



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 29, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank in Durant
Charter Number 14005**

**220 West Main Street
Post Office Box 309
Durant, Oklahoma 74702**

Comptroller of the Currency

**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 **The First National Bank in Durant** prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of January 29, 1997. 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.

The First National Bank in Durant does a good job of meeting the credit needs of the community. This includes direct loans to low- and moderate-income individuals/areas, as well as, lending to small businesses and small farms. The average loan-to-deposit ratio for the previous eight quarters is 59 percent. Approximately, 78 percent of loans have been made within the assessment area, with a reasonable distribution among geographies.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank in Durant</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 were received since the last examination.		

DESCRIPTION OF INSTITUTION

The First National Bank in Durant (FNB), an affiliate of FNB Financial Services, Inc., is a retail oriented institution with a main office and drive-thru facility located in downtown Durant. FNB also operates a branch office (Northwest Heights) in the northern section of town. The bank has seven Automated Teller Machines (ATM's) in the assessment area which are accessible 24 hours a day. Facilities at each branch are readily accessible and business hours are highly convenient. FNB is the only bank in Bryan County to offer full service banking on Saturdays. In December 1995, FNB became the first financial institution in the assessment area with a home page on the Internet. The web site provides users with a financial calculator to explore loan options, test future loan scenarios, and discover how to decrease costs or increase returns. The page also includes details of all products and services. FNB also provides a toll-free telephone service for 24-hour account information.

As of December 31, 1996, the bank reported total assets of \$152,190,800, total loans of \$70,028,799, and an unadjusted loan-to-deposit ratio of 52 percent. The overall financial condition of the bank is satisfactory and there are no known impediments which would prevent the bank from fulfilling CRA responsibilities. FNB is a full-service bank providing a full range of loan and deposit products. The bank's assessment area is Bryan County with a combined service population of 32,000.

DESCRIPTION OF BRYAN COUNTY

The City of Durant serves as the county seat for Bryan County and is located 160 miles southeast of Oklahoma City. According to the 1990 Census data, the county consists of eleven Block Numbering Areas (BNA's), six are designated as moderate income, four as middle income, and one as upper income. There are no census tracts designated as low income. The county has a median family income of \$28,600. The local economy is currently stable. The economic base is centered in manufacturing, retail, and educational services. Significant employers include Southeastern Oklahoma State University, Medical Center of Southeastern Oklahoma, Heartland Wireless, and Potter Sausage. Regionally, the area is attractive to tourism because of the proximity to Lake Texoma.

The banking environment is competitive with three commercial banks and one credit union located in Durant. In addition, on a county wide basis, commercial banks are located in Bokchito and Caddo and branch banks are in Calera and Colbert. Contacts with local school and community leaders, confirmed FNB and other local financial institutions are active in community activities and very responsive to community credit needs. Both contacts stated the most significant credit need in the Durant area is for home improvement loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overall, the bank is performing satisfactorily in meeting the credit needs of the entire assessment area, including low- and moderate-income individuals and areas, consistent with available resources and capabilities.

Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio meets the standards for satisfactory performance. This determination is based on an assessment of the bank's average loan-to-deposit ratio for the previous eight quarters. During these eight quarters the bank's unadjusted loan-to-deposit ratio ranged from a high of 57 percent on March 31, 1995, to a low of 50 percent on December 31, 1996, with an average loan-to-deposit ratio of 55 percent. This average ratio compares equally to other banks in Bryan County and adjacent counties. As of September 30, 1996, the unadjusted loan-to-deposit ratio for 20 area banks ranged from 16 to 77 percent with an average of 54 percent. Of these 20 banks, 11 reported loan-to-deposit ratios higher than FNB.

Lending in Assessment Area

A substantial majority of credit extended is within the assessment area. Internal loan reports, which track all loans by zip code, indicate 78 percent of loans have been made to borrowers residing within the assessment area. The reports also reflect 78 percent of the dollar volume of these loans were made within the assessment area. Internal reports included several large commercial loans with zip codes outside of the assessment area. However, many of these companies operate facilities within the area and the proceeds of these loans directly benefit the local economy.

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

Distribution of loans to borrowers of different income levels, as well as, to small farms and businesses is good. The bank offers several products and services specifically targeting low-to-moderate income individuals. A sample of 76 consumer and real estate loans was reviewed to determine distribution within the assessment area. Based on this random sample, 52 percent of the loan files sampled were to low- and moderate-income families. This is compared to an assessment area with 46 percent low- to moderate-income families. Income levels were based on the Oklahoma statewide median family income of \$24,139.

LOANS EXTENDED BY HOUSEHOLD INCOME VERSUS DEMOGRAPHIC CHARACTERISTICS		
INCOME LEVEL	LOAN DISTRIBUTION	DEMOGRAPHIC DATA
LOW	29%	27%
MODERATE	23%	19%
MIDDLE	18%	18%
HIGH	30%	36%

FNB has no minimum loan amount requirements. During 1996, 288 loans totaling \$193,000 were made with loan amounts under \$1,000. In January of 1994, FNB initiated the Credit Builder Loan Program in response to an identified need for small, short-term loans to individuals who lacked credit experience or could not otherwise obtain funds through conventional sources. Since development, FNB has originated 50 Credit Builder Loans totaling \$32,000.

FNB also participates in government programs to provide loans to lower-income individuals and small businesses. Government programs in which the bank participates include the Farmer Home Administration (FmHA), Small Business Administration (SBA), and Government Student Loans (SallyMae). FNB is active with the Rural Enterprises, Inc., which provides special programs to furnish technology, financing, machinery, equipment, and premises for small businesses. Currently, nine loans are outstanding totaling \$1,500,000 which were made through cooperative efforts with Rural Enterprises and SBA. FNB continues to offer guaranteed student loans under the Oklahoma Student Loan Authority, with funding for higher education provided to 734 individuals. The student loan portfolio was in excess of \$1,600,000 at December 31, 1996.

An analysis was completed of all commercial and farm loans outstanding at year-end. At present, all of FNB's agricultural borrowers consist of small farming operations with gross annual revenues of less than \$1,000,000. The analysis of commercial loans indicates FNB adequately provides credit to local businesses of various sizes.

Geographic Distribution of Loans

Geographic distribution of credit within the assessment area is reasonable. According to 1990 census data, 55 percent of the population in the assessment area resides in moderate-income census tracts. The analysis for geographic distribution was completed for all of Bryan County. Seventy-six consumer loans were sampled and plotted. Of these 76 loans, 33 percent were located in moderate census tracts. These results reasonably compare with demographic data for the area. No real estate applications were received in 1996 for tracts #9556 or #9558, both of which are designated as moderate-income. However, these tracts are sparsely populated and according to the Durant Emergency Services Office (Flood Panel Board) only one building permit was issued during 1996 in these census tracts.

No practices were noted which were intended to discourage types of credit offered. Management solicits credit applications from all segments of the community, including low- and moderate-income neighborhoods. Our review revealed substantial compliance with all the 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.

Response to Complaints

No complaints concerning the CRA have been received since the last examination.