



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

July 26, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**U.S. National Bank
Charter Number 23440**

**2200 South Douglas Boulevard
Midwest City, Oklahoma 73130**

**Comptroller of the Currency
Oklahoma City Field Office
301 NW 63rd Street, Suite 490
Oklahoma City, Oklahoma 73116**

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 **U.S. National Bank, Midwest City, Oklahoma** as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of **July 26, 1999**. 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: U.S. National Bank is rated **ASatisfactory Record of Meeting Community Credit Needs.** Consistent with available resources and capabilities, the bank is meeting the credit needs of the assessment area, including those of low- and moderate-income individuals, in a reasonable manner. This is demonstrated by the following:

- C U.S. National Bank's willingness to provide a wide variety of loan and deposit products.
- C An average loan to deposit ratio which meets the standards for satisfactory performance.
- C Lending within the assessment area is satisfactory.
- C U.S. National Bank has demonstrated the willingness to extend loans to individuals and businesses of different income levels.
- C Distribution of U.S. National Bank's loans reflect a reasonable penetration in the communities served.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	U.S. NATIONAL BANK 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 bank opened.		

DESCRIPTION OF INSTITUTION

U.S. National Bank (USNB) is headquartered in Midwest City, Oklahoma. The bank is 100 percent owned by Citizens Financial Corporation, a one-bank holding company. USNB opened for business on December 2, 1997. The bank and drive-in facility are located at 2200 South Douglas Boulevard in Midwest City, Oklahoma. USNB's primary focus is to serve commercial customers in Midwest City and immediate areas surrounding Midwest City. The bank meets these needs by providing various loan and deposit products, a retail nondeposit investment center, as well as other financial services.

As of June 30, 1999, U.S. National Bank's total assets equaled \$24,336,000, of which \$14,206,000 or 58.37 percent, were composed of various types of loans to individuals and businesses. The \$14,206,000 in loans and leases outstanding consisted of \$5,212,000 in commercial loans (36.69 percent), \$4,954,000 in commercial real estate loans (34.87 percent), \$2,119,000 in 1-4 family real estate loans (14.92 percent), and \$1,921,000 in consumer loans (13.52 percent).

There are no known legal, financial, or other factors impeding management's ability to help meet the credit needs of the assessment area. USNB meets the local needs by providing banking related material and handouts to area schools and doing presentations on banking at the schools. Seminars have been held for church, civic, and senior citizen groups, as well as business leaders on various banking topics. A recent community contact was conducted in the bank's area. The contact felt that the local institutions were doing a very good job of meeting the needs of the community. The major credit need in the assessment area is housing, due to the May 3, 1999 tornado. U.S. National Bank's performance under the Community Reinvestment Act has not been evaluated previously since it is a new bank.

DESCRIPTION OF THE ASSESSMENT AREA

The assessment area adopted by the bank failed to include whole geographies. During the examination the area was redefined to include the whole census tracts in the Midwest City area and portions of the immediately surrounding areas. The bank's board of directors will approve the new assessment area at the next board meeting. The assessment area does not arbitrarily exclude any low- or moderate-income geographies. The assessment area is described in more detail below.

The assessment area encompasses 27 contiguous census tracts in the southeast portion of Oklahoma County. U.S. National Bank is located in census tract #1076.07. Based on the 1990 census data, one of the 27 census tracts in the assessment area is identified as a low income tract (#1076.06). This low income tract is located in a flight pattern of Tinker Air Force Base, with only a few homes located in the area. Seven census tracts are identified as moderate income tracts (#1075.85, #1076.01, #1076.04, #1077.07, #1080.03, #1080.08, and #1080.10). Fifteen census tracts are identified as middle income tracts (#1074.85, #1076.05, #1076.07, #1077.03, #1077.04, #1077.05, #1077.06, #1078.04, #1078.06, #1078.07, #1078.08, #1080.09, #1080.11, #1087.02, and #1088.01). Four census tracts are identified as upper income tracts (#1074.02, #1080.06, #1080.07, and #1087.01).

United States Census Bureau information as of 1990 reflected a total population of 84,532 in the assessment area. The area contained 35,553 housing units, with 20,326 or 57 percent owner occupied. Additionally, there were 23,520 families and 31,871 households in the area. Eighty-two percent of the households derive their income from wages or salaries. The largest employers are Tinker Air Force Base, General Motors, City of Midwest City, and Mid-Del Schools. The unemployment level for the area was 2,617 persons or 3.10 percent of the population. Per the 1990 census, the households and families are divided among the income categories as follow:

Description	% Low Income (<50% of Median)*	% Moderate Income (50-80% of Median)*	% Middle Income (80-120% of Median)*	% Upper Income (>120% of Median)*
% of Households (total of 31,871)	18.61%	18.03%	23.10%	40.26%
% of Families (total of 23,520)	18.30%	21.10%	24.98%	35.62%

* 1990 census median household income for the assessment area was \$28,018. Median family income for the assessment area was \$31,579. 1998 updated median family income for non-MSA locations in the State of Oklahoma was \$41,300.

The assessment area is served by one other bank with headquarters in the Midwest City area. The area is also served by branch locations of several banks headquartered outside the assessment area, credit unions, and several finance companies.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Overall, the bank is **Satisfactory in Meeting the Credit Needs** of the entire assessment area, consistent with available resources and capabilities.

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 loan to deposit ratio from December 31, 1997 through June 30, 1999 was 62.45 percent. The ratio as of June 30, 1999 was 67.44 percent. The low ratio for the period was 50.28 percent at December 31, 1997. The high ratio for the period was 83.89 percent at March 31, 1999. The trend of the quarterly loan to deposit ratio since the bank opened has been increasing.

U.S. National Bank's ratio compares favorably to the average loan to deposit ratio for the fifty-seven banks operating in Oklahoma County and the six contiguous counties. The average ratio for this group of banks is 65.06 percent at March 31, 1999. The low ratio in this group was 33.09 percent and the high ratio was 98.90 percent. U.S. National Bank's ratio also compares well to the only other single facility bank in the assessment area.

Lending in Assessment Area

A majority of the commercial credit extended is within the assessment area. This is a result of management's focus on commercial borrowers. Seventy-two percent of the loan portfolio is commercial and commercial real estate loans. The percent of consumer loans in the assessment area is low since most of the consumers customers are out of the assessment area and have followed bank officers to the new bank. Management feels consumer lending in the assessment area will improve when they move into the new banking facility. Analysis of a sample of ten business loans and eighteen consumer loans extended during fourth quarter 1998 and year-to-date 1999, noted the following results:

Loan Sample	% of Loans Inside Area	% of Loans Outside Area	% of Loan Dollars Inside Area	% of Loan Dollars Outside Area
Business (10 loans for \$1,540,501)	80%	20%	92.78%	7.22%
Consumer (18 loans for \$245,991)	22.22%	77.78%	17.87%	82.13%
Combined Totals (28 loans for \$1,786,492)	42.86%	57.14%	82.47%	17.53%

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

The distribution of borrowers reflects a good penetration among individuals, as well as businesses of different income levels. The following table uses income data collected from the sample of consumer loans selected for review. (Note, 17 of the 18 files reviewed contained income information).

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
Number of Loans (17)	17.65%	35.29%	11.77%	35.29%
Dollars of Loans (\$233,921)	6.67%	33.92%	19.00%	40.41%

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)*
% of Households (31,871)	18.61%	18.03%	23.10%	40.26%
% of Families (23,520)	18.30%	21.10%	24.98%	35.62%

* 1990 census median household income for the assessment area was \$28,018. Median family income for the assessment area was \$32,406.

Additionally, the sample of ten commercial loans reviewed revealed that 90 percent were extended to entities with annual gross revenues of less than \$1million per year.

Geographic Distribution of Loans

The geographic distribution of sampled loans reflects a reasonable dispersion throughout the assessment area. The addresses of the sampled consumer and commercial loans within the assessment area were converted to census tracts. This information was then compared to the distribution of the population from the 1990 census data. The results are reflected in the following table:

Distribution of Loans by Census Tracts Types				
Description	Percentage of Total Census Tracts	Percentage of Census Tracts with Loans	Percentage of Total Loans to Census Tracts	Percentage of Population in Census Tracts
Low Income Census Tracts (1)	3.7%	0% (0 of 1)	0%	.67%
Moderate Income Census Tracts (7)	25.93%	42.86% (3 of 7)	25%	25.33%
Middle Income Census Tracts (15)	55.56%	40.00% (6 of 15)	75%	56.31%
Upper Income Census Tracts (4)	14.81%	0% (0 of 4)	0%	17.69%
Total Census Tracts (27)	100.00%	33.33% (9 of 27)	100.00%	100.00%

Responses to Complaints

No complaints concerning the Community Reinvestment Act have been received since the bank opened December 2, 1997.

Fair Lending Matters

The scope of the fair lending review included the review of 18 secured consumer loans originated between September 1, 1998 and July 26, 1999. Nine single male applicants were compared to nine single female applicants. No practices were noted which are intended to discourage applicants from applying for the types of credit offered. Management solicits credit applications from all segments of the community, including low- and moderate-income neighborhoods. Our review revealed substantial compliance with all provisions of the antidiscrimination laws and regulations. The board and management have developed adequate policies, procedures, and training programs to prevent discriminatory or other illegal credit practices.