



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

May 27, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Valley National Bank
Charter Number 17174**

**8080 South Yale
Tulsa, OK 74136**

**Comptroller of the Currency
7134 South Yale, Suite 910
Tulsa, OK 74136**

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.

VALLEY NATIONAL BANK'S CRA RATING

This institution is rated Satisfactory.

The major factors that support this rating include:

- A majority of the loans are made within the assessment area (AA).
- The performance is satisfactory for lending to borrowers of different incomes and to businesses of different sizes.
- The distribution of consumer, residential mortgage, and business purpose loans among AA geographies of different income levels meets the standard for satisfactory performance.
- The loan-to-deposit ratio exceeds the standard for satisfactory performance.
- The bank is adequately meeting the lending needs of the assessment area.
- The bank has not received any consumer complaints regarding Community Reinvestment Act (CRA) performance.

Valley National Bank is committed to serving the community. This is demonstrated by the satisfactory lending performance described in this Public Disclosure.

Note: Throughout this evaluation Valley National Bank will be referred to as “Valley.”

DESCRIPTION OF VALLEY NATIONAL BANK

Valley is a \$148 million dollar community bank located in Tulsa, Oklahoma. The bank is primarily owned by Tulsa Valley Bancshares Corporation, a one-bank holding company. The main bank is located at 8080 South Yale in southern Tulsa. There are also two branches located in Tulsa at 2020 East 21st and 10615 East 61st and a Drive-In located at 7050 South Zurich. The bank's primary focus is to serve commercial and consumer customers in Tulsa and the surrounding area. The bank meets these needs by offering a variety of loan and deposit products, as well as, Internet banking and other financial services. The bank's lending strategy focuses on commercial real estate loans, other commercial loans, and residential real estate loans. The table below shows the composition of the bank's loan portfolio, which represents approximately 86% of total assets as of December 31, 2004. Management does not anticipate any significant changes in the composition of the loan portfolio in the near future.

Loan Category	\$ (000)	%
Commercial Real Estate Loans	68,351	53.82%
Commercial Loans	42,984	33.85%
Residential Real Estate Loans	13,177	10.38%
Consumer Loans	1,527	1.20%
Other Loans	960	0.76%
Total	126,999	100.00%

Bank lobby services are provided Monday through Friday. The Drive-Ins are open longer hours than the lobbies and are also open on Saturday until noon. Valley faces strong competition from several financial institutions in the assessment area. Based on Valley's financial condition, the local economy, product offerings, competition, and prior performance, Valley has the ability to meet the various credit needs in the community. At our last CRA Examination as of April 12, 2000, the bank's CRA rating was "Satisfactory." No legal impediments or other factors hinder the bank's ability to provide credit in the assessment area.

Description of Valley's Assessment Area

Valley's assessment area meets the requirements of the regulation and does not arbitrarily exclude low-or-moderate income geographies. The assessment area includes all census tracts in Tulsa County and several in the surrounding area. The following table describes major demographic and economic characteristics of the assessment area.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	160,768
Number of Households	243,663
<i>Geographies</i>	
Number of Census Tracts/BNA	188
% Low-Income Census Tracts/BNA	3.72%
% Moderate-Income Census Tracts/BNA	23.94%
% Middle-Income Census Tracts/BNA	37.23%
% Upper-Income Census Tracts/BNA	35.11%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	51,466
2004 HUD-Adjusted MFI	53,100
<i>Economic Indicators</i>	
2000 Median Housing Value	91,427
# of Households Below Poverty Level	27,272

The local economic conditions remain difficult with many area job losses. The economy has been reliant on several large diversified oil and gas businesses and to a lesser extent on the aviation industry. In addition to these businesses, the City of Tulsa has several private and public colleges and universities, as well as the largest public school system in the state. Valley's major competitors include several similar sized community banks as well as large local and multinational banks with locations throughout the assessment area.

We contacted a local civic organization to gain a better understanding of the needs of the citizens residing within the assessment area. The official stated that the banking industry is very competitive and has done a good job of meeting general credit needs in the assessment area.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

This Performance Evaluation (PE) assesses Valley's performance focusing primarily on five performance criteria: the loan-to-deposit ratio; lending in the assessment area (AA); lending to borrowers of different incomes and to businesses of different sizes; geographic distribution of loans; and, responses to complaints.

To evaluate the Valley's lending performance, a random sample of 40 loans and Home Mortgage Disclosure Data (HMDA) were reviewed. Loan products offered by the bank were sampled and consisted of 20 consumer loans, and 20 business loans, originated since December 31, 2002. Also, HMDA information for 2003 and 2004 was also reviewed and analyzed. Based on the analysis and consistent with available resources and capabilities, Valley is meeting the credit needs of the assessment area in a satisfactory manner.

Loan-to-Deposit Ratio (LTD)

The loan-to-deposit ratio exceeds the standard for satisfactory performance. Valley's LTD ratio is above that of peer banks in the assessment area. Valley's LTD ratio since the last examination has averaged 91.61 percent, which is very good compared to peer banks that averaged a LTD ratio of 83.55 percent over the same time period.

Lending in the Assessment Area

Valley's lending in the AA is satisfactory. The majority of Valley's loans are made within the assessment area. Our analysis determined that 77.57 percent of the number and 81.79 percent of the dollar amount of the total loan portfolio were made within the assessment area.

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

Valley's overall distribution of loans by income level of borrowers meets the standard for satisfactory performance. The following tables represent the distribution of lending based on the HMDA data for residential real estate loans, and the sample of consumer and business loans located in the assessment area.

Valley's distribution of residential real estate and consumer loans by income level is satisfactory. The percentage of the number of residential real estate loans to moderate-income borrowers is approximately the same as the percentage of low-income and moderate-income families in the assessment area. Consumer loan distribution is also satisfactory compared to area demographics.

Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Loans	19%	3%	17%	13%	21%	18%	43%	66%

Source: HMDA data.

Borrower Distribution of Consumer Loans								
Borrower 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
Consumer Loans	22%	10%	17%	15%	19%	20%	42%	55%

Source: Loan sample and U.S. Census data.

Valley's loan distribution to small businesses is satisfactory. The percentage of bank loans to businesses with revenues less than \$1 million is higher than the percentage of businesses with revenues less than \$1 million located in the assessment area.

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	65%	8%	27%	100%
% of Bank Loans in AA by #	85%	15%	0%	100%
% of Bank Loans in AA by \$	66%	34%	0%	100%

Source: Loan sample and U.S. Census data.

Geographic Distribution of Loans

Valley's overall geographic distribution of loans meets the standard for satisfactory performance. The following tables represent the geographic distribution of lending based on the HMDA data for residential real estate loans, and the sample of consumer and business loans located in the assessment area.

Valley's distribution of residential real estate loans among AA geographies meets the standard for satisfactory performance. Geographic distribution of real estate mortgage loans is fairly close to the percentage of owner occupied units for each census tract income level.

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
Residential Loans	1%	1%	18%	10%	41%	23%	40%	66%

Source: HMDA data.

Valley's distribution of consumer loans among AA geographies does not meet the standard for satisfactory performance. Geographic distribution of consumer loans in the both the low- and moderate-income census tracts is not even close to the percentage of moderate-income households. However, Valley does not make many consumer loans (less than two percent of the loan portfolio). Because of the overall low level of consumer loans, the lack of penetration in the low- and moderate-income census tracts is somewhat expected. In addition, only seven of the 188 census tracts in the AA are considered to be low-income.

Geographic Distribution of Consumer 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
Consumer Loans	2%	0%	23%	0%	42%	35%	33%	65%

Source: Loan sample and U.S. Census data.

Valley's distribution of business loans among AA geographies meets the standard for satisfactory performance. Geographic distribution of business loans in the moderate-income census tracts is close to the percentage of businesses located in the census 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
Business Loans	2%	0%	24%	20%	39%	15%	35%	65%

Source Loan sample and U.S. Census data.

Responses to Complaints

Valley has not received any complaints regarding their performance in helping to meet assessment area credit needs during this evaluation period.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

We found no evidence of illegal discrimination or other illegal credit practices during our review.