



---

Comptroller of the Currency  
Administrator of National Banks

---

## **PUBLIC DISCLOSURE**

**October 20, 1997**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank of Medford  
Charter Number 5796**

**120 North First Street  
Medford, Oklahoma 73759**

**Office of the Comptroller of the Currency  
South Kansas Field Office  
3450 North Rock Road, Suite 505  
Wichita, Kansas 67226**

**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 of Medford** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 20, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

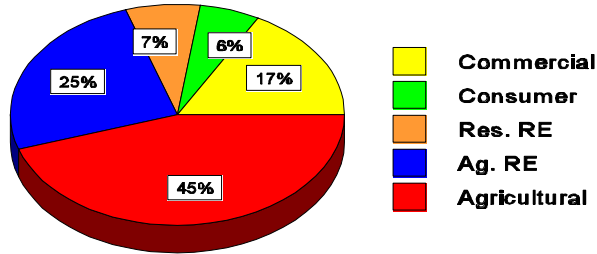
**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

The bank lends to farms of different sizes, making a reasonable number of its agricultural loans to small farms. The bank's loan-to-deposit ratio is reasonable, with a majority of its loans being made within its assessment area.

## DESCRIPTION OF INSTITUTION

The First National Bank of Medford (FNB), a \$27 million financial institution, is one of six banks headquartered in the bank's assessment area. FNB is headquartered in Medford, Oklahoma. It

**Loan Portfolio Composition by Volume**  
**As of September 30, 1997**



does not have any branches. The bank does not operate under a holding company. FNB is a full service bank and offers a variety of loan products with an emphasis on agricultural, farm real estate, and small consumer loan products. As of September 30, 1997, agriculture and farm real estate loans respectively accounted for 45% and 25% of the bank's \$12 million loan portfolio. Although consumer loans account for only 6% of the loan portfolio in dollars, the number of consumer loans accounts for 31% of total loans. The remaining portfolio in terms of dollars consists of commercial and residential real estate loans at 17% and 7%, respectively.

The bank's financial condition, size, local economic conditions, and other factors allow it to help meet the credit needs of its assessment area. The bank has neither opened nor closed any branches since the last CRA examination. At the last CRA examination dated October 31, 1994, FNB received a satisfactory rating.

## DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area includes all of Grant county. The assessment area includes block numbering areas 9561, 9562, 9563, and 9564. All four block numbering areas are considered middle-income geographies. The assessment area complies with the regulation and does not arbitrarily exclude any low- or moderate-income areas.

The assessment area is located in northern Oklahoma. The assessment area has a combined population of approximately 5,689. Medford has a population of approximately 1,200. The local economy is dominated by agriculture and oil industries. Major private employers in Medford include Koch Industries and Conoco Oil. The primary agricultural products are wheat and cattle. Grant county is the largest wheat-producing county in Oklahoma. Area economic conditions have improved primarily due to the bumper winter wheat crop harvest experienced in 1997. Two other banks provide strong direct competition.

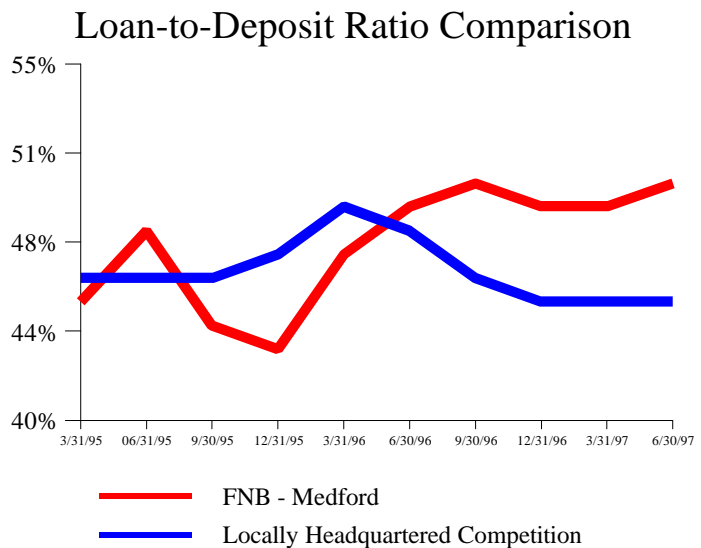
Of all households in the assessment area, 20% are low-income, 16% are moderate-income, 18% are middle-income, and 46% are upper-income. The Oklahoma 1997 statewide non-metropolitan median family income is \$30,800.

Examiners made a community contact with one city official in Medford. The contact revealed no unmet credit needs or discriminatory practices within the assessment area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

### *Loan-to-Deposit Ratio*

The bank's level of lending is reasonable compared to other banks in the assessment area. During the last 10 quarters ending June 30, 1997, the bank's average loan-to-deposit ratio was 48%. This compares to the average loan-to-deposit ratio of 55% for the other 5 banks headquartered within the assessment area. The bank's average is similar to the only other Medford-based bank's average of 47%. Average loan-to-deposit ratios for banks in the assessment area range from 46% to 70% over the same 10 quarter time period.



### *Lending in Assessment Area*

FNB extends a majority of its loans within the assessment area. Based on a bank-generated report that sorted loans by zip code, the bank made over 87% of the number and 70% of the dollar volume of loans within its assessment area. Examiners verified the accuracy of the report by reviewing individual loan files.

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

The bank makes loans to farms of different sizes. We reviewed a sample of 20 loans to determine whether the bank had reasonable penetration of small agricultural borrowers. The bank considers farmers/ranchers with gross farm revenue less than \$250M to be small. Based on the sampled loans, the bank lends to borrowers of various income levels. The sample indicated 90% of the loans were to small farming operations. The following chart shows the revenue distribution of our agricultural loan sample.

Gross Farm Revenue	# of Loans	Percent
Under \$50,000	6	30%
From \$50,001 to \$100,000	4	20%
From \$100,001 to \$150,000	7	35%
From \$150,001 to \$250,000	1	5%
Over \$250,000	2	10%
TOTAL	20	100%

The bank also makes loans to borrowers of different income levels. By using loan size as a proxy for income, it appears the bank has good penetration to individuals with low- and moderate-income levels. Consumer loans with original balances of \$1,000 or less represent 22% of the number of consumer loans in the bank's portfolio.

***Geographic Distribution of Loans***

An analysis of the distribution of credit within the assessment area would not be meaningful as the assessment area consists of only moderate-income block numbering areas.

***Response to Complaints***

The bank received no CRA-related complaints since the previous CRA examination.

***Compliance with Anti-Discrimination Laws and Regulations***

Based on our review, the bank is in compliance with all provisions of anti-discrimination laws and regulations. Examiners found no evidence of disparate treatment.