

**PUBLIC DISCLOSURE**

January 22, 1996

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**FIRST BANK OF TURLEY  
10-40-3435**

**6555 NORTH PEORIA  
TULSA, OKLAHOMA 74126**

Federal Reserve Bank of Kansas City

925 Grand Avenue  
Kansas City, Missouri 64198

**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 First Bank of Turley, Tulsa, Oklahoma, prepared by the Federal Reserve Bank of Kansas City, the institution's supervisory agency, as of January 22, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part xxx.*

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

The bank has a satisfactory record of helping to meet the credit needs of its entire assessment area, including low- and moderate-income neighborhoods. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. In addition, a substantial majority of loans are in the bank's assessment area. Furthermore, the geographic distribution of loans and the distribution among borrowers of different income levels and businesses and farms of different sizes reflects a reasonable dispersion throughout the bank's assessment area.

The following table indicates the performance level of First Bank of Turley with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST BANK OF TURLEY 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	No complaints were received since the prior examination.		

**DESCRIPTION OF INSTITUTION**

According to the bank's September 30, 1995 Consolidated Reports of Condition and Income (ACall Report), the bank's assets totaled \$37,077M, of which loans constituted \$23,012M or 62.1 percent. As depicted below, the bank is primarily a real estate lender; however, the bank does offer a variety of loan products to meet the credit needs of its entire assessment area. The types of credit products offered by the bank, as listed in the bank's public file, include all-purpose consumer loans, home purchase and refinance loans, and loans to finance agriculture and businesses of all sizes.

The banks September 30, 1995 Call Report reflected the following loan distribution:

<u>Loan Type</u>	(\$000s) <u>Amount</u>	Percent of <u>Total</u>
1- to 4-family real estate	10,511	45.7
Commercial	4,684	20.4
Construction and land development	3,199	13.9
Consumer	2,666	11.6
Nonfarm nonresidential real estate	1,230	5.3
Secured by Farmland or for agricultural purposes	674	2.9
Other	<u>48</u>	<u>0.2</u>
Total	<u>\$23,012</u>	<u>100.0</u>

First Bank of Turley has one banking facility located in North Tulsa. The facility is easily accessible to the Turley assessment area. The bank offers extended hours on Friday along with Saturday morning hours.

#### **DESCRIPTION OF THE TURLEY ASSESSMENT AREA**

Turley is a small community in the Tulsa Metropolitan Statistical Area (AMSA®). The Turley assessment area has been defined to include 19 census tracts located in the northern third of Tulsa County and two census tracts located at the southeastern edge of Osage County. Twelve census tracts are considered low-to-moderate income census tracts. According to the 1990 census data, the population of the Turley assessment area is 58,572, of which 60.3 percent is white, 30.7 percent is African American, 7.6 percent is Native American, 1.2 percent is Hispanic, .2 percent is Asian and the remaining .1 percent includes other minority populations.

The assessment area's economy is stagnant compared to the Tulsa MSA which is economically stable and expanding. The median family income for the Turley assessment area is \$25,471, compared to the median family income for the Tulsa MSA and the state of Oklahoma at \$32,578 and \$28,554, respectively. The 1990 census data also shows that within the assessment area, 26.8 percent are low-income families; 22.2 percent are moderate-income families; 22.8 percent are middle-income families; and 28.2 percent are upper-income families. Additionally, 17 percent of the families are below the poverty level.

Services, manufacturing, and retail trade industries offer the majority of employment opportunities in the Turley assessment area. The 1990 employment data from the U.S. Census indicates the unemployment rate for the assessment area is 9.2 percent compared to the Tulsa MSA's 5.8 percent and the state of Oklahoma's 6.7 percent.

Community contacts indicated that the Turley assessment area could be enhanced by new business opportunities to stimulate the economy and affordable housing for lower-income families. The community contacts stated that the area banks were adequately serving the credit needs of the assessment area.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

Several factors were considered in evaluating the bank's CRA performance. A review of the bank's lending levels in relation to its deposits and other comparable financial institutions was performed. Penetration of loan originations within and outside the bank's defined assessment area was also evaluated. Furthermore, the bank's level of lending to borrowers of different incomes and to businesses and farms of different sizes was scrutinized. Finally, the distribution of loan originations within the bank's assessment area was evaluated. The bank has not received a complaint since the last examination; therefore, an evaluation of the institution's response to substantiated complaints about its performance in meeting assessment area credit needs was not conducted. The bank's public file was found in compliance with the requirements of the CRA.

First Bank of Turley's average loan-to-deposit ratio is 68.3 percent (calculated using the four quarters beginning December 31, 1994). The bank's average loan-to-deposit ratio is comparable to one area bank's ratio of 68.5 percent and significantly above another area bank's ratio of 47.4 percent. A further analysis indicated that the bank's average loan-to-deposit ratio is 71.5 percent since the previous examination and has increased to 74.8 percent utilizing December 31, 1995 calculations. The bank's capital of \$4.3MM and deposit base of \$32MM support its lending capacity. The bank's loan-to-deposit ratio is reasonable (considering seasonal variations, and taking into account lending-related activities) given the bank's size, financial condition, and assessment area credit needs.

A majority of the bank's lending occurs inside its assessment area. The table below demonstrates, by general product type, the number and percentage of loans located within the bank's assessment area as noted during this examination.

**LOANS INSIDE AND OUTSIDE THE ASSESSMENT AREA**

☐	Loan Type	Sample Size	Inside		Outside	
			Number	Percent	Number	Percent
1	Commercial	30	22	73%	8	27%
2	Real Estate	27	19	70%	8	30%
3	Agricultural	10	9	90%	1	10%
☐	TOTAL	67	50	75%	17	25%

Additional Home Mortgage Disclosure Act (AHMDA®) data was reviewed for 1993, 1994, and a sample was reviewed for 1995. The review of HMDA reported loans in 1993 indicated that 50 percent of the loans were within the assessment area and 37.9 percent were in low-to-moderate income census tracts. The review of HMDA reported loans for 1994 indicated that 55 percent of the loans were within the assessment area and 36.4 percent were in low-to-moderate income census tracts. Finally, review of the HMDA loan sample for 1995 revealed that 79 percent of the loans were within the assessment area and 27 percent were in low-to-moderate income census tracts.

Furthermore, the distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low and moderate income) and businesses and farms of different sizes. Examiner analysis of a sample of 39 loans indicated that 53 percent of real estate loans were to borrowers with low-to-moderate incomes. The analysis also indicated that 62 percent of commercial and 78 percent of agricultural loans were to borrowers with low-to-moderate revenue levels.

Finally, the geographic distribution of loans originated by the bank reflects reasonable dispersion throughout the bank's assessment area. Analysis of the CRA loan sample of 50 loans within the assessment area indicated that loans were

originated in 12 of the 21 census tracts within the assessment area. An additional review of HMDA loans for 1993, 1994, and 1995 revealed loans were originated in all but three census tracts within the assessment area. Although these three census tracts are low-to-moderate income census tracts, a portion of these census tracts includes the Tulsa International Airport, the Harvey Young Airport, and the Lynn Lane Reservoir. Analysis of the bank's mapping of loans originated since the previous examination indicated loans were originated across the assessment area. However, more loans were originated in the Skiatook and Owasso areas. The Skiatook and Owasso areas have been experiencing economic growth and expansion.

Currently, opportunities for qualified investments are limited. The bank is discussing the possibility of investing in a special small business loan program through Neighbor for Neighbor, a local organization in the North Tulsa area. Neighbor for Neighbor's special small business loan program will be aimed at people who do not have access to traditional borrowing from financial institutions. The bank recently gave a monetary contribution to the organization and has indicated an interest in assisting with funding for the organization's loan program. For purposes of this performance evaluation, an assessment of the bank's performance under the investment and service tests was not conducted.

No substantive violations of the antidiscrimination laws and regulations were identified. Furthermore, reviews of bank policies, credit applications, loans, and interview procedures revealed no prohibited practices designed to discourage loan applicants. The bank has implemented training programs to prevent violations of the antidiscrimination laws and regulations.