



## **INTERMEDIATE SMALL BANK**

---

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

---

### **PUBLIC DISCLOSURE**

**April 26, 2006**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Central National Bank & Trust Company of Enid  
Charter Number 12044**

**324 West Broadway  
Enid, OK 73701**

**Comptroller of the Currency  
Tulsa (eastern Oklahoma)  
7134 South Yale Executive Ctr. Bldg., 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.**

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

## 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 Central National Bank and Trust of Enid prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of April 26, 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 Central National Bank and Trust Company will be referred to as "CNB&T."

**Institution's CRA Rating:** This institution is rated Satisfactory.

- The lending test is rated Satisfactory.
- The community development test is rated Satisfactory.
- CNB&T's loan-to-deposit (LTD) ratio is more than reasonable and has averaged 89.51% since our last examination.
- A majority of CNB&T's loans were in the assessment area. Approximately, 56% of the number of loans was originated in the assessment area.
- CNB&T's distribution of loans to businesses and individuals of different incomes reflects reasonable dispersion throughout the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- CNB&T's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area.

There have been no complaints in respect to CNB&T's CRA performance.

## SCOPE OF EXAMINATION

This Performance Evaluation assesses Central National Bank and Trust Company of Enid's capacity to help meet the credit needs of the community in which it operates. An Intermediate

Small Bank is subject to a lending test and a community development test. The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area through its lending activities. The community development test evaluates a bank's community development lending, qualified investment, and community development services activities. For the lending test, we reviewed and evaluated residential mortgage loans, used automobile loans, and loans to small businesses and farms. Loans reviewed or sampled for this test were originated between January 2003 and December 2005. For community development loans, qualified investments, and services activities, the evaluation period is January 7, 2002 to December 31, 2005.

We performed a review of community contact forms compiled by this and other regulatory agencies for this bank's assessment area. We noted no issues that would adversely impact the institution's CRA rating.

## **DESCRIPTION OF INSTITUTION**

Central National Bank and Trust Company is a \$374 million dollar financial institution headquartered in Enid, Oklahoma. The bank offers a full range of commercial banking products and related financial services. In addition to the main office in Enid, Oklahoma, there is a branch facility at Vance Air Force Base (South Enid) and a branch facility in Northwest Enid. Branch offices are also located in Blackwell, Mooreland, and Woodward, Oklahoma. CNB&T operate thirteen proprietary automated teller machines (ATM). Ten ATM's are located in Enid and one each in Blackwell, Mooreland, and Woodward, respectively. The bank also opened a branch in Bartlesville, Oklahoma on April 10, 2006. Data from this branch was not included in the CRA evaluation.

The bank offers a variety of traditional deposit and loan products with home purchases and commercial loans as its primary focus. There are no financial conditions, legal constraints, or other factors hindering the bank's ability to meet the credit needs of its assessment area. CNB&T rating at the previous CRA examination, dated January 7, 2002, was Satisfactory.

The bank's mission statement is to meet the financial services of customers in the market it serves while maintaining above average profitability and return to the shareholders by aggressively serving the ever-changing needs of the businesses and citizens in the community and providing outstanding growth and advancement opportunities for its employees. In addition, CNB&T offers asset management, brokerage, and insurance services to its customers under the "One Central Source" umbrella. The bank also offers a stored value cash card that is instrumental in providing services to the "unbanked" community.

The table below exhibits the general types and percentages of the CNB&T loans as of December 31, 2005.

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Construction and Development	13,011	4.65%
Secured by Farmland	36,705	13.12%
Commercial Real Estate	36,650	13.10%
Commercial and Industrial	73,104	26.14%
1-4 Family Residential	94,248	33.70%
Consumer Loans	22,420	8.02%
Other Loans	3,556	1.27%
<b>Total</b>	<b>279,694</b>	<b>100.00%</b>

## DESCRIPTION OF THE ASSESSMENT AREA

CNB&T's assessment area (AA) meets the technical requirements of the Act and does not arbitrarily exclude low- or moderate-income census tracts. The AA comprises all of Garfield and Woodward counties and two tracts in Kay County. Garfield County which includes the city of Enid has one moderate-, eight middle-, and two upper-income census tracts. Woodward County has four middle- and one upper-income census tracts. Kay County has two middle-income census tracts. The one moderate-income census tract located in east Enid is comprised mainly of residential housing units.

The chart below details other data relating to the CNB&T's assessment area.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
<b>Population</b>	
Number of Families	24,343
Number of Households	35,243
<b>Geographies</b>	
Number of Census Tracts/BNA	18
% Low-Income Census Tracts/BNA	0
% Moderate-Income Census Tracts/BNA	6%
% Middle-Income Census Tracts/BNA	83%
% Upper-Income Census Tracts/BNA	11%
<i>Median Family Income (MFI)</i>	
2005 MFI for AA	39,935
2005 HUD-Adjusted MFI	41,400
<b>Economic Indicators</b>	
2000 Median Housing Value	55,681
% of Households Below Poverty Level	13%

**CONCLUSIONS ABOUT**

# PERFORMANCE CRITERIA

## Lending Test

The bank's performance under the lending test was satisfactory based on the elements of our review. Findings on each lending component are detailed below.

### Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is more than reasonable and has averaged 89.51% since the previous examination. Comparable area banks had a combined average loan-to-deposit ratio of 76.41%.

### Lending in Assessment Area

Lending in the assessment area reflects a reasonable responsiveness to community needs. Our analysis indicated that 56% of the *number* and 44% of the *dollar* amount of loans originated were made to borrowers in the assessment area. The primary reason for the *dollar* amount of loans being below a majority relates to limited growth potential in the Enid economy. Thus, the institution has sought lending opportunities outside the assessment area. Also, CNB&T has obtained many customers outside the assessment area. This is attributed to CNB&T providing unique services that these customers are not able to obtain at their local institutions.

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

The distribution of loans to borrowers of different income levels was reasonable and reflects adequate penetration within each income level.

As the table below reflects, the distribution of 1-4 family real estate loans to borrowers of different income levels is reasonable. The distribution of loans to low- and moderate-income families is well proportioned to the actual level of families having low- to moderate-incomes.

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	16%	<b>15%</b>	16%	<b>20%</b>	24%	<b>15%</b>	44%	<b>50%</b>

Source: HMDA data.

As the table below reflects, the distribution of used automobile loans to borrowers of different income levels is reasonable and commensurate with the income levels of the assessment area's families. This chart highlights the bank's efforts to offer lending to low- and moderate-income households.

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%	<b>25%</b>	17%	<b>15%</b>	20%	<b>35%</b>	41%	<b>25%</b>

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

The *number* of loans originated with revenues less than one million dollars for commercial and agricultural purposes were 96% and 99%, respectively. The *dollar amount* of loans originated with revenues less than one million dollars for commercial and agricultural purposes were 50% and 83%, respectively.

#### Geographic Distribution of Loans

The distribution of loans originated by the bank in the various income tracts is reasonable. Because the bank's assessment area did not contain any low-income tracts and only one moderate-income tract, an analysis of geographic distribution was limited.

As the chart below illustrates, the bank's geographic distribution of 1-4 family real estate loans is reasonable. The assessment area's moderate-income tract consists mainly of residential housing units.

Geographic Distribution of Residential Real Estate Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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	0%	<b>0%</b>	6%	<b>0%</b>	71%	<b>70%</b>	23%	<b>30%</b>

Source: HMDA data.

As the chart below illustrates, used automobile loans were originated in approximate distribution with the level of households within the different tracts. The chart indicates that the bank is appropriately servicing the banking needs of the moderate-income tract.

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	0%	<b>0%</b>	7%	<b>10%</b>	72%	<b>80%</b>	21%	<b>10%</b>

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

As the tables below illustrates, the distribution of small business and small farm loans within the assessment area's census tracts is reasonable.

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	0%	<b>0%</b>	5%	<b>5%</b>	95%	<b>95%</b>	0%	<b>0%</b>

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

Geographic Distribution of Loans to Small Farms								
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
Farm Loans	0%	<b>0%</b>	5%	<b>0%</b>	95%	<b>100%</b>	0%	<b>0%</b>

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

### Responses to Complaints

There have been no CRA related complaints received during this evaluation period.

### Community Development Test

The bank's performance under the Community Development Test is rated "Satisfactory". The level of community development lending, investments, and services within the assessment area is reasonable.

CNB&T has an adequate level of community development loans in its assessment area. Over the evaluation period, CNB&T originated ten loans totaling 626M that qualified as community development.

Four of the ten loans were made to one borrower totaling 486M. These loans were utilized to purchase and rehabilitate residential properties located in depressed neighborhoods in the bank's assessment area. The rehabilitated properties are maintained as rentals or sold.

Five loans totaling 134M were extended under CNB&T's Helping Hands Loan Program. This loan program was created in 1999 to provide affordable financing to low- and moderate-income families and individuals when purchasing a home. The program was limited to home purchases in the only moderate census tract located in Enid. The loan program offered fixed rate mortgages up to 20 years at a 90% loan-to-value ratio with no requirement for private mortgage insurance. Additionally, closing costs are less than a conventional mortgage.

One of the ten loans totaling 6M was extended under a housing rehabilitation program designed to assist low- and moderate-income individuals. In conjunction with Enid Community Support Association (CDSA) Rehabilitation program, the bank provided funding to an individual for home improvement on a primary residence. CDSA provided matching funds.

CNB&T has an adequate level of qualified investments. Investments include an equity investment in the Oklahoma MetaFund Community Development Corporation (OMFCDC). CNB&T's total investment in the MetaFund is 100M. The OMFCDC is a certified Community Development Financial Institution. It was organized to collaborate with for-profit and non-profit organizations to assist in community, economic, and workforce development. This program serves the entire state of Oklahoma. The targeted market includes low- to moderate-income individuals and census tracts, distressed geographic areas and neighborhoods, and underserved populations. Funds are utilized for the following purposes:

- Buy and/or finance the development or rehabilitation of residential and commercial real estate properties, primarily targeting affordable housing, low- to moderate-income neighborhoods, and distressed properties.
- Invest in and/or finance enterprises (primarily targeting low- to moderate-income neighborhoods) and small business ventures employing minorities and underserved populations.
- Provide and/or coordinate micro credit, small business loans, and mortgage loans primarily to minorities and underserved persons.

Other investments include donations to the local United Way. The bank instructs United Way to utilize their donations to support agencies whose primary purpose is to provide community services targeted to low- and moderate-income individuals. Over the evaluation period, donations totaled 14M in 2003, 15M in 2004, and 15M in 2005.

Retail services are accessible to low- and moderate-income individuals. The assessment area has one moderate-income census tract and no low-income census tracts. No branches are located in the moderate-income census tract. However, there is reasonable proximity to branches located in the middle- and upper-income census tracts.

Additionally, two ATM's are available in the moderate-income census tract. Banking hours offered throughout the assessment area are adequate and provide reasonable and good accessibility to banking products and services. CNB&T is a full service bank offering a wide variety of loan and deposit products.

In addition to retail banking services, CNB&T provides other community development services. Services primarily consist of employees participating in local organizations. Several of these organizations provide services to low- and moderate-income individuals. Specific examples are detailed below.

- The bank has an employee (VP of mortgage lending) who is a member of the Enid Housing Council. This Council is part of the Enid Metropolitan Area Human Service Commission. This Council provides research, public education, and information gathering function for the City of Enid. The Council has performed studies on the availability of affordable housing in Enid. The Council has been instrumental in developing the city's code of Minimum Property Standards. These standards encouraged and required landlords to upgrade substandard low-income housing stock. Through the Community Development Support Association (CDSA), the Council has assisted in planning projects and providing technical assistance in developing accounting procedures and strategic planning. Fair Housing public service programs have been produced and aired on the local radio and public access television stations. The bank employee participated in these productions. She functioned as the facilitator and interviewer of the television program and was the public service announcer for the radio station.
- A bank Executive Vice-President (EVP) has served on the Advisory Board of the Salvation Army of Enid for over ten years. This organization provides many social services for low-income individuals. The EVP's main area of service has been on the Finance Committee for Budget Development. In addition, she has served as Chairman of the Advisory Board.
- The bank is very active in the United Way of Northwest Oklahoma. Several bank employees volunteer with the United Way or its member organizations. Several of these organizations provide community services to low-income individuals.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.