



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**August 04, 2003**

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

**The Yukon National Bank  
Charter Number 10196**

**401 Elm Street  
Yukon, Oklahoma 73154**

**Comptroller of the Currency  
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**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.

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

A **Satisfactory** rating is appropriate based on the bank's demonstrated ability to meet the credit needs of the community. Specifically:

- A majority of the bank's loans are made within the assessment area.
- The bank's loan to deposit ratio is reasonable when compared to banks of similar size and characteristics in the trade area.
- The bank meets the standard for satisfactory performance for lending to borrowers of different incomes and business of different sizes.
- The bank has not received any consumer complaints regarding CRA performance.

The Yukon National Bank, Yukon, Oklahoma is committed to serving the community and demonstrates satisfactory lending performance.

## DESCRIPTION OF INSTITUTION

Yukon National Bank (YNB) is headquartered in Yukon, Oklahoma. YNB is owned 100 percent by International Bancshares of Oklahoma, Inc. The main bank and a drive through facility are located at 401 Elm Street. Branch facilities are located at 218 North Mustang Road in Mustang, Oklahoma, and 3501 North Mustang Road in Yukon, Oklahoma. Automated Teller Machines (ATMs) are accessible at 400 West Main, 1000 West Vandament, 1211 South Cornwell, all in Yukon; and one ATM located at 1550 North Mustang Road in Mustang. The bank's primary focus is to serve commercial, real estate, and consumer customers in Eastern Canadian County. The bank meets customer's needs by providing traditional loan and deposit products.

As of June 30, 2003, YNB reported \$141 million in total assets, of which \$72 million, or 51 percent of total assets, were composed of various types of loans to individuals, and commercial businesses. Specifically, YNB's loan portfolio consisted of the following:

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Real Estate Loans	29,805	41.57
Commercial Loans	6,119	8.54
Residential Real Estate Loans	28,731	40.08
Consumer Loans	7,035	9.81
<b>Total</b>	<b>71,690</b>	<b>100.00</b>

The bank received an overall rating of Satisfactory at the last Community Reinvestment Act examination dated May 3, 1999. There are no legal or financial impediments to prevent the bank from meeting the credit needs of the assessment area.

## DESCRIPTION OF YUKON NATIONAL BANK ASSESSMENT AREA:

The bank's assessment areas meet the requirements of the regulation and do not arbitrarily exclude low or moderate-income areas. The assessment areas are described as the sixteen census tracts surrounding the bank's facilities in Yukon and Mustang. All facilities are in eastern Canadian County. The total population of the assessment areas approximates 62 thousand, and is predominately White, with 7 thousand, or 12 percent, being minority. The largest minority population consists of Asians at 1,474, or 3 percent of the total population.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
<i>Population</i>	
Number of Families	17,846
Number of Households	22,270
<i>Geographies</i>	
Number of Census Tracts/BNA	16
% Low-Income Census Tracts/BNA	0%
% Moderate-Income Census Tracts/BNA	0%
% Middle-Income Census Tracts/BNA	50%
% Upper-Income Census Tracts/BNA	50%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$45,059
2000 HUD-Adjusted MFI	\$51,100
<i>Economic Indicators</i>	
Unemployment Rate	2%
2000 Median Housing Value	\$91,881
% of Households Below Poverty Level	5%

Although there are no low- or moderate-income census tracts in the assessment area, there are low- and moderate-income families in the assessment area. Of the 17,846 families, 10.5 percent are low-income families, 15.5 percent are moderate-income families, 23.3 percent are middle-income families, and 50.7 percent are upper-income families. The median housing value is \$91,881 with the median age of housing stock at 22 years.

The economy is somewhat diversified due to the number of small business and manufacturing operations in the assessment area. The largest employers are the Cities of Yukon and Mustang, the independent school systems, Integris Canadian Valley Regional Hospital, Wal-Mart, and Yukon National Bank.

A community contact was recently made in the bank's assessment area to help ascertain the credit needs of the assessment area. According to the contact, the immediate credit needs of the community are being fulfilled. The contact stated that the banks were doing as much as they could to support credit and business development needs.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Consistent with available resources and capabilities, the bank is considered satisfactory in meeting the credit needs of the entire assessment area.

### Loan-to-Deposit Ratio

The loan-to-deposit ratio is satisfactory. This determination is based on the bank's quarterly average loan to deposit ratio of 55 percent. The actual ratio at March 31, 2003 was 59 percent. The bank's loan-to-deposit ratio is actually higher after adjusting for seasonal variation due to other lending related activities such as secondary market participation, and large volumes of public funds. The loan to deposit ratio after various adjustments for years 2001 and 2002 was 65 percent and 69 percent, respectively.

The average loan-to-deposit ratio for the 39 banks in Canadian and three contiguous counties at March 31, 2003 was 74 percent, with actual ratios ranging from 25 percent to 117 percent. The average loan-to-deposit ratio for the four banks in the trade area, which bank management considers being similar to YNB and their primary competitors (listed in table below), was 70 percent at March 31, 2003.

Institution	Assets (as of 3/31/03)	Average LTD Ratio
First Bank of Okarche	\$42,938	71.94%
Bank of Union	\$97,248	69.41%
Canadian State Bank	\$63,581	77.29%
F & M National Association	\$46,195	63.10%
<i>The Yukon National Bank</i>	<i>\$136,794</i>	<i>55.31%</i>

### Lending in Assessment Area

A majority of credit is extended within the AA. The number of credits extended in the AA meets the standard for satisfactory performance. The analysis of 2001, 2002, and year-to-date 2003 lending activity provided by the bank noted the following results:

TOTAL LOANS REVIEWED								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Real Estate	578	53	31,030	45	516	47	37,652	55
Consumer	1,501	71	9,698	65	606	29	5,266	35
Business	451	59	22,846	45	314	41	28,167	55
Total Reviewed	2,530	64	63,574	47	1,436	36	71,085	53

An analysis of the total loan portfolio for years 2001 and 2002 reflects that the bank does an excellent job of lending in and around the AA. This is demonstrated by the loan dollars in and surrounding the AA, such as adjacent census tracts equates to 92 percent and 93 percent, respectively.

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

YNB meets the standard for satisfactory performance for lending to borrowers of different incomes and business of different sizes. The following tables represent a favorable distribution of lending based on the sample of 308 residential real estate loans, 40 consumer loans, and 22 commercial/agricultural loans.

RESIDENTIAL REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	13.5		18.1		25.9		42.4	
LOANS BY YEAR	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
2002	14.6	9.0	24.5	19.5	16.5	16.9	44.3	54.6
2003	18.0	12.0	22.0	13.0	14.0	15.0	46.0	60.0
Total	15.6	9.7	23.7	17.5	15.6	16.5	45.0	56.0

The number and amount of residential real estate loans extended to low-and moderate-income families compares satisfactorily to the percentage of those families represented in the assessment area.

CONSUMER								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	11.3		15.5		23.3		50.7	
LOANS BY YEAR	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
2003	28.0	17.0	40.0	30.0	5.0	3.0	28.0	50.0

The number and amount of consumer loans extended to low-and moderate-income households compares favorably to the percentage of those households represented in the assessment area.

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses	80.7	4.3
% of Bank Loans in AA #	30.0	5.0
% of Bank Loans in AA \$	4.5	0.2

The sample of commercial/agricultural loans revealed that a satisfactory number of loans were extended to small businesses with annual gross revenues of less than \$1 million per year.

### **Geographic Distribution of Loans**

An analysis of the geographic distribution of loans would not be meaningful since there are no low or moderate census tracts in the AA.

### **Responses to Complaints**

There have been no consumer complaints regarding the bank's Community Reinvestment Act performance during the evaluation period.

### **Fair Lending Review**

An analysis of public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.