



## **PUBLIC DISCLOSURE**

November 30, 1998

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**McCurtain County National Bank  
Charter Number 17269**

**1501 Southeast Washington  
Idabel, Oklahoma 74745**

**Office of the Comptroller of the Currency  
Southwestern District  
1600 Lincoln Plaza  
500 North Akard  
Dallas, TX 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 Community Reinvestment Act (CRA) performance of **McCurtain County National Bank**, prepared by the **Office of the Comptroller of the Currency**, as of November 30, 1998. 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.

McCurtain County National Bank has a satisfactory record of meeting community credit needs. This assessment is based upon the following factors:

- ▶ The bank's loan-to-deposit ratio of 69.21% is reasonable when compared to other area banks.
- ▶ A substantial majority of the bank's loans are extended to customers within its assessment area.
- ▶ The distribution of credit activity to borrowers of varying income and revenue levels is reasonable.
- ▶ Loan activity also reflects a reasonable distribution to geographies with different income characteristics.

The following table indicates the performance level of **McCurtain County National Bank**, with respect to each of the five performance criteria.

<b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>	<b><u>McCurtain County National Bank</u> PERFORMANCE LEVELS</b>		
	<b>Exceeds Standards for Satisfactory Performance</b>	<b>Meets Standards for Satisfactory Performance</b>	<b>Does Not Meet Standards for Satisfactory Performance</b>
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:**

McCurtain County National Bank is a \$75 million institution. The bank's main office is located at 1501 Southeast Washington, Idabel, Oklahoma. The bank maintains branch facilities at 20 North Park Drive, Broken Bow, Oklahoma. The bank also has one Automated Teller Machine (ATM) located at the main office.

The institution is agricultural, retail, and commercial oriented and offers full service banking. The bank offers a variety of consumer and commercial deposit and loan products. Outstanding loans on September 30, 1998 totaled \$53 million and represented 77.46% of net deposits. The loan portfolio is distributed as follows: 40% are real estate loans; 14% are agricultural loans; 22% are commercial loans; and 24% are consumer loans. There are no legal impediments or other factors which inhibit the bank's ability to meet the needs of the community. The previous Community Reinvestment Act Examination was conducted in October of 1995 at which time the bank was assigned a satisfactory rating.

## **DESCRIPTION OF THE ASSESSMENT AREA:**

The Board has designated the bank's assessment area as McCurtain County in its entirety. The assessment area designation is based on the location of the main office and the Broken Bow branch and is not part of a Metropolitan Statistical Area (MSA). The area includes block numbering areas (BNA) 9982, 9983, 9984, 9985, 9986, 9987, 9988, and 9989. The area contains the communities of Idabel, Valliant, Broken Bow, Millerton, Haworth, Garwin, and Wright City. The BNA's include four moderate income areas and four middle income areas. According to the 1990 Census Bureau, the population within this area totals 33,433 persons. Approximately 30% of the families are low income, 18% are moderate income, 20% are middle income, and 32% are upper income. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies. The U.S. Census 1990 median family income for the assessment area is \$24,139. Local employment is centered in the agriculture and wood product industries. Major employers in the area are Weyerhaeuser, Tyson, and Georgia Pacific.

Competition within the bank's assessment area is high. There are six competing financial institutions in the assessment area, with five of those operations within the township of Idabel.

As part of our evaluation, we contacted, the local manager of the Chamber of Commerce. She stated that, according to a strategic plan prepared for the chamber three years ago, there were three primary community needs: to build up the local infrastructure; to re-vitalize the downtown area; and to change the negative perception of McCurtain County. According to Ms. Harris, the local financial institutions are pro-active in these areas and are responsive to meeting the credit needs of the community.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

### Loan-to-Deposit Ratio

McCurtain County National Bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. As of September 30, 1998 the bank's loan-to-deposit ratio was 77.46% and has averaged 69.21% since the previous CRA examination on October 20, 1995. The average loan to deposit ratio for the other financial institutions located within the assessment area was 70.10%. The individual average loan-to-deposit ratios for these banks ranged from a low of 63.40% to a high of 74.59%.

### Lending in Assessment Area

A majority of the bank's lending activity is located within its assessment area. We reviewed a sample of 23 consumer loans, 20 business loans and 20 residential mortgages, which originated in 1997 and year-to-date 1998. This sample reflected that approximately 95% of the number and 91% of the dollar amount of loans were extended within the bank's assessment area. The breakdown by loan category is illustrated below:

<b>Residential Mortgages</b>	<b>Number</b>	<b>Percent</b>	<b>Dollar Amt. (000's)</b>	<b>Percent</b>
Inside Assessment Area	19	95.00%	1,222	93.50%
Outside Assessment Area	1	5.00%	85	6.50%

<b>Business Loans</b>	<b>Number</b>	<b>Percent</b>	<b>Dollar Amt. (000's)</b>	<b>Percent</b>
Inside Assessment Area	19	95.00%	903	86.08%
Outside Assessment Area	1	5.00%	146	13.92%

<b>Consumer Loans</b>	<b>Number</b>	<b>Percent</b>	<b>Dollar Amt. (000's)</b>	<b>Percent</b>
Inside Assessment Area	22	95.65%	248	94.30%
Outside Assessment Area	1	4.35%	15	5.70%



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

Our sample of residential and consumer loans extended within the assessment resulted in the following distribution:

<b>DISTRIBUTION BY BORROWER INCOME</b>								
<b>Demographic Characteristics</b>	Low Income		Moderate Income		Middle Income		Upper Income	
Family Income	30.04%		18.19%		19.73%		32.04%	
<b>Loan Sample</b>	#	\$ Amt	#	\$ Amt	#	\$ Amt	#	\$ Amt
Residential Loans	10.53%	3.09%	15.79%	8.92%	21.05%	13.66%	52.63%	74.33%
Consumer Loans	18.18%	15.56%	22.73%	5.04%	13.64%	8.75%	45.45%	70.66%

The distribution of consumer loans reflects a reasonable penetration among individuals of different income levels.

The distribution of business and agriculture loans also reflects a reasonable penetration among businesses of different sizes. Based on our sample of business and agriculture loans made within the assessment area, 84% of these loans were to small businesses or small agriculture operations. Small commercial operations are defined as operations with revenues of less than \$1,000,000 and small agriculture operations are defined as operations with less than \$500,000. The following illustrates the dispersion of the small business and agriculture loans:

<b>SMALL BUSINESS DISPERSION BASED ON REVENUES</b>								
<b>Revenue Ranges</b>	Less than \$100,000		\$100,000 to \$500,000		\$500,000 to \$1,000,000		\$1,000,000 and greater	
<b>Loan Sample</b>	#	\$ Amt	#	\$ Amt	#	\$ Amt	#	\$ Amt
Commercial Loans	11	160	5	431	0	0	3	312
Agriculture Loans	0	0	0	0	0	0	0	0

**Geographic Distribution of Loans:**

The geographic distribution of loans reflects a reasonable dispersion throughout the bank’s assessment area. The bank’s lending activities are dispersed between the moderate and middle income tracts.

Our sample of residential and consumer loans reflected the following distribution:

<b>DISTRIBUTION BY BLOCK NUMBERING AREA</b>								
<b>Geography Characteristics</b>	Low Income Tracts		Moderate Income Tracts		Middle Income Tracts		Upper Income Tracts	
Number of Families	0		4,582		4,741		0	
Percentage	0.00%		49.15%		50.85%		0.00%	
<b>Loan Sample</b>	#	\$ Amt	#	\$ Amt	#	\$ Amt	#	\$ Amt
Residential Loans	0	0	36.84%	22.91%	63.16%	77.09%	0%	0%
Consumer Loans	0	0	63.64%	50.81%	36.36%	49.19%	0%	0%

**Responses to Complaints:**

Management has not received any written complaints related to CRA performance since the previous examination. A Fair Lending examination was conducted in conjunction with this examination and based on the sample reviewed, no discriminatory practices were noted. The bank is in compliance with the substantive provisions of the antidiscriminatory laws and regulations.