



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

December 3, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Charter National Bank
Charter Number 17745**

**2079 Penn Square
Oklahoma City, Oklahoma, 73154**

**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 **Charter National Bank, Oklahoma City, Oklahoma** as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of December 3, 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. Consistent with its resources and capabilities, the bank is meeting the credit needs of its assessment area, including those of low- and moderate-income individuals, in a reasonable manner.

The following table indicates the performance level of **Charter National Bank, Oklahoma City, Oklahoma**, with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	Charter National Bank, Oklahoma City, Oklahoma Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
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	There have been no CRA related complaints received.		

DESCRIPTION OF INSTITUTION:

Charter National Bank, is headquartered in Oklahoma City, Oklahoma. The main bank and a drive-through facility are located at 2079 Penn Square. A branch facility is located at 1625 Greenbriar Place in southern Oklahoma County. However, the branch is scheduled to close January 29, 1999. An automated Teller Machine (ATM) is available at the main bank. The bank's primary focus is to serve commercial, real estate, and consumer customers in Oklahoma County and northern Cleveland County. The bank meets these needs by providing various loan and deposit products as well as other financial services.

As of September 30, 1998, Charter's total assets equaled \$49,828,000 of which \$32,916,000 or 66.06 percent, were composed of loans to individuals and businesses. The \$32,916,000 in loans outstanding consisted of \$18,065,000 in residential and commercial real estate (54.88 percent), \$11,732,000 in commercial loans (33.64 percent), and \$3,119,000 in consumer loans (9.48 percent).

There are no known factors which have or may potentially impede the bank's ability to meet the credit needs of its assessment area. The last review of performance under the Community Reinvestment Act was completed as of August 10, 1995 with a rating of Satisfactory assigned.

DESCRIPTION OF CHARTER NATIONAL BANK ASSESSMENT AREA:

The assessment area adopted by the bank's board of directors includes 236 census tracts located in Oklahoma County and northern Cleveland County. This area meets the requirements of the regulation. It does not arbitrarily exclude any low or moderate income geographies. More details on the assessment area are provided below.

Oklahoma County and Cleveland County are part of the Oklahoma City Metropolitan Statistical Area (MSA). The assessment area contains all 221 census tracts in Oklahoma County and fifteen of the 47 tracts in Cleveland County. Based on 1990 census data, the United States Census Bureau identifies the 236 tracts as follows: Twenty-one tracts or 8.90 percent are considered low income tracts. Fifty-nine or 25.00 percent are considered moderate income tracts. Ninety-six or 40.66 percent are considered middle income tracts. Fifty-six or 23.73 percent are considered upper income tracts. There are four tracts representing 1.69 percent that have not been categorized by income.

United States Census Bureau information as of 1990 reflected a total population of 664,523 in the assessment area. The area contained 304,259 housing units with 162,291 or 53.34 percent owner occupied. Additionally, there were 179,412 families and 261,173 households in the area. Seventy-nine percent of the households derive their income from wages or salaries. The largest employment sectors were services, government, retail trade, and manufacturing related entities.

Per the 1990 census, the households and families are divided among the income categories as follows:

Description	Low Income (< 50% of Median)	Moderate Income (50-80% of Median)	Middle Income (80-120% of Median)	Upper Income (> 120% of Median)
% of Households	22.72%	16.77%	20.14%	40.37%
% of Families	20.02%	17.88%	22.52%	39.58%

The 1990 census median family income for the assessment area was \$33,942. Median household income for the assessment area was \$28,295. Census median family income for the Oklahoma City MSA was \$32,406. The Department of Housing and Urban Development’s most recent estimate of median family income for the Oklahoma City MSA was \$41,300.

The Oklahoma and Cleveland County area is served by 36 other national and state chartered banks. The area is also is served by branches of these banks as well as the branches of other banks and savings and loans.

The closing of the bank’s branch in southern Oklahoma County is being completed in conformance with the Board approved branch closing policy and government regulations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio

The loan to deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. As such, it meets the standard for satisfactory performance. The average quarterly loan to deposit ratio from September 30, 1995 through September 30, 1998 was 70.71 percent. The ratio as of September 30, 1998 was 73.32 percent. The low ratio for the period was 67.04 percent at December 31, 1995. The high ratio for the period was the 75.68 percent at June 30, 1997.

Charter's ratio also compares well to the average loan to deposit ratio for the thirty-six banks operating in Oklahoma and Cleveland Counties. The average ratio for this group of banks was 64.20 percent at June 30, 1998. This was up from 59.80 percent at December 31, 1995. The low ratio in this group at June 30, 1998 was 30.32 percent and the high ratio was 99.48 percent.

Lending in Assessment Area

A substantial majority of credit extended is within the assessment area which exceeds the standard for satisfactory performance. Analysis of the 1997 and year-to-date 1998 Home Mortgage Disclosure Act Loan Application Register (HMDA-LAR) and a random sample of twenty business loans extended in 1998 noted the following results:

Loan Sample	% of Loans Inside Area	% of Loans Outside Area	% of Loan Dollars Inside Area	% of Loan Dollars Outside Area
Residential (HMDA-LAR) (130 loans for \$11,260,00)	84.62%	15.38%	85.49%	14.51%
Business/Agriculture (20 loans for \$1,999,000)	90.00%	10.00%	90.00%	10.00%
Combined Totals (150 loans for \$13,259,000)	85.33%	14.67%	86.17%	13.83%

The sample data corroborates an internal analysis that reflected that 97 percent of the loan portfolio is in the assessment area.

Lending to Borrowers of Different Incomes

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different revenue sizes within the assessment area. The following table uses income data collected from the 1997 and year-to-date 1998 HMDA-LAR's for residential real estate lending and a random sample of fifty consumer loans. (Note all of the loans reviewed contained information about income levels).

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
# of HMDA Loans (110)	6.36%	10.00%	10.91%	72.73%
\$ of HMDA Loans (\$9,626,000)	2.75%	4.50%	8.42%	84.33%
# of Consumer Loans (50)	12.00%	28.00%	20.00%	40.00%
\$ of Consumer Loans (\$665,000)	11.82%	20.79%	24.58%	42.81%
Combined # of Loans (160)	8.13%	15.62%	13.75%	62.50%
Combined \$ of Loans (\$10,291,000)	3.34%	5.55%	9.46%	81.65%

Overall, the combined number of loans to individuals of different incomes represents reasonable penetration relative to the volume of families and households in each income group as depicted on page four of this evaluation. However, it is noted that the consumer sample does reflect penetration of all income levels more in line with the demographic statistics.

The following table uses revenue data collected from the eighteen business loans in the assessment area. The number and dollar volume of loans to the three groups compares adequately to the distribution of companies and farms reporting revenues in the 1990 census.

Description	% with less than \$500,000 in revenues	% with \$500,000 to \$1,000,000 in revenues	% with greater than \$1,000,000 in revenues
Number of Loans (18)	50.00%	11.11%	38.89%
Dollars of Loans (\$1,799,000)	45.19%	2.67%	52.14%
Number of Businesses/Farms (20,759)	78.69%	9.29%	12.02%

Geographic Distribution of Loans

The distribution of HMDA reportable loans for 1997 and year-to-date 1998 does not reflect a reasonable dispersion throughout the assessment area. The results of this analysis are depicted in the table below.

Distribution of Originations by Census Tract Types				
Description	% of Total Tracts (236)	% with Originations (60)	% of Total Originations to Tracts (110)	% of Population in Tracts (664,523)
Low Income Tracts (21)	8.90%	0.84% (2 of 236)	4.54%	5.08%
Moderate Income Tracts (59)	25.00%	4.66% (11 of 236)	14.55%	23.59%
Middle Income Tracts (96)	40.68%	8.90% (21 of 236)	29.09%	43.30%
Upper Income Tracts (56)	23.73%	11.02% (26 of 236)	51.82%	27.93%
Uncategorized Tracts (4)	1.69%	0.00% (0 of 236)	0.00%	0.10%
Total Tracts (236)	100.00%	25.42% (60 of 236)	100.00%	100.00%

It should be noted that the bank is not a major mortgage lender and its volume of HMDA reportable originations would not constitute a majority of its total originated loans. However, these loans were the only ones with geographical information readily available. Internal reviews based on zip code coding did reflect loans to virtually all of the assessment area.

Furthermore, in conjunction with the closing of the branch at 1625 Greenbriar Place (in south Oklahoma City) in January 1999, management is proposing to decrease the size of the assessment area. Specifically, the assessment area will shrink to approximately 100 census tracts located around the main bank in central and northwestern Oklahoma County. While shrinking the assessment area will lower the volume of loans inside the area, it will increase the nature and volume of geographic distribution as far as the number and types of tracts penetrated. A preliminary review of 1997-98 HMDA lending in the proposed assessment area reflected penetration of almost one-third of the tracts. Additionally, the percentage of originations to each tract type was closer to the volume of population in the tract categories.

Responses to Complaints

No complaints concerning the Community Reinvestment Act have been received since the last examination of the bank.

Fair Lending Matters

No violations of the substantive provisions of antidiscrimination laws and regulations were identified. Additionally, no evidence of discrimination or disparate treatment was found. The lending practices of Charter National Bank, are reflective of antidiscrimination policies.