

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 17, 1997

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

The State National Bank of Heavener
Charter Number 10239
101 East Avenue B
Heavener, Oklahoma 74937

Office of the Comptroller of the Currency
Tulsa Duty Station
7134 South Yale, Suite 910
Tulsa, Oklahoma 74136

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 CRA performance of The State National Bank of Heavener, Heavener prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of July 17, 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 satisfactory.

The State National Bank of Heavener has a satisfactory CRA rating because of the following:

- A loan-to-deposit ratio which meets the standards for satisfactory performance.
- Lending in the assessment area exceeds standards for satisfactory performance.
- Lending to borrowers of all income levels exceeds standards for satisfactory performance.
- An equitable geographic distribution of loans throughout the bank's Assessment Area.

The following table indicates the performance level of the State National Bank of Heavener with respect to each of the five performance criteria.

Small
Institution
Assessment
Criteria

State National Bank of Heavener
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 were received since the prior examination.

DESCRIPTION OF INSTITUTION

State National Bank of Heavener is 100% owned by State National Bancshares, Inc (a one bank holding company) located in Heavener, Oklahoma. As of 6/30/97, SNB Heavener had \$49 million in total assets with loans representing \$33 million or 67% of total assets. Lending activity is centered in the following categories: commercial and industrial (18%), real estate (48%), loans to individuals (22%) and agricultural loans (12%). The bank has one office with a drive up facility and does not operate an ATM. No legal, financial or other factors limit the bank's ability to meet various credit needs in the assessment area. The prior CRA examination was dated May 23, 1994 and assigned a "Satisfactory" rating.

DESCRIPTION OF LeFLORE COUNTY

State National Bank of Heavener has designated the entire LeFlore

County as its Assessment Area. This assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

LeFlore County has a population of 43,993 as of 1994. Agriculture is a vital element in the economic life of LeFlore County. Beef cattle, farming, and the poultry industry will contribute millions of dollars to the economy, and provide many jobs. LeFlore county is considered rural and a low- and moderate-income geography. The U.S. Census 1990 median family income was \$18,832 and the median household income for 1994 is \$20,820.

Heavener, Oklahoma has a population of 2,800. Poultry, the railroad, coal mining, cattle and timber are the principal industries. Major employers are OK Foods (chicken processing), Kansas City Southern (railroad), and Caughern Construction (General Construction). The local economy has experienced some growth in last year due to chicken plant expansions. The local unemployment rate is 8.3%. The bank has one local competitor; an independent, national bank located one block from this bank. The bank has numerous competitors located in the assessment area which include state banks, national banks, and finance companies.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit ratio is satisfactory. State National Bank of Heavener meets the credit needs of its assessment area. The bank's average loan-to-deposit ratio as of June 30, 1997 is 80.3%. The average loan to deposit ratio is 79.77% from the May 23, 1994 CRA exam through the quarter ended March 31, 1997. This is compared to national peer's 61.23% and to a local competitor's 70.6%.

LENDING IN THE ASSESSMENT AREA

The bank's level of lending inside its assessment area exceeds satisfactory performance. An internal analysis prepared by management disclosed 90% of total loans funded during 1997 were inside the assessment area. Our sample indicates 92% of home and consumer loans made in 1997 were inside the assessment area. This reflects management's active role in meeting the credit needs within the assessment area.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESS OF DIFFERENT SIZES

State National Bank of Heavener extends loans to individuals of different income levels and businesses of different sizes. The bank makes a significant number of consumer loans to individuals of low- and moderate-income levels. The following table is based on internally prepared reports of 85 loans made during October 1996.

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS

Low
Income
Families
Moderate
Income
Families
Middle
Income
Families
Upper
Income
Families

Total

%

%

%

%

%

Loan Types

Mortgage

0
%
3
37%
3
37%
2
26%
8
100%

Consumer

21
31%
16
23%
18
26%
14
20%
69
100%

What is not apparent in this chart is that management makes numerous mobile home loans to low-income families. These are not reported as mortgage loans because management does not take the mobile home as collateral. These loans are reported as unsecured and did not become

a part of the report used to prepare this chart.

During October 1996, the bank made 18 commercial and 8 agriculture loans to businesses with revenues under \$1 million dollars per year.

GEOGRAPHIC DISTRIBUTION OF LOANS

LeFlore County is designated as a low-income rural county. Management tracks loans by zip code. We could not focus on loans made to low- or moderate-income census tracts instead we concentrated on loans made to individuals in different income levels because this information is meaningful.

OTHER CONSIDERATIONS

The results of our fair lending examination indicates management is committed to equal credit opportunity and does not permit discrimination or disparate treatment on a prohibited basis. The bank's loan policy and procedures do not promote discriminate, disparate treatment or cause a disparate impact on a prohibited basis.