



Comptroller of the Currency
Administrator of National Banks

SMALL
BANK

PUBLIC DISCLOSURE

May 3, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Calumet
Charter Number 12200**

**112 East Main Street
Calumet, Oklahoma 73014**

**Office of the 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 of Calumet, Calumet, Oklahoma**, prepared by the **Comptroller of the Currency**, the institution's supervisory agency, as of **May 3, 1999**. 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 of Calumet, consistent with its resources, capabilities, and physical location, 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 **The First National Bank of Calumet**, with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>The First National Bank of Calumet</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	A geographic distribution assessment would not be meaningful for purposes of this analysis as none of the income tracts are low or moderate income.		
Response to Complaints	There have been no complaints received since the prior examination.		

DESCRIPTION OF INSTITUTION

The First National Bank of Calumet, is located in Calumet, Oklahoma. The bank and drive-through facility are located at 112 East Main Street in Calumet. The bank's primary focus is to serve agriculture, business, real estate, and consumer customers in northwestern Canadian County. The bank meets these needs by providing various loan and deposit products to customers in Calumet and surrounding areas. The First National Bank does not issue Automated Teller Machine, (ATM), cards and no ATMs are serviced by the bank.

As of March 31, 1999, The First National Bank of Calumet's total assets equaled \$17 million, of which \$5 million, or 29 percent, were composed of loans to individuals and businesses. The \$5 million in loans outstanding consisted of \$1 million in residential, business, and agriculture real estate loans (20 percent), \$484 thousand in commercial loans (10 percent), \$3 million in agriculture production loans (60 percent), and \$729 thousand in consumer loans (15 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 last review of performance under the Community Reinvestment Act was completed as of May 31, 1995.

DESCRIPTION OF ASSESSMENT AREA FOR THE FIRST NATIONAL BANK OF CALUMET:

The assessment area adopted by the Board of Directors encompasses two census tracts in northwestern Canadian County, Oklahoma. This area meets the requirements of the regulation. It does not arbitrarily exclude any low- or moderate-income areas.

The 1990 United States Census Bureau data identifies these tracts to have the following characteristics:

Tract Income Characteristics	Number of Tracts	Percentage of Total Tracts
Low	0	0.00%
Moderate	0	0.00%
Middle	2	100.00%
Upper	0	0.00%
Total	2	100.00%

Census Bureau information reflected a total population of 8,183 in the assessment area. It contained 3,736 housing units with 2,323, or 62 percent, being owner occupied. Additionally, there were 2,914 households and 2,338 families in the area. The Housing and Urban Development's most recent estimate of median family income was \$41,300. Seventy-eight percent of the households derive their income from wages or salaries. The largest employers are the Calumet Public Schools in Calumet, the Federal Corrections Center in El Reno, and Imation in Weatherford.

The assessment area is served by several other financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loans-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 1995 through March 31, 1999 was 36.40 percent. The ratio as of March 31, 1999 was 35.99 percent. The lowest quarterly period ratio was 30.94 percent at June 30, 1995, and the highest was 45.11 percent at December 31, 1997.

The First National Bank of Calumet's loan-to-deposit ratio does not compare well to the loan-to-deposit ratio for national and state chartered banks operating in Canadian, Blaine, Caddo, Grady, and Kingfisher Counties. The average semiannual ratio for this group of banks from December 31, 1996 through December 31, 1998 was 59.35 percent. The average ratio was 60.91 percent at December 31, 1998.

The low loan-to-deposit ratio is attributed to (1) the significant number of agricultural borrowers who have liquidated over the past several years due to poor agricultural conditions; (2) virtually nonexistent commercial loan demand due to the lack of commercial businesses (non agricultural) in the Calumet area; and (3) the significant number of people who live in the Calumet area but are employed in larger surrounding communities. Although the ratio is low, the bank is helping to meet the borrowing needs of its assessment area. This is evidenced by the significant portion of the loan portfolio being extended to individuals or families of low- and moderate-income or to small farms or small businesses.

Lending in Assessment Area

The bank has extended a substantial majority of its loans within its assessment area. Analysis of the total loan portfolio noted the following results:

Loan Portfolio	% of Loans Inside Area	% of Loans Outside Area	% of Loan Dollars Inside Area	% of Loan Dollars Outside Area
Total Loans (540 Loans = \$5,362,280)	76.30% (412 Loans)	23.70% (128 Loans)	84.86% (\$4,550,410)	15.14% (\$811,870)

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

The distribution of loans reflects a strong penetration among individuals and businesses of different income levels within the assessment area. The following table analyzes income data collected from the loan portfolio.

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
Consumer & Residential (192 Loans)	56.25% (108 Loans)	20.83% (40 Loans)	17.19% (33 Loans)	5.73% (11 Loans)
Consumer & Residential Dollars of Loans (\$762,337)	49.93% (\$380,665)	14.72% (\$112,193)	22.28% (\$169,813)	13.07% (\$99,666)

The number and dollar volume of loans to low- and moderate- income groups exceeds the proportion of families and/or households in those income groups, 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 (2,914)	23.51% (685)	13.66% (398)	17.64% (514)	45.23% (1,318)
Families (2,338)	20.79% (486)	14.20% (332)	22.58% (528)	42.43% (992)

*1990 census median family income for the assessment area =32,406; the updated median family income for the assessment area = \$41,300.

The following table depicts the distribution of the agricultural and small business loans in the bank's loan portfolio, based on their annual gross revenues reported.

Distribution of Loans by Annual Gross Revenues		
Description	Revenues \$0-1,000,000	Revenues Greater \$1,000,000
# of Loans (329)	100.00% (329 Loans)	0.00% (0 Loans)
\$ of Loans (\$4,578,825)	100.00% (\$4,578,825)	0.00% (\$0)

It is noted that 100.00 percent of the loans were made to small farms or businesses, that is, those grossing less than \$1,000,000 in annual revenues. This ratio exceeds the percentage of small businesses in the assessment area. Per census data, businesses in the assessment area reporting revenues compose the following:

Businesses in Assessment Area Reporting Revenues		
Description	Revenues \$0-1,000,000	Revenues Greater \$1,000,000
# of Businesses (187)	90.91% (170)	9.09% (17)

Geographic Distribution of Loans

Since The First National Bank of Calumet's assessment area consists of two middle income census tracts, a geographic distribution analysis of its lending would not be meaningful to determine the quality of the bank's service to its community.

Responses to Complaints

No complaints concerning the Community Reinvestment Act have been received since the last examination of the bank on May 31, 1995.

Fair Lending Matters

Substantial compliance with all provisions of the anti-discrimination laws and regulations was noted during the examination. No evidence of discrimination or disparate treatment was found. The lending practices of The First National Bank of Calumet are reflective of anti-discrimination policies.