



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

September 20, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank in Okeene
Charter Number 10913**

**124 North Main
Okeene, Oklahoma 73763**

**Comptroller of the Currency
Oklahoma City Field Office
301 NW 63rd Street, Suite 490
Oklahoma City, Oklahoma 73116**

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 in Okeene, Okeene, Oklahoma** as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of September 20, 1999. 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. This is demonstrated by the following:

- C First National Bank's willingness to provide a variety of loan and deposit products.
- C An average loan-to-deposit ratio which meets the standards for satisfactory performance.
- C A majority of the loans extended are within the assessment area.
- C First National Bank has demonstrated the willingness to extend loans to individuals and farms of different income levels.

DESCRIPTION OF INSTITUTION

First National Bank in Okeene (FNB) is headquartered in Okeene, Oklahoma. It is closely held by the Wisdom family. The bank and drive-in facility are located at 124 North Main, Okeene, Oklahoma. The bank does not have an Automated Teller Machine. No branch locations have been opened or closed since the previous CRA examination. The bank's primary focus is to serve agricultural customers in Okeene and immediate areas surrounding Okeene. The bank meets these needs by providing various loan and deposit products, as well as other financial services. FNB participates in the Farmers Home Administration Guaranty loan program and the Ag Link loan program.

As of June 30, 1999, FNB's total assets equaled \$64,568,000, of which \$14,942,000 or 23.14 percent, were composed of various types of loans to individuals and businesses. The \$14,942,000 in loans and leases outstanding consisted of \$6,873,000 in agricultural loans, (46.00 percent), \$6,688,000 in real estate loans, (44.76 percent), \$717,000 in consumer loans, (4.80 percent), and \$664,000 in commercial loans (4.44 percent).

There are no known legal, financial, or other factors impeding management's ability to help meet the credit needs of the assessment area. The bank participates in meeting the local needs by providing banking related materials and handouts to area schools and doing presentations on banking at the schools. Seminars are periodically held for various senior citizen groups to answer banking related questions and to educate them about scams and fraud against the elderly. The bank solicits input from the community by handing out questionnaires at their annual Community Appreciation Day. A community contact was conducted in the bank's area with a local resident. The community contact was not aware of any credit needs that were not being met by the bank. The contact indicated that the community needed to attract additional businesses to the area to help the economy. FNB's performance under the CRA was previously reviewed as of May 20, 1996 and rated satisfactory.

DESCRIPTION OF THE ASSESSMENT AREA

The assessment area adopted by FNB’s board of directors meets the requirements of the regulation. It does not arbitrarily exclude any low- or moderate-income geographies. The assessment area is described in more detail below.

First National Bank in Okeene Assessment Area

The assessment area encompasses three contiguous Block Number Areas (BNAs) in portions of Blaine and Major Counties. These are BNA #9586 and #9588 in Blaine County and BNA #9551 in Major County. Blaine and Major Counties are non-MSA counties. FNB is located in BNA #9586 in Blaine County.

Based on the 1990 census data, the United States Census Bureau identifies BNA #9586 and #9588 as middle income. BNA #9551 is identified as upper income. There are no low- or moderate-income BNAs in the assessment area.

United States Census Bureau information as of 1990 reflected a total population of 6,596 in the assessment area. The area contained 3,041 housing units with 2,074 or 68.20 percent owner occupied. The median housing value in the assessment area is \$34,997. Additionally, there were 1,984 families and 2,560 households in the area. Sixty-eight percent of the households derive their income from wages or salaries and 33 percent from social security. The largest employers are the United States Gypsum plant, Okeene Annex and Hospital, and the public school system. The unemployment level as of July 1999 for Blaine County was 3.5 percent and for Major County 2.7 percent. Per the 1990 census, the 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 Families (1984)	17.44%	15.47%	22.13%	44.96%

* 1990 census median family income for the assessment area was \$24,139. 1999 updated median family income for non-MSA locations in the State of Oklahoma was \$32,700.

The assessment area is served by three other chartered banks with headquarters in the assessment area. There are no additional branch locations of other financial institutions in the assessment area. The bank’s main competition is the state-chartered bank in Okeene.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

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

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance given the institution's size, financial condition, and assessment area credit needs. The average quarterly loan-to-deposit ratio from June 30, 1996 through June 30, 1999 was 35.13 percent.

The ratio as of June 30, 1999 was 43.97 percent. The low ratio for the period was 30.49 percent at September 30, 1996. The high ratio for the period was 43.97 percent at June 30, 1999. The average loan-to-deposit ratio at last examination was 38.95 percent.

FNB's ratio is lower than the average loan-to-deposit ratio for the thirty-eight banks operating in the bank's assessment area (portion of Blaine and Major counties) and the seven contiguous counties surrounding the assessment area. The average ratio for this group of banks was 55.22 percent at June 30, 1999. The low ratio in this group was 22.70 percent and the high ratio was 89.83 percent.

FNB's ratio is higher than the average loan-to-deposit ratio for the four banks headquartered in the assessment area. The average for this group of banks was 36.08 percent at June 30, 1999. The low ratio in this group was 27.00 percent and the high ratio was FNB's at 43.97 percent.

FNB also compares favorably when compared to its primary competitor in Okeene. State Guaranty Bank's average loan-to-deposit ratio at their August 1997 review was 25.87 percent. At June 30, 1999, their loan-to-deposit ratio was 27.00 percent. These two institutions compete in the town of Okeene, which has a population of only 1,343 based on 1990 census data. The estimated 1998 population is even lower at 1200 persons.

Additional factors affecting the loan-to-deposit ratio include the low loan demand in the small communities in the assessment area and the declining income of farmers due to the poor agriculture economy. FNB also continues to have brokered deposits. These deposits are maintained at the bank's discretion. Deducting these deposits from the bank's liabilities would increase the bank's loan-to-deposit ratios for every quarter since the last review.

Lending in Assessment Area

A majority of credit extended is within the assessment area and meets the standard for satisfactory performance. Analysis of a sample of twenty agricultural real estate loans and twenty agricultural loans extended since the last examination, noted the following results:

Loan Sample	% of Loans Inside Area	% of Loans Outside Area	% of Loan Dollars Inside Area	% of Loan Dollars Outside Area
Agricultural Real Estate (20 loans for \$1,073,110)	75.00%	25.00%	67.46%	32.54%
Agricultural (20 loans for \$1,000,641)	95.00%	5.00%	99.75%	.25%
Combined Totals (40 loans for \$2,073,751)	85.00%	15.00%	83.04%	16.96%

The sample data corroborates the internal zip code analysis performed by management to justify the assessment area. This information indicates that 59.86 percent of the number of loans are within Okeene’s zip code number 73763.

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

The distribution of borrowers reflects a reasonable penetration among individuals and farms of different income levels. This is indicative of performance that meets the standard for satisfactory performance. The samples below consist of agricultural related loans since the bank’s primary focus is to serve farmers and the majority of the number and dollar volume of loans are agricultural loans. Other loan types were not sampled due to the inadequate number of loans in a specific loan category or the lack of income information for the majority of the consumer loans.

The following tables use revenue data collected from twenty agricultural loans and twenty agricultural real estate loans originated since the last CRA review. The percentages below compare well to the distribution of farms by revenue size obtained from the 1990 census data. A substantial majority of the loans are made to small farms that report annual gross revenues of less than \$1,000,000.

Agricultural Loan Revenue Distribution		
Revenue Category	% of Loans	Distribution of Farms by Revenue Size in AA
\$0 to \$1,000,000	100%	88%
Over \$1,000,000	0%	0%
Unreported Revenue	0%	12%
Total	100%	100%

The sample of agricultural loans included 16 percent of the number of agricultural loans or 21 percent of the dollar volume of agricultural loans as of August 20, 1999.

Agricultural Real Estate Revenue Distribution		
Revenue Category	% of Loans	Distribution of Farms by Revenue Size in AA
\$0 to \$1,000,000	95%	88%
Over \$1,000,000	5%	0%
Unreported Revenue	0%	12%
Total	100%	100%

The sample of agricultural real estate loans consisted of 50 percent of the number of outstanding loans as of August 20, 1999.

Geographic Distribution of Loans

No analysis of the geographic distribution of credit within the assessment area was performed as the assessment area contains no low- or moderate-income census tracts.

Responses to Complaints

No complaints concerning the Community Reinvestment Act have been received since the May 20, 1996 examination.

Fair Lending Matters

The fair lending review compared rates and terms of thirty-seven savings and certificates of deposit secured consumer loans originated between January 1, 1998 and September 28, 1999. Twenty-seven individual male applicants were compared to ten individual female applicants. No practices were noted which are intended to discourage applicants from applying for the types of credit offered. Management solicits credit applications from all segments of its community, including low- and moderate-income neighborhoods. Our review revealed substantial compliance with all 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.