



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

July 16, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Central National Bank of Alva
Charter Number: 12152

College and Flynn
Alva, OK 73717

Office of the Comptroller of the Currency

Wichita Field Office
3450 North Rock Road Suite 505
Wichita, KS 67226

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 Central National Bank of Alva's average quarterly loan-to-deposit ratio is satisfactory. The bank's average quarterly loan-to-deposit ratio is 59% compared to 63% for similarly situated banks in the assessment area.
- The majority of the bank's primary loan products have been granted in the assessment area. The loan sample indicated that 98% of the number and 99% of the dollar volume of loans were granted in the assessment area.
- Central National Bank's lending to borrowers of different incomes and businesses of different sizes is satisfactory. Eighty-percent of the number of loans were granted to farms with revenues less than or equal to one million dollars. The commercial loan sample indicated 60% of the number of loans were granted to businesses in the assessment area with revenues less than or equal to one million dollars.

SCOPE OF EXAMINATION

We performed a full-scope evaluation of Central National Bank of Alva's (Central National) assessment area (AA). To assess the bank's performance, examiners selected a sample of 20 loans of each primary lending product. The bank's primary loan product types are agriculture and commercial loans. The evaluation period for the lending test was January 1, 2005 to year-to-date 2007.

DESCRIPTION OF INSTITUTION

The Central National Bank of Alva is a \$217 million bank headquartered in Alva, Oklahoma. The bank has three locations including the main office in Alva and two branches in Woodward, Oklahoma. Each branch has a deposit-taking Automated Teller Machine (ATM). The bank installed a new cash dispensing ATM in July 2003. The ATM is located inside United Grocery Store at 8th and Downs in Woodward, Oklahoma. In all, Central National maintains eight off-site ATMs. Four of the machines are deposit-taking ATMs. The stand alone ATMs are located in Alva, Woodward, Mooreland, and Ft. Supply, Oklahoma. The bank is a wholly owned subsidiary of Myers Bancshares, Inc, a one-bank holding company headquartered in Alva. As of March 31, 2007, the holding company had total assets of \$224 million. Central National does not have any affiliates, and there have been no changes in the bank's corporate structure.

Central National is a full service bank offering a variety of loan products with an emphasis on agricultural loans. As of June 30, 2007, net loans represented 52% of the bank's total assets. The bank's \$113 million loan portfolio had the following composition: agricultural 39%, commercial and industrial 28%, commercial real estate 18%, residential real estate 9%, consumer 5%, and other 1%. The bank has not changed any existing loan products or offered any new products since the previous Community Reinvestment Act (CRA) examination. Examiners determined the primary

loan products, based on the number and the dollar volume granted during the previous two calendar years and year-to-date 2007, were agricultural and commercial loans.

Central National's financial condition, size, and local economic conditions allow it to help meet the credit needs of its assessment area. We assigned a "Satisfactory" rating at our prior CRA examination dated February 27, 2003.

DESCRIPTION OF ASSESSMENT AREA

The bank has one AA, comprised of Alfalfa, Dewey, Ellis, Harper, Major, Woods, and Woodward counties in Oklahoma. The counties are not in a Metropolitan Statistical Area (MSA). The AA contains 21 census tracts, one upper-income and 20 middle-income. The AA does not contain any low- and moderate-income census tracts. The AA complies with the regulation and does not arbitrarily exclude any low- or moderate-income areas.

The 2000 U.S. Census population of the AA was 53,605. The Oklahoma state-wide non-MSA median income for 2006 is \$42,600. The income distribution for families in the AA is 16% low-income, 17% moderate-income, 24% middle-income, and 43% upper-income. Of the 21,329 households in the AA, 34% receive social security, 13% have income below poverty level, and 3% receive public assistance. Thirty-three percent of the population is not in the work force and 18% is over the age of 65.

The AA has a strong agricultural production, primarily feeder cattle and crop production. While the area's agricultural sector has improved with the stabilization of grain prices and a strong cattle market, poor weather conditions continue to negatively affect the area. Also, oil drilling has increased in the Woodward area in the past twelve months. As a result, the community has experienced an increase in selling and leasing of oil and mineral rights. The Oklahoma unemployment rate for June 2007 is equal to the nationwide rate of 4.5%.

The level of competition in the bank's AA is driven by a number of other banks and several financial institutions with offices in the AA. With 14% of the area's deposits, the bank ranks first in deposit market share.

Examiners contacted one community professional. The contact indicated Central is actively involved in the community. The contact identified agricultural loans and commercial loans as two of the area's primary credit needs and indicated that area banks are meeting those needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's lending level is satisfactory. Since the last CRA examination, the bank's average loan-to-deposit ratio is 59%. The average quarterly loan-to-deposit over the

same period for five similarly situated banks in the AA is 63%. The average loan-to-deposit ratio for the peer banks range from 42% to 100%.

Lending in Assessment Area

The bank's lending in its AA is excellent as it extended a majority of its primary loan products to borrowers located in the AA. We found that 98% of the number and 99% of the dollar amount of loans granted by the bank were in the bank's AA. The sample consisted of 20 loans of each primary product originated during 2005, 2006, and year-to-date 2007.

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

The level of lending to borrowers of different incomes and businesses of different sizes is satisfactory. To assess the bank's performance, examiners selected a sample of 40 loans originated since the last CRA examination. The bank's primary products are agriculture and commercial loans. The sample included 20 loans of each loan product type.

Lending to farms of different sizes is satisfactory. The agriculture loan sample indicated 80% of the number were granted to farms with revenues less than or equal to one million dollars. This is slightly below the geodemographic data showing that 96% of farms in the AA have revenues less than or equal to one million dollars. Twenty percent of the loan sample did not have revenue information on file.

Borrower Distribution of Loans to Farms in AA				
Farms Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	96%	3%	1%	100%
% of Bank Loans in AA by #	80%	0%	20%	100%
% of Bank Loans in AA by \$	93%	0%	7%	100%

Source: Loan sample; 2006 Business Geodemographic data

The volume of lending to businesses of different sizes in the AA is satisfactory. The commercial loan sample had 60% of the number and 24% of the dollar amount of loans granted in the AA to businesses with revenues less than one million dollars. Twenty-five percent of the loan sample did not have revenue information on file. While the bank's performance exceeds the geodemographic data that shows 44% of businesses have annual gross revenues of one million dollars or less, 53% of businesses have unavailable or unknown revenues.

Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	44%	3%	53%	100%
% of Bank Loans in AA by #	60%	15%	25%	100%
% of Bank Loans in AA by \$	24%	68%	8%	100%

Source: Loan sample; 2006 Business Geodemographic data

Geographic Distribution of Loans

An analysis of the bank's geographic distribution of loans would not be meaningful. The bank's AA contains no low- or moderate-income tracts.

Responses to Complaints

Central National has not received any CRA-related complaints since the previous CRA examination.

Fair Lending or Other Illegal Credit Practices Review

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