



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

July 02, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Central National Bank of Poteau
Charter Number 12158**

**209 Clayton
Poteau, OK 74953**

**Comptroller of the Currency
Tulsa (eastern Oklahoma)
7134 South Yale Executive Ctr. Bldg., Suite 910
Tulsa, OK 74136**

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.

This institution is rated Satisfactory.

The major factors that support this rating include:

- A majority of the loans are made within the assessment area (AA).
- The performance is satisfactory for lending to borrowers of different incomes and to businesses of different sizes.
- The distribution of consumer, residential mortgage, farm, and business purpose loans among AA geographies of different income levels is satisfactory.
- The loan-to-deposit ratio is satisfactory.
- The bank is adequately meeting the lending needs of the assessment area.
- The bank has not received any consumer complaints regarding Community Reinvestment Act (CRA) performance.

The Central National Bank, in Poteau is committed to serving the community. This is demonstrated by satisfactory lending performance as described in this Public Disclosure.

Note: Throughout this evaluation of the Central National Bank in Poteau will be referred to as “CNB.”

DESCRIPTION OF CENTRAL NATIONAL BANK OF POTEAU

CNB is a 162 million rural community bank located in Poteau, Oklahoma. The main bank and drive-in facility are located in Poteau. There are 4 branches located in Oklahoma in the communities of Pocola, Stigler, Heavener, and Panama. CNB does issue automated teller machine (ATM) cards and offers five ATM's in their assessment area. The bank's primary focus is to serve commercial and consumer customers in Poteau and the surrounding areas. The bank meets these needs by providing various loan and deposit products, as well as, Internet banking and other financial services. The bank's lending strategy focuses on one-to-four family real estate loans, consumer loans, and small business and farm loans to meet the needs of the community. The table below shows the composition of the bank's loan portfolio, which represents approximately 63 percent of total assets as of March 31, 2007. Management does not anticipate any significant changes in the composition of the loan portfolio in the near future.

Loan Category	\$ (000)	%
Commercial Real Estate Loans	11,398	11.32%
Commercial Loans	6,269	6.23%
Residential Real Estate Loans	27,109	26.92%
Farm Production Loans	11,493	11.41%
Farm Real Estate Loans	34,462	34.22%
Consumer Loans	9,915	9.85%
Other Loans	51	0.05%
Total	100,697	100.00%

Bank lobby services are provided Monday through Friday. The drive-in is open later than the main lobby and is also open on Saturday until noon. CNB faces competition from several other financial institutions in the assessment area. Based on CNB's financial condition, the local economy, product offerings, competition, and prior performance, CNB has the ability to meet the various credit needs in the community. At our last CRA examination as of May 20, 2002, the bank's CRA rating was "Satisfactory." No legal impediments or other factors hinder the bank's ability to provide credit in the assessment area.

Description of CNB's Assessment Area

CNB's assessment area meets the requirements of the regulation and does not arbitrarily exclude low-or-moderate income geographies. The assessment area includes all census tracts in Leflore and Haskell counties. The following table describes major demographic and economic characteristics of the assessment area.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
Population	
Number of Families	16,710
Number of Households	22,501
Geographies	
Number of Census Tracts/BNA	13
% Low-Income Census Tracts/BNA	0%
% Moderate-Income Census Tracts/BNA	8%
% Middle-Income Census Tracts/BNA	92%
% Upper-Income Census Tracts/BNA	0%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	32,168
2004 HUD-Adjusted MFI	41,631
Economic Indicators	
2000 Median Housing Value	50,352
# of Households Below Poverty Level	4,412

The local economic conditions are stable to improving. The economy has been and remains to a certain extent reliant on local oil field service companies, agricultural operations, and tourism. Among the largest employers in the area are county government operations and public school systems. CNB's major competitors include several similar sized community banks located in or near the assessment area.

We contacted a local city official to gain a better understanding of the needs of the citizens residing within the assessment area. The official stated that CNB, as well as, the other local banks are all active in the community and responsive to the credit needs in the assessment area.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

This Performance Evaluation (PE) assesses CNB's performance focusing primarily on five performance criteria: the loan-to-deposit ratio; lending in the assessment area (AA); lending to borrowers of different incomes and to businesses of different sizes; geographic distribution of loans; and, responses to complaints.

To evaluate CNB's lending performance, a random sample of 60 loans was reviewed. Major loan products offered by the bank were sampled and consisted of 20 consumer loans, 20 commercial business, and 20 farm loans, originated since December 31, 2002. We also used data collected by the bank to analyze performance related to residential real estate loans. Based on the analysis and consistent with available resources and capabilities, CNB is meeting the credit needs of the assessment area in a satisfactory manner.

Loan-to-Deposit Ratio (LTD)

The loan-to-deposit ratio is satisfactory. CNB's LTD ratio is in line with those of peer banks in the assessment area. The bank's LTD ratio since the last examination has averaged 73%, which compares favorably to peer banks that averaged a LTD ratio of 79% over the same time period.

Lending in the Assessment Area

CNB's lending in the AA is satisfactory. The majority of CNB's loans are made within the assessment area. Our analysis determined that 85% of the number and 80% of the dollar amount of all loans were made within the assessment area.

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

CNB's overall distribution of loans by income level of borrowers meets the standard for satisfactory performance. The following tables represent the distribution of lending based on the sample of residential real estate, consumer, and business loans located in the assessment area.

CNB's distribution of residential real estate and consumer loans by income level is satisfactory. The percentage of the number of residential real estate loans to low-income borrowers is below the percentage of low-income families while the percentage of the number of moderate-income borrowers is above the percentage of moderate-income families in the assessment area. Consumer loan distribution is very good compared to area demographics.

Borrower Distribution of Residential Real Estate Loans								
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
Home Purchase	25%	11.11%	2%	8.33%	22%	19.44%	32%	61.11%
Improvement	25%	10%	2%	0%	22%	30%	32%	60%
Refinance	25%	0%	2%	14.63%	22%	26.83%	32%	58.54%

Source: HMDA Data and U.S. Census data.

Borrower Distribution of Consumer Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	26%	24%	17%	31%	18%	24%	39%	21%

Source: Loan sample and U.S. Census data.

CNB's loan distribution to small businesses and farms is good. The percentage of bank loans to businesses and farms with revenues less than \$1 million is higher than the percentage of businesses and farms with revenues less than \$1 million located in the assessment area. However, a large percentage of business and farm revenues are unknown.

BORROWER DISTRIBUTION TO BUSINESSES				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	36%	3%	61%	100%
% of Bank Loans in AA by #	95%	5%	0%	100%
% of Bank Loans in AA by \$	97%	3%	0%	100%

Source: Loan sample and Dunn and Bradstreet Data.

BORROWER DISTRIBUTION TO FARMS				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	95%	2%	3%	100%
% of Bank Loans in AA by #	100%	0%	0%	100%
% of Bank Loans in AA by \$	100%	0%	0%	100%

Source: Loan sample and Dunn and Bradstreet data.

Geographic Distribution of Loans

CNB's overall geographic distribution of loans indicates satisfactory performance. There are no low-income census tracts in the bank's AA, although it is evident from our sample that CNB completes a satisfactory level of loan transactions in the moderate-income census tract. The following tables represent the geographic distribution of lending based on the sample of residential real estate, consumer, and business loans located in the assessment area.

CNB's distribution of residential real estate loans among AA geographies meets the standard for satisfactory performance. Geographic distribution of home purchase real estate mortgage loans exceeds the percentage of owner occupied units for the moderate census tract income level.

Geographic Distribution of Residential Real Estate Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans						
Home Purchase	0%	N/A	3%	5.56%	97%	94.44%	0%	N/A
Improvement	0%	N/A	3%	0%	97%	100%	0%	N/A
Refinance	0%	N/A	3%	0%	97%	100%	0%	N/A

Source: HMDA and U.S. Census data.

CNB's distribution of consumer loans among AA geographies is satisfactory. CNB's assessment area includes one moderate income census tract that is sparsely populated. Only three percent of the people residing in the assessment area live in this tract. As could reasonably be expected, no consumer loans in the tract were included in our sample.

Geographic Distribution of Consumer Loans								
Census Tract 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	N/A	N/A	3%	0%	97%	100%	N/A	N/A

Source: Loan sample and U.S. Census data.

CNB's distribution of business/farm loans among AA geographies is satisfactory. Geographic distribution of business/farm loans correlates reasonably well with the percentage of business/farms for each census tract income level.

Geographic Distribution of Loans to Businesses/Farms								
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
Business Loans	N/A	N/A	4%	0%	96%	100%	N/A	N/A
Farm Loans	N/A	N/A	11%	5%	89%	95%	N/A	N/A

Source Loan sample and Dunn and Bradstreet data.

Responses to Complaints

CNB has not received any complaints regarding their performance in helping to meet assessment area credit needs during this evaluation period.

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.