Satisfactory" rating performance under the Lending Test.

## **Responses to Complaints**

FFB has not received any complaints about its performance in helping to meet the credit needs within this AA during this evaluation period.

## **OKLAHOMA COMMUNITY DEVELOPMENT TEST**

The bank's performance under the Community Development Test in the Oklahoma City MSA AA is rated "Satisfactory".

## **Number and Amount of Community Development Loans**

Qualifying community development loans are those that meet the definition of community development, as defined in the CRA regulation. During the evaluation period, FFB originated or renewed twenty community development loans totaling \$9.1 million in the Oklahoma City MSA AA.

FFB extended four loans totaling \$1.9 million for affordable housing. The bank refinanced a \$791 thousand loan to rehab a 40-unit apartment complex located in a low-income census tract in the Oklahoma City Downtown Empowerment Zone. Rents in this complex average \$500 per month. The bank renewed a loan in 2007 for \$360 thousand and made a subsequent renewal in 2010 for \$358 thousand originally to purchase and rehab a 20-unit apartment building located in a low-income census tract in the Oklahoma City Downtown Empowerment Zone. FFB also refinanced a \$372 thousand loan on a 15-unit condo project renting at affordable rates.

FFB extended five loans totaling \$2.4 million that provided services to low- and moderate-income individuals. A \$969 thousand loan was extended to a church to construct a new building that will house the church's food pantry and clothing distribution center for the needy. Four loans totaling \$1.4 million were extended to a local business that provides disaster relief services. The disaster relief services provide man camps for hurricanes, OG&E, municipalities, and hospitals. These man camps provide temporary buildings, kitchens, pharmacies, and housing to assist with recovery after a disaster.

Economic development loans included two loans totaling \$479 thousand to provide financing for the purchase, renovations, and improvements for buildings that facilitate small businesses. These loans promoted job creation and retention. These loans are located in low- to moderate-income tracts and provide employment for low- to moderate-income individuals.

FFB extended nine loans totaling \$4.3 million for properties located in Empowerment Zones. These loans revitalized the Empowerment Zones by attracting small businesses to the area. These businesses include the Native American Cultural Education Authority, Center for Education Law Inc, and numerous retail businesses.

### **Number and Amount of Qualified Investments**

Qualifying investments are investments, deposits, membership shares, or grants that have as their primary purpose community development, as defined in the CRA regulation. FFB's level of community development investments for the Oklahoma City MSA AA is adequate.

FFB made an equity investment of \$750 thousand in the MetaFund. The MetaFund is a non-profit, multi-bank funded, community development, private equity and venture capital fund. MetaFund is a certified Community Development Financial Institution that primarily invests in community development projects throughout the State of Oklahoma to improve distressed geographic areas or create low- to moderate-income jobs. FFB also invested \$1.8 million in CRA qualified mortgage backed securities. Further, FFB made over fifty donations totaling \$77 thousand primarily to local non-profit organizations who provide affordable housing or social services to low- and moderate-income families. These non-profits included the United Way, Rebuilding Together, Junior League of Oklahoma City, and the Oklahoma Lawyers for Children.

### **Extent to Which the Bank Provides Community Development Services**

FFB's offices and retail services are reasonably accessible to geographies and individuals of all income levels. The bank has twenty-two branch locations, twenty of which are full service in the AA. Three of the locations are located in moderate-income tracts. The bank has a branch located in the Capital Hill area, which is predominately a low- to moderate-income Hispanic community. The Capital Hill branch is located in a moderate-income census tract that borders the Downtown Empowerment Zone. Financial services in this community are limited. The bank also has twenty-five ATMs in the AA to serve their customers, four of which are located in low- to moderate-income tracts.

FFB has several products that provide alternative delivery systems for easy access to bank services by all sections of the bank's AA, to include low- and moderate-income individuals and geographies. In addition to branches and ATMs, the bank offers telephone banking that allows customers to obtain loan and deposit information 24-hours a day, 365-days a year, free of charge. FFB offers free checking accounts, no fee payroll cards, free electronic bill pay, and free ATMs worldwide. These free products are available in the Phoenix market as well and make banking more affordable to low- and moderate-income individuals. Online banking is also available to personal and commercial customers. FFB has a full service telephone center that permits customers to open accounts, apply for consumer loans, and inquire about rates. Bi-lingual services are offered at the call center at the Capitol Hill branch to better serve the high percentage of Hispanic customers that frequent this branch. FFB's ATMs also offer transactions in Spanish to better serve the Hispanic population.

The level of qualified community development services is excellent. Bank officers have served in leadership positions on organizations that provide community services to low- and moderate-income families and provided technical expertise and financial assistance to these organizations. Bank officers also serve in leadership positions on organizations that are involved in economic and small business development activities. The following are examples of qualifying community development services.

➤ ***United Way***

Several bank officers serve on various committees, as well as on the Board. FFB has a history of being very supportive of United Way, both in granting large donations and in taking leadership positions within the organization. United Way member agencies provide a variety of social services to low- and moderate-income families in the Oklahoma City area.

➤ ***Central Oklahoma Habitat for Humanity***

Two bank officers serve on the Board of this non-profit organization whose primary purpose is to provide affordable owner occupied housing for limited income families living in substandard conditions.

➤ ***Urban League of OKC***

A bank officer serves on the Board of this non-profit organization. This organization assists with affordable housing, employment training, and social services to low-and moderate- income families in the Oklahoma City area.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Community Development Test in the Tulsa MSA is not inconsistent with the bank's overall "Satisfactory" rating performance under the Community Development Test.

## Arizona State Rating

**CRA Rating for Arizona is Satisfactory.**

**The Lending Test is rated Satisfactory.**

**The Community Development Test is rated Satisfactory.**

The major factors that support this rating include:

- The borrower distribution of vehicle loans and small business of different income levels is reasonable;
- The geographic distribution of small business and vehicle loans is excellent; and,
- Community development activity reflects adequate responsiveness to community needs.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN ARIZONA**

In June 2007, FFB acquired a bank in Phoenix, Arizona, with four branches. FFB has two branches located in Phoenix and two branches located in Scottsdale. The Phoenix MSA has been designated as the AA. This MSA consists of Maricopa and Pinal counties. Only four of the bank's twenty-eight branches are located in the Phoenix MSA AA and four of the bank's thirty-one ATMs are located in this AA. The Phoenix loan portfolio consists primarily of large residential and commercial real estate loans, which was the business model of the bank acquired there. The bank originated 12 mortgage loans during the evaluation period. Consumer lending represents less than one percent of total loans in Arizona. The Phoenix branches represent approximately 22 percent of the bank's total loans. Given the distressed economic conditions in the Phoenix area since FFB entered this market, opportunities to expand home mortgage and small business lending have been minimal, although it is management's intention to expand these loan products in the future.

Since acquiring the Arizona branches, the Phoenix economy has declined significantly. Management's focus has been to manage the loan portfolio through this difficult economy.

### **SCOPE OF EVALUATION IN ARIZONA**

A full-scope review was performed of the Phoenix MSA AA. In evaluating lending performance, a sample of small business loans originated in 2010 and 2011 were evaluated. Since the bank had a low number of home mortgage loans, a sample of vehicle loans originated in 2010 and 2011 were sampled. More weight was given to small business lending performance since this is a major loan product in the Phoenix MSA AA.

# CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ARIZONA

## ARIZONA LENDING TEST

The bank’s performance under the lending test in Arizona is rated “Satisfactory.”

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

Overall, the distribution of loans reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses of different sizes and meets the standard for satisfactory performance.

The distribution of small business loans extended to businesses with revenues of less than \$1 million is less than the percentage of reporting businesses with revenues of \$1 million or less in the AA. The business model of the previous owners of the Arizona bank locations was to make large commercial and residential real estate loans. Given the distressed Arizona economy, the bank has not had an opportunity to expand its small business lending as desired. Also, note that 31.13 percent of the businesses in the AA did not report income data, which results in a less meaningful analysis.

Borrower Distribution of Loans to Businesses				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	66.61%	2.26%	*31.13%	100%
% of Bank Loans in AA by #	48.08%	51.92%	0.00%	100%

*Source: Loan sample of 2010-2011 small business loans; Dunn and Bradstreet data.*

*\* 31.13% of the businesses did not report income data.*

The distribution of vehicle loans is excellent. The distribution of vehicle loans to low-income borrowers exceeds the percentage of low-income households. The distribution of vehicle loans to moderate-income borrowers is near to the percentage of moderate-income households for an overall excellent distribution.

Borrower Distribution of Vehicle Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	21.33%	34.48%	17.66%	17.24%	20.10%	13.79%	40.91%	34.48%

*Source: Loan sample of 2010-2011; U.S. Census data.*

## Geographic Distribution of Loans

FFB's geographic distribution of small business is excellent and the distribution of vehicle loans is reasonable given performance context issues for an overall satisfactory performance.

The geographic distribution of small business loans is excellent as the number of small business loans originated in low- and moderate-income geographies exceeds the percentage of AA businesses located in those tracts.

Geographic Distribution of Loans to Businesses								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business Loans	3.46%	10.10%	19.49%	27.87%	32.55%	11.50%	44.42%	50.52%

Source: Loan sample of 2010-2011 small business loans; Dunn and Bradstreet data.

No loans were extended in low-income tracts and the number of loans extended in moderate-income tracts is less than the percentage of AA households in moderate-income tracts. Little weight is given to this analysis due to vehicle lending representing a small portion of the bank's portfolio and due to the relatively recent entrance into the Phoenix market.

Geographic Distribution of Vehicle Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Vehicle Loans	3.73%	0.0%	29.73%	13.8%	37.91%	13.8%	28.63%	72.4%

Source: Loan sample of 2010 and 2011 vehicle loans.

## Responses to Complaints

FFB has not received any complaints about its performance in helping to meet the credit needs within this AA during this evaluation period.

## **ARIZONA COMMUNITY DEVELOPMENT TEST**

The bank's performance under the Community Development Test in Arizona is rated "Satisfactory."

FFB's community development performance is adequate and demonstrates a reasonable responsiveness to community development needs given the bank's recent entrance into this market, limited market share, and management's focus on managing a portfolio heavily concentrated in real estate in a very distressed Arizona economy.

### **Number and Amount of Community Development Loans**

FFB originated five community development loans totaling \$3.5 million. The bank extended a loan for \$1.5 million to provide financing for a retail strip center located in a moderate-income tract. This loan revitalized the area by promoting small business and creating low- to moderate-income jobs. Another loan to a strip center was renewed for \$741 thousand during the evaluation period. This strip center is located in a low-income tract and houses a laundry mat, 99 Cent Store, Church, and Carneceria. This retail center promotes small business and revitalizes the area. A loan for \$709 thousand was renewed during the evaluation for a building that is owner occupied by Edicom Electric. Edicom is located in a moderate-income tract and surrounded by other moderate- income tracts. The company provides low- to moderate-income jobs for 45 full time positions and temporary labor as needed. One loan for \$330 thousand was renewed on a 10-unit apartment building with affordable rents ranging from \$325 to \$550 per month. A \$250 thousand real estate loan was extended to Saguaro Preschool. The preschool is qualified for Federal and State subsidized meals and provides a variety of social services to low- to moderate-income families.

### **Number and Amount of Qualified Investments**

During the evaluation period, FFB had total investments of \$1.0 million. FFB invested \$992 thousand in CRA qualified mortgage backed securities. FFB also made donations totaling \$10.6 thousand primarily to local non-profit organizations who provide affordable housing or social services to low- and moderate-income families. These non-profits included the Valley of the Sun United Way and the Girls and Boys Club of Greater Scottsdale.

### **Extent to Which the Bank Provides Community Development Services**

FFB's offices and retail services are reasonably accessible to geographies and individuals of all income levels. The bank has four full service locations, two of which are located in moderate-income tracts. The bank also has four ATMs in the AA to serve their customers, two of which are located in moderate-income tracts.

FFB offers the same services and products in the Phoenix AA that were described earlier for the Oklahoma AA. Alternative delivery systems provide easy access to bank services by all sections of the bank's AA, to include low- and moderate-income individuals and geographies. In addition to branches and ATMs, the bank offers telephone banking that allows customers to obtain loan and deposit information 24-hours a day, 365-days a year, free of charge. FFB offers free checking accounts, no fee payroll cards, free electronic bill pay, and free ATMs worldwide. Online banking is also available to personal and commercial customers. FFB has a full service telephone center that permits customers to open accounts, apply for consumer loans, and inquire about rates. FFB's ATMs also offer transactions in Spanish to better serve the Hispanic population.

The level of qualified community development services is adequate. Bank officers have served in leadership positions on organizations that provide community services to low- and moderate-income families and at-risk children. The following are examples of qualifying community development services.

➤ ***Boys and Girls Club of Greater Scottsdale***

A bank officer serves on the Board of this non-profit organization. This organization provides various programs directed at child development for low- and moderate-income families.

➤ ***Salvation Army***

A bank officer serves on the Board of this non-profit organization that helps meet the needs of low-and moderate-income individuals and families.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	<b>Lending Test:</b> January 1, 2010 to December 31, 2011 <b>Community Development Test:</b> July 6, 2009 to September 4, 2012	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First Fidelity Bank, National Association, Oklahoma City, Oklahoma	Small business, home mortgage, vehicle, and community development loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
No affiliate activity was considered in this evaluation.		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Oklahoma City MSA	Full-Scope	
Phoenix MSA	Full-Scope	
Tulsa MSA	Limited-Scope	

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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<b>Segment Scope</b>	<b>Lending Test Rating</b>	<b>Community Development Test Rating</b>	<b>Overall Bank Multi-State Ratings</b>
First Fidelity Bank	Satisfactory	Satisfactory	Satisfactory
Oklahoma	Satisfactory	Satisfactory	Satisfactory
Arizona	Satisfactory	Satisfactory	Satisfactory