



PUBLIC DISCLOSURE

March 6, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Quail Creek Bank, N.A.
Charter Number 16405**

**12201 North May Avenue
Oklahoma City, Oklahoma 73120**

**Office of the Comptroller of the Currency
Southwestern District Office
1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3394**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Quail Creek Bank, N. A., Oklahoma City, Oklahoma**, prepared by **Comptroller of the Currency**, the institution's supervisory agency, as of March 6, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

Quail Creek Bank, N.A., consistent with its resources, capabilities, and physical location is satisfactorily meeting the credit needs of its assessment area, including those of low- and moderate-income individuals.

The following table indicates the performance level of **Quail Creek Bank, N.A.**, with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Quail Creek Bank, N.A.</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	There have been no complaints received since the prior examination.		

DESCRIPTION OF INSTITUTION

Quail Creek Bank, N.A., is located in Oklahoma City, Oklahoma. It is a subsidiary of Quail Creek Bancshares, Inc., a \$10 million holding company, also headquartered in Oklahoma City. The main bank and drive-through facility are located at 12201 North May Avenue. An Automated Teller Machine (ATM) is also available at this location. There are no branch locations. The bank's primary focus is to serve commercial, real estate and consumer customers in Oklahoma County. The bank meets these needs by providing various loan and deposit products as well as other financial services.

As of December 31, 1997, Quail Creek Bank's total assets equaled \$141 million, of which \$93 million, or 66 percent were composed of loans to individuals and businesses. The \$93 million in loans outstanding consisted of \$61 million in residential and commercial real estate (66 percent), \$19 million in commercial loans (20 percent), and \$13 million in consumer loans (14 percent). Additionally, the bank's mortgage division originated \$ 10 million in residential mortgages during 1997 which were sold in the secondary market.

There are no known factors which have or may potentially impede the credit needs of its assessment area. The last review of performance under the Community Reinvestment Act was completed as of December 30, 1994.

DESCRIPTION OF ASSESSMENT AREA FOR QUAIL CREEK BANK, N. A. :

The assessment area adopted by the Board of Directors primarily encompasses far northwest Oklahoma City and a majority of Edmond. More particularly, the area is bounded on the north by Waterloo Road, on the west by County Line Road, on the east by Interstate 35, and on the south by Northwest Expressway and Northwest 63rd Street. This area meets the requirements of the regulation. It does not arbitrarily exclude any low- or moderate-income areas.

The assessment area is located within the Oklahoma City Metropolitan Statistical Area (MSA) and contains 45 census tracts. The 1990 United States Census Bureau data identifies these tracts to have the following characteristics:

Tract Income Characteristics	Number of Tracts	Percentage of Total Tracts
Low	0	0.00%
Moderate	6	13.33%
Middle	9	20.00%
Upper	30	66.67%
Total	45	100.00%

Census Bureau information reflected a total population of 153,157 in the assessment area. It contained 67,586 housing units with 38,437, or 56 percent, being owner occupied. Additionally, there were 60,546 households and 42,168 families in the area. Eighty-three percent of the households derive their income from wages or salaries. The largest employment sectors were services, government, retail trade, and manufacturing related entities.

Per the 1990 census, the households and families in the assessment area are divided among the income categories as follows:

Description	Low Income (< 50% of Median)	Moderate Income (50-80% of Median)	Middle Income (80-120% of Median)	Upper Income (> 120% of Median)
% of Households	14.85%	13.08%	17.97%	54.09%
% of Families	11.14%	12.31%	19.76%	56.79%

The 1990 census median family income for the assessment area was \$45,516. Median household income for the assessment area was \$36,977. Census median family income for the Oklahoma City MSA was \$32,406. The Department of Housing and Urban Development's most recent estimate of median family income for the Oklahoma City MSA was \$40,800.

The assessment area is served by several other national and state chartered banks. The area is also served by branches of these banks, as well as the branches of other banks and savings and loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio

The loan to deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The average semi-annual loan to deposit ratio from June 30, 1995 through December 31, 1997 was 72.41 percent. The ratio as of December 31, 1997 was 73.62 percent. The lowest semi-annual period ratio was 70.27 percent at December 31, 1996 and the highest was 75.01 percent at June 30, 1995.

Quail Creek Bank's ratio compares favorably to the loan to deposit ratio for national and state chartered banks operating in the Oklahoma City Metropolitan Statistical Area with total assets greater than \$50 million and less than \$300 million with one or two full-service banking locations. The average semi-annual ratio for this group of banks from June 30, 1995 through December 31, 1997 was 68.26 percent. The ratio was 72.08 percent at December 31, 1997. The lowest ratio in this group was 64.58 percent at June 30, 1995, and the high ratio was 72.08 percent at December 31, 1997.

Lending in Assessment Area

The bank has extended a majority of its loans within its assessment area. Analysis of a random sample of fifty-three consumer loans, two hundred-twelve loans reported on the 1997 Home Mortgage Disclosure Act Loan Application Register, and twenty business loans extended during 1997 noted the following results:

Loan Sample	% of Loans Inside Area	% of Loans Outside Area	% of Loan Dollars Inside Area	% of Loan Dollars Outside Area
Consumer (53 Loans = \$628,754)	54.72% (29 Loans)	45.28% (24 Loans)	53.34% (\$335,338)	46.66% (\$293,366)
Residential (HMDA-LAR) (212 Loans = \$19,701,000)	61.79% (131 Loans)	38.21% (81 Loans)	58.87% (\$11,597,000)	41.13% (\$8,104,000)
Business (20 Loans = \$2,070,617)	60.00% (12 Loans)	40.00% (8 Loans)	80.86% (\$1,674,328)	19.14% (\$396,289)
Combined Totals (285 Loans \$22,400,371)	60.35% (172 Loans)	39.65% (113 Loans)	60.74% (\$13,606,666)	39.26% (\$8,793,655)

Lending to Borrowers of Different Incomes

The distribution of loans reflects a satisfactory penetration among individuals and businesses of different income levels within the assessment area. The following table analyzes income data collected from the random sample of twenty-nine consumer loans and one hundred twenty-four residential loans on the 1997 Home Mortgage Disclosure Act Loan Application Register (7 residential loans totaling \$450,000 did not have income data and therefore, were not included) which were extended. The number of loans to each income group compares satisfactorily to the distribution of households and families by income level illustrated on page (4) of this evaluation.

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
Consumer (29 Loans)	0.00% (0 Loans)	20.69% (6 Loans)	24.14% (7 Loans)	55.17% (16 Loans)
Consumer Dollars of Loans (\$335,388)	0.00% (\$0)	12.37% (\$41,489)	24.23% (\$81,248)	63.40% (\$212,651)
Residential (HMDA-LAR) (124 Loans)	2.42% (3 Loans)	15.32% (19 Loans)	15.32% (19 Loans)	66.94% (83 Loans)
Residential (HMDA-LAR) Dollars of Loans (\$11,597,000)	8.00% (\$89,000)	8.48% (\$945,000)	11.10% (\$1,237,000)	79.63% (\$8,876,000)
Total Number of Loans (153)	1.96% (3 Loans)	16.34% (25 Loans)	16.99% (26 Loans)	64.71% (99 Loans)
Total Dollar of Loans (\$11,482,388)	0.78% (\$89,000)	8.59% (\$986,489)	11.48% (\$1,318,248)	79.15% (\$9,088,651)

It is noted that the number of loans to low and moderate income borrowers below the proportion of families and/or households considered to be low to moderate income in the assessment area. However, the activity is satisfactory given the bank's physical location in an upper income census tract and a majority of the census tracts in the area being middle and upper income tracts.

The following table depicts the distribution of the twelve business loans sampled which were extended in the assessment area, based on the annual gross revenues reported by the companies.

Distribution of Loans by Annual Gross Revenues					
Description	Revenues \$0-250,000	Revenues \$250,000- \$500,000	Revenue \$500,000- \$750,000	Revenues \$750,000- \$1,000,000	Revenues Greater \$1,000,000
# of Loans (12)	41.67% (5 Loans)	16.67% (2 Loans)	0.00% (0 Loans)	0.00% (0 Loans)	41.67% (5 Loans)
\$ of Loans (\$1,674,328)	27.99% (\$468,680)	8.09% (\$135,396)	0.00% (\$0)	0.00% (\$0)	63.92% (\$1,070,252)

It is noted that 58.34 percent of the loans were made to small businesses, that is, those grossing less than \$1,000,000 in annual revenues. Additionally, 36.08 percent of the dollars loaned were made to those small businesses. Although a majority of the dollars were not loaned to small business, it is reasonable to assume that businesses with annual revenues which exceed \$1,000,000 are more likely to require larger borrowings.

Geographic Distribution of Loans

The distribution of loans reflects a reasonable dispersion throughout the assessment area. This is based on an analysis of the random sample of twelve commercial loans, twenty-nine consumer loans, and one hundred thirty-one residential loans on the 1997 Home Mortgage Disclosure Act Loan Application Register, which were extended in the assessment area. The results of this analysis are depicted in the table below.

Tract Income Level	# of Loans Extend In Tract	# of Loans Extended In Tract As % of Total	Population of Tract By Income Level	Population of Tract By Income As % of Total
Low (0 Tracts)	0	0.00%	0	0.00%
Moderate (6 Tracts)	14	8.14%	22,464	14.67%
Middle (9 Tracts)	24	13.95%	25,016	16.33%
Upper (30 Tracts)	134	77.91%	105,677	69.00%
Total (45 Tracts)	172	100.00%	153,157	100.00%

The tables below segregate the data in the above table by type of loan.

Consumer Loans

Tract Income Level	# of Loans Extend In Tract	# of Loans Extended In Tract As % of Total	Population of Tract By Income Level	Population of Tract By Income As % of Total
Low (0 Tracts)	0	0.00%	0	0.00%
Moderate (6 Tracts)	6	20.69%	22,464	14.67%
Middle (9 Tracts)	7	24.14%	25,016	16.33%
Upper (30 Tracts)	16	55.17%	105,677	69.00%
Total (45 Tracts)	29	100.00%	153,157	100.00%

Residential Loans

Tract Income Level	# of Loans Extend In Tract	# of Loans Extended In Tract As % of Total	Population of Tract By Income Level	Population of Tract By Income As % of Total
Low (0 Tracts)	0	0.00%	0	0.00%
Moderate (6 Tracts)	8	6.11%	22,464	14.67%
Middle (9 Tracts)	17	12.98%	25,016	16.33%
Upper (30 Tracts)	106	80.92%	105,677	69.00%
Total (45 Tracts)	131	100.00%	153,157	100.00%

Commercial Loans

Tract Income Level	# of Loans Extend In Tract	# of Loans Extended In Tract As % of Total	Population of Tract By Income Level	Population of Tract By Income As % of Total
Low (0 Tracts)	0	0.00%	0	0.00%
Moderate (6 Tracts)	0	0.00%	22,464	14.67%
Middle (9 Tracts)	0	0.00%	25,016	16.33%
Upper (30 Tracts)	12	100.00%	105,677	69.00%
Total (45 Tracts)	12	100.00%	153,157	100.00%

Responses to Complaints

No complaints concerning the Community Reinvestment Act have been received since the last examination of the bank on December 31, 1994.

Fair Lending Matters

Substantial compliance with all provisions of the anti-discrimination laws and regulations was noted during the examination. No evidence of discrimination or disparate treatment was found. The lending practices of Quail Creek Bank, N.A., are reflective of anti-discrimination policies.