



Comptroller of the Currency
Administrator of National Banks

SMALL
BANK

PUBLIC DISCLOSURE

June 11, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Bank of Elgin, N.A.
Charter Number 23516**

**4005 West Gore
Lawton, Oklahoma 73505**

**Office of the Comptroller of the Currency
Southwestern District
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 **Bank of Elgin, N. A., Lawton, Oklahoma**, prepared by **Comptroller of the Currency**, the institution's supervisory agency, as of June 11, 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***.

Bank of Elgin, N.A., consistent with its resources, capabilities, and physical locations 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 **Bank of Elgin, N.A.**, with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Bank of Elgin, 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

Bank of Elgin, N.A., is headquartered in Lawton, Oklahoma, with a branch located Elgin, Oklahoma. It is a subsidiary of B.O.E Bancshares, Incorporated, a \$4 million holding company, which is headquartered in Elgin, Oklahoma. The main bank and drive-through facility are located at 4005 West Gore, Lawton, Oklahoma and the branch and drive-through facility is located at 701 Eighth Street, Elgin, Oklahoma. An Automated Teller Machine (ATM) is available at the Elgin location. The bank's primary focus is to serve agriculture, business, real estate, and consumer customers in Comanche County. The bank meets these needs by providing various loan and deposit products as well as other financial services.

As of March 31, 1998, Bank of Elgin's total assets equaled \$34 million, of which \$23 million, or 68 percent were composed of loans to individuals and businesses. The \$23 million in outstanding loans consisted of \$11 million in residential, business, and agricultural real estate loans (49 percent), \$4 million in commercial loans (17 percent), \$4 million in agriculture production loans (17 percent), and \$4 million in consumer loans (17 percent).

There are no known factors which have or may potentially impede the bank's ability to meet the credit needs of its assessment area. The last review of performance under the Community Reinvestment Act was completed as of February 14, 1996.

DESCRIPTION OF ASSESSMENT AREA FOR BANK OF ELGIN, N. A. :

The assessment area adopted by the Board of Directors encompasses Comanche County, Oklahoma. This area meets the requirements of the regulation. It does not arbitrarily exclude any low- or moderate-income areas.

The assessment area includes the Lawton Metropolitan Statistical Area (MSA) and contains 30 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	1	3.34%
Moderate	10	33.33%
Middle	13	43.33%
Upper	6	20.00%
Total	30	100.00%

Census Bureau information reflected a total population of 111,486 in the assessment area. It contained 43,589 housing units with 22,609, or 52 percent, being owner occupied. Additionally, there were 37,676 households and 29,175 families in the area. Eighty-two percent of the households derive their income from wages or salaries. The largest employment sectors were government, retail trade, and service related entities. The Housing and Urban Development’s most recent estimate of median family income for the Lawton MSA was \$34,700.

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 quarterly to deposit ratio from March 31, 1996 through March 31, 1998 was 59.77 percent. The ratio as of March 31, 1998 was 74.24 percent. The lowest quarterly period ratio was 49.98 percent at March 31, 1997 and the highest was 75.01 percent at December 31, 1997.

Bank of Elgin's loan-to-deposit ratio compares favorably to the loan-to-deposit ratios for other banks operating in Comanche and the six surrounding counties. The average ratio for this group of banks from December 31, 1994 through December 31, 1997 was 55.98 percent. The ratio was 60.11 percent at December 31, 1997. The lowest ratio of this group was 53.15 percent at June 30, 1995, and the high ratio was 60.11 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 forty-six consumer and residential loans and seventeen agriculture and business loans extended during the past eighteen months 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 & Residential (46 Loans = \$600,637)	80.44% (37 Loans)	19.56% (9 Loans)	87.15% (\$523,433)	12.85% (\$77,204)
Agriculture & Business (17 Loans = \$4,353,865)	94.12% (16 Loans)	5.88% (1 Loan)	85.07% (\$3,703,865)	14.93% (\$650,000)
Combined Totals (63 Loans = \$ 4,954,502)	84.13% (53 Loans)	15.87% (10 Loans)	85.32% (\$4,227,298)	14.68% (\$727,204)

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

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 thirty-seven consumer and residential loans and sixteen agriculture and business loans.

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
Consumer & Residential (37 Loans)	24.32% (9 Loans)	18.93% (7 Loans)	24.32% (9 Loans)	32.43% (12 Loans)
Consumer & Residential Dollars of Loans (\$523,433)	5.13% (\$26,862)	10.35% (\$54,189)	39.62% (\$207,391)	44.90% (\$234,991)

The number of loans to each income group compares well to the distribution of households and families by income level, as illustrated below:

Description	Low Income (< 50% of Median*)	Moderate Income (50-80% of Median*)	Middle Income (80-120% of Median*)	Upper Income (> 120% of Median*)
Households (37,676)	2.56% (966)	20.58% (7,753)	55.96% (21,082)	20.90% (7,875)
Families (29,175)	2.29% (669)	17.90% (5,222)	57.99% (16,918)	21.82% (6,366)

*1990 census updated median family income for the assessment area was \$34,700.

The proportion of dollars lent to low- and moderate-income borrowers are below the proportion of families and/or households considered to be low to moderate income in the assessment area. However, this is not a concern as it is reasonable to assume that middle and upper income borrowers would typically borrow a higher proportion of the dollars lent by the bank.

The following table depicts the distribution of the sixteen agricultural and business loans sampled which were extended in the assessment area, based on their annual gross revenues reported.

Distribution of Loans by Annual Gross Revenues		
Description	Revenues \$0-1,000,000	Revenues Greater \$1,000,000
# of Loans (16)	62.50% (10 Loans)	37.50% (6 Loans)
\$ of Loans (\$3,703,865)	65.68% (\$2,432,554)	34.32% (\$1,271,311)

Per the sample of loans reviewed, the bank's lending to small businesses and farms compares less favorably than the percentage of small businesses and farms in the assessment area. Per 1990 census data, businesses and farms in the assessment area are stratified by reporting revenues as follows:

Revenues for Businesses and Farms in Assessment Area		
Description	Revenues \$0-1,000,000	Revenues Greater \$1,000,000
# of Businesses and Farms (2,721)	93.24% (2,537)	6.76% (184)

It is noted that 62.50 percent of the loans were made to small farms or businesses, that is, those grossing less than \$1,000,000 in annual revenues. Additionally, 37.50 percent of the dollars loaned were made to those entities. Although a majority of the dollars were not loaned to small businesses or farms, it is likely that businesses and farms with annual revenues that exceed \$1,000,000 are more apt 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 thirty-seven consumer and residential loans and sixteen agriculture and business loans which were extended in the assessment area. The results of this analysis are depicted in the following table:

Tract Income Level	# of Loans Extend in Tracts	# of Loans Extended in Tract As % of Total	Population of Tracts	Population of Tracts As % of Total
Low (1 Tract)	0*	0.00%	2,410	2.16%
Moderate (10 Tracts)	6	11.32%	20,235	18.15%
Middle (13 Tracts)	43	81.13%	66,893	60.00%
Upper (6 Tracts)	4	7.55%	21,948	19.69%
Total (30 Tracts)	53	100.00%	111,486	100.00%

*Although no loans in the sample were found to be located in the low income census tract, further analysis found that the bank has extended loans in this tract.

It is noted that the number of loans to low- and moderate-income borrowers is below the proportion of the population considered to be low- and moderate-income in the assessment area. However, the activity is satisfactory given that the bank's headquarters is located in an upper income census tract and the Elgin branch is located in a middle income census tract.

Responses to Complaints

No complaints concerning the Community Reinvestment Act have been received since the last examination of the bank on February 14, 1996.

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 Bank of Elgin, N.A., are reflective of anti-discrimination policies.