



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 04, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank & Trust
Charter Number 9952**

**2714 West Third Street
Elk City, OK 73648**

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NOTE: This document is an evaluation of this 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. 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.

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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 CRA performance of First National Bank & Trust Of Elk City, Elk City, Oklahoma as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of February 4, 2002. 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.

A **Satisfactory** rating is appropriate based on the bank's demonstrated ability to meet the credit needs of the community. Specifically:

- A majority of the bank's loans are made within the assessment area.
- The bank's loan-to-deposit ratio is reasonable when compared to banks of similar size and characteristics in the trade area.
- The bank meets the standard for satisfactory performance for lending to borrowers of different incomes and businesses of different sizes.
- There have been no CRA complaints against the bank.

The First National Bank and Trust Company of Elk City, Oklahoma is committed to serving the community and demonstrates satisfactory lending performance.

DESCRIPTION OF INSTITUTION

First National Bank and Trust Company of Elk City (FNB) is a community bank located in Elk City, Oklahoma. FNB, an affiliate of Western Oklahoma Financial Services, Inc., has sufficient resources devoted to meeting community credit needs. FNB's main bank office and drive-in facility is located at 2714 West Third Street in Elk City. In addition, FNB operates two full service branches at Main and Broadway in Elk City and at 711 Northeast Highway 66 in Sayre, Oklahoma. The bank has three Automated Teller Machines. One is located at the main bank office in Elk City, one at the branch in Sayre, and the other is located at West Third and Lincoln, Elk City, inside the Great Plains Community Medical Center. Management and the Board's primary focus are to serve commercial, agricultural and consumer customers in Elk City, Sayre and surrounding areas. The bank meets these needs by providing various loan and deposit products, as well as the services of a Trust Department and Retail Nondeposit Investment Services.

As of September 30, 2001, FNB had total assets of \$139 million, of which \$73 million, or 39 percent of total asset, were composed of various types of loans to individuals, commercial businesses, and agricultural related enterprises. Specifically, the bank's loan portfolio consisted of the following:

Loan Category	\$ (000)	%
Real Estate Loans	42,277	58.16
Agricultural Loans	16,296	22.42
Commercial Loans	8,612	11.85
Consumer Loans	5,506	7.57
Total	72,691	100.00

There are no legal or financial impediments to prevent the bank from meeting the credit needs of the assessment area. The bank received an overall rating of Satisfactory at the last Community Reinvestment Act examination dated September 12, 1997.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income areas. The assessment area is identified as three Block Numbering Areas (BNA) in the West Central Oklahoma County of Beckham. The BNA's are #9661 and #9662 where the community of Elk City is located and #9664 where the community of Sayre is located. The assessment area includes the geographies where the bank has its main office, branches and ATMs. This assessment area is not located in a Metropolitan Statistical Area.

The United States Census Bureau information as of 1990 reflected a total population of the assessment area of 16,290, with 1,197, or 7.35 percent, being minority. The largest minority population consists of Hispanic at 525, or 3.22 percent of the total population. The area contained 7,713 housing units with 4,326 or 56.09 percent owner occupied. Of the 6,363 households in the assessment area, 68.32 percent of the households derive their income from wages and salaries. The largest employment sectors were service related entities and retail trade businesses.

Three other chartered banks located in Elk City, Oklahoma, serve the assessment area. The area is also serviced by several other financial institutions and branches of out of area banks.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	4500
Number of Households	6363
<i>Geographies</i>	
Number of Census Tracts/BNA	3
% Low-Income Census Tracts/BNA	0
% Moderate-Income Census Tracts/BNA	0
% Middle-Income Census Tracts/BNA	2
% Upper-Income Census Tracts/BNA	1
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	24,139
1990 HUD-Adjusted MFI	34,000
<i>Economic Indicators</i>	
Unemployment Rate	3.14%
1990 Median Housing Value	34,070
% of Households Below Poverty Level	22.47%

As the above table depicts, the assessment area is made up of two middle- and one upper-income BNAs. There are no low- or moderate-income BNAs in the assessment area. Of the 4500 families, 19.7 percent are low income, 19.1 percent are moderate income, 20.2 percent are middle income, and 41 percent are upper income.

The economy of Elk City continues to be dependent on agriculture and oil and gas exploration/production. The major employers in Elk City consist of Great Plains Community Medical Center (370 employees), Elk City Public Schools (240 employees) and Wal-Mart (170 employees). The economy of Sayre is dependent on agriculture and the private prison. Primary employers in Sayre include North Fork Correctional Facility (300 employees), Sayre Public Schools (90 employees), Sayre Memorial Hospital (70 employees) and the new Flying J Truck Stop (70 employees).

A community contact was made during the examination to help ascertain the credit needs of the assessment area. The immediate credit needs of the community are being fulfilled, according to this contact. The bank is considered to be involved in the various community development activities in the area.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

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

Loan-to-Deposit Ratio

The loan-to-deposit ratio is satisfactory given the institution's size, financial condition, and assessment area credit needs. This determination is based on the bank's quarterly average loan-to-deposit ratio from September 30, 1998 through September 30, 2001 of 65.94 percent. The low ratio for the period was 62.09 percent at September 30, 2001. The high ratio for the period was 67.58 percent at December 31, 1998.

The average loan-to-deposit ratio for the 19 chartered banks operating in the Beckham County and surrounding counties at September 30, 2001 was 58.70 percent. The ratios for this group ranged from 29.95 percent to 81.65 percent. The average loan-to-deposit ratio for the four similarly situated banks in the area (listed in the table below) was 67.42 percent at September 30, 2001.

Institution	Assets as of 09/30/2001 \$ (000)	Quarterly Average LTD Ratio
Bank of Western Oklahoma, Elk City	76,314	72.25
Security State Bank, Cheyenne	77,013	48.14
InterBank, Elk City	108,337	69.72
Great Plains National Bank, Elk City	157,255	79.57
<i>First National Bank & Trust, Elk City</i>	<i>138,634</i>	<i>65.94</i>

Lending in Assessment Area

FNB's lending in the assessment area meets the standards for satisfactory performance. The table below showing sampled loans and the bank's internal data reflects a majority of credit is extended within the assessment area.

TOTAL LOANS REVIEWED								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Real Estate	36	80%	1,425	74.31%	9	20%	493	25.69%
Ag/Commercial	18	72%	2,505	45.16%	7	28%	3,041	54.84%
Installment	21	70%	167	66.35%	9	30%	85	33.65%
Total Reviewed	75	75%	4,097	53.10%	25	25%	3,619	46.90%

Internal reports produced by the bank indicated that a majority of the commercial loans were extended within in the assessment area. As of February 13, 2002, the analysis reflected 74 percent of the total commercial portfolio and 74 percent of the dollar amount were extended within the assessment area.

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

FNB meets the standard for satisfactory performance for lending to borrowers of different incomes and businesses of different sizes. The following tables represent a reasonable distribution of lending based on the random sample of 36 real estate loans, 21 consumer loans, and 18 commercial and agricultural loans.

REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	19.70		19.10		20.20		41.00	
Sample Disbursement	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	22.22	8.60	13.89	1.96	8.33	4.61	55.56	84.83

The number and amount of real estate loans extended to low- and moderate-income families compares reasonably to the percentage of those families represented in the assessment area.

CONSUMER								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	25.90		14.30		17.60		42.10	
Sample Disbursement	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	28.57	24.46	23.81	27.47	33.33	22.37	14.29	25.70

The number and amount of consumer loans extended to low- and moderate-income households compares favorably to the percentage of those households represented in the assessment area.

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	88.58%	5.22%
% of Bank Loans in AA #	72%	28%
% of Bank Loans in AA \$	83.62%	16.38%

* 6.20 percent of Businesses did not report revenues.

The level of commercial/agricultural loans revealed that a majority of loans were extended to small businesses with annual gross revenues of less than \$1 million per year.

Geographic Distribution of Loans

An analysis of geographic distribution of loans would not be meaningful since there are no low- or moderate-income BNA in the assessment area.

Responses to Complaints

There have been no consumer complaints regarding the bank's Community Reinvestment Act performance during the evaluation period.

Fair Lending Review

An analysis of 1997 - 2001 public comments and consumer complaint was performed according to the OCC's risk based fair lending approach. The bank has a good history of complying with anti-discrimination laws. Based on the analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.