



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 29, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Security National Bank and Trust Company of Norman
Charter Number 21429**

**200 E. Main Street
Norman, Oklahoma 73069**

**Office of the Comptroller of the Currency
Southwestern District
1600 Lincoln Plaza
500 N. 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 **Security National Bank and Trust Company of Norman, Norman, Oklahoma** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of January 29, 1997. 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 Outstanding.

Security National Bank and Trust Company of Norman, consistent with its resources and capabilities, is meeting the credit needs of its assessment area, including those of low- and moderate-income individuals, in an excellent manner.

The following table indicates the performance level of Security National Bank and Trust Company of Norman, Norman, Oklahoma with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>SECURITY NATIONAL BANK AND TRUST COMPANY OF NORMAN</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	No complaints have been received since the prior examination.		

DESCRIPTION OF INSTITUTION

Security National Bank & Trust Company of Norman (SNB), located in Norman, Oklahoma is a subsidiary of TRH, Inc. a \$34 million bank holding company also headquartered in Norman. The previous review of performance under the Community Reinvestment Act was conducted as of December 31, 1993. SNB's primary focus is to serve commercial and consumer customers in the City of Norman. Credit needs are met by a wide variety of loan products. Deposit products and other financial services are also available to meet customer needs. As of December 31, 1996, SNB's total assets equaled \$229 million, of which \$166 million, or 72%, were composed of loans to individuals and businesses.

The main office and drive-through facility are located in downtown Norman, which is a moderate-income census tract. There are also two full service branches (both have drive-throughs) and eight ATMs located throughout the city. The "East" branch, at S.E. 12th and Commerce, is in a middle-income census tract and the "West" branch, at 36th and W. Main, is in an upper-income census tract. Five of the ATMs are located in moderate-income census tracts, one is in a middle-income and two are in an upper-income census tract.

SNB extends various types of commercial and consumer loans including commercial and residential real estate. As of December 31, 1996, the \$166 million in loans outstanding were composed of \$13.7 million in residential real estate (8.25%), \$22 million in commercial real estate (13.25%), \$19 million in non-real estate commercial (11.5%), \$52 million in non-real estate consumer (31.3%), \$1.9 million in agricultural purposes (1.1%), \$22.4 million in student loans (13.5%), and \$35 million in credit card receivables (21.1%). In addition to the loans made by SNB, the mortgage department originates long term mortgage loans through secondary market investors. In 1996, the department closed over \$12.7 million in mortgage loans that were sold on the secondary market.

Other types of credit offered include guaranteed student loans and secured credit cards for individuals needing to reestablish credit. SNB is also working with the City of Norman, through the Norman Community Reinvestment Council, to provide mortgage loans under the HOME Program, for moderate-income families. There are no known factors which have or may potentially impede the bank's ability to meet the credit needs in the assessment area.

DESCRIPTION OF THE CITY OF NORMAN

The City of Norman has been designated as SNB's assessment area to meet the requirements of the regulation. The city boundaries do not arbitrarily exclude any low- or moderate-income areas. The City of Norman has a population of 83,317 and is part of the Oklahoma City Metropolitan Statistical Area (OKC-MSA) 5880. SNB and its' branches and ATMs are all located in Norman, Oklahoma which is within the boundaries of the assessment area. It is comprised of 21 census tracts, of which none are low-income, eight are moderate-income, seven are middle-income, five are upper-income, and one has no income information

available (Griffin Memorial Hospital is located in census tract 2007.00). The median family income for the MSA is \$38,300. There are approximately 33,126 households in the assessment area, of which 17% or 5,642 are considered below poverty level.

Major employers are the University of Oklahoma, the U.S. Postal Training Center, York Manufacturing, Shaklee, Gilt Edge Farms, and Hitachi. Unemployment levels of 4% in the OKC-MSA are below the national average of 5% for 1996. There are a number of competitor financial institutions in Norman, including six other banks. One is a local unit bank and the others are branches of larger banks headquartered in Oklahoma City, Oklahoma and Tulsa, Oklahoma. Other competitors include branches of two savings banks, three credit unions, and over ten finance companies.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to Deposit Ratio

The loan-to-deposit ratio exceeds standards for satisfactory performance. The average quarterly loan-to-deposit ratio from December 31, 1993 through September 30, 1996 has been well above the average of 42 banks located in a four county area, which surrounds and includes Cleveland County. As of September 30, 1996 the ratio was 72.94%. The table below illustrates the variance between SNB and its competitors.

Data Compared	Security National Bank & Trust Co.	Avg. of 42 Banks in Cleveland & Surrounding Counties
Qtly Loan/Deposit Average 12/93-9/96	76.53%	65.06%
Loan/Deposit Ratio at 9/96	72.94%	63.01%

As of December 31, 1996, the loan to deposit ratio for SNB increased to 81.59%. A survey of the other banks in Norman indicated an average loan to deposit ratio of 69.62% as of the same date.

Lending in Assessment Area

A majority of credit is extended within the assessment area. An analysis of 1995 and year-to-date 1996 Home Mortgage Disclosure Act (HMDA) information noted that an average of 81% of the number and 77% of the dollar amount of loans made were extended to individuals in the assessment area. An additional analysis of internally generated reports of loans to small businesses, small farms, and consumers (for purposes other than residential real estate) was performed using loans originated in 1996.

The report indicated that 71% of the number and 52% of the dollar volume of commercial and agricultural purpose loans were extended to borrowers within the City of Norman. The

analysis of consumer loans revealed that only 42% of the number and 34.5% of the dollar volume of consumer loans were made in the assessment area. However, SNB had a significant number of consumer loans made through their Indirect Lending department. The department makes the majority of their loans through auto dealers in Norman. When loans made by this department are not included in the totals, the number of loans made to consumers in the assessment area during 1996 increases to 71%. The dollar volume of loans made by the Indirect Lending department was not calculated for this illustration.

Lending to Borrowers of Different Incomes

The distribution of loans to individuals and businesses of different income levels within the assessment area is good. The following table, using data from the 1996 HMDA Loan Application Register and samples pulled from consumer, commercial and agricultural purpose loans, illustrates this conclusion.

Lending to Borrowers of Different Income Levels										
	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Total	
Area Demographic Characteristics	18.12%		16.14%		21.29%		44.45%		100%	
	#	%	#	%	#	%	#	%	#	%
Loan Types										
Mortgage*	16	12.7%	31	24.6%	18	14.3%	61	48.4%	126	100%
Consumer*	4	23.5%	5	29.4%	5	29.4%	3	17.7%	17	100%
Revenue Ranges	<\$100M		\$100M--\$500M		\$500M--\$1MM		> \$1 MM			
Commercial	8	22.9%	14	40.0%	2	5.7%	11	31.4%	35	100%
Farm	6	66.7%	2	22.2%	0	0.0%	1	11.1%	9	100%

* There were 15 additional mortgage loans and three consumer loans reviewed in each sample that did not have income information available.

Geographic Distribution of Loans

Of the 141 HMDA related loans extended in the assessment area in 1996, SNB has effected an excellent distribution of credit throughout the area, including moderate-income neighborhoods (there are no low-income census tracts within the City of Norman). As indicated below, the percentage distribution of loans extended by income level is similar to that of the general population of the assessment area.

Tract Income Level	# of Loans Extended in Tracts	# Loans Extended in Tracts as % of Total	Population of Census Tracts by Income Level	Population of Census Tracts by Income as % of Total
Low (none)	N/A	N/A	0	0.00%
Moderate (eight tracts)	33	23.40%	20,500	24.60%
Middle (seven tracts)	52	36.88%	31,342	37.62%
Upper (five tracts)	56	39.72%	30,892	37.08%
NA * (one tract)	0	0.00%	583	0.70%
TOTAL	141	100.00%	83,317	100.00%

* Location of Griffin Memorial Hospital.

The following table illustrates the geographic distribution of consumer and commercial loans extended during 1996 within the assessment area. It shows excellent penetration of loans in all areas, including the moderate-income census tracts.

Tract Income Level	# of Loans Extended in Tracts	# Loans Extended in Tracts as % of Total	Population of Census Tracts by Income Level	Population of Census Tracts by Income as % of Total
Low (none)	N/A	N/A	0	0.00%
Moderate (eight tracts)	366	22.65%	20,500	24.60%
Middle (seven tracts)	661	40.90%	31,342	37.62%
Upper (five tracts)	589	36.45%	30,892	37.08%
NA * (one tract)	0	0.00%	583	0.70%

TOTAL	1616	100.00%	83,317	100.00%
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Responses to Complaints

No complaints concerning CRA have been received since the December 31, 1993 examination.

Fair Lending Matters

Substantial compliance with all provisions of the anti-discrimination laws and regulations was noted during this examination. No evidence of discrimination or disparate treatment was found. The board and management have developed good policies, procedures, and training programs to preclude discriminatory or other illegal credit practices.