

PUBLIC DISCLOSURE

April 27, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Bryan County National Bank
Charter Number 15106**

**609 Buffalo
Caddo, Oklahoma 74729-0108**

**Comptroller of the Currency
Tulsa Field Office
7134 South Yale Avenue, Suite 910
Tulsa, OK 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 **Bryan County National Bank, Caddo, Oklahoma**, prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of April 27, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Note: Throughout this evaluation, Bryan County National Bank will be referred to as "BCNB."

INSTITUTION'S CRA RATING: This institution is rated "**Satisfactory.**"

- C The bank's loan-to-deposit ratio (LTD) is good. The LTD ratio averaged 53.20% since the August 14, 1995, performance evaluation. The average for the bank's peer group, which included all other banks in the assessment area, was 50.71% for the same period. The bank's LTD ratio on December 31, 1998, was 60.52%.
- C BCNB generates a majority of its loans within the defined assessment area.
- C Management demonstrates a willingness to originate loans to low-and moderate-income individuals and small businesses.
- C Management is doing a good job originating loans in all census tracts throughout its assessment area.

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

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

SMALL INSTITUTION ASSESSMENT CRITERIA	Bryan County National Bank 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 August 14, 1995, performance evaluation.		

DESCRIPTION OF INSTITUTION:

BCNB is a \$34 million financial institution located in the rural community of Caddo, Oklahoma. Caddo is in the very northern part of Bryan County, 13 miles northeast of Durant, Oklahoma, 145 miles southwest of Tulsa, Oklahoma, and 107 miles north of Dallas, Texas. The bank is 98.8% owned by multibank holding company Shamrock Bancshares, Inc. Shamrock Bancshares, located in Coalgate, Oklahoma, had total assets of \$114,281 thousand as of December 31, 1998. There are three other banks in the group including First National Bank in Coalgate, First National Bank of Mountain View, and Clayton State Bank. The last CRA Performance Evaluation of BCNB was prepared on August 15, 1995, and a Satisfactory rating was assigned.

The bank serves the assessment area through its main bank facility which includes a drive-thru facility and also one ATM located in a convenience store in Caddo. The bank offers a variety of loan products. There are no legal, financial, or other barriers impeding the bank's ability to meet the credit needs of its' assessment area.

The bank's lending strategy focuses on one-to-four family real estate loans, consumer loans, and other lending to support the agriculture industry. As of December 31, 1998, 53.85% of total assets were represented by net loans. The table below reflects the composition of the bank's loan portfolio as of December 31, 1998.

Loan Type	\$ Volume (000)	% of Portfolio
1-4 Family Real Estate	3,739	23%
Consumer Installment/Other Personal	3,425	21%
Agriculture Production	3,204	19%
Commercial	2,865	17%
Farm Land	1,824	11%
Commercial Real Estate	1,511	9%
Total	16,568	100%

Source: BCNB's 12/31/98 internal loan report

DESCRIPTION OF BCNB's ASSESSMENT AREA:

BCNB's assessment area meets the requirements of the regulation and does not arbitrarily exclude low-or moderate-income geographies. BCNB's assessment area includes two census tracts in Bryan County, two census tracts in Atoka County, and one census tract in Johnston County. Two of the tracts are moderate-income and three are middle-income. The bank is located in a moderate-income census tract. There are no low-income or upper-income census tracts in the assessment area. One other bank is headquartered within the assessment area, and branches of three other banks are located within the assessment area.

The 1990 median family income (MFI) for the assessment area is \$24,139. The 1998 updated MFI for the assessment area is \$31,100. The 1990 MFI is used to determine the income level of individual census tracts. The updated MFI is provided annually by the Department of Housing and Urban Development, and is used to determine the income level of individual borrowers that reside within the assessment area.

To better understand the credit needs of the citizens residing within the assessment area, we visited with a representative from the Caddo City Council. Based on the information from this contact and confirmed by officers of subject bank, a need for affordable housing in the community was identified. Bank management and the community contact also indicated that the economy in the area is relatively stable, and predominately dependent on the agriculture industry. One new major employer has moved into the community within the past two years, Wingfield Custom Interiors, which currently employs approximately 14 people. Other primary employers in the community include Sundowner Trailer which employs approximately 600 people, and Caddo Public Schools which employs approximately 25 people.

The following table depicts the number and percentage of families in each income level within the assessment area.

Family Income Level	Family Count	Percentage
Low Income	1,546	29%
Moderate Income	973	18%
Middle Income	1,245	23%
Upper Income	1,611	30%
Total	5,375	100%

Source: 1990 Census Data, U.S. Bureau of the Census

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The evaluation period begins August 15, 1995, and continues through April 27, 1999. A sample of 26 residential real estate mortgages and 19 business loans all originated during the evaluation period was used to determine the bank's lending performance in regards to lending in the assessment area, lending to borrowers of different incomes, and the geographic distribution of loans.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given BCNB's size, financial condition, and assessment area credit needs. During the past 2 ½ years, the bank's loan-to-deposit ratio rose significantly from 48.95% on September 30, 1995, to 60.52% on December 31, 1998, with an average loan-to-deposit ratio of 53.20%. The average for the bank's peer group, which

included all other banks in the assessment area, was 50.71%, and increased from 48.84% on September 30, 1995 to 51.06% on December 31, 1998.

Lending in the Assessment Area

Based on the bank's internally generated reports and our sample of loans reviewed, we determined that a majority of the bank's lending occurs within its assessment area. BCNB collects and analyzes geo-coding data for approved and denied loans to generate internal monitoring reports. Through sampling, we verified the accuracy of the bank's geo-coding practices. As of December 31, 1998, 77% of the total number of loans outstanding were within the bank's assessment area, and 69% of the total dollar amount of loans were within the assessment area.

Lending to Borrowers with Different Income Levels and Businesses of Different Sizes

Residential Real Estate Mortgage Loans:

Recent lending patterns indicate a reasonable distribution of loans to borrowers of different income levels and businesses of different sizes. The following table reveals the results of our review of 23 residential real estate mortgages originated in 1998 and year-to-date 1999 to borrowers within the assessment area.

Percentage Distribution of Loans Reviewed Within the Bank's Assessment Area by Income Level of the Borrower				
Area Median Family Income				\$24,139
Income Level of the Borrower	Income Level	% of Area Population	# of loans in sample	% of Total
Low-Income	< 12,070	28.76%	3	13.04%
Moderate-Income	12,071 - 19,070	18.10%	3	13.04%
Middle-Income	19,071 - 28,725	23.16%	9	39.14%
Upper-Income	> 28,725	29.98%	8	34.78%
Total		100%	23	100%

Source: 1990 Census Data, U.S. Bureau of the Census and loan sample

The percentage of real estate loans to low-or moderate-income borrowers is below the overall percentage of low-and moderate-income families living within the assessment area. Impeding the bank's ability to originate residential real estate mortgages to qualified applicants is the percentage of families living below the poverty level (26.80%), the percentage of families receiving public assistance (14.13%), and the percentage of retired families (15.81%).

Business Loans:

Small businesses, as defined by the CRA, are businesses having gross annual revenue of \$1 million or less. Each small business loan that we reviewed met this definition. Furthermore, fifteen of the sixteen small business loans originated within the assessment area were in amounts less than \$100,000. Bank management indicated that all but one of the businesses in the assessment area are considered a small business.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Two of the tracts in the assessment area are classified as moderate income tracts and three are classified as middle income tracts. There are no low or upper income tracts in the assessment area. The chart below reflects the geographic distribution of loans made in the assessment area by income level of the census tract

Distribution of Loans Reviewed Within the Bank's Assessment Area by Income Level of the Geography					
Income Level of Geography	Percentage of Residential Real Estate Loans Reviewed	Percentage of Small Business Loans Reviewed	Percentage of Total Loans (based on BCNB 12/31/98 Geo-coding Report)	Percentage of Owner-Occupied Housing	Percentage of Population within the Assessment Area
Moderate (50 to 80% of median income)	43%	44%	52%	34.11%	36.55%
Middle (80 to 120% of median income)	57%	56%	48%	65.89%	63.45%

Source: 1990 Census Data, BCNB 12/31/98 Geo-coding Reports, and Loan Sample

Response to Complaints

BCNB has not received any complaints regarding its performance in meeting assessment area credit needs.

ADDITIONAL INFORMATION:

A Fair Lending review was conducted in conjunction with BCNB's CRA performance. No evidence of discrimination or disparate treatment was noted during this review.