



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 1, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank and Trust Company of Weatherford
Charter Number 15407
1100 East Main
Weatherford, Oklahoma 73096**

**Comptroller of the Currency
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 First National Bank and Trust Company of Weatherford, Weatherford, Oklahoma as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of November 1, 1996. 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.

First National Bank and Trust Company of Weatherford is responsive to the credit needs of the communities which it serves. This is demonstrated by the following:

- Number and dollar volume of loans extended within the assessment area.
- Number and dollar volume of loans granted to borrowers with different income levels as well as loans to small farms and small businesses.
- The variety of products and services offered at the main bank in Weatherford and the branch in Cordell, Oklahoma.

The following table indicates the performance level of First National Bank of Weatherford, Weatherford, Oklahoma with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank and Trust Company of Weatherford</u> 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	Geographic distribution analysis is not meaningful as the assessment area contains no low-to-moderate income census tracts.		
Response to Complaints	No complaints were received since the last CRA examination.		

DESCRIPTION OF INSTITUTION

First National Bank and Trust Company of Weatherford (FNB), an affiliate of First National Bancshares of Weatherford, Inc., has sufficient resources to devote to meeting community credit needs. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs of the assessment area. FNB's main bank office and drive-in facility is located at 1100 East Main in Weatherford, Oklahoma. In addition, FNB operates one full service branch at 120 South Market Street in Cordell, Oklahoma. FNB also owns four proprietary automated teller machines (ATM's) located at 1) 920 East Main Street, Weatherford, inside the United Supermarket, 2) 1100 N. Washington, 3) 100 Campus Drive inside the Southwestern Oklahoma State University (SWOSU) student union, and 4) 120 South Glenn English Drive in Cordell. As of June 30, 1996, FNB had total assets of \$83 million dollars, gross loans of \$27 million dollars, and an average loan-to-deposit ratio of 35 percent. A breakdown by type of loan is reflected in the table below.

Percentage of Loans by Type as of June 30, 1996	
Real Estate	37 percent
Loans to finance agricultural production and other loans to farmers	23 percent
Instalment	18 percent
Commercial and industrial	16 percent
Credit cards and related plans	4 percent
Other loans	2 percent

Although FNB offers a wide variety of credit products, its primary lending focus is the different types of real estate loans and loans to farmers for various purposes. FNB also originates and packages real estate loans for sell into the secondary market. FNB's performance under the CRA was previously evaluated as of May 31, 1994.

DESCRIPTION OF CENSUS TRACT(S) NUMBERED 9617 IN CADDO COUNTY,

9606 & 9607 IN CUSTER COUNTY, AND 9648 & 9651 IN WASHITA COUNTY.

FNB's assessment area (AA) was modified during the examination to include geographies which consist of whole census tracts. FNB's assessment area is now comprised of part of Caddo, Custer, and Washita counties inclusive of the main bank and branch location. The assessment area includes the communities of Colony, Cordell, Corn, Hydro, and Weatherford. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies. The following is a description of the revised assessment area.

First National Bank and Trust Company of Weatherford
Description of assessment area

The population of the AA is 19 thousand people and includes the five communities of Colony, Cordell, Corn, Hydro, and Weatherford. Census tract income characteristics are four middle income and one upper income. Households by income traits within the AA consist of five thousand or 65 percent middle income and three thousand or 35 percent upper income. The 1990 census Metropolitan Statistical Area (MSA) median family income for the AA is 24 thousand dollars with a median housing value of 39 thousand dollars.

Weatherford: Population of Weatherford is ten thousand people with an additional five thousand students enrolled at SWOSU. The economy is centered around the Imation (formerly 3-M) plant with 750 employees and SWOSU with 500 employees. Economy is somewhat diversified due to number of small businesses operating in the community. Competition for loans and deposits is provided by five financial institutions plus FNB. This consists of one nationally chartered bank, one state chartered bank, two state saving bank branches, and one state bank branch.

Cordell: Population of Cordell is three thousand. Economy of Cordell is dependent upon agriculture with wheat being the staple crop. Primary employers in Cordell are Robertson Factory, the county of Washita, and Cordell Public School System. Competition in Cordell is provided by one state bank branch and one state savings bank branch.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overall, the bank is satisfactory in meeting the credit needs of the entire assessment area, including low- and moderate-income individuals and areas, consistent with available resources and capabilities.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is satisfactory. This determination is based on the average loan-to-deposit ratio for the previous nine quarters. As of June 30, 1996, the nine quarter average loan-to-deposit ratio for FNB was 35 percent. For comparison purposes, FNB's loan-to-deposit ratio was compared to the 41 banks in the surrounding seven counties. As of June 30, 1996, these 41 banks had loan-to-deposit ratios ranging from 20 percent to 87 percent with the average being 51 percent.

Adjustments to the loan-to-deposit ratio include removing the dollar amount of public funds on deposit at FNB and adding back real estate loans sold in the secondary market. Public funds are maintained at FNB's discretion. Real estate loans sold in the secondary market not only provide a service to the assessment area; but also make available additional funds for lending once the loan is sold. From January 1, 1994 thru June 30, 1996, FNB has sold 270 real estate loans totaling \$16 million dollars. After these adjustments are made, the loan-to-deposit ratio increased to 40 percent. As previously stated, competition for loans is keen in Cordell and Weatherford. The one state and one national bank in Weatherford have loan-to-deposit ratios similar to that of FNB (41 percent and 43 percent, respectively). Based on the above analysis, the loan-to-deposit ratio is considered reasonable.

Lending in Assessment Area

FNB uses a zip code analysis to determine volume of loans made inside and outside the designated assessment area. As of June 30, 1996, FNB had 1,832 loans for \$18 million dollars or 66 percent inside the revised assessment area.

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

Distribution of loans to borrowers of different income levels as well as to small farms and businesses is adequate. A sample of all loan products offered by FNB was done to determine income distribution within the assessment area. The review consisted of 30 instalment and real estate loans made within the last twelve months for both the Weatherford and Cordell locations. Results of this random sample for the assessment area is illustrated in the following table.

Loans Extended by Income Classification	
Low	19 percent
Moderate	29 percent
Middle	13 percent
Upper	39 percent

Based on this sample, the loan distribution approximates the income characteristics of the assessment area. Based on the 1990 census data, 100 percent of the households in the assessment area are either middle or upper income. According to the table, FNB has granted 52 percent of its loans to either middle or upper income groups. Of special note, is the 48 percent of loans made to low or moderate income individuals or families even though the AA has none of this type. The level of lending to small farm and small businesses was also calculated as of June 30, 1996. This analysis revealed the bank has \$9 million dollars or 90 percent of its commercial loans to small businesses and \$8 million dollars or 100 percent of its

agricultural loans to small farms.

Geographic Distribution of Loans

A geographic distribution analysis is not meaningful as the assessment area contains no low-to-moderate income census tracts.

No practices were noted which were intended to discourage types of credit offered. Management solicits credit applications from all segments of the community, including low- and moderate-income neighborhoods. Our review revealed substantial compliance with all the provisions of the antidiscrimination laws and regulations. The board and management have developed adequate policies, procedures, and training programs to prevent discriminatory or other illegal credit practices.

Response to Complaints

No complaints concerning the CRA have been received since the last examination.