



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**January 22, 2002**

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

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

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

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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## 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, Okarche, Oklahoma as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of January 24, 2002. 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.**

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 Community National Bank of Okarche, in Okarche, Oklahoma is committed to serving the community and demonstrates satisfactory lending performance.

## DESCRIPTION OF INSTITUTION

Community National Bank (CNB) is community bank located in Okarche, Oklahoma. CNB, an affiliate of Sooner Bancshares, Inc., has sufficient resources devoted to meeting community credit needs. CNB's main office and an automatic teller machine (ATM) are located at 515 Highway 81 North. A branch facility is located in Fairview, Oklahoma at 101 N. Main. Another ATM is located in Fairview at Bob's Easy Stop located at South Main and Highway 60. Management and the Board's primary focus is to serve commercial, agricultural, and consumer customers in Okarche and Fairview communities. The bank meets customer's needs by providing traditional loan and deposit products.

As of September 30, 2001, CNB had total assets of \$39 million, of which \$23 million, or 59 percent of total assets, were composed of various types of loans to individuals, commercial businesses, and agricultural related enterprises. Specifically, the bank's loan portfolio consisted of the following:

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Loans	6,969	30.11
Agricultural Loans	5,973	25.81
Real Estate Loans	5,216	22.54
Consumer Loans	4,986	21.54
<b>Total</b>	<b>23,144</b>	<b>100.00</b>

The bank received an overall rating of Satisfactory at the last Community Reinvestment Act examination dated July 25, 1997. There are no legal or financial impediments to prevent the bank from meeting the credit needs of the assessment area.

## DESCRIPTION OF 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 six census tracts surrounding the bank's facilities in Okarche (Kingfisher and Canadian Counties census tracts 9583, 9584, and 3002) and Fairview (Major County census tracts 9551, 9552, and 9553). The total population of the assessment areas approximates 21 thousand, with 1 thousand, or 7 percent, being minority. The largest minority population consists of Native Americans at 804, or 4 percent of the total population.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
<i>Population</i>	
Number of Families	6,005
Number of Households	7,903
<i>Geographies</i>	
Number of Census Tracts/BNA	6
% 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>	
1990 MFI for AA	\$31,836
1990 HUD-Adjusted MFI	\$35,900
<i>Economic Indicators</i>	
Unemployment Rate	2.24%
2001 Median Housing Value	\$48,688
% of Households Below Poverty Level	10.4%

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 6,005 families, 14.9 percent are low-income families, 14.9 percent are moderate-income families, 20.2 percent are middle-income families, and 50.0 percent are upper-income families. The median housing value is \$48,688 with the median age of housing stock at 34 years.

The economy is somewhat diversified due to the number of small business and agricultural operations in the assessment area. The largest employers in Okarche are Temptrol, a national air conditioner manufacturer; Carter Chevrolet; and the Center for Family Love, an adult mentally disabled care facility. The largest employers in Fairview are Mabar, a custom truck bed manufacturer and Waldons, Inc., which manufactures street sweepers.

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 there is a need for small business development and lending, job creation, and affordable housing. He felt 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 meeting the credit needs of the entire assessment area in a satisfactory manner.

### 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 70 percent. The actual ratio at September 30, 2001 was 67 percent. The bank's loan-to-deposit ratio is seasonal, peaking in November to April, due to agricultural lending needs. The average loan-to-deposit ratio for the 77 banks in Kingfisher, Major, and the surrounding counties at September 30, 2001 was 67 percent, with actual ratios ranging from 26 percent to 105 percent. The average loan-to-deposit ratio for the four banks in the trade area which bank management considers to be similar to CNB and their primary competitors (listed in table below) was 69 percent at September 30, 2001.

Institution	Assets as of 9/30/2001	Average LTD Ratio
Fist State Bank of Okarche	\$42,941	78%
F&M National Bank of Fairview	\$53,693	48%
F&M Bank, Crescent	\$76,912	69%
Community State Bank of Canton	\$26,476	79%
<i>Community National Bank of Okarche</i>	<i>\$38,887</i>	<i>70%</i>

### Lending in Assessment Area

CNB's lending in their assessment area meets the standards for satisfactory performance. The table below and external analysis reflect that a majority of the loans are originated in the bank's defined assessment area.

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Real Estate	16	84	874	86	3	16	146	14
Consumer	18	75	599	66	6	25	304	34
Business	16	80	1,953	61	4	20	1,240	39
Total Reviewed	50	79	3,426	67	13	21	1,690	33

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

CNB 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 25 consumer loans, 19 residential real estate loans, and 20 commercial/agricultural loans.

RESIDENTIAL REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	15		15		20		50	
LOANS BY YEAR	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
1999	0	0	0	0	33	27	67	73
2001	0	0	19	9	25	18	56	73
Cumulative disbursement	0	0	16	7	26	20	58	73

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	19		13		16		52	
LOANS BY YEAR	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
2001	4	2	33	20	38	36	25	42

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	87	7
% of Bank Loans in AA #	100	0
% of Bank Loans in AA \$	100	0

\*6 Percent of Businesses Did Not Report Revenues

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

## Geographic Distribution of Loans

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

### **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 1997 - 2001 public comments and consumer complaints was performed according to the OCC's risk based fair lending approach. The bank has a good history of complying with anti-discrimination laws. Based on the 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. The latest comprehensive fair lending exam was performed in 1997.