

## **PUBLIC DISCLOSURE**

**May 24, 1999**

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

**Century National Bank of Oklahoma  
Charter Number 17610**

**1913 South Elliott  
Pryor, Oklahoma 74361**

**Comptroller of the Currency  
7134 South Yale, Suite 910  
Tulsa, Oklahoma 74136**

<p><b>NOTE:</b> 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.</p>
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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 Community Reinvestment Act (CRA) performance of the **Century National Bank of Oklahoma** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of May 24, 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:** This institution is rated “**Satisfactory**”.

This performance evaluation covers the period from April 1, 1996 to May 24, 1999. The rating is supported by the following facts.

- < The average quarterly loan to deposit ratio is satisfactory.
- < A majority of loans are within the assessment area.
- < Loans are reasonably disbursed among individuals of different income levels and businesses of different size.
- < The geographic distribution of loans reflects a good dispersion throughout the assessment area.

The following table indicates the performance level of the *Century National Bank of Oklahoma* with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<b>Century National Bank of Oklahoma Performance Levels</b>		
	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 have been received.		

## DESCRIPTION OF INSTITUTION:

Century National Bank of Oklahoma (CNB), an affiliate of CNBO Bancorp, Inc. is an \$18 million community bank located in Pryor, Oklahoma. CNB serves its market with a main office, an attached drive-through facility, and two automated teller machines. Facilities at each location are readily assessable and business hours are convenient. CNB offers drive thru-through services on Saturdays. There are no known factors which may impede the bank from meeting the credit needs of its assessment area.

CNB offers a variety of loan products but has emphasized real estate and consumer lending. A comparative breakdown of the loan portfolio is as follows.

<b>LOAN TYPE</b>	<b>3/31/99 \$ VOLUME (Thousands)</b>	<b>% OF PORTFOLIO</b>
<b>1-4 Family</b>	<b>\$3,545</b>	<b>39.74%</b>
<b>Commercial/ Other Real Estate</b>	<b>\$1,025</b>	<b>11.49%</b>
<b>Commercial</b>	<b>\$1,191</b>	<b>13.35%</b>
<b>Consumer</b>	<b>\$2,140</b>	<b>23.99%</b>
<b>Agriculture</b>	<b>\$1,020</b>	<b>11.43%</b>
<b>TOTAL</b>	<b>\$8,921</b>	<b>100%</b>

Source: Uniform Bank Performance Report

## DESCRIPTION OF ASSESSMENT AREA:

CNB's assessment area (AA) consists of the eight Block Numbering Areas (BNAs) of Mayes County. This area meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas. The population of the AA is approximately 33 thousand and the census median income is \$24,139. The following chart breaks down the BNAs by income level.

<b>TRACT INCOME LEVEL</b>	<b>COUNT</b>	<b>%</b>
<b>Low</b>	<b>0</b>	<b>0</b>
<b>Moderate</b>	<b>0</b>	<b>0</b>
<b>Middle</b>	<b>5</b>	<b>63</b>
<b>Upper</b>	<b>3</b>	<b>37</b>
<b>TOTAL</b>	<b>8</b>	<b>100</b>

Source: 1990 Census

The following chart breaks down the assessment area's population by income level.

<b>FAMILY INCOME LEVEL</b>	<b>% OF TOTAL FAMILIES</b>
<b>Low</b>	<b>21.66</b>
<b>Moderate</b>	<b>16.51</b>
<b>Middle</b>	<b>20.03</b>
<b>Upper</b>	<b>41.80</b>

Source: 1990 Census

Pryor is located approximately 50 miles north of Tulsa. The economy is currently stable. The economic base is supported by agriculture and a small, diversified industrial base. The Mid-America Industrial Park (Oklahoma's largest) is located in Mayes County. It is an economic anchor for the area and employs over 4,400 individuals. Approximately 64 industries are located in the industrial park centered in manufacturing, retail, and educational services. The bank is in a highly competitive market with at least 9 other financial institutions within the AA.

#### **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

##### **Loan-to-Deposit Ratio**

The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the credit needs of the community. The bank's average loan-to-deposit ratio for the previous eight quarters is approximately 58%. The ratio has ranged from 53% to 61% and has been lower than their peer group average. As of March 30, 1999, the loan-to-deposit ratio for the bank's local peer group was 62.75%. CNB's ratio as

of March 31, 1999 totaled 54% and reflects a slight downward trend from 61% since December 31, 1997.

**Lending in the Assessment Area**

A majority of credit extended is within the AA. Internal loan reports, which tract all loans by zip code, indicate that 444 or 72% of the loan originations were made within the AA during this assessment period.

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

The distribution of loans to borrowers of different income levels and businesses of different sizes is reasonable given the demographics of the AA.

A sample of 41 residential real estate and other consumer loan originations was reviewed to determine borrower income distribution within the AA. The following chart illustrates the number and percentage of these loans made to applicants of different income levels verses the percentage of families within each tract category.

<b>APPLICANT/FAMILY INCOME LEVEL</b>	<b>NUMBER OF LOAN ORIGINATIONS</b>	<b>% OF TOTAL LOAN ORIGINATIONS</b>	<b>% OF FAMILIES WITHIN ASSESSMENT AREA</b>
<b>Low</b>	<b>5</b>	<b>12</b>	<b>22</b>
<b>Moderate</b>	<b>9</b>	<b>22</b>	<b>16</b>
<b>Middle</b>	<b>6</b>	<b>15</b>	<b>20</b>
<b>Upper</b>	<b>21</b>	<b>51</b>	<b>42</b>
	<b>41</b>	<b>100%</b>	<b>100%</b>

Source: Internal Bank reports

A review of commercial loan originations since April 1, 1996 indicates the bank originates a reasonable volume of loans to small business with gross revenues of \$1 million or less. Seven of the eight sampled commercial loans were to small businesses. Furthermore, approximately 98% of the estimated 62 originations made within the AA (with current outstanding balances) were for loans of \$100 thousand or less.

A review of agricultural loan originations since April 1, 1996 indicates the bank originates a reasonable volume of loans to small farms with gross annual revenues of \$1 million or less. Approximately 100% of the estimated 34 originations made within the AA (with current outstanding balances) were for loans of \$100 thousand or less.

Although not definitive, loan size is often a reflection of the business or farm size. As indicated by the number of commercial and agricultural loan originations of \$100 thousand or less, it is likely that most of these were to small businesses or small farms.

**Geographic Distribution of Loans**

The geographic distribution of loans reflects reasonable dispersion throughout the AA. Internal reports indicate the bank has originated loans in all BNAs within the assessment area. In addition, based on a sample of 177 loans or 29% of the originations in the AA during this assessment period, a large majority were located within middle income BNAs. The following chart illustrates the number of sampled loans made by tract characteristic verses the number of tracts by characteristic within the AA.

Income Levels	LOW		MODERATE		MIDDLE		UPPER	
	#	%	#	%	#	%	#	%
Tract Characteristics	0	0	0	0	5	63	3	37
Number of Loans	NA	NA	NA	NA	134	76	43	24

Source: Internal Bank Report

**Response to Complaints**

CNB has not received any complaints relating to their CRA performance.

**Compliance with Fair Lending Laws and Regulations**

An evaluation of the bank’s compliance with fair lending laws and regulations was conducted as part of a concurrent compliance examination. Based on this evaluation, the bank is in compliance with the substantive provisions of these laws and regulations.