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Comptroller of the Currency  
Administrator of National Banks

**SMALL BANK**

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## **PUBLIC DISCLOSURE**

July 20, 1998

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The Shattuck National Bank  
Charter Number 9987**

**503 South Main  
Shattuck, Oklahoma 73858**

**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 **Shattuck National Bank, Shattuck, Oklahoma** as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of July 20, 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 **Shattuck National Bank, Shattuck, Oklahoma**, with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Shattuck National Bank</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 analysis is not meaningful due to the limited number of geographies.		
Response to Complaints	There have been no complaints received since the prior examination.		

## **DESCRIPTION OF INSTITUTION**

Shattuck National Bank (SNB) is headquartered in Shattuck, Oklahoma. It is 100% owned by Shattuck Bancshares, Inc., a one bank holding company.

The main bank and drive-thru facility are located at 502 South Main in Shattuck, Oklahoma. A cash dispensing only Automated Teller Machine (ATM) is available at the main bank. The bank's primary focus is to serve agricultural, consumer and commercial customers in Shattuck and the surrounding areas in Ellis County. SNB meets these needs by providing various loan and deposit products.

As of March 31, 1998, SNB's total assets equaled \$32,955,000 of which \$9,389,000 or 28.49 percent, were composed of various types of loans to individuals and businesses. The \$9,389,000 in loans and leases outstanding consisted of \$3,816,000 in agricultural loans, (40.64 percent), \$3,163,000 in real estate loans, (33.69 percent), \$1,380,000 in commercial loans, (14.70 percent), \$958,000 in consumer loans, (10.20 percent), and \$72,000 in other loans, (0.77 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 last review of performance under the Community Reinvestment Act was completed as of May 2, 1995.

## **DESCRIPTION OF THE ASSESSMENT AREA**

The assessment area adopted by SNB'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.

### **Shattuck National Bank, Shattuck, Oklahoma, Assessment Area**

The assessment area is located in Northwestern Oklahoma and contains three block numbering areas (BNA). The assessment area encompasses the entire area of Ellis County. SNB's main bank, drive-in and ATM are located in BNA #9527 in Ellis County. Based on 1990 census data, the United States Census Bureau identifies all three BNAs as middle income.

Based on 1990 data, the assessment area has a total population of 4,497. The area contained 2,449 housing units with 1,467 or 59 percent owner occupied. Additionally, there were 1,340 families and 1,840 households in the area. Sixty-four percent of the households derive their income from wages or salaries. The largest employment sectors in Ellis County were farm, government and wholesale trade.

The assessment area is served by one other stand alone bank in Arnett, Oklahoma and by a branch of another bank in Gage, Oklahoma.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **Loan to Deposit Ratio**

The loan-to-deposit ratio does not meet the standard for satisfactory performance. The average quarterly loan-to-deposit ratio from June 30, 1995 through March 31, 1998 was 30.52 percent. This average does not compare well to the average of other stand alone banks in Ellis County and the contiguous counties. The average for this group of sixteen banks was 51.31 percent at March 31, 1998. Loan-to-deposit ratios for the group at March 31, 1998, range from a low of 21.63 percent to a high of 75.31 percent. SNB's ratio also does not compare well to the loan-to-deposit ratio for the one other stand alone bank in Ellis County of 59.42 percent.

SNB's loan-to-deposit ratio has not changed significantly in the last twelve quarters. The lowest ratio reported was 28.31 percent at June 30, 1997. The highest ratio reported was 32.65 percent at December 31, 1995.

Although the ratio appears low, other factors indicate that the bank is making significant efforts to ensure credit needs are met. A majority of the sample loans were extended to individuals in the low- to moderate-income category. SNB has been proactive in lending to small farms and businesses through their participation in the guaranteed loan programs offered by the Farmers Service Administration (FSA) and the Small Business Administration (SBA). At the time of the examination, SNB had eight loans outstanding for \$1,230,603 guaranteed by FSA and two loans outstanding for \$85,079 guaranteed by the SBA. There are two loans outstanding for \$706,114 that participate in the Agriculture Links Deposit Program and an additional loan for \$300,000 awaiting renewal approval.

### **Lending in Assessment Area**

A majority of credit extended is within the assessment area. To analyze lending distribution within the assessment area, the bank tracks loan distribution by using borrower zip codes. As of June 30, 1998, internal reports indicate 428 loans for \$6,365,529 were made to borrowers within the assessment area. This analysis reflects that 76.02 percent of the number of loans and 70.25 percent of dollar volume were made within the assessment area.

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

The distribution of borrowers reflects a good 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 (20)	30.00%	30.00%	20.00%	20.00%
Dollars of Loans (\$131,063)	19.43%	27.33%	22.63%	30.61%

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

Description	% Low Income (<50% of Median)*	% Moderate Income (50-80% of Median)*	% Middle Income (80-120% of Median)*	% Upper Income (>120% of Median)*
Households (1,840)	21.77%	16.23%	21.72%	40.28%
Families (1,340)	16.94%	21.19%	24.03%	37.84%

\*1990 census median family income for the assessment area was \$23,391. Median household income for the assessment area was \$19,793.

Additionally, the sample of twenty commercial and agricultural loans reviewed revealed that 95 percent were extended to entities with annual gross revenues of less than \$1 million per year.

## Geographic Distribution of Loans

No analysis of the geographic distribution of credit within the assessment area was performed as the assessment area includes no low or moderate income geographies.

### **Responses to Complaints**

No complaints concerning the Community Reinvestment Act have been received since the last examination of the bank on May 2, 1995.

### **Fair Lending Matters**

Additionally, no evidence of discrimination or disparate treatment was found. The lending practices of Shattuck National Bank are reflective of anti-discrimination policies.