



SMALL BANK

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

PUBLIC DISCLOSURE

September 19, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Triad Bank, National Association
Charter Number 17926**

**7666 East 61st Street
Tulsa, Oklahoma 74133**

**Comptroller of the Currency
7134 South Yale Ave., Executive Ctr. Bldg., Suite 910
Tulsa, Oklahoma 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.

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 CRA performance of **Triad Bank N.A.** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **September 19, 2005**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Note: Throughout this evaluation Triad Bank N.A. will be referred to as "Triad".

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

- Triad's lending performance is satisfactory given its size, financial condition, and known credit needs in its assessment area.
- Triad's LTD ratio exceeds the standard for satisfactory performance. Triad's loan-to-deposit (LTD) ratio has averaged 90.75% since our last examination.
- Management demonstrates a willingness to originate loans to low- and moderate-income individuals (LMI) and small businesses.
- Triad generates a majority of its loans within the defined assessment area.

The following pages further describe the bank's CRA performance.

DESCRIPTION OF INSTITUTION

Triad Bank, National Association (Triad) is a \$95 million community bank located in Tulsa, Oklahoma. Triad is a wholly owned subsidiary of Triad Bancshares, Inc., a one-bank holding company. Triad was established in 1983 and consists of two banking offices located in south Tulsa. A drive-in facility is located at the branch office on South Lewis Avenue. Automated teller machine (ATM) services are available through the Transfund network. The bank's primary focus is to serve commercial and consumer customers in Tulsa and surrounding areas. The bank meets these needs by providing various loan and deposit products, as well as other financial services. The bank's lending strategy focuses on one-to-four family residential real estate, small business, and commercial real estate. Since the last CRA examination, consumer lending activity has declined significantly from 50% to only 12% of the total loan portfolio. Previously, consumer loans primarily consisted of indirect automobile paper. However, indirect lending is no longer a primary product for the bank. Over the recent years, management's emphasis has been on small business lending. The table below reflects the composition of the bank's loan portfolio, which represents approximately 85% of total assets as of September 30, 2005. Management does not anticipate any significant changes in the composition of the loan portfolio in the near future.

Loan Category	\$ (000)	%
1-4 Family Residential	35,918	44.30%
Commercial Loans	19,248	23.74%
Commercial Real Estate	15,673	19.33%
Consumer	9,823	12.12%
Farm Real Estate	379	0.47%
Other Loans	31	0.04%
Total	81,072	100.00%

Bank lobby services are provided Monday through Friday. The bank's drive-in facility has extended hours in comparison to the lobby. Triad faces strong competition from several other financial institutions in the assessment area. Based on its financial condition, the local economy, product offerings, competition, and prior performance, Triad has the ability to meet various credit needs in the community. At our last CRA examination as of November 16, 1998, the bank's CRA rating was "Satisfactory". There are no legal or financial impediments hindering the bank's ability to provide credit needs in the assessment area.

DESCRIPTION OF TRIAD'S ASSESSMENT AREA

Triad'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 located in Tulsa County, which totals 172. The assessment area includes seven low, forty-four moderate, sixty-one middle, and sixty upper-income level census tracts. The following table describes major demographic and economic characteristics of the assessment area.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
Population	
Number of Families	148,189
Number of Households	226,988
Geographies	
Number of Census Tracts/BNA	172
% Low-Income Census Tracts/BNA	4.07%
% Moderate-Income Census Tracts/BNA	25.58%
% Middle-Income Census Tracts/BNA	35.47%
% Upper-Income Census Tracts/BNA	34.88%
Median Family Income (MFI)	
2000 MFI for AA	51,562
2000 HUD-Adjusted MFI	53,100
Economic Indicators	
2000 Median Housing Value	91,995
# of Households Below Poverty Level	25,558

Source: 2000 Census Data, United States Bureau of the Census

Local banking competition is strong and includes several similar sized community banks, as well as larger institutions located throughout the assessment area. The local economy has slowed significantly since the last evaluation. Tulsa County has experienced many area job losses. However, the unemployment rate has shown some improvement. As of September 2005, the unemployment rate was 4.7% compared to a high of 7.4% in 2003. Significant employment sectors include, aviation, health care, manufacturing, retail trade, and education.

COMMUNITY CONTACT

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 reasonable job of meeting general credit needs in the assessment area.

However, additional efforts are needed in providing financial assistance to small business owners or start-up companies. Specifically, the official indicated that financial institutions should be more proactive in participating with local organizations that are created to assist in providing funding to small businesses.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

To evaluate Triad's lending performance, a random sample of loans were reviewed and analyzed. Primary loan products offered by the bank were sampled and consisted of 20 small business loans originated since January 1, 2003 and Home Mortgage Disclosure (HMDA) information for 2003 and 2004. Based on the analysis and consistent with available resources and capabilities, Triad is meeting the credit needs of the assessment area in a satisfactory manner.

Loan-to-Deposit Ratio (LTD)

Triad's LTD ratio exceeds the standard for satisfactory performance. Triad's LTD ratio is above that of peer banks in the assessment area. Since the last Performance Evaluation, the bank's LTD ratio has averaged 90.75%, which is favorable compared to peer banks. Over the same time period, peer bank average was 82.22%.

Lending in the Assessment Area

A majority of Triad's loans were originated within the assessment area. Our sample was comprised of residential real estate and small business loans. Based on our loan sample, approximately 74% of the total number of loans reviewed and 65% of the dollar amount of loans reviewed were originated within the assessment area. The following table illustrates the location of each product type by number and dollar amount of loans.

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Real Estate Loans	52	72.22	7,553	62.07	20	27.78	4,616	37.93
Business Loans	20	80.00	1,783	84.78	5	20.00	320	15.22
Totals	72	74.23	9,336	65.41	25	25.77	4,936	34.59

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

Triad'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 and the sample of small business loans located in the assessment area. Triad has a good record of making loans to small businesses. The majority of loans within our sample were to businesses with gross annual revenues less than \$1 million. However, very low penetration is noted in the distribution of residential real estate loans.

As captioned below, the number of residential real estate loans to low- and moderate-income families was lower than the percentage of low- and moderate-income families in the assessment area. There are numerous financial institutions competing for the market share of residential home purchase, home refinancing, and home improvement loan products. Triad is not a market leader in this area. Other factors that contribute to this low penetration include: (1) residential loans are primarily to existing customers who are high income professionals, (2) the bank does not advertise its mortgage products, and (3) the bank only offers conventional financing (Veterans Administration (VA) and Federal Housing Administration (FHA) financing is not available). Although limited mortgage products are available at the bank, management has provided an avenue for low- and moderate-income applicants to obtain financing. Applicants seeking special financing such as VA, FHA, or with a minimal downpayment requirement are referred to an affiliate of the bank's holding company.

Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	18.98		17.50		20.90		42.62	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Residential Real Estate	2%	3%	4%	3%	21%	8%	73%	86%

Source: HMDA data for 2003 and 2004

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	64.72%	8.13%	27.15%	100%
% of Bank Loans in AA by #	80.00%	20.00%	0%	100%
% of Bank Loans in AA by \$	81.15%	18.85%	0%	100%

Source: 2000 U.S. Census Data and Loan Sample

Geographic Distribution of Loans

Triad'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 and the sample of small business loans located in the assessment area. The geographic distribution of residential real estate and small business loans reflects reasonable penetration throughout the assessment area. For both loan products, the bank's penetration is fairly close to the percentage of owner occupied units or businesses located in the moderate-income census tracts. The number of low-income census tracts within the assessment area is insignificant.

Geographic Distribution of Residential Real Estate Loans								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Owner Occupied	1.49		19.28		39.59		39.63	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Residential Real Estate	0%	0%	12%	14%	23%	7%	65%	79%

Source: 2000 U.S. Census Data and HMDA data for 2003 and 2004

Geographic Distribution of Loans to Businesses								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses	1.62		24.86		36.33		37.19	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Business Loans	0%	0%	10%	17%	30%	7%	60%	76%

Source: 2000 U.S. Census Data and Loan Sample

Responses to Complaints

Triad has not received any complaints relevant to CRA during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

The last fair lending review was performed as of November 16, 1998 to determine if lending decisions are consistent among similarly qualified applicants, regardless of any prohibited basis listed in 12 CFR 202.2(z) - *Equal Credit Opportunity Act (ECOA)*. Triad has a satisfactory record of compliance with fair lending laws and regulations. We found no evidence of illegal discrimination or other illegal credit practices.