



Comptroller of the Currency
Administrator of National Banks

Small Bank

PUBLIC DISCLOSURE

February 9, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank and Trust Company
Charter Number 5547**

**302 Chickasha Avenue
Chickasha, Oklahoma 73023-1130**

**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 **The First National Bank and Trust Company, Chickasha, Oklahoma** as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of February 9, 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 resources and capabilities, the bank is meeting the credit needs of the assessment area, including those of low- and moderate-income individuals, in a reasonable manner.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>The First National Bank and Trust Company</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		X	

DESCRIPTION OF INSTITUTION

The First National Bank and Trust Company, Chickasha, Oklahoma (First National Bank) is headquartered in Chickasha, Oklahoma. It is a wholly-owned subsidiary of First Independent Bancorp, Incorporated, a one-bank holding company. The main bank is located at 302 Chickasha Avenue in Chickasha, Oklahoma. A drive-in facility is located at 6th and Chickasha in Chickasha, Oklahoma. Full service branches are located at 6th and Grand, Chickasha, Oklahoma, 102 S. Main, Alex, Oklahoma, and 222 W. Blakely, Rush Springs, Oklahoma. Automated Teller Machine services are available at the drive-in facility and at the branches in Chickasha and Rush Springs. First National Bank's primary focus is to serve commercial, agricultural, and consumer customers in the above communities and the surrounding areas in Grady County. First National Bank meets these needs by providing various loan and deposit products, as well as a retail nondeposit investment center and a trust department.

As of December 31, 1997, First National Bank's total assets equaled \$132,372,000, of which \$62,467,000 or 47.19 percent, were composed of various types of loans to individuals and businesses. The \$62,467,000 in loans and leases outstanding consisted of \$29,484,000 in real estate loans, (47.20 percent), \$14,221,000 in commercial loans, (22.77 percent), \$9,672,000 in agricultural loans, (15.48 percent), and \$9,090,000 in consumer loans, (14.55 percent).

There are no known legal, financial, or other factors impeding management's ability to help meet the credit needs of the assessment area. Accessibility to loan and deposit products was expanded when the Rush Springs location was purchased in June 1996.

DESCRIPTION OF THE ASSESSMENT AREA

The assessment area adopted by First National Bank'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.

The First National Bank and Trust Company, Chickasha, Oklahoma, Assessment Area

The assessment area encompasses the nine contiguous census tracts in Grady County in South Central Oklahoma. First National Bank's main bank and drive-in facility are located in tract #3. The Chickasha branch is located in tract #5. The Alex and Rush Springs branches are located in tract #7.

The adopted assessment area is justified by the following internally generated statistics. For all loan types booked in 1997 at the main bank and the Chickasha branch, 84 percent were made within the assessment area. The Alex and Rush Springs branch loans are not tracked in the same manner as the Chickasha locations. Management estimated that 50 percent of loans booked in Alex and 80 percent of the loans booked in Rush Springs are in the town limits and the majority of the remainder of loans are in the assessment area.

Based on 1990 census data, the United States Census Bureau identifies one of the nine census tracts as low income. This is census tract #1 which encompasses that part of Chickasha north of Penn and south of the Washita River, between 29th Street on the west and the H. E. Bailey Turnpike on the east. Census tract #2 is identified as a moderate income tract. Tract #2 encompasses the area north of Grand street and south of Choctaw Street, between 3rd Street on the west and H. E. Bailey Turnpike on the east. Five of the census tracts are identified as middle income tracts. These are census tracts #3, #4, #6, #7, and #8. The two remaining census tracts are identified as upper income census tracts. These are #5 and #9.

United States Census Bureau information as of 1990 reflected a total population of 41,747 in Grady County. The area contained 17,788 housing units with 11,785 or 66 percent owner occupied. Additionally, there were 11,874 families and 15,499 households in the area. Seventy-one percent of the households derive their income from wages or salaries. The largest employment sectors were services, retail trades, government and manufacturing related entities.

The assessment area is served by five other chartered banks with headquarters in Grady County. The area is also served by branch locations of other banks and federal savings banks that are headquartered out of the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overall, the bank is satisfactory in meeting the credit needs of the entire assessment area, consistent with available resources and capabilities.

Loan to Deposit Ratio

The loan to deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The average quarterly loan to deposit ratio from September 30, 1995, through December 31, 1997, was 52.35 percent. The ratio as of December 31, 1997, was 54.49 percent. The low ratio for the period was 49.51 percent at June 30, 1996. The high ratio for the period was 56.80 percent at September 30, 1995.

First National Bank's ratio compares favorably to the average loan to deposit ratio for the forty-three banks operating in Grady County and the six contiguous counties in Oklahoma. The average ratio for this group of banks was 60.55 percent at December 31, 1997. The low ratio in this group was 17.92 percent and the high ratio was 94.61 percent.

First National Bank's ratio also compares well to the average loan to deposit ratio for the five other banks headquartered in the assessment area. The average for this group of banks was 51.20 percent at December 31, 1997. This was up from 47.93 percent at December 31, 1996. The low ratio in this group was 17.92 percent and the high ratio was 70.86 percent at December 31, 1997.

Lending in Assessment Area

A majority of credit extended is within the assessment area. Analysis of a sample of thirty consumer loans and twenty business and agricultural loans extended during 1997 and year-to-date 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 (30 loans for \$368,172)	66.67%	33.33%	68.84%	31.16%
Business & Agricultural (20 loans for \$2,645,000)	85.00%	15.00%	90.28%	9.72%
Combined Totals (50 loans for \$3,013,172)	74.00%	26.00%	87.66%	12.34%

The sample data corroborates the internal information used to justify the assessment area.

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

The distribution of borrowers reflects a reasonable 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. (Note, all thirty of the loans reviewed contained information about income levels).

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
Number of Loans (30)	16.67%	3.33%	30.00%	50.00%
Dollars of Loans (\$368,172)	14.00%	1.77%	24.18%	60.05%

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 (15,499)	22.18%	14.52%	16.62%	46.67%
Families (11,874)	20.03%	15.73%	19.48%	44.76%

*1990 census median family income for the assessment area was \$26,340. Median household income for the assessment area was \$21,885.

Additionally, the sample of twenty commercial and agricultural loans reviewed revealed that 65 percent were extended to entities with annual gross revenues of less than \$1 million per year.

Geographic Distribution of Loans

The geographic distribution of sampled loans reflects a reasonable dispersion throughout the assessment area. The addresses of the sampled consumer, commercial and agricultural loans within the assessment area were converted to census tracts using the census tract maps for Grady County. This information was then compared to the distribution of population, families, and households from the 1990 census data. The results are reflected on the following table:

Distribution of Loans Sampled Compared to Population, Families, and Households				
Tract #	% of loans reviewed (37)	% of population (41,747)	% of families (11,874)	% of households (15,499)
1	2.7%	3.71%	3.60%	4.00%
2	0.00%	2.63%	2.59%	2.75%
3	10.81%	6.86%	6.19%	7.70%
4	8.11%	8.02%	7.62%	8.77%
5	24.32%	13.72%	13.40%	14.76%
6	18.92%	11.58%	11.98%	10.92%
7	18.92%	17.32%	18.47%	17.69%
8	16.22%	10.12%	10.28%	9.52%
9	0.00%	26.04%	25.87%	23.89%
Totals	100%	100%	100%	100%

Note, that census tract #1 is the low income census tract in the assessment area. Census Tract #2 is the moderate income tract and lacks penetration because of the small size of the loan samples. The bank does have loans to individuals and businesses in tract #2.

Responses to Complaints

Two complaints concerning CRA have been received since the June 30, 1995 examination. The bank has taken appropriate action in response to the complaints regarding performance in meeting the credit needs in the assessment area.

Fair Lending Matters

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