



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

March 22, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Exchange National Bank of Moore
Charter Number 15152

600 Northwest 5th Street
Moore, OK 73153-0000

Office of the Comptroller of the Currency

Oklahoma City Field Office
The Harvey Parkway Building
301 NW 63rd Street, Suite 490
Oklahoma City, OK. 73116-7908

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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The major factors that support this rating include the following:

- ❖ The bank's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance,
- ❖ The majority of the bank's loans are made within the assessment area; and,
- ❖ The bank's distribution of loans reflects a reasonable penetration to individuals and businesses of different income levels and meets the standard for satisfactory performance.

SCOPE OF EXAMINATION

Exchange National Bank (ENB) was evaluated under the Small Bank examination procedures, which includes a lending test. The lending test evaluates the bank's record of meeting the credit needs of its assessment area (AA) through its lending activities.

The lending test for ENB covers its performance from the previous Community Reinvestment Act (CRA) examination, September 28, 2005 through March 22, 2010.

ENB's primary loan products are business, home and consumer loans. The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). Due to time constraints, the HMDA data was not tested for accuracy. To evaluate the lending performance, a sample was selected from business, home and consumer loans made from January 2008 through March 22, 2010. The sample included 20 business loans, 20 home loans, and 20 consumer loans.

DESCRIPTION OF INSTITUTION

ENB is a community bank located in Moore, Oklahoma. The bank is wholly owned by Exchange Bancshares of Moore, a single bank holding company. ENB has only one location which includes a drive-up facility and an automated teller machine. Since the last CRA examination, the bank has neither opened nor closed any branch offices. There have not been any significant changes to ENB's corporate structure, including merger or acquisition activities, since the last CRA examination.

The bank offers a full range of deposit and loan products and services. The bank's primary focus is to serve commercial and consumer customers in the assessment area. As of December 31, 2009, ENB reported total assets of \$139.6 million, of which \$61.8 million or 44 percent were comprised of various types of loans to businesses and individuals. The loan portfolio composition is as follows:

Loan Category	\$(000)	%
Commercial Real Estate Loans	\$36,058	58.30%
Commercial Loans	\$5,957	9.63%
Residential Real Estate Loans	\$13,370	21.62%
Consumer Loans	\$6,392	10.33%
Other Loans	\$74	0.12%
Total	\$61,851	100.00%

Source: December 31, 2009 Consolidated Reports of Condition and Income (Call Report)

There are no legal or financial impediments to ENB's ability to meet the credit needs in its assessment area. The bank was rated Satisfactory at its last CRA examination, dated September 27, 2005.

DESCRIPTION OF ASSESSMENT AREA(S)

ENB's assessment area (AA) is comprised of twenty contiguous census tracts within the Oklahoma City Metropolitan Statistical Area (MSA) consisting of the City of Moore, Oklahoma and the Moore Public School District. There are no low- or moderate-income geographies located in the AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

Selected information based on 2000 Census data about the demographics of ENB's AA is detailed in the table below.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF ENB'S AA	
Population	
Number of Families	22,909
Number of Households	29,609
Geographies	
Number of Census Tracts/BNA	20
% Low-Income Census Tracts/BNA	0.00%
% Moderate-Income Census Tracts/BNA	0.00%
% Middle-Income Census Tracts/BNA	55.00%
% Upper-Income Census Tracts/BNA	45.00%
Median Family Income (MFI)	
2000 MFI for AA	\$54,550
2009 HUD-Adjusted MFI	\$58,500
Economic Indicators	
Unemployment Rate	1.79%
2000 Median Housing Value	\$90,524
% Of Households Below Poverty Level	5.32%

The total population of the AA is 79,743, with 14,398, or 18.06 percent of the population as minority. The largest minority representation consists of Hispanics, at 4.65 percent of the population. 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 22,909 families, 11.04 percent are low-income families and 14.59 percent are moderate-income families.

The local economic conditions are stable. The largest employers in Moore continue to be the Moore Public Schools, the City of Moore, and Wal-mart. A community contact was made during the examination. The contact indicated that the primary needs in the assessment area are commercial loans in order to continue developing Moore as a regional shopping center. The contact indicated that the credit needs of the community are being fulfilled by ENB as well as other local financial institutions. ENB continues to be involved in community development activities and programs in the area.

ENB faces strong competition from several branches of larger financial institutions and credit unions within the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending Test

ENB's performance under the lending test is **Satisfactory**.

Loan-to-Deposit Ratio

ENB's net loan to deposit ratio is reasonable and meets the standard for satisfactory performance given the bank's size, financial condition, and AA's credit needs. The bank's net loan-to-deposit ratio from September 30, 2005 through December 31, 2009 was 67 percent. This average was compared to the average of four similar banks located in or adjacent to the Oklahoma City MSA with total assets between \$75 million and \$400 million, for the same time period. The average loan-to-deposit ratios are listed in the following table:

Loan to Deposit Ratios		
Institution	Total Assets as of 12/31/09 (000s)	Average Loan to Deposit Ratio
First National Bank & Trust Chickasha, OK	358,380	72.04
Yukon National Bank Yukon, OK	202,939	60.41
First National Bank Midwest City, OK	396,641	50.58
Exchange National Bank Moore, OK	139,626	67.23
Farmers & Merchants Bank, NA Oklahoma City, OK	79,473	75.03

The bank's net loan to deposit ratio is comparable with other financial institutions. ENB ranked third among a total of five similarly situated banks. The average net loan to deposit ratios for the other four banks over the same 18 quarters ranged from 51 percent to 75 percent.

Lending in Assessment Area

ENB's lending in its AA meets the standard for satisfactory performance. The majority of loans originated in these primary loan products were made within the AA. As depicted in the table below, 60 percent of the number and 66.8 percent of the dollar amount of loans were originated in ENB's AA.

Table 1 - Lending in Exchange National Bank Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Real Estate	13	65.00	7	35.00	20	899,823	67.13	440,610	32.87	1,340,433
Commercial	11	55.00	9	45.00	20	1,897,846	67.27	923,506	32.73	2,821,352
Consumer	12	60.00	8	40.00	20	115,169	57.89	83,768	42.11	198,937
Totals	36	60.00	24	40.00	60	2,912,838	66.80	1,447,884	33.20	4,360,722

Source: Loan samples taken from originations between January 2008 and March 22, 2010

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

The distribution of loans reflects a reasonable penetration among individuals of different income levels and businesses of different sizes and meets the standard for satisfactory performance.

Business Loans

The bank's borrower distribution to businesses with revenues of \$1 million or less is satisfactory. The percentage of bank loans to small businesses by number is significantly below the percentage of reporting businesses with revenues of \$1 million or less in the AA; however, the percentage by dollar amount is slightly higher than the percentage of reporting businesses with revenues of \$1 million or less due to a large loan to a local church.

Table 2A – Borrower Distribution of Loans to Businesses in Exchange National Bank Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	82.46	3.12	14.42	100%
% of Bank Loans in AA by #	54.55	45.45	0.00	100%
% of Bank Loans in AA by \$	83.79	16.21	0.00	100%

Source: Loan sample and Census data

Home Loans

The distribution of home loans to low- and moderate-income borrowers reflects a reasonable penetration among borrowers of different income levels. While the distribution to low-income families is slightly lower than the percentage of families in the AA, it is difficult for low-income families to qualify for conventional home loans. The distribution to moderate-income families is good as it exceeds the percentage of moderate-income families in the AA. The number of real estate loans extended to low- and moderate-income families is comparable to the percentages of those families represented in the assessment area.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Exchange National Bank Assessment Area								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Real Estate	11.04	7.69	14.59	15.38	23.84	23.08	50.53	53.85

Source: Loan sample and Census data.

Consumer Loans

The distribution of consumer loans to low- and moderate-income borrowers reflects a good penetration among borrowers of different income levels. The distribution of consumer loans extended to low-income households is good as it exceeds the percentage of low-income households; and the distribution of loans extended to moderate-income borrowers is near to the percentage of moderate-income households.

Table 2B - Borrower Distribution of Consumer Loans in Exchange National Bank Assessment Area								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	11.34	41.67	13.06	8.33	19.33	33.33	56.26	16.67

Source: Loan sample and Census data

Geographic Distribution of Loans

An analysis of the geographic distribution of loans would not prove beneficial as there are no low- or moderate-income census tracts in the bank's assessment area.

Responses to Complaints

There have been no consumer complaints regarding the bank's CRA performance during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices with helping to meet community credit needs.