



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 3, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank in Coalgate
Charter #12529**

**101 North Main Street
Coalgate, Oklahoma 74538**

**Office of the Comptroller of the Currency
Southwestern District
1600 Lincoln Plaza
500 North Akard Street
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 **First National Bank in Coalgate** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of December 3, 1996. 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 satisfactorily meeting the credit needs of its assessment area, including those of low- and moderate-income individuals.

The following table indicates the performance level of First National Bank in Coalgate with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>FIRST NATIONAL BANK IN COALGATE</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 complaints have been received since the prior examination.		

DESCRIPTION OF INSTITUTION

First National Bank is located in Coalgate, Oklahoma. The main bank and drive-in facility are located in downtown Coalgate. There are no branches. First National Bank does not issue Automated Teller Machine (ATM) cards and no ATMs are serviced by the bank. The bank's primary focus is to serve agricultural, consumer and commercial customers in Coalgate and the surrounding areas. The bank meets these needs by providing various loan and deposit products as well as other financial services.

As of September 30, 1996, First National Bank's total assets equaled \$38.3 million, of which \$9.4 million, or 24.5 percent of total assets, were composed of various types of loans to individuals and businesses. The \$9.4 million in loans outstanding consisted of \$3.3 million in real estate related loans (35 percent), \$1.5 million in commercial loans (16 percent), \$2.5 million in agricultural loans (26.7 percent), and \$2.1 million in consumer loans (22.3 percent)

There are no known factors which have or may potentially impede the bank's ability to meet the credit needs of its assessment area. The previous review of the bank's performance under the Community Reinvestment Act was November 30, 1993.

DESCRIPTION OF THE ASSESSMENT AREA:

The bank's assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income areas. It is described as follows:

Coalgate Assessment Area

This area is identified as Coal County and consists of census tracts 9881 and 9882. This territory is not located in a Metropolitan Statistical Area (MSA). The city of Coalgate is located in the lower portion of tract 9881, with tract 9882 bordering on the west. These two tracts are identified as moderate income tracts.

The United States Census Bureau information as of 1990 reflected a total population of 5,780. The area contained 2,725 housing units with 1,680 or 61 percent owner occupied. Additionally, there are 1,601 families and 2,283 households in the area. Sixty percent of the households derive their income from wages and salaries. The largest employment sectors were farming and service related entities.

The assessment area does not include any other stand alone banks or any branches of other banks.

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 December 31, 1993 through September 30, 1996 was 29.82 percent. This average does not compare well to the average of other stand alone banks in the five contiguous counties. The average for this group of thirteen banks was 50.70 percent at June 30, 1996. Loan-to-deposit ratios for the group at June 30, 1996, range from a low of 26.12 percent to a high of 77.64 percent.

First National Bank's assessment area is unique in that it is in a small county that has a low population. Coalgate is the largest town in the county, with five other towns ranging in population from 100 to 350. The other towns in the county are unincorporated communities and have unlisted populations. Although there is no other bank in the county, the towns of Atoka, Wapanucka, and Stonewall are all within a few miles of the Coal County line and draw customers from the county. Atoka is the largest town and has a stand alone bank with a branch, a FmHA office and a branch of an out-of-area bank.

The Board and management have made efforts to improve the loan-to-deposit ratio. Most recently, they have increased the number of loan officers and changed the terms on real estate lending in an attempt to attract more business. Management has also been advertising rates and terms for car loans.

Lending in Assessment Area

A substantial majority of credit extended is within the assessment area. Analysis of a random sample a thirty-eight consumer/residential loans and twenty business/agricultural loans extended this year noted the following:

Loan Sample	% of loans inside area	% of loans outside area	% of loan dollars inside area	% of loan dollars outside area
Consumer/Residential (38 loans for \$560,156)	81.58%	18.42%	89.67%	10.33%
Business/Agricultural (20 loans for \$420,987)	80.00%	20.00%	60.70%	39.30%
Combined Totals (58 loans for \$981,143)	81.03%	18.97%	77.23%	22.77%

Lending in Assessment Area (continued)

The above sample information is corroborated by First National Bank's internal geocoding of loans as of September 30, 1996. This data reflected that 80.10 percent of the bank's 719 loans have been extended within the assessment area. This is further translated into 75.40 percent of the dollar volume of loans being within the assessment area.

Lending to Borrowers of Different Incomes

The distribution of loans to individuals and businesses of different income levels within the assessment area is reasonable. The following table uses income data collected from the random sample of consumer and residential loans selected for review.

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
Number of Loans (30)	20.00%	30.00%	20.00%	30.00%
Dollars of Loans (546,929)	17.91%	15.67%	13.68%	52.74%

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

Description	% Low Income *	% Moderate Income *	% Middle Income *	% Upper Income *
Households (2,283)	36.15%	17.49%	17.53%	28.83%
Families (1,601)	32.98%	18.12%	19.68%	29.22%

* Census median family income was \$24,139.

Additionally, the sample of commercial and agricultural loans reviewed found that 19 of the 20 loans were extended to entities with annual gross revenues of less than \$1 million per year.

Geographic Distribution of Loans

The geographic distribution of loans within the assessment area is reasonable. Although First National Bank does not geocode loans by census tract, it does code all loans by the towns within the county and the major towns surrounding Coal County. Internal coding reflects 80.10 percent of the loans and 75.40 percent of the dollar volume were in the assessment area.

Geographic Distribution of Loans (continued)

For loans in the assessment area, coding shows 51.9 percent of the bank's loans, and 42.33

percent of the dollar volume of loans were extended to persons residing in census tract number 9881. This census tract encompasses and surrounds the town of Coalgate, Oklahoma. An additional 9.2 percent of the loans and 6 percent of the dollar volume of loans were extended in census tract number 9882. The remainder of the loans in the assessment area were coded as rural Coalgate and are either in census tract number 9881 or 9882. These loans account for 38.9 percent of the loans and 51.67 percent of the dollar volume of loans in the assessment area. Although an accurate distribution between the two census tracts cannot be determined, the concentration in tract 9881 where the town of Coalgate is located is reasonable. Both census tracts in Coal County are moderate income areas.

Responses to Complaints

No complaints concerning the Community Reinvestment Act have been received since the November 30, 1993 examination.

Fair Lending Matters

No violations of the substantive provisions of antidiscrimination laws and regulations were identified. Additionally, no evidence of discrimination or disparate treatment was found. First National Bank's lending practices are reflective of antidiscrimination policies.