

## **PUBLIC DISCLOSURE**

**January 4, 1999**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Community National Bank  
Charter Number 18305**

**1729 College Boulevard  
Alva, Oklahoma 73717**

**Office of the Comptroller of the Currency  
Wichita Field Office  
3450 N. Rock Road, Suite 505  
Wichita, Kansas 67226**

**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 **Community National Bank, Alva, Kansas**, prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of January 4, 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**."

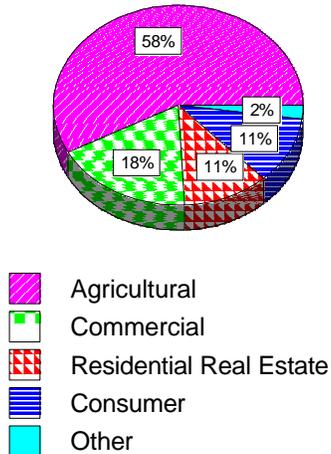
The bank has a satisfactory record of meeting the credit needs of its assessment area. Lending to businesses of different sizes is satisfactory. A sample of the bank's primary loan product, agricultural loans, indicated 69% were advanced to small agricultural customers with gross revenues under \$200,000. The bank's 83% loan-to-deposit ratio is excellent. A satisfactory level of loans, 73% of the number of loans granted during 1996, 1997, and 1998, were within its assessment area.

## DESCRIPTION OF INSTITUTION

Community National Bank (Community), Alva, Oklahoma, a \$42 million institution, is one of six financial institutions headquartered in Woods County. The bank does not have any automated teller machines (ATM), but it does offer ATM and debit cards. Community is a full service bank and offers a variety of loan products with an emphasis on agricultural loans. As of September 30, 1998, agricultural loans accounted for 58% of the bank's \$26 million loan portfolio. Commercial loans represent 18%, residential real estate loans account for 11%, consumer loans represent 11%, and other loans account for 2%.

### Loan Portfolio Composition

As of September 30, 1998



of the loan portfolio, and other loans account for 2%. Examiners contacted two individuals in the retail or service industry in the local community. These contacts did not identify any credit needs of the area. The contacts stated the local financial institutions were meeting the credit needs of the community.

The bank's financial condition, size, local economic conditions, and other factors allow it to help meet community credit needs. The bank is part of Community Bancshares of Alva, Inc., a one-bank holding company in Alva. At the previous CRA examination dated May 31, 1995, Community received an "Outstanding record of meeting community

credit needs" rating.

## DESCRIPTION OF ASSESSMENT AREA

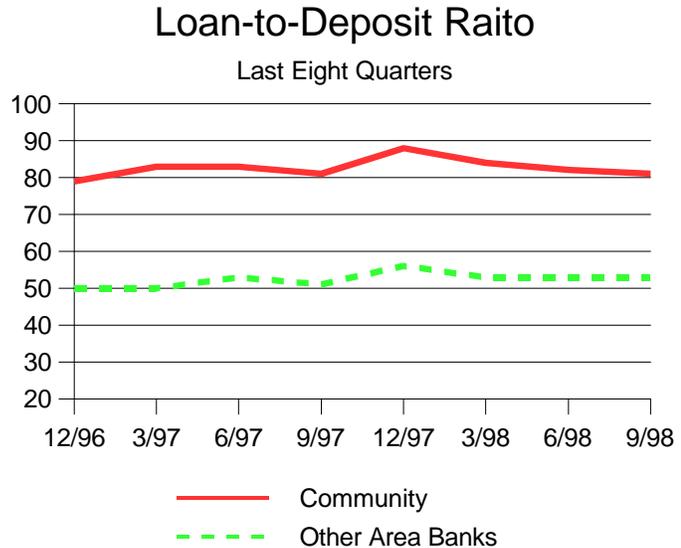
The bank's assessment area (AA) is Woods County. The AA contains block number areas 9541, 9542, 9543, 9544, and 9545. Two of the tracts are upper-income and the remaining three are middle-income tracts. There are not any low- or moderate-income tracts in the AA. The bank is not in a Metropolitan Statistical Area. The AA complies with the regulation and does not arbitrarily exclude any low- or moderate-income areas. The Oklahoma statewide nonmetropolitan median family income is \$31,100 for 1998. Unemployment for the area is low.

Located in north central Oklahoma, the AA has a population of 9,103. Alva, the county seat, is 150 miles northwest of Oklahoma City, Oklahoma. The assessment area's local economy is dominated by agriculture, with reliance on wheat production and cattle. Of all families within the AA, 18% are low-income, 15% are moderate-income, 18% are middle-income, and 49% are upper-income. Households below the poverty level account for 18% of the households in the AA. The 1990 census indicated 58% of the housing was owner occupied and the median housing value was \$33,557.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

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

The bank's lending level is exceptional compared to other banks in the AA. During the last eight quarters the bank's average loan-to-deposit ratio was 83%. The five other banks in the AA have a combined average loan-to-deposit ratio of 52%. The average loan-to-deposit ratios for the other banks range from 29% to 63% over the same eight-quarter time period.



***Lending in Assessment Area***

The bank extends a majority of its loans within the assessment area. Examiners determined, by reviewing bank generated reports that, 73% of the number and 56% of the dollar volume of all loans originated in 1996, 1997, and 1998 were in the bank's assessment area. Examiners selected a sample to verify the bank's data.

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

Lending levels to businesses of different sizes are satisfactory. We focused on agricultural borrowers as they compose the majority of the loan portfolio. Examiners randomly sampled 16 agricultural loans granted during 1996, 1997, and 1998. This sample represented approximately 21% of the agricultural borrowers in the AA. The following table indicates 69% of the number of loans in the sample are to agricultural borrowers with gross annual revenues of \$200,000 and less:

<b>Gross Annual Revenue Distribution of Agricultural Borrower Sample</b>		
Gross Annual Revenue	Number of Customers	Percentage of Loan Sample
\$0 to \$50,000	1	6%
\$50,001 to \$100,000	4	25%
\$100,001 to \$200,000	6	38%
\$200,001 to \$500,000	4	25%
\$500,001 and above	1	6%

We did not sample consumer loans as they do not represent a major product line and the bank does not normally obtain income information.

***Geographic Distribution of Loans***

An analysis of the distribution of credit within the assessment areas would not be meaningful as the AA includes only middle- and upper-income tracts.

***Response to Complaints***

The bank has not received any CRA related complaints since the previous CRA examination.

***Compliance with Anti-Discrimination Laws and Regulations***

Based on our review, the bank is in compliance with all provisions of antidiscrimination laws and regulations. Examiners did not find any evidence of prohibited discrimination or other illegal credit practices.