



PUBLIC DISCLOSURE

January 21, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BancCentral, National Association
Charter Number 12152

602-612 Flynn Street
Alva, OK 73717

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 Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors supporting the institution's rating include the following:

- A substantial majority of the bank's loans were originated within the bank's assessment area (AA);
- The loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance;
- The bank's distribution of loans reflects a reasonable penetration to businesses and farms of different income levels and meets the standard for satisfactory performance;
- The geographic distribution of loans reflects a reasonable dispersion throughout the AA and meets the standard for satisfactory performance; and,
- BancCentral National Association's community development performance demonstrates satisfactory responsiveness to the community development needs of its AA.

Scope of Examination

This 2014 CRA Performance Evaluation of BancCentral National Association (BCNA) is based on comparison of the bank's lending activity during the evaluation period to 2010 U.S. Census demographic information and certain information updated to 2013. Conclusions regarding the Lending Test are based on data from a sample of business and farm loans originated in 2012 and 2013. Conclusions regarding the Community Development Test are based on community development activities from July 17, 2007 through March 31, 2014.

BCNA became an Intermediate Small Bank when their total assets at December 31, 2013 exceeded the threshold for the second year in a row. Management was coached on what qualified as community development loans, investments and services at our visit January 28, 2014. The Bank is not subject to the data collection rules of the Home Mortgage Disclosure Act since none of its banking centers are located in a metropolitan statistical area.

Description of Institution

BCNA is a \$342 million dollar financial institution that is headquartered in Alva, Oklahoma, located in Northwestern Oklahoma. BCNA changed their name from The Central National Bank of Alva on March 1, 2012. BCNA is a wholly owned subsidiary of Myers Bancshares, Inc., a two-entity holding company headquartered in Alva, OK. BancCentral Financial Services Corporation (BCFSC) is also a subsidiary of the holding company. BCFSC provides transaction processing and internet provider services to the bank for a fee. BCFSC was not considered in the evaluation.

The bank has three full service locations including the main office in Alva, and branches in Woodward and Enid, Oklahoma. All of the locations are located within the state of Oklahoma and within the bank's AA. Since the previous CRA evaluation, the Main Street Branch that was located in Woodward was closed on February 25, 2013, and a Loan Production Office in Enid, OK was opened on March 15, 2012 and converted to a full service branch on October 2, 2013.

The tables below provide information on BCNA's three bank locations and the 10 Automated Teller Machines (ATMs). Six of the machines are deposit-taking ATMs. Each of the branch locations has an on-site ATM.

<i>BCNA's Branch Locations</i>		
Location	Address	City
Main Office	604 Flynn Street	Alva
Woodward Branch	2519 Williams Avenue	Woodward
Enid Branch	300 West Randolph	Enid

<i>BCNA's ATM Locations</i>		
Location	Address	City
Main Bank (Lobby)	604 Flynn Street	Alva
Main Bank (drive-up)	604 Flynn Street	Alva
College & Oklahoma (drive-up)	516 Oklahoma Boulevard	Alva
Share Medical Center	800 Share Drive	Alva
Lite-N-Nite Convenience Store	1624 Oklahoma Boulevard	Alva
Woodward Branch (drive-up)	2519 Williams Avenue	Woodward
Stand Alone ATM	2128 Oklahoma Boulevard	Woodward
Honk-N-Holler Convenience Store	802 Northwest Highway 270	Woodward
United Grocery Store	8 th and Downs	Woodward
Enid Branch	300 W. Randolph	Enid

The bank's primary focus is to serve commercial and consumer customers located in the AA. Historically their emphasis has been on agricultural and commercial loans. BCNA meets these needs by providing various types of loan and deposit products and services, as well as Internet Banking, Telephone Banking and full Trust services. Bank

lobby services are provided Monday through Friday at all locations. The Alva and Woodward locations have Saturday drive-in services. The ability to lend in its AA continues to be impacted by very strong competition from a substantial number of other banks and financial institutions or branches of those institutions.

As of December 31, 2013, BCNA's total assets equaled \$342 million, of which \$132 million or 39 percent were comprised of various types of loans to individuals, commercial businesses, and commercial and residential real estate. Specifically, the bank's loan portfolio consists of the following:

Loan Portfolio Composition as of December 31, 2013		
	\$ (000)	%
Agriculture	\$55,182	41.85%
Commercial and Industrial	\$36,185	27.44%
Commercial Real Estate	\$23,064	17.49%
Residential Real Estate	\$11,801	8.95%
Individual Loans	\$4,738	3.59%
Other	\$892	0.68%
Total	\$131,862	100.00%

Source: December 31, 2013 Report of Condition and Income.

There are no significant financial or legal barriers currently limiting BCNA's ability to help meet the identified credit needs of its AA. During the evaluation period, the bank's lending was limited by loan underwriting restrictions that were in place. The bank is financially capable of meeting almost any request for credit, subject to certain legal restrictions applicable to all national banks.

The Office of the Comptroller of the Currency last evaluated BCNA's CRA performance July 16, 2007. The bank received an overall rating of "Satisfactory" at the previous evaluation.

Description of Assessment Area

The AA adopted by BCNA consists of whole geographies, does not reflect illegal discrimination, and does not arbitrarily exclude low- or moderate-income geographies. It meets the requirements of the CRA regulation.

BCNA's AA consists of thirty-three contiguous census tracts in eight different Oklahoma counties: Alfalfa, Dewey, Ellis, Garfield, Harper, Major, Woods, and Woodward Counties. None of these counties are located in a Metropolitan Statistical Area. Of the thirty-three census tracts in BCNA's AA, no tracts are low-income, two are moderate-income, nineteen are middle-income, and twelve are upper-income. Seven of the middle-income census tracts are designated underserved nonmetropolitan geographies. The main bank is located in an underserved, middle-income census tract. The

Woodward branch is located in a middle-income census tract and the Enid branch is located in a moderate-income census tract.

The following table describes major demographic and economic characteristics of the AA, based on 2010 U.S. Census data.

Demographic and Economic Characteristics of AA	
Population	
Number of Families	30,384
Number of Households	45,044
Geographies	
Number of Census Tracts	33
% Low-Income Census Tracts	0.00%
% Moderate-Income Census Tracts	6.06%
% Middle-Income Census Tracts	57.58%
% Upper-Income Census Tracts	36.36%
Median Family Income (MFI)	
2010 MFI for AA	\$54,222
2012 HUD-Adjusted MFI	\$49,500
Economic Indicators	
Unemployment Rate	2.54%
2010 Median Housing Value	\$82,011
% of Households Below Poverty Level	13.62%

Source: 2010 Census data and 2013 HUD updated income data.

According to the 2010 U.S. Census data, BCNA’s AA has a population of 115,354 people. Although there are not any low-income census tracts in the AA and only two moderate-income census tracts, there are low- and moderate-income families in the AA. Of the 30,384 families, 17 percent are low-income families and 17 percent are moderate-income families. The AA contains 53,084 housing units with 32,184 or 60 percent being owner occupied. Households below the poverty level are 14 percent and households that receive public assistance total 3 percent.

The major employers in the city of Alva, located in Woods County include Northwestern Oklahoma State University, Alva Public Schools, and Share Medical Center. The current unemployment rate in Woods County is 3.2 percent. The major employers in the city of Enid, located in Garfield County include Advance Pierre Food Company, Vance Air Force Base, CSC (Vance Infrastructure Support), and Enid Public Schools. The current unemployment rate in Garfield County is 3.4 percent. The major employers in the city of Woodward, located in Woodward County include Woodward Public Schools,

the City of Woodward, and Wal-Mart Supercenter. The current unemployment rate in Woodward County is 2.8 percent.

The local economy in Alva, Woodward, and the surrounding communities continues to be good as oil and gas activity in the area continues to have a positive economic impact. The economy in Enid also remains good and is considered stable.

The community credit needs and business opportunities are also served by several other national and state chartered banks, as well as branches of those institutions which are located in the AA.

A Community contact conducted during the review indicated a need for affordable and upper-end housing. They also stated that the housing shortage relates to the lack of local home developers or contractors. It was also noted that there is a need for additional hotels and restaurants. The contact is impressed by the local bank's involvement in the community. She commented that the local banks have financed the Avarad Rail Park, a new economic development project, and had joined forces to create other programs in the community.

Conclusions with Respect to Performance Tests

Lending Test

This Performance Evaluation assesses BCNA's performance focusing primarily on five performance criteria: the loan-to-deposit ratio; lending in the AA; lending to borrowers of different incomes and to businesses of different sizes; geographic distribution of loans; and responses to CRA related complaints.

To evaluate BCNA's lending performance, the major loan products offered by the bank were evaluated. A random sample of 26 agricultural loans and 25 commercial and industrial loans that originated from January 1, 2012 through December 31, 2013 was selected. Based on the analysis and consistent with available resources and capabilities, BCNA is meeting the credit needs of the AA in a satisfactory manner.

Loan-to-Deposit Ratio

BCNA's loan-to-deposit (LTD) ratio is reasonable and meets the standard for satisfactory performance. The bank's LTD ratio at September 30, 2013 was 40 percent. The bank's average quarterly LTD ratio from September 30, 2007 through September 30, 2013 was 42 percent. This average was compared to the average of four similar banks located in BCNA's AA or the surrounding counties, with total assets between \$200 million and \$450 million, for the same time period. The average LTD ratio of the four peer banks over the same time period was higher at 68 percent. These average LTD ratios are listed in the following table:

Loan-to-Deposit Ratios		
Institution	Total Assets as of 9/30/13 (000's)	Average LTD Ratio
The Stock Exchange Bank, Woodward, OK	\$268,304	40.51%
BancCentral National Bank, Alva, OK	\$318,289	41.89%
Farmer's Exchange Bank, Cherokee, OK	\$209,728	59.02%
Alva State Bank & Trust Company, Alva, OK	\$238,858	86.78%
Bank 7, Oklahoma City, OK	\$332,816	86.94%

Source: Institution Reports of Condition from September 30, 2007 to September 30, 2013

BCNA's LTD ratio is less than the average of three of the four comparable banks. The bank's lower average LTD ratio is partially attributed to the bank's influx of deposits and the prior underwriting restrictions. As a result of the increase in oil and gas activity in the area, a large percentage of land and mineral owners are receiving lease payments or royalties and are not borrowing at this time. Also contributing to the lower LTD is lack of lending to buy cattle due to high cattle prices. The growth in deposits has outpaced loan demand. The Alva and Woodward markets are also faced with strong competition from several other financial institutions.

Lending in Assessment Area

BCNA's lending in its AA exceeds the standard for satisfactory performance. A substantial majority of the number of agriculture, and commercial and industrial loans were originated within the bank's AA. As depicted in the table below, 92 percent of the number and 94 percent of the dollar amount of loans were originated in BCNA's AA.

Lending in AA										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agriculture	24	92.31%	2	7.69%	26	\$3,499	96.93%	\$111	3.07%	\$3,610
Commercial & Industrial	23	92.00%	2	8.00%	25	\$4,852	92.34%	\$384	7.66%	\$5,236
Totals	47	92.16%	4	7.84%	51	\$8,351	94.40%	\$495	5.60%	\$8,846

Source: Business and Farm Loan sampling 2012 & 2013.

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

The overall distribution of loans in the bank's AA is reasonable and meets the standard for satisfactory performance.

The distribution of loans to farms reflects reasonable penetration among farms of different sizes. By number of loans, 88 percent of the bank's loans to farms originated

during the sampling period were made to small farms with gross annual revenues of one million dollars or less. The percentage by dollar amount is excellent, reflecting that a high percentage of farm loans are to customers with revenues of one million or less. The following table details the borrower distribution of loans to farms in our loan sample:

Borrower Distribution of Loans to Farms in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	98.74%	00.63%	0.63%	100%
% of Bank Loans in AA by #	88.46%	11.54%	0.00%	100%
% of Bank Loans in AA by \$	97.96%	02.04%	0.00%	100%

Source: Farm Loan sampling 2012 & 2013; Dunn and Bradstreet data.

The bank's borrower distribution to businesses with revenues of one million or less is reasonable. The percentage of bank loans by number is lower than the percentage of reporting businesses with revenues of one million or less in the AA. The percentage by dollar amount is significantly less than the percentage of reporting businesses because of the large loan amounts associated with the business loans to customers that have revenues exceeding one million dollars. The increased revenues of these businesses are due to the thriving oil and gas activity in the area. The oil and gas companies, the oil and gas service industry, as well as the indirect businesses in the area have seen a significant increase in gross revenues in the past couple of years. The sample included several companies that have benefited from the oil and gas industry. The following table details the borrower distribution of loans to businesses in our loan sample:

Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	70.43%	04.12%	25.45%	100%
% of Bank Loans in AA by #	56.00%	44.00%	00.00%	100%
% of Bank Loans in AA by \$	20.38%	79.62%	00.00%	100%

Source: Business Loan sampling 2012 & 2013; Dunn and Bradstreet data.

Geographic Distribution of Loans

BCNA's overall geographic distribution of small business and farm loans reflects a reasonable dispersion and meets the standard for satisfactory performance. The analysis is not very meaningful because there are not any low-income census tracts and only two moderate-income census tracts out of the 33 census tracts in the AA.

The lack of farm lending in the moderate-income tracts is reasonable when considering that only one percent of the farms in the bank's AA are located in the moderate-income tracts. The two moderate-income tracts are located in Garfield County. The new branch in Enid sits in one of the moderate-income census tracts and the other moderate-income tract is nearby. With the branch in Enid being new, it is reasonable that a majority of the business and farm lending is in Alva and Woodward and there are not

any low- or moderate-income tracts in those areas. The following table details the dispersion of the farm loan sample:

Geographic Distribution of Loans to Farms in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Agriculture	0.00%	0.00%	1.35%	0.00%	53.63%	58.33%	45.02%	41.67%

Source: Farm Loan sampling 2012 & 2013; 2010 US Census data

The geographic distribution of small business loans reflects a reasonable dispersion. The distribution of small business loans located in moderate-income census tracts is less than the percentage of small businesses located in those tracts, but considered near the ratio. The same factors discussed above are contributing to the low percentage of lending in the moderate-income tracts. The following table details the dispersion of the business loan sample:

Geographic Distribution of Loans to Businesses in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial & Industrial	0.00%	0.00%	12.11%	4.35%	56.29%	65.22%	31.61%	30.43%

Source: Business Loan sampling 2012 & 2013; 2010 US Census data

Responses to Complaints

There have been no consumer complaints relating to the bank’s Community Reinvestment Act performance during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the Community Development Test is rated “Satisfactory”. BCNA’s community development performance demonstrates adequate responsiveness to the community development needs of its AA.

Opportunities for qualified community development loans and investments are limited in the bank’s AA. A majority of the AA is comprised of rural, low-density tracts. The largest cities in the AA are Enid with a population of 49,379, Woodward with 12,051, and Alva with 4,945. Currently, there is a community development project underway in the bank’s AA.

BCNA is active in the communities they serve. This is evidenced by their leadership roles on various civic and non-profit organizations that provide services to low- and moderate-income (LMI) individuals. The bank is also involved with or lends to, organizations whose focus is on community or economic development and health care.

Number and Amount of Community Development Loans

The level of community development loans is adequate. Qualifying community development loans are those that meet the definition of community development, as defined in the CRA regulation. The bank originated or renewed 22 community development loans totaling \$8.8 million during the evaluation period. Below are details on some of the community development loans originated by the bank during the evaluation period.

The bank extended 3 loans totaling \$4.3 million to finance the acquisition and renovation of two hotels in Woodward. Approximately 30 low-income jobs were retained or created.

Three loans to the local hospital authority totaling \$1.2 million were extended to assist with operating expenses. Financing has helped them retain over 210 jobs. The hospital is a non-profit organization that meets the essential health care needs of north central Oklahoma. This is largely a rural low density population area. The hospital treats all patients regardless of their ability to pay.

One \$600 thousand loan was for the purpose of assisting with the construction and start-up of a rail park authority, economic development project. The bank was the lead bank and structured this credit, which was offered to participating banks within Woods County. The business works principally to offer rail service to various energy entities, and provides both a local, as well as regional service. New jobs have been created, including moderate-income jobs and it has also helped affiliated businesses retain employees. The city of Avarad relies heavily on the success of this business, while the local communities are positively impacted by its existence.

Six loans totaling \$776 thousand have helped a local waste management service company expand their business with new routes that resulted in the purchase of new trucks and containers. In the process, jobs have been created, including LMI jobs. One \$834 thousand loan to refinance and provide new money to build up a water bottling business has resulted in 10 new LMI jobs. Two loans totaling \$230 thousand assisted a borrower in purchasing a new clothing business. The business has retained and created LMI jobs and is also part of an ongoing effort to revitalize downtown Alva.

One loan for \$140 thousand was extended to refinance real estate located in downtown Enid. The property is located in a moderate-income tract that is a part of the Main Street Enid, Inc. project, whose mission is to revitalize the downtown Enid area.

Two loans totaling \$94 thousand provided two LMI borrowers affordable 1-4 family housing.

Number and Amount of Qualified Investments

Although opportunities for qualified community development investments are limited in the bank's AA, the level of community development investments, including community development donations, is adequate.

Qualifying investments are investments, deposits, membership shares, or grants that have as their primary purpose community development, as defined in the CRA regulation. BCNA has invested in seven bonds for \$5.9 million.

During the review period, the bank purchased four school bonds totaling \$2.8 million. The bonds financed transportation and remodeling and construction of new facilities in the bank's AA, which is attended primarily by students from LMI families.

The bank has also purchased two hospital bonds totaling \$2.1 million. One bond financed operating expenses and construction of a more modern facility and the other was to provide for operations of a statewide hospital that provides specialized acute services. Both hospitals serve the AA with locations in the AA and are responsive to the needs of all persons requiring treatment, including LMI families.

One bond for \$1million was purchased so that the Criminal Justice Authority could provide operating expenses and services within the county jail, which includes services for LMI families.

During the review period, the bank has made over 16 qualified community development donations totaling \$18 thousand in their AA. Donations have been made to local non-profit organizations that provide social services, youth programs, domestic crisis services, food banks, housing assistance, student scholarship assistance, and literacy programs that target LMI individuals.

Extent to Which the Bank Provides Community Development Services

The level of qualified community development services is adequate. Bank officers have served in leadership positions in organization that provide community services to LMI families and provided technical expertise and financial assistance to these organizations. Bank officers also serve in leadership positions in organizations involved in economic and small business development activities. The following are examples of qualifying community development services.

- ***United Fund of Woodward*** – The main purpose of this multi-faceted organization is the raising and distribution of funding to support LMI people in the Woodward area through intermediaries that provide: youth development activities like scouting; sports; Blood Bank services; First Aid and water safety instruction;

Senior citizen activities; Meals on Wheels programs; Legal services; Medical and personal care; and educational assistance/tutoring services. Several bank officers and employees serve as current treasurer and past board president, past Budget & Allocation committee chairman, past Drive chairman and current board president, past Admissions committee chairman and current Budget & Allocation committee member.

- **Northwest Domestic Crisis Services** – A bank officer serves as treasurer within this organization which facilitates positive family functioning and advocates overall self-sufficiency and self-responsibility by making programs available to all individuals within the service area of the agency which includes Woods, Alfalfa, Major, and Harper counties in Oklahoma.
- **Autry Technology Center for Business Development** – This organization’s goal is to empower entrepreneurs and emerging businesses that will have a significant impact on the local and state economy through the creation of new businesses and jobs. A bank officer serves as a board member on the Advisory & Selection committee.
- **Rural Enterprises, Inc. of Oklahoma** – REI Oklahoma works with partners across the state to create opportunities and provide resources to individuals, businesses and entrepreneurs. From technical assistance and training, to lending programs and down payment assistance, REI Oklahoma is committed to positively impacting businesses and communities in Oklahoma. A bank officer serves on the board of directors as vice-chairman and is also chairman of the Credit committee.
- **REI New Markets Investment, LLC** – This organization promotes the revitalization of distressed communities by utilizing the New Markets Tax Credit (NMTC) as a tool to increase direct investment in Oklahoma communities, create jobs, strengthen the economy and improve the lives of LMI individuals and families. A bank officer serves as a board member.
- **Woods County Economic Development Committee** – A bank officer serves as a board member on this county-wide committee that provides advice and encouragement to new business start-ups.
- **Chambers of Commerce** – Bank officers play an active leadership role in local Chambers of Commerce. Two bank officers currently serve as board members on the Alva and Woodward Chambers, providing expertise with planning, coordinating, budgeting and financial undertakings.
- **Woodward Health Services Foundation** – This locally owned non-profit was established to encourage and promote health care facilities and related healthcare endeavors, serving the needs of area residents. A bank officer

actively serves as treasurer of the Board of Trustees, and a bank employee serves as a member.

Responsiveness to Community Development Needs

There are limited opportunities for qualified community development loans and investments in the bank's AA, due to the primarily rural, low-density census tracts. However, BCNA's responsiveness to the community development needs of its AA is adequate. Community development activities in the AA, particularly community development loans are meeting the needs of the AA by funding loans that retain and create LMI jobs in the AA and meet the needs of the community.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any AA by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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