

BANK

PUBLIC DISCLOSURE

April 5, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**American National Bank and Trust Company of Shawnee
Charter Number 13930**

**201 North Broadway
Shawnee, Oklahoma 74802-1089**

**Office of the Comptroller of the Currency
Southwestern District
Little Rock Field Office
10201 W. Markham St., Suite 105
Little Rock, Arkansas 72205**

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 **American National Bank and Trust Company of Shawnee, Shawnee, Oklahoma**, prepared by **Comptroller of the Currency**, the institution's supervisory agency, as of April 5, 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***.

American National Bank and Trust Company of Shawnee, consistent with resources, capabilities, and physical location is satisfactorily meeting the credit needs of the assessment area, including those of low- and moderate-income individuals.

- C American National Bank and Trust Company's average loan-to-deposit ration is 78%, which is significantly above the average of other banks in the assessment area.
- C A substantial majority of the bank's lending is within the assessment area.
- C The distribution of borrowers in the assessment area reflects a reasonable penetration among individuals of different income levels, and businesses and farm operations of different sizes.
- C The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

The following table indicates the performance level of **American National Bank and Trust Company of Shawnee**, with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>American National Bank & Trust Company of Shawnee</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		X	
Response to Complaints	No CRA related complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

American National Bank and Trust Company of Shawnee (ANB&T), is located in Shawnee, Oklahoma. ANB&T is a subsidiary of Bank Group Incorporated, a \$4 billion holding company, headquartered in Bentonville, Arkansas. The main bank, a drive-through facility, and an Automated Teller Machine (ATM) are located at 201 North Broadway in Shawnee. Full-service branch operations, including ATM's, are located at 1700 North Kickapoo in Shawnee and at the Shawnee Mall. An ATM is also located at the Del Plaza Shopping Center in Shawnee. The bank's primary focus is to serve commercial, real estate and consumer customers in Pottawatomie County. The bank meets these needs by providing various loan and deposit products as well as other financial services.

As of December 31, 1998, the bank reported total assets of \$125 million, with \$81 million in total loans. The \$81 million in loans outstanding consisted of \$57 million in residential and commercial real estate (70%), \$12 million in commercial loans (15%), and \$12 million in consumer loans (15%). Additionally, the mortgage division sold 103 loans originated by the bank, totaling \$7 million, into the secondary market during 1998.

There are no known factors which have or may potentially impede the credit needs of the assessment area. The last review of performance under the Community Reinvestment Act was completed as of July 15, 1996.

**DESCRIPTION OF THE ASSESSMENT AREA FOR
AMERICAN NATIONAL BANK & TRUST COMPANY OF SHAWNEE:**

The assessment area adopted by the Board of Directors encompasses Pottawatomie County. This area meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. The assessment area is located within the Oklahoma City Metropolitan Statistical Area (MSA) 5880 and contains 16 census tracts. The 1990 United States Census Bureau data identifies these tracts to have the following characteristics:

Tract Income Characteristics	Number of Tracts	Percentage of Total Tracts
Low	1	6.25%
Moderate	8	50.00%
Middle	6	37.50%
Upper	1	6.25%
Total	16	100.00%

Census Bureau information reflected a total population of 58,760 in the assessment area. The assessment area contained 24,528 housing units with 16,105, or 66 percent, being owner-occupied. Additionally, there were 21,890 households and 16,141 families in the area. Seventy-one percent of the households derive their income from wages or salaries. Major employers are TDK Ferrites Corporation, Mobile Chemical Company, Wolverine Tube, Eaton Corporation and Central Plastics. Tinker Air Force Base and General Motors, which are approximately 30 miles west of Shawnee also employ a significant number of persons living in Pottawatomie County.

Per the 1990 census, the households and families in the assessment area 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 Households	3.13%	47.49%	45.06%	4.31%
% of Families	2.92%	44.98%	48.03%	4.06%

The 1990 census median family income for the assessment area was \$26,906. Census median family income for the Oklahoma City MSA was \$32,406. The Department of

Housing and Urban Development's 1998 estimate of median family income for the Oklahoma City MSA was \$41,300.

The assessment area is served by one other national and two state chartered banks. The area is also served by branches of these banks, as well as the branches of other banks and savings and loans.

Community contacts were facilitated through previously documented contacts conducted by the Federal Reserve Bank of Kansas City. Contacts included the local Housing Agency and Economic Development Corporation. Indications from the contacts are that the bank is offering the kinds of credit which would facilitate community needs identified by the organizations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio

The loan to deposit ratio for ANB&T exceeds 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 December 31, 1998, was 78%. The ratio as of December 31, 1998, was 79% percent. The lowest semi-annual period ratio was 75% at December 31, 1996, and the highest was 82% at June 30, 1998.

ANB&T's loan to deposit ratio compares favorably to the ratio for national and state chartered banks operating in Pottawatomie and the six surrounding counties. The average quarterly ratio for this group of banks from June 30, 1996 through December 31, 1998, was 62%. The ratio was 63% percent at December 31, 1998. The lowest ratio in this group was 25% at June 30, 1997, and the highest ratio was 99% percent at June 30, 1998.

Lending in Assessment Area

The bank has extended a substantial majority of loans within the assessment area. Analysis of a random sample of 31 consumer loans originated during the past 12 months, 369 loans extended and reported on the 1998 Home Mortgage Disclosure Act Loan Application Register, and 19 business loans extended during 1998 noted the following results:

Loan Sample	% of Loans Inside Area	% of Loans Outside Area	% of Loan Dollars Inside Area	% of Loan Dollars Outside Area
Consumer (31 Loans = \$348,537)	83.87% (27 Loans)	16.13% (5 Loans)	81.14% (\$282,820)	18.16% (\$65,717)
Residential (HMDA-LAR) (369 Loans = \$21,373,000)	86.72% (320 Loans)	13.28% (49 Loans)	86.02% (\$18,384,000)	13.98% (\$2,989,000)
Business (19 Loans = \$6,654,000)	73.68% (14 Loans)	26.32% (5 Loans)	67.25% (\$4,475,000)	32.75% (\$2,179,000)
Combined Totals (419 Loans \$28,375,537)	86.16% (361 Loans)	13.84% (58 Loans)	81.56% (\$23,141,820)	18.44% (\$5,233,717)

Lending to Borrowers of Different Incomes

The distribution of loans reflects a satisfactory penetration between individuals and businesses of different income levels within the assessment area. The following table analyzes income data collected from the random sample of 26 consumer loans and three hundred sixty-nine residential loans on the 1998 Home Mortgage Disclosure Act Loan Application Register which were extended. The number of loans to each income group compares satisfactorily to the distribution of households and families by income level illustrated on page (4) of this evaluation.

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
Consumer (26 Loans)	23.08% (6 Loans)	23.08% (6 Loans)	11.54% (3 Loans)	42.30% (11 Loans)
Consumer Dollars of Loans (\$282,791)	12.45% (\$35,210)	26.41% (\$74,666)	15.75% (\$44,550)	45.39% (\$128,365)
Residential (HMDA-LAR) (320 Loans)	.63% (2 Loans)	34.37% (110 Loans)	50.31% (161 Loans)	14.69% (47 Loans)
Residential (HMDA-LAR) Dollars of Loans (\$18,384,000)	.24% (\$45,000)	25.29% (\$4,649,000)	50.95% (\$9,367,000)	23.52% (\$4,323,000)
Total Number of Loans (346)	2.31% (8 Loans)	33.53% (116 Loans)	47.40% (164 Loans)	16.76% (58 Loans)
Total Dollar of Loans (\$18,666,791)	.43% (\$80,210)	25.30% (\$4,723,000)	50.42% (\$9,411,550)	23.85% (\$4,451,365)

The following table depicts the distribution of the 14 business loans sampled which were extended in the assessment area, based on the annual gross revenues reported by the companies.

Distribution of Loans by Annual Gross Revenues					
Description	Revenues \$0-250,000	Revenues \$250,000-\$500,000	Revenue \$500,000-\$750,000	Revenues \$750,000-\$1,000,000	Revenues Greater \$1,000,000
# of Loans (14)	14.29% (2 Loans)	21.43% (3 Loans)	14.29% (2 Loans)	14.29% (2 Loans)	35.70% (5 Loans)
\$ of Loans (\$4,475,000)	15.44% (\$691,000)	7.04% (\$315,000)	7.37% (\$330,000)	31.53% (\$1,411,000)	38.62% (\$1,728,000)

The loan sample indicated that 64.30 percent of the loans were extended to small businesses, that is, those grossing less than \$1 million in annual revenues. Additionally, 61.39 percent of the dollars lent were made to those small businesses. These ratios

compare satisfactorily to 1990 Census Business Demographic Data which identifies 78.43 percent of the businesses in Pottawatomie County having annual net revenues of less than \$1 million.

Geographic Distribution of Loans

The distribution of loans reflects a reasonable dispersion throughout the assessment area. This is based on an analysis of the random sample of 26 consumer loans, and 320 residential loans on the 1998 Home Mortgage Disclosure Act Loan Application Register, which were extended in the assessment area. The results of this analysis are depicted in the table below.

Tract Income Level	# of Loans Extend In Tract	# of Loans Extended In Tract As % of Total	Population of Tract By Income Level	Population of Tract By Income As % of Total
Low (1 Tracts)	2	.58%	1,873	3.19%
Moderate (8 Tracts)	119	34.39%	27,422	46.67%
Middle (6 Tracts)	178	51.45%	27,021	45.99%
Upper (1 Tracts)	47	13.58%	2,444	4.16%
Total (16 Tracts)	346	100.00%	58,760	100.00%

The tables below segregate the data in the above table by type of loan.

Consumer Loans

Tract Income Level	# of Loans Extend In Tract	# of Loans Extended In Tract As % of Total	Population of Tract By Income Level	Population of Tract By Income As % of Total
Low (1 Tracts)	0	0.00%	1,873	3.19%
Moderate (8 Tracts)	9	34.62%	27,422	46.67%
Middle (6 Tracts)	17	65.38%	27,021	45.99%
Upper (1 Tracts)	0	0.00%	2,444	4.16%
Total (16 Tracts)	26	100.00%	58,760	100.00%

Residential Loans

Tract Income Level	# of Loans Extend In Tract	# of Loans Extended In Tract As % of Total	Population of Tract By Income Level	Population of Tract By Income As % of Total
Low (1 Tracts)	2	.63%	1,873	3.19%
Moderate (8 Tracts)	110	34.38%	27,422	46.67%
Middle (6 Tracts)	161	50.31%	27,021	45.99%
Upper (1 Tracts)	47	14.69%	2,444	4.16%
Total (16 Tracts)	320	100.00%	58,760	100.00%

Responses to Complaints

No complaints concerning the Community Reinvestment Act have been received since the last examination of the bank on July 15, 1996.

Fair Lending Matters

Substantial compliance with all provisions of the anti-discrimination laws and regulations was noted during the examination. No evidence of discrimination or disparate treatment was found. The lending practices of American National Bank and Trust Company of Shawnee are reflective of anti-discrimination policies.