



## **PUBLIC DISCLOSURE**

November 16, 1998

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Idabel National Bank  
Charter Number 11913**

**1201 SE Washington  
Idabel, OK 74745**

**Office of the Comptroller of the Currency  
Southwestern District  
1600 Lincoln Plaza  
500 North Akard  
Dallas, Texas 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 **Idabel National Bank** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of November 16, 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.

Idabel National Bank's satisfactory rating is based on the following record of meeting community needs:

- ▶ The bank's quarterly average loan-to-deposit ratio of 70.64% is comparable to other area banks.
- ▶ A substantial majority of the bank's loans are extended to customers within the assessment area.
- ▶ The distribution of credit activity to borrowers and businesses of varying income levels and revenues is reasonable.
- ▶ Loan activity reflects a reasonable distribution to geographies with different income characteristics.

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

<b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>	<b>IDABEL NATIONAL BANK 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:**

Idabel National Bank is a \$64 million community bank located in McCurtain County, Oklahoma. The bank is a wholly owned subsidiary of Southeast Capital Corporation. The main office is located at 1201 SE Washington Street, where the bank operates an Automatic Teller Machine (ATM). A branch is located inside the Lewis Food Center at 1500 SE Washington Street and was the first supermarket bank in Oklahoma.

The institution offers a variety of consumer and commercial deposit and loan products. As of June 30, 1998, total loans were \$36.7 million and were distributed as follows: 55.1% were commercial and commercial real estate; 20.7% were 1-4 family residential mortgages; 17.5% were consumer related; and 6.7% were agriculture and agriculture real estate. There are no legal or other impediments which limit the bank's ability to help meet the credit needs of the community. The bank was rated satisfactory during the previous CRA Examination conducted as of April 28, 1995.

**DESCRIPTION OF THE ASSESSMENT AREA:**

The Board has designated all of McCurtain County as the bank's assessment area. This area includes Block Numbering Areas (BNA's) 9982, 9983, 9984, 9985, 9986, 9987, 9988, and 9989. These BNA's include the communities of Idabel, Valliant, Broken Bow, Millerton, Haworth, Garwin, and Wright City. The population of the assessment area is 33,433 according to 1990 Census Bureau Data. Approximately 30% of the families are low income, 18% are moderate income, 20% are middle income, and 32% are upper income. Four of the BNA's within the assessment area are designated as moderate income and the other four are designated as middle income areas. The 1997 Department of Housing and Urban Development (HUD) median family income for the McCurtain County area is \$31,100.

The economy of McCurtain County is reportedly stable. Historically, local employment opportunities have been found in the agriculture and wood products industries. Major employers in the area are Weyerhaeuser, Tyson, Georgia Pacific, and the retail service industry. Idabel is located in the southern portion of McCurtain County and is designated as the county seat. The northern part of McCurtain County, in the Ouachita Mountains, is primarily a wilderness area and is sparsely populated. There is a high level of competition in the area with five other financial institutions operating within the assessment area.

Part of our examination included contacting a local government official. This individual stated that, according to a strategic plan prepared for the Chamber of Commerce three years ago, there were three primary community needs:

- (1) to build up the local infrastructure;
- (2) to re-vitalize the downtown area; and,
- (3) to change peoples' negative perceptions regarding McCurtain County.

According to the contact, the local financial institutions are pro-active in these areas and are responsive to meeting the credit needs of the community. The contact was not aware of any community credit needs that were not being met by the banks in the County. The contact cited Idabel National Bank in particular as being very involved in local community affairs.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

**LOAN TO DEPOSIT RATIO:**

The loan to deposit ratio of Idabel National Bank is comparable to the ratios of the other area banks. As of June 30, 1998, the bank's loan to deposit ratio was 75.71% and has averaged 70.64% since the prior CRA Examination on April 28, 1995. Idabel National Bank's ratio has ranged from a low of 66.40% to a high of 75.71%. The average loan to deposit ratio for the five other financial institutions located within the assessment area was 70.12%. The individual average loan to deposit ratios for these banks ranged from a low of 63.59% to a high of 73.82%.

**LENDING IN ASSESSMENT AREA:**

A substantial majority of the bank's lending is located within the assessment area. Our review consisted of a sample of 25 residential mortgages, 25 consumer loans, and 23 commercial loans originated in the twelve month period since November 1997.

Approximately 96% of the number and 85% of the dollar amount of loans in the sample were originated in the assessment area. The following tables reflect the distribution of loans by loan type.

<b>Residential Mortgages</b>	<b>Number</b>	<b>Percent</b>	<b>Dollar Amt. (000's)</b>	<b>Percent</b>
Inside Assessment Area	24	96%	727	96.9%
Outside Assessment Area	1	4%	23	3.1%

<b>Business Loans</b>	<b>Number</b>	<b>Percent</b>	<b>Dollar Amt. (000's)</b>	<b>Percent</b>
Inside Assessment Area	21	91.3%	1,667	80.1%
Outside Assessment Area	2	8.7%	414	19.9%

<b>Consumer Loans</b>	<b>Number</b>	<b>Percent</b>	<b>Dollar Amt. (000's)</b>	<b>Percent</b>
Inside Assessment Area	25	100.00%	137	100%
Outside Assessment Area	0	0%	0	0%

**LENDING TO BORROWERS OF DIFFERENT INCOME AND TO BUSINESSES OF DIFFERENT SIZES:**

The distribution of credit within the assessment area reflects a reasonable distribution among borrowers of different incomes and businesses with different revenues. The distribution of loans within each income category is satisfactory given the income ranges of the assessment area. The distribution of business loans shows 96% of the number of loans were made to finance small business ventures with revenues less than \$500 thousand. The following table details the results of our sample.

<b>Lending to Borrowers of Different Income Levels</b>										
	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Total	
Area Demographic Characteristics	30.04%		18.19%		19.73%		32.04%		100%	
Loan Types:	#	%	#	%	#	%	#	%	#	%
Mortgage	2	8%	4	17%	5	21%	13	54%	24	100%
Consumer	10	40%	8	32%	2	8%	5	20%	25	100%
Revenue Ranges	Less than \$100,000		\$100,000-\$500,000		\$500,000--\$1,000,000		Over \$1,000,000			
Commercial	18	86%	2	10%	0	0%	1	4%	21	100%

**GEOGRAPHIC DISTRIBUTION OF LOANS:**

The distribution of loans is reasonable given the demographic characteristics of the assessment area. The area includes four moderate income BNA’s and four middle income BNA’s. The moderate income BNA’s are primarily on the east, middle, and northern sections of the county, with middle income BNA’s located in the west, northwest, and around the cities of Idabel and Broken Bow. The following table illustrates the geographic distribution of our sample.

Geographic Distribution of Loans										
	Low Income Tracts		Moderate Income Tracts		Middle Income Tracts		Upper Income Tracts		Total	
Area Demographic Characteristics	0%		49.15%		50.85%		0%		100%	
Count	0		4,582		4,741		0		9,323	
Loan Types:	#	%	#	%	#	%	#	%	#	%
Mortgage	0	0%	8	33%	16	67%	0	0%	24	100%
Consumer	0	0%	13	52%	12	48%	0	0%	25	100%
Commercial	0	0%	9	43%	12	57%	0	0%	21	100%

**RESPONSE TO COMPLAINTS:**

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