

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of WestStar Bank, Bartlesville, Oklahoma, prepared by the Federal Reserve Bank of Kansas City, the institution's supervisory agency.

The evaluation represents the Reserve Bank's current assessment and rating of the institution's CRA performance based on an examination conducted as of February 5, 1996. It does not reflect any activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the CRA of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the community in which it operates. The act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution or a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the supervisory agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under five performance categories, as

detailed in the following section of this evaluation.

Assignment of Rating

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating: *Satisfactory record of meeting community credit needs.*

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - *Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.*

(Conclusion/Support):

The bank has an outstanding record of ascertaining the credit needs of its local communities, including low- and moderate-income neighborhoods. One of the primary methods the bank employs to ascertain community credit needs is participation by directors, officers, and employees in community and economic development organizations. Bank representatives maintain ongoing, meaningful contact with the following community organizations and economic development groups:

- American Business Women=s Association
- Bartlesville Builders and Realtors Association
- Bartlesville Chamber of Commerce
- Bartlesville Community Center
- Bartlesville Community Relations Group
- Bartlesville Credit Bureau
- Bartlesville Lead Coalition
- Dewey Civic Association
- Metro Area Development Corporation (AMADCO@)
- National Association Advancement of Colored People (ANACP@)
- National Association of Women Owned Businesses
- Northeast Chamber of Commerce
- Oklahoma City Chamber of Commerce
- Oklahoma County East Community Development Corporation
- Oklahoma Industrial Finance Authority

Oklahoma State Chamber of Commerce
Small Business Institute Alumni Association
Tri-County Business Assistance Center
Tri-County Vocational-Technical School
Washington-Notawa Counties Community Action Foundation
Westside Alliance for Revitalization (AW.A.R.@)
Westside Community Association
Women=s Council of Realtors

The bank=s compliance officer, working in coordination with the bank=s CRA officer and CRA representatives from Bartlesville, Dewey, and Oklahoma City, compiles an annual list of organizations and groups to document the involvement of directors, officers, and employees. Review of the bank=s CRA documentation and interviews confirmed that bank directors, officers, and staff participate actively and hold leadership position in numerous community organizations.

The bank has named a "Business Development Officer," whose sole responsibility is to ascertain the credit needs of Bartlesville and surrounding communities and to participate in community development organizations. This officer currently serves as the Treasurer of the Westside Community Association. Formed to foster the advancement of people residing in West Bartlesville, the organization is made up of numerous small business owners, civic leaders, and area residents. The officer actively participates in numerous other community development and civic organizations, such as the Bartlesville Lead Coalition and the Westside Alliance for Revitalization. Both organizations were founded by members of the Westside Community Association. Furthermore, this individual periodically meets with the NAACP to assist with educational programs that provide area residents with information on personal finance. Information gathered at the various meetings and through surveys conducted by these organizations enables senior management to evaluate the effectiveness of current credit products as they relate to community development projects and allows the directorate and senior management to explore products with special features to meet identified credit needs.

Community Advisory Councils also contribute to the bank=s ascertainment efforts. The bank has established Community Advisory Councils in Bartlesville, Dewey, and Oklahoma City that meet bimonthly. Members from the community are appointed for a three-year term with one-third of the council retiring each calendar year. Councils

at Bartlesville, Dewey, and Oklahoma City consist of 21, 12, and 19 members, respectively. A modest stipend is awarded to each participant for every meeting attended. These meetings bring senior bank management together with a cross section of community leaders and provide management with valuable insight into area credit needs as well as information on the bank's effectiveness in meeting these needs.

Surveys are periodically utilized by the bank in assessing local credit needs. The bank conducted a realtor survey in Bartlesville and Dewey in July 1995. The focus of the survey was to ascertain customer satisfaction and any unmet credit needs. A different survey of the accessibility of the bank's hours was also conducted in 1995. Results of this survey sparked an extension of the bank's weekly business hours at all locations in Bartlesville and Dewey in October 1995. In November 1995, the branch in Oklahoma City conducted a similar survey. Of the 500 surveys delivered, 36 were returned with a response to the adequacy of the bank's hours. Results showed that the bank's hours in Oklahoma City meet the needs of its community.

Occasionally, the bank collects and analyzes local demographic information. Through the Bartlesville Chamber of Commerce, information concerning area unemployment, monthly housing starts, monthly retail sales, and population has been collected. Likewise, the Oklahoma City branch has collected and analyzed local demographic information on area businesses and residential areas surrounding the bank. Demographic information has been a vital part in the Oklahoma City branch's marketing campaign that includes direct mailings and officer calls. The bank uses several other methods to ascertain community credit needs in Bartlesville and Dewey. Every Friday morning the bank sponsors a WestStar Rate Watchers meeting. These meetings are used for the presentation and discussion of financial and business activities in the community. These meetings also provide a forum for bank representatives to relay information on the bank's products. In addition, officers and employees of the bank take part in monthly Chamber of Commerce Business After Hours meetings. These gatherings are used to discuss issues concerning local residents, business, and the economy. Bank personnel have also participated in the Chamber of Commerce's Industry Appreciation Night, held at the Woolaroc, a museum located 15 miles south of Bartlesville. Several representatives from area businesses were in attendance as part of the Chamber's efforts to provide recognition to local small businesses. Furthermore, the bank sponsors a Women's Investment Network that meets the third Tuesday of each month. The purpose of this program is to inform members on how to invest wisely using profitable strategies.

Members representing a wide cross section of the bank's community population provide insight into area credit needs.

Similarly, as an active participant in the local community, the Oklahoma City branch has been able to determine area credit needs. The branch hosted the second annual reception for the House of Representatives, State Senate, state leaders, and members of Oklahoma Society of Association Executives. Approximately 100 people attended the reception aimed at improving relations among leaders within the community. The branch also periodically sponsors a focus group. This group is used to address the issues related to consumer banking needs, real estate market activity, and related financing issues with the goal of ascertaining the needs of the community. In addition, on December 8, 1995, the branch sponsored a one-day carnival to meet with current and prospective customers. More than 700 members of community attended this event. Bank officers also participate in the Central Oklahoma's Minority Business Breakfast, for small, minority and women owned business and entrepreneurs. The breakfast is held the first Tuesday of every month and provides an opportunity for business people to interact with bank representatives. Representatives from the bank provide attendees with information regarding bank products and services. Attendance has varied between 90 and 125 attendees. Furthermore, the branch sponsors an investment club that meets the last Tuesday of each month. This program is offered to anyone that wishes to join or attend the financial education sessions.

Assessment Factor C - *The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the CRA.*

(Conclusion/Support):

The directorate plays an active role in the bank's CRA program. By approving the bank's CRA statement annually and by updating the CRA public notice and the public file as required, the board has ensured compliance with the technical requirements of CRA. The bank's CRA statement has been expanded to include a description of the institution's CRA policies and programs, a discussion of its self-assessment efforts and summarization of the bank's performance. A CRA policy has also been approved by the board of directors that provides for internal assessments of the bank's CRA program and training of personnel and directorate. Directors have ensured that the bank's CRA program provides for an emphasis on employee training and involvement at all levels of the organization. The CRA training

program stresses the purpose of CRA and how every employee's participation in the process and in community development programs is needed. Quarterly reviews are conducted by the bank's CRA officer and presented to the directorate that cover the bank's record of ascertaining local credit needs, meeting community credit needs, educating bank personnel, and providing charitable donations in both communities. The bank's CRA program also includes procedures for conducting self-assessments under all performance categories and the 12 CRA assessment factors; however, no review has been conducted since the last examination.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - *The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.*

(Conclusion/Support):

The bank has implemented sound marketing and advertising programs that are approved, reviewed, and monitored by senior management and the board of directors. Marketing and advertising programs in Bartlesville and Oklahoma City vary. However, the strategies in both markets inform all segments of the institution's local communities of general financial products and services offered, including those that have been developed to address identified community credit needs.

In Bartlesville and Dewey, the bank markets credit products primarily through the use of newspaper advertisements. Product, service, and name advertisements are placed in the Bartlesville Examiner. A review of the bank's advertisements from this daily publication showed marketing of the following products and services: name recognition, 52 percent; auto loans, 24 percent; deposit services, 12 percent; consumer loans, 8 percent; and home purchase and refinance loans, 4 percent. Other publications that the bank uses include: the Nowata Star, a weekly publication; Tulsa World Newspaper, a daily publication; Tulsa Oklahoma Eagle, a weekly publication; Senior World, a monthly publication for individuals ages 55 and up; and The Fourth Estate, a monthly high school publication.

Radio advertisements and billboards are also used in the Bartlesville and Dewey community to market the bank's products and services. Three local radio stations are

used in marketing a wide range of services and credit products: KYFM, adult contemporary; KWON, all talk; and KRIG, country western. Written scripts were noted in the bank's marketing file for all radio advertising. Billboards are also a means of marketing that the bank utilizes. The bank places, on a rotating basis, general product and service advertisements on six billboards in the Bartlesville and Dewey.

Several other marketing tools are used by the bank in Bartlesville and Dewey. For instance, the bank has a ATime & Temperature@ system that enables the bank to play custom advertisements describing specific product campaigns for customers inquiring about the local time and temperature. In addition, annually the bank publishes You and Your Community Bank, a bank teaching guide that describes bank products and services. Approximately 1,130 booklets were issued to area schools in 1994 and 1995. An informal officer call program is also used by the bank. Bank officers periodically contact customers and noncustomers to promote bank products and services as well as ascertain community credit needs; however, records of the contacts are not maintained. Finally, name recognition advertisements are placed in local school, community, and Yellow Pages publications.

The marketing strategy in Oklahoma City is similar, yet, differs in many aspects. Since the bank's delineated community is small in relation to the metropolitan area, metropolitan newspapers and area radio stations are not cost effective. Personal contact with members of the community is the most effective means of advertising for the branch in Oklahoma City. A formalized call program relays information about bank products and services to current and potential customers. During 1994 and 1995 the branch made 350 and 142 documented calls, respectively, to area residents and businesses. This tool also provides the bank with a means of ascertaining community credit needs. Similarly, direct mailings and advertising are mailed with periodic statements. These mailings often contained a brief promotional advertisement relating to one of the bank's credit products. In addition, since the last examination, the branch conducted a command mailer to 300 area businesses advertising AQuick App,@ an abbreviated application form.

The bank does use print advertisements in Oklahoma City, but to a lesser extent than in Bartlesville and Dewey. Local publications that are periodically utilized in Oklahoma City include: The Daily Oklahoman; The Journal Record, a daily publication; and the OPEA Advocate, a publication from the Oklahoma Public State Employees Association that reaches 1,200 members and is published every two months. The bank also uses minority publications in marketing its products and services. Frequently the

bank places ads in the Kappa Kastle News, Minority Yellow Pages, and The Black Chronicle. The branch also places advertisements in neighborhood publications. For instance, information advertisements have been placed in the Lincoln Terrace and the Woodland Hills Association Newsletter. A review of the print advertising showed an even mix of name recognition and product advertisements.

The bank uses other distinctive marketing tools in Oklahoma City. A unique advertising tool that the branch in Oklahoma City utilizes is its AFAX-A-LOAN,@ ADIAL-A-LOAN,@ and AMAIL-A-LOAN@ program. This PhoneLoan service offers customers the opportunity to apply for credit 24 hours a day/seven days a week using a touch tone phone. In addition, the branch selects and awards free advertising to area small businesses monthly. This promotes good will and increases the bank=s exposure in the Oklahoma City market.

The bank utilizes similar advertising tools in both of its markets. The bank provides customers in both communities with a What's Line. Established in Bartlesville and Dewey, the product was recently introduced in Oklahoma City January 1996. The What's Line is available 24 hours a day, seven days a week to customers seeking information concerning their checking, savings, money market accounts, and wire transfers. Customers can also obtain general loan information and current interest rates. Both locations promote the Satisfaction Guarantee program. This program provides a \$5 recovery and a letter from the Chairman of the Board to each customer that recognizes an error or has a complaint. The program has been promoted to customers through statement stickers, lobby signs, banners and ATM display boards. Finally, word-of-mouth advertising remains a vital part of the bank's overall marketing and advertising program in both communities.

Assessment Factor I - *The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.*

BANK PROFILE

According to the bank's December 31, 1995 Consolidated Reports of Condition and Income ("Call Report"), the bank's assets totaled \$448,407M, of which loans constituted \$249,102M or 56 percent. The bank's net loans-to-total deposits ratio of 65 percent, as reported in the September 30, 1995 Uniform Bank Performance Report has increased from 61 percent, noted a year ago. Although the bank's net loans-to-total deposits ratio is lower than the 74 percent of its peer group, the bank is meeting the credit needs of both communities. The bank's peer group consists of all insured commercial banks having assets between \$300MM and \$500MM with three or more banking offices.

The bank's December 31, 1995 Call Report reflected the following loan distribution:

<u>Loan Type</u>	<u>Amount</u> <u>(\$000s)</u>	<u>Percent of</u> <u>Total</u>	
1- to 4-family real estate	90,077	36	
Commercial	45,973	18	
Nonfarm nonresidential real estate	39,159	16	
Consumer	28,021	11	
Agriculture related Obligations of states/ Political subdivisions	6,292	24,015	10
Construction/Land development	5,142	2	
Home equity	3,023	1	Other
<u>7,400</u>	<u>3</u>		<u>—</u>
Total	<u>249,102</u>	<u>100</u>	

(Conclusion/Support):

The bank considers itself to be primarily a commercial and consumer lender; yet, as noted above, the bank is an active real estate lender. A variety of loan products are offered by the bank to meet the credit needs of its entire delineated community. The types of credit offered by the bank, as listed in its CRA statement, include conventional home loans, home equity loans, all-purpose consumer loans, interim construction loans, all types of commercial loans, land development loans, open-end credit, community development, and Small Business Administration loans.

The bank has shown a willingness to develop new products and continues to use unconventional loan products in response to credit needs identified through the bank's ascertainment efforts. Since the last examination, the branch in Oklahoma City introduced a debit card and a PhoneLoan program. Furthermore, the bank continues to use Private Mortgage Insurance (APMI@) to make loan terms suitable for people who do not qualify for conventional 20 percent down home loan products. By using PMI, the bank can extend loans up to 90 percent of the property=s appraised value. The bank also uses a small conventional home loan program available for customers who need to borrow \$25,000 or less to purchase a home. This product is beneficial to customers living

in low- and moderate-income neighborhoods where appraised property values may be relatively low. During 1994 and 1995, the bank extended 31 and 47 loans, respectively, under the small conventional home loan program. Finally, the bank has extended 1,025 loans in amounts less than \$1,000 for a total origination of \$513M. Totals for the bank's AQuick Cash® product are included in the total origination of loans less than \$1,000. These small-dollar secured and unsecured loans provide a service to fixed and low-income individuals in the community.

Assessment Factor J - *The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.*

(Conclusion/Support):

The bank participates in governmentally-insured, guaranteed or subsidized loan programs for housing and small businesses. The bank continues to be a Small Business Administration (ASBA@) lender. The bank participates in the SBA 7(a) program, a guaranteed loan program in which a bank lends to a small business with an SBA guaranty of up to \$750M. In addition, the bank participates in the 504 Certified Development Company Program. This program is a product utilized for fixed asset acquisition and expansion. The bank also uses a simplified application process (ALow Doc@) that requires less documentation for business loans up to \$100M. Since the last examination the bank extended ten SBA loans totaling \$1,508M under the above-mentioned programs. Furthermore, the branch in Oklahoma City participates in the Central Oklahoma Clearing House Association (ACOCHA@) loan program, a low-to-moderate income residential loan program. The program involves 20 Oklahoma City metropolitan area banks. Since the last examination, the bank has participated in ten loans with a total participation of \$20,591. The bank no longer accepts applications for student loans; however, applications are made available in the bank=s lobby for individuals seeking credit through the Oklahoma Student Loan Authority.

Management from the Oklahoma City branch is working with the Department of Housing and Urban Development and Sterling Mortgage Corporation on a Federal Housing Administration (AFHA@) 203K and a Conventional ARenovation Plus@ loan program. Both programs offer owner occupants or investors the opportunity to buy a home and finance any needed renovations with the first mortgage. Current mortgages may be refinanced to include renovation costs with a 15 or a 30-year term. Up to 97 percent financing based on Aas improved@ value for owner occupants and 85 percent for investors may be originated.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

(Conclusion/Support):

The bank has defined two delineated communities. The bank's delineated community for offices located in Bartlesville and Dewey consists of Washington County and the eastern portion of Osage County contiguous to Bartlesville. The community contains 15 census tracts, 13 are in Washington County and the remaining two are located on the northern edge of the Tulsa, Oklahoma Metropolitan Statistical Area (AMSA) in Osage County. The bank's other delineated community is located in Oklahoma City, Oklahoma and consists of the area included within a 3-mile radius of the bank located in Oklahoma County. This delineation includes 42 census tracts in the central part of Oklahoma City, Oklahoma MSA and is of diverse demographic and economic composition. The demographic makeup of the bank's community is summarized Table 1 below. Given the size of the bank and its proximity to other financial institutions, the bank's two delineated communities are considered reasonable and do not exclude any low- and moderate-income areas.

TABLE 1
TRACT CHARACTERISTICS OF THE BANK'S
DELINEATED COMMUNITY

	Main Bank Delineatio	OKC Delineation
Total Number of Tracts	15	42
LESS: Tracts with Zero Population/Housing	0	0
Tracts Considered for Analysis	15	40
Market Population	53,694	77,748
Minority Population	6,990	40,235
Percent Minority Population	13.0%	51.8%
Number of Low/Moderate-Income Tracts	* 4	24
Percent Low/Moderate-Income Tracts	* 26.7%	60.0%
Number of Owner-Occupied Units	16,156	18,613
Number of Low/Moderate-Income Owner Occupied	2,853	9,460

Units		
Percent Low/Moderate-Income Owner Occupied Units	17.7%	50.8%
Number of Minority Tracts	**	12
Percent Minority Tracts	**	30.0%

* As a percent of the Tulsa MSA Median Family Income.
 ** Information was not available.

Assessment Factor E - *The geographic distribution of the institution's credit extensions, credit applications, and credit denials.*

(Conclusion/Support):

The bank has developed a methodology to evaluate its geographic distribution of credit applications. For facilities located in Bartlesville and Dewey, the bank plots and analyzes all of its credit extensions and denials quarterly. This analysis incorporates a large county map of Bartlesville and Dewey. Colored dots are placed on the maps indicating the type and location of closed loans, denied and withdrawn applications. All mortgage and home improvement loans are plotted on the county map. In contrast, only those consumer applications received during the last month of the quarter are plotted.

The analysis goes further by demonstrating the number of accepted and denied loans and the median family income in each of the census tracts that make up the bank's delineated community. However, the analysis does not include business and agriculture lending. The most recent analysis of the distribution of loans occurred in December 31, 1995. Maps and an analysis of loan penetration are presented to the directorate quarterly.

An analysis, conducted during the examination, of the bank's geographic distribution of its lending activity in the Bartlesville and Dewey offices revealed a reasonable distribution throughout the delineated community. Eighty-one percent of all home purchase, refinance, and home improvement loans extended in 1995 were within the bank's delineation. Moreover, 75 percent of all consumer loans extended in December 1995 were within the bank's delineation. These loans were disbursed throughout the bank's delineated community, with no apparent concentration in any specific sector.

A less formalized geographic distribution is performed annually at the Oklahoma City branch. A map of the bank's delineated community is used to plot first mortgage, second mortgage, and all COCHA participation loans. The bank also plots loans to minority and small businesses and churches. An analysis of loans by product type within the bank's community is performed in conjunction with the maps. However, loan applications for agricultural and commercial purposes were not analyzed. Furthermore, the branch's analysis did not include denied and withdrawn applications.

The geographic distribution analysis of loans originated in the Oklahoma City community conducted during the examination revealed that a substantial majority of the bank's mortgage loans are from areas outside of its delineated community. Of the mortgage loans reviewed in 1993, only 26 percent were located within the bank's delineation. Comparatively, in 1994, only 38 percent of the bank's mortgage loans were from within its delineation. The analysis did, however, show a reasonable penetration throughout the bank's delineation. A review of loans reportable under the HMDA demonstrated penetration in only 14 of the 40 census tracts used in the analysis; yet, the penetration exceeded that of the bank's major competitors. The bank received as many applications from the 10 of the 12 low- to moderate-income census tracts within its community as institutions located in the same area with larger asset size. A review of the bank's other loan products demonstrated reasonable penetration throughout the bank's delineation.

Management at the Oklahoma City branch was aware of the unusual distribution of loans in the Oklahoma City area and performed additional analyses during the

examination to demonstrate the reason for the distribution. Management identified numerous loans where the applicant lived outside of the bank's delineation; yet, worked in the bank's community. Consequently, the percentage of loans outside of the bank's delineated community was considered reasonable.

Assessment Factor G - *The institution's record of opening and closing offices and providing services at offices.*

(Conclusion/Support):

Bank locations and credit services are readily accessible to the entire community. Bank offices are located in Bartlesville, Dewey, and Oklahoma City, Oklahoma. The bank's primary location is in Bartlesville, and includes the main bank at fourth and Keeler, the Tower Building at Frank Phillips and Johnstone, and a minibank drive-in at fourth and Dewey, all in downtown Bartlesville. Other facilities include a branch at Adams Road and Adams Boulevard in Bartlesville and a branch five miles north of Bartlesville, in Dewey, Oklahoma. The bank also has a full service branch located in the northeast quadrant in Oklahoma City. In addition, to the bank's brick and mortar locations, the bank owns ten automatic teller machines (AATMs@) located in various locations in Bartlesville, Dewey, and Oklahoma City for customers making deposit and withdrawal transactions.

The bank has hours that are convenient for all customers. In addition to its Saturday morning hours, in October 1995 the bank extended weekday hours for its Bartlesville and Dewey locations to better serve current and potential customers. Extended hours were introduced in Oklahoma City in 1994 to better accommodate its customer base. Furthermore, to assist holiday customers all of the bank's locations remain open Martin Luther King, Jr. Day, Presidents= Day, Columbus Day, and Veterans Day.

A branch closing policy that meets the requirements of the Federal Deposit Insurance Corporation Improvement Act has been adopted by the board. No offices have been opened or closed since the previous examination.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA statement.

(Conclusion/Support):

No discriminatory policies or practices were noted during the examination. The bank's marketing procedures solicit credit applications from all sections of the community including low- and moderate-income areas. Reviews of bank policies, credit applications, loans made, and interview procedures revealed no prohibited practices designed to discourage loan applicants.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

(Conclusion/Support):

No credit practices inconsistent with the prohibited discriminatory provisions of the fair housing and fair lending laws and regulations were identified. An increasing percent of bank applications are from minority tracts in the delineation. The percentage of bank applications from minority tracts appears reasonable as depicted in Table 2. Moreover, as depicted in Table 3, origination rates appear to be reasonable when comparing applicants= gender and race.

TABLE 2 BANK LOAN APPLICATIONS FROM LOW-TO-MODERATE INCOME TRACTS WITHIN THE OKLAHOMA CITY COMMUNITY DELINEATION		
	1993	1994
Bank Applications from Low-to-Moderate Income Tracts	6.0	11
Percent of Total Applications	33.3	37

Percent of Bank=s Market Share	0.5	0
Bank Applications from Minority Tracts	7.0	15
Percent of Total Applications	38.9	51
Percent of Bank=s Market Share	1.5	2

TABLE 3
ORIGINATION RATES BY PRODUCT TYPE, GENDER AND RACE
WESTSTAR BANK

	Loan Type:					
	Home Purchase		Home Refinance		Home Improvement	
	1993	1994	1993	1994	1993	1994
Gender:						
Male	83.3	88.9	91.7	95.0	87.5	86
Female	87.5	78.3	100.0	82.6	92.2	86
Joint	85.8	85.5	83.8	88.2	91.5	93
Race:						
White	86.3	85.6	86.0	88.7	80.0	95
Minority (Includes Joint)	75.0	85.2	83.3	84.2	25.0	96

Violations of the Equal Credit Opportunity Act and HMDA were noted. The bank was requested to resubmit the 1994 LAR.

V. COMMUNITY DEVELOPMENT

Assessment Factor H - *The institution's participation, including investments, in local community development and redevelopment projects or programs.*

(Conclusion/Support):

The bank has an outstanding record of participating in community development programs and has shown a willingness to participate in projects that promote development. Bank officers and directors actively participate in and provide financial and technical assistance to the following organizations: Bartlesville Chamber of Commerce, Bartlesville Community Center, Bartlesville Lead Coalition, MADCO, NAACP, Northeast Chamber of Commerce, Oklahoma City Chamber of Commerce, Oklahoma County East Community Development Corporation, Oklahoma Industrial Finance Authority, Oklahoma State Chamber of Commerce, Washington-Notawa Counties Community Action Foundation, W.A.R., Westside Community Association, area schools and universities, local churches, and local government.

The bank's involvement in Bartlesville and Dewey promotes community development. Currently, the bank is participating in the Oklahoma Local Entrepreneur Assistance Program (AOK-LEAP@). The OK-LEAP program is a team effort from the Tri-County Area Vocational-Technical School, Bartlesville Area Chamber of Commerce and WestStar Bank. Under the program, a Community Development Block Grant of \$100M must be used for development finance loans for small businesses with distribution of at least four loans in the amount of \$25M or less. Small business has been defined as those with 20 or fewer employees. The program offers financing to parties without the credit history, business risk performance, and/or collateral necessary to obtain a conventional loan. The bank also participates in the Self-Employed Enterprise Development System (S.E.E.D.S.@) program. Funded through the Oklahoma Department of Commerce, this program was designed by the Washington-Nowata Counties Community Action Foundation for low-income individuals that want to start their own business. This program offers area small businesses consultation from area business experts and referrals to local classes for specialized training.

Representatives from Bartlesville and Dewey participate in other activities that promote community development. For example, bank representatives are actively involved in AProject Challenge,@ a program designed to train and gainfully employ employee individuals receiving government assistance. Involvement has included presentations on job skills, banking opportunities, and available credit products.

Similarly, the bank promotes community development through its efforts in Oklahoma City. The bank=s Executive Vice President and Branch Manager has served as a board member of the Oklahoma County East Community Development Corporation which was formed to promote the economic growth of the northeast quadrant of Oklahoma City. The objective of this corporation was to pool funds from public, private and government sources to assist in the financing of development projects in the community. Due to a lack of participation from members and funding, the organization was abolished late in 1994. The Vice President of the Oklahoma City branch, currently serves as a member of MADCO which is an economic development Ajob creation@ counsel for Central Oklahoma. MADCO solicits, approves and recommends businesses for the SBA 504 program. This program is a term loan product utilized for fixed asset acquisition and expansion. It is specifically designated as a jobs creation program. The bank has also provided funds for churches in minority communities, sole proprietors, nonprofit organizations, and small businesses. The branch identified loans totaling \$2,139,809 made to small and minority businesses in Oklahoma City. Small businesses were defined by the bank as businesses with annual revenues of less than \$1MM. Total small business loans within the bank=s Oklahoma City delineated community were \$1,343,283 which included minority loans. Finally, the branch in Oklahoma City sponsors home buyer education classes offered through COCHA. These classes provide attendees with general information needed for purchasing homes in the community.

Assessment Factor K - *The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.*

COMMUNITY PROFILE

Bartlesville/Dewey Community

Bartlesville, Oklahoma, the county seat of Washington County, had a population of 34,256 as of the 1990 census. Located in Washington County, Bartlesville is just 20 miles from the Kansas border and 40 miles north of Tulsa, Oklahoma at the intersection of U.S.

Highways 75 and 60. Dewey, Oklahoma is located five miles north of Bartlesville on Highway 75. Washington County is rich in natural resources and home to many manufacturing and processing companies.

Major employers in Washington County are:

<u>Major Employers Employed</u>	<u>Product</u>	<u>Number</u>
Phillips Petroleum Company	Petroleum	3,418
Independent School District.	Education	825
Jane Phillips Medical Center	Health Care	813
REDA, Camco Company	Submersible Pumps	Unknown
Applied Automation	Process Control Systems	365
BDM-Oklahoma/NIPER	Energy Research	227

The local economy is heavily dependant on Phillips Petroleum Company. Phillips Petroleum, formed in 1917 by Frank Phillips, has grown from 27 employees presently employs 3,418. Employing mostly skilled labor, Phillips Petroleum sustains the community=s high median household income and standard of living. As stated in the 1990 Census the \$28,859 median household income for Washington County is substantially higher than the \$23,577 reported for the state. Downsizing by the company in past years has been detrimental to the local economy; however, recently the organization has stabilized. Consequently, the local economy has improved.

Oklahoma City Community

Oklahoma City is the most populous city in the State of Oklahoma. The Oklahoma City MSA includes six counties: Oklahoma, Canadian, Cleveland, McClain, Pottawatomie, and Logan. The Oklahoma City MSA population is estimated to be 957,570 while Oklahoma City=s population is over 465,000.

Major employers in the MSA are:

<u>Major Employers</u>	<u>Product</u>	<u>Number Employed</u>
State of Oklahoma 37,400	Government	
Tinker Air Force Base	Military	26,179
Oklahoma Health Center 12,900	Health Care	
OKC Public Schools	Education	5,300
AT&T Network Systems 4,700	Comm/computers	

Located in Oklahoma County in the northeast quadrant of Oklahoma City, the branch=s delineated community is one of the poorest in the city. A large number of low- and moderate-income individuals reside in the area. Consequently, there is a large number of low- and moderate-income census tracts in the bank=s community. Of the families residing in the bank=s community, 19.2 percent are below the poverty line as opposed to 10.4 percent for the MSA. Furthermore, as reported in the 1990 Census, the unemployment rate for the bank=s community is 10.4 percent, substantially higher than the 6.4 percent for the MSA.

Minorities comprise a large portion of the bank=s delineated community. A racial breakdown of the bank=s delineated community is shown in Table 4 below.

TABLE 4 Oklahoma City Delineated Community (1990 Census Reported Racial Composition)				
Race	Delineated Community		Metropolitan Area	
	Population	% of Population	Population	% of Population
Native American	2,374	3.1	44,363	4.4
Asian/Pacific Islander	2418	3.1	16,516	1.6
Black	32635	42.0	99,349	10.0
Hispanic	2,776	3.6	32,815	3.3
White	37,513	48.2	764,077	79.0
Other	32	<0.1	499	<0.1
Totals	77,748	100	957,570	100

The bank=s community is showing signs of recovery. Through the efforts of the State Capitol Area Association, the area around the bank=s Oklahoma City location has been greatly improved by the demolition of several dilapidated hotels that contributed to the deterioration of the community by housing criminal activity. Further beautification projects will add to the stability of the community and foster the growth of the local economy.

(Conclusion/Support):

The bank has supported the development and implementation of specific projects promoting economic revitalization and growth, consistent with its size. Through close contact with local organizations, the bank has informed government and private sector representatives of its interest in participating in community development projects as they arise.

Assessment Factor L - *Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.*

(Conclusion/Support):

The bank participates in activities in Oklahoma City that indirectly promote community development. For example, the branch in Oklahoma City participates with Mazzaroth, Inc., a nonprofit credit counseling service. Since the first quarter of 1995, the branch has written letters that are sent along with adverse action notifications providing information to borrowers about credit counseling in an effort to improve the applicant's opportunity to receive future credit. As of September, a total of 48 letters had been sent to denied applicants; however, there was not measurable response. Furthermore, the Oklahoma City facility has served as a collection point for donations to benefit children that were victims of the April 19, Murrah Federal Building bombing.