



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 25, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Community National Bank of Okarche
Charter Number 18233**

**515 Highway 81 North
Okarche, Oklahoma 73762**

**Comptroller of the Currency
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 CRA performance of **Community National Bank of Okarche** prepared by the **Comptroller of the Currency**, the institution's supervisory agency, as of **July 25, 1997**. 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.*

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

Community National Bank does a good job of meeting the assessment area credit needs. This is supported by the following:

- ▶ The loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance.
- ▶ A majority of loans extended are within the assessment area.
- ▶ Credit is reasonably distributed to borrowers of different income levels, as well as to businesses of different sizes.
- ▶ The bank's assessment area contains no low- or moderate-income census tracts.

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

Small Institution Assessment Criteria	<u>Community National Bank of Okarche</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	Geographic analysis is not meaningful as the assessment area has no low- or moderate-income census tracts.		
Response to complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

Community National Bank (CNB) is a \$34 million institution with the main office located in Okarche, Oklahoma, and a branch facility located in Fairview, Oklahoma. The bank is a subsidiary of Northwest Sooner Bancshares, a one bank holding company. The bank is locally-owned and has adequate resources devoted toward meeting community credit needs. There are no known legal, financial, or other factors impeding management's ability to meet the credit needs of the designated assessment areas. Based on 1990 census bureau information, the populations of Okarche and Fairview are 1,160 and 2,936 respectively. The assessment area has a minority population of less than 8 percent. The major line of business in both communities is agriculture. As of June 30, 1997, gross loans totaled \$20 million, with an average loan-to-deposit ratio of 67 percent. The table below reflects loans by type:

Percentage of Loans by Type as of March 31, 1997	
Real Estate	17 percent
Instalment	16 percent
Commercial and Industrial	16 percent
Loans to finance agricultural production and other loans to farmers	50 percent
Other loans	1 percent

DESCRIPTION OF COMMUNITY NATIONAL BANK OF OKARCHE ASSESSMENT AREA WHICH INCLUDES SIX CENSUS TRACT(S) LOCATED IN KINGFISHER, CANADIAN, AND MAJOR COUNTIES IN OKLAHOMA.

Community National Bank has designated two assessment areas which consist of six census tracts located around Okarche (portions of Kingfisher and Canadian Counties) and Fairview (all of Major County), as well as the surrounding rural areas. The assessment areas are inclusive of the geographies where CNB's banking centers are located. The assessment areas do not arbitrarily exclude low or moderate income geographies, and are described as follows:

Description of Okarche Assessment Area

The Okarche assessment area consists of three census tracts #9583, #9584, and #3002, two located in southern Kingfisher County and one in northeastern Canadian County. The assessment area covers the cities of Okarche, Kingfisher, Cashion, and a portion of Piedmont. The population of the assessment area is 13,270. Of the three census tracts, two are designated as upper income and one is designated middle income. While there are no low- or moderate-income census tracts in the assessment area, 30 percent of the households have low- to moderate-incomes. The 1990 census Metropolitan Statistical Area (MSA) median family income for the assessment areas is \$26 thousand with a median housing value of \$55 thousand. Industries in the area include Temtrol, a national air conditioner manufacturer; Carter Chevrolet, a national automobile fleet dealership; and, the Center of Family Love, an adult mentally disabled care facility.

Description of Fairview Assessment Area

The Fairview assessment area consists of Major County which contains three census tracts #9551, #9552, and #9553. The assessment area covers the city of Fairview and the Cleo Springs, Ringwood, Meno, and Ames communities. The population of the assessment area is 8,055. Of the three census tracts, two are designated as middle income and one is designated upper income. There are no low- or moderate-income census tracts in the assessment area, however, 35 percent of the households have low- to moderate-incomes. The 1990 census Metropolitan Statistical Area (MSA) median family income for the assessment areas is \$24 thousand with a median housing value of \$38 thousand. Major employers in the Fairview area include Mabar, a manufacturer of custom truck beds; and Waldons Inc., which manufactures street sweepers.

A breakdown of families within the two assessment areas according to income level is set out in the following table:

Assessment Areas	Upper Income Families	Middle Income Families	Moderate Income Families	Low Income Families
Okarche	2,566	824	532	903
Fairview	1,539	476	479	584
Totals	4,105	1,300	1,011	1,487

According to United States Census Bureau information, there are 7,903 households in the assessment areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overall, Community National Bank's performance in meeting the credit needs of both assessment areas is satisfactory, consistent with available resources and capabilities.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable and meets the standards for satisfactory performance. This determination is based on the average loan-to-deposit ratio for the previous twelve quarters. As of June 30, 1997, the twelve quarter average loan-to-deposit ratio for CNB was 63 percent. CNB's loan-to-deposit ratio was compared to 94 banks in and surrounding the assessment area. As of March 31, 1997, these 94 banks had loan-to-deposit ratios ranging from 23 percent to 95 percent with the average being 57 percent. CNB's ratio also compares well to the average loan-to-deposit ratio for the eight other banks headquartered within the assessment areas. The average for this group was 56 percent and the high ratio was 74 percent.

Lending in the Assessment Area

A majority of credit extended is within the assessment area. To analyze lending distribution within the assessment area, the bank periodically performs a loan distribution analysis. As of April 1, 1997, the bank's internal analysis reflects 69 percent of the bank's loans were extended to borrowers or businesses within CNB's assessment area.

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

Distribution of loans to borrowers among various income levels as well as to small farms and businesses is reasonable. A sample of 32 consumer loans totaling \$196 thousand was reviewed to determine income distribution within the assessment area. This analysis determined that 21 percent, or \$41 thousand of the loan dollars of this sample were to low- and moderate-income individuals or families. Based on the 1990 census data, 32 percent of the families living within the assessment area have either low or moderate incomes.

The level of lending to small businesses and small farms was calculated as of March 31, 1997. The analysis revealed 85 percent of the bank's commercial loans were extended to either small farms or businesses.

Geographic Distribution of Loans

No analysis of the geographic distribution of credit within the assessment area was performed as the assessment area includes no low or moderate income census tracts.

Fair Lending Practices

No practices were noted which were intended to discourage types of credit offered. Management solicits credit applications from all segments of the community. Our review revealed substantial compliance with all the provisions of the antidiscrimination laws and regulations. The board and management have developed adequate policies, procedures, and training programs to prevent discriminatory and/or illegal credit practices.

Response to Complaints

No complaints concerning the CRA have been received since the last examination.