

Small Bank Performance Evaluation

PUBLIC DISCLOSURE

December 16, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Roland
Charter Number: 17596
110 East Ray Fine Boulevard
Roland, Oklahoma 74954**

**Office of the Comptroller of the Currency
Tulsa Duty Station
7134 South Yale Avenue, Suite 910
Tulsa, Oklahoma 74136**

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 of Roland, Roland, Oklahoma (FNB)** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of December 16, 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** because:

- The bank's lending performance reflects a strong responsiveness to community credit needs. The loan-to-deposit ratio has averaged approximately 74% since the last CRA evaluation, compared to the 62% ratio that was reported by competing institutions.
- The bank generates a majority of loans within the defined assessment area.
- Management has demonstrated a willingness to originate loans to low- and moderate-income (LMI) individuals and small businesses.
- Management is doing a good job of originating loans throughout the defined assessment area.

The following pages further describe the bank's CRA performance.

The following table indicates the performance level of **First National Bank of Roland, Oklahoma** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST NATIONAL BANK OF ROLAND 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

FNB is a \$41 million rural community bank located in Roland, Oklahoma, approximately 5 miles west of Fort Smith, Arkansas. The population of Roland is approximately 2,500 with no other financial institutions serving the community. Other than the local school system, there are no major employers in Roland. The bank serves its community with one office with an attached drive-in facility and one automated teller machine. There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its assessment area.

The bank's lending strategy focuses on One-to-Four Family Residential Real Estate, Consumer Instalment, and Commercial lending. The loan portfolio represents 70% of total assets, distributed as follows:

Commercial	30%
One-to-Four Family Residential Real Estate	53%
Consumer Instalment	16%
Other	1%

DESCRIPTION OF ASSESSMENT AREA

FNB designated its assessment area as two whole census tracts within Sequoyah County. These tracts are within the Fort Smith Metropolitan Statistical Area (MSA) and contain middle-income households. The city of Sallisaw is also located in Sequoyah County, but not considered part of FNB's assessment area. This is because there are currently multiple financial institutions in that area with the ability to help meet that community's credit needs. The assessment area meets the requirements of the regulation and does not arbitrarily exclude LMI areas.

The 1995 HUD MSA median family income for the area was \$32,000. According to housing data, there are 4,817 housing units in the bank's assessment area. 70% are owner occupied, 22% are rental occupied, and 9% are vacant. The following table shows the income distribution of **families** living in the assessment area.

Table 1

Income Level	Count	Percentage
Low Income	987	27%
Moderate Income	713	20%
Middle Income	791	22%
Upper Income	1,095	31%
Totals	3,587	100%

Source: U.S. Census Data

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

FNB has a very good loan-to-deposit ratio given its size, financial condition, and the credit needs of the defined assessment area. Since the last CRA examination in January 1994, FNB's quarterly loan-to-deposit ratio has averaged 74%, well above 62% that was reported by competing financial institutions in Sequoyah County. At September 30, 1996 FNB's ratio was 77%.

Lending in the Assessment Area

A majority of the bank's loans are originated in the defined assessment area. We reviewed a sample of 50 real estate, consumer, and commercial loans originated during 1996 to reach our conclusions. The following table is a summary of this analysis.

Table 2

Lending in the Assessment Area (\$'s in 000's)				
LOAN TYPE	# INSIDE	% INSIDE	\$ INSIDE	% INSIDE
Real Estate	35	69%	548	67%
Consumer	33	66%	148	61%
Commercial	24	48%	1,116	28%
Total	92	61%	1,812	36%

Source: Loan review of 50 loans of each type and 1996 HMDA data

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The distribution of loans to borrowers of different income levels and businesses of different sizes is reasonable. The results of our loan sample disclosed that approximately 45% of loans made within the defined assessment area were to low- or moderate-income individuals. As illustrated in an earlier table, LMI families represent approximately 47% of the assessment area's population. This further supports the bank's willingness to lend to all applicants, regardless of their income category or business size.

Geographic Distribution of Loans

The bank is doing a good job of originating loans throughout the assessment area. As previously noted, this area consists only of two census tracts. It was evident by our loan review a substantial majority of loans made within the assessment area (see Table 2) were evenly dispersed between the census tracts. Management did not arbitrarily exclude LMI areas when developing the assessment area.

Response to Complaints

FNB has not received any complaints relating to their CRA performance.

Compliance with Fair Lending Laws and Regulations

An evaluation of the bank's compliance with the fair lending laws and regulations was conducted as part of a concurrent compliance examination. Based on this evaluation, the bank is in compliance with the substantive provisions of these laws and regulations.