



Comptroller of the Currency
Administrator of National Banks

Small Bank

PUBLIC DISCLOSURE

June 8, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank in Marlow
Charter Number 20838**

**301 West Main Street
Marlow, Oklahoma 73055-2496**

**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 **The First National Bank in Marlow, Marlow, Oklahoma** as prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of June 8, 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 **The First National Bank in Marlow, Marlow, Oklahoma**, with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>The First National Bank in Marlow</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 is Not Meaningful as No Block Numbering Areas in the Assessment Area Are Identified as Low or Moderate Income		
Response to Complaints	There have been no complaints received since the prior examination.		

DESCRIPTION OF INSTITUTION

The First National Bank in Marlow is headquartered in Marlow, Oklahoma. It is wholly-owned by Leader First Bancorp, Incorporated, a one-bank holding company. The main bank is located at 301 West Main Street, Marlow, Oklahoma. A full-service branch is located at 1108 South Broadway in Marlow, Oklahoma. Drive-in facilities are located at main bank and at the branch. An Automated Teller Machine (ATM) is available at the branch location. The bank's primary focus is to serve commercial, consumer, and agricultural customers in its assessment area. The First National Bank in Marlow meets these needs by providing various types of loan and deposit products and services.

As of March 31, 1998, the bank's assets equaled \$41,292,000 of which \$22,046,000 or 53.39 percent, were composed of various types of loans to individuals and businesses. These loans and leases outstanding consisted of \$11,324,000 in real estate loans, (51.37 percent), \$4,992,000 in consumer loans, (22.64 percent), \$4,737,000 in agricultural loans (21.49 percent), and \$993,000 in commercial loans (4.50 percent). Included in the consumer loans are 337 Class B, supervised loans totaling \$134,000. These loans are primarily designed to benefit consumers of low- and moderate-income. There are no known legal, financial, or other factors impeding management's ability to help meet the credit needs of the assessment area. The last review of performance under the Community Reinvestment Act was completed as of April 10, 1995.

DESCRIPTION OF THE ASSESSMENT AREA

The assessment area adopted by the bank's Board of Directors meets the requirements of the regulation and does not arbitrarily exclude any low or moderate income geographies. The assessment area is described in more detail below.

The First National Bank in Marlow's Assessment Area

The assessment area is located in south central Oklahoma and contains 3 Block Number Areas (BNA's). The assessment includes two BNA's located in Stephens county and one BNA in Grady county, which is appropriate for the bank. The main bank, branch, drive-thru facilities, and ATM are all located in BNA #9 in Stephens county.

Based on 1990 United States Census Bureau census data, none of the three BNA's in the assessment area are identified as low or moderate income. BNA # 7 in Grady county and BNA # 9 in Stephens county are identified as middle income. BNA # 8 in Stephens county is identified as upper income.

United States Census Bureau information as of 1990 reflected a total population of 19,250 for the assessment area. The area contained 8,536 housing units with 5,764, or 67 percent, being owner-occupied. Additionally, there were 5,794 families and 7,338 households in the area. Sixty-seven percent of the households derive their income from wages or salaries. The largest employment sectors were services, manufacturing, and retail trades.

The assessment area is served by several other national and state chartered banks. It is also served by branches of these banks, as well as the branches of other banks and federal savings banks.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overall, the bank is satisfactorily meeting the credit needs of its entire assessment area, consistent with available resources and capabilities.

Loan to Deposit Ratio

The bank's loan to deposit ratio is reasonable given its size, financial condition, and assessment area credit needs. The average quarterly loan to deposit ratio from March 31, 1995 through March 31, 1998 was 55.33 percent. The ratio as of March 31, 1998 was 59.88 percent. The low ratio for the period was 50.27 percent at June 30, 1995. The high ratio for the period was 59.88 percent at March 31, 1998.

The First National Bank in Marlow's ratio compares favorably to the average loan to deposit ratio for the thirty-four banks operating in Stephens and the six surrounding counties in Oklahoma. The average ratio for this group of banks was 56.53 percent at December 31, 1997. The low ratio in this group was 17.92 percent and the high ratio was 83.27 percent. However, the bank's ratio lies below the average loan to deposit ratio for the three other banks headquartered Stephens county. The average for this group of banks was 75.69 percent at December 31, 1997. The low ratio in this group was 65.59 percent and the high ratio was 82.74 percent for the same date.

Lending in Assessment Area

A majority of credit extended is within the assessment area. Analysis of internal reports for total outstanding loans as of May 5, 1998, noted the following:

Loan Sample	% of Loans Inside Area	% of Loans Outside Area	% of Loan Dollars Inside Area	% of Loan Dollars Outside Area
Combined Totals (1,480 Loans \$22,199,405)	82.30% (1,218 Loans)	17.70% (262 Loans)	74.84% (\$16,614,437)	25.16% (\$5,584,968)

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

The distribution of borrowers reflects a reasonable penetration among individuals as well as businesses and farms of different income levels within the assessment area. The following table uses income data collected from the sample of consumer loans selected for review.

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
Number of Loans (176)	19.89% 35	37.50% 66	22.72% 40	19.89% 35
Dollars of Loans (\$1,084,677)	10.93% 118,571	35.26% 382,459	26.63% 288,808	27.18% 294,839

The number of loans to each income group compares well to the distribution of households and families by income level, as illustrated below:

Description (Number)	% Low Income (<50% of Median)*	% Moderate Income (50-80% of Median)*	% Middle Income (80-120% of Median)*	% Upper Income (>120% of Median)*
Households (7,336)	23.72% 1,740	14.58% 1,069	16.75% 1,229	44.95% 3,298
Families (5,793)	19.51% 1,130	17.36% 1,006	21.68% 1,256	41.45% 2,401

*1990 census updated median family income for the assessment area was \$30,800.

Additionally, a sample of 63 commercial and agricultural loans totaling \$2,147,832 extended in the assessment area, revealed that 62, or 98.41 percent, and \$1,905,642, or 88.72 percent, were extended to entities with annual gross revenues of less than \$1 million per year.

Geographic Distribution of Loans

The bank's assessment area does not contain any block numbering areas which are identified as low or moderate income. Therefore, a geographic distribution analysis of its lending would not be meaningful to determine the quality of the bank's service to low and moderate income geographies.

Responses to Complaints

No complaints concerning the Community Reinvestment Act have been received since the last examination of the bank on April 10, 1995.

Fair Lending Matters

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