



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 10, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank and Trust Company in Clinton
Charter #14352**

**Post Office Box 9
501 Frisco
Clinton, Oklahoma 73601**

**Office of the Comptroller of the Currency
Southwestern District
1600 Lincoln Plaza
500 North Akard Street
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 **First National Bank and Trust Company in Clinton** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of March 10, 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. Consistent with its resources and capabilities, the bank 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 **First National Bank and Trust Company in Clinton** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>FIRST NATIONAL BANK AND TRUST COMPANY IN CLINTON</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 have been received since the prior examination.		

DESCRIPTION OF INSTITUTION

First National Bank and Trust Company is located in Clinton, Oklahoma. It is a subsidiary of Clinton Bancshares, Inc., a \$38,000,000 bank holding company. The main bank and drive-in facility are located in downtown Clinton. There are no branches. First National Bank issues First Check Card/Automated Teller Machine (ATM) cards, but does not own or service any ATMs. The bank's primary focus is to serve consumer and commercial customers in Clinton and the surrounding areas. The bank meets these needs by providing various loan and deposit products as well as other financial services.

As of December 31, 1996, First National Bank's total assets equaled \$38,270,000, of which \$7,181,000, or 18.76 percent of total assets, were composed of various types of loans to individuals and businesses. The \$7,181,000 in loans outstanding consisted of \$3,753,000 in real estate related loans (52.3 percent), \$898,000 in commercial loans (12.5 percent), \$460,000 in agricultural loans (6.4 percent), and \$1,972,000 in consumer loans (27.5 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 previous review of the bank's performance under the Community Reinvestment Act was March 31, 1994.

DESCRIPTION OF THE ASSESSMENT AREA:

The assessment area adopted by the Board encompassed the town of Clinton and the surrounding areas. In order to be consistent with current regulatory requirements, the review of the bank's performance was conducted using all of Custer County and the northern portion of Washita County as the assessment area. Additional information for this area is detailed below.

Clinton Assessment Area

The assessment area consists of eight census tracts in Custer County and two census tracts in northern Washita County. This territory is not located in a Metropolitan Statistical Area (MSA). The United States Census Bureau identifies nine of the ten tracts as middle income. These are tract numbers 9505, 9601, 9602, 9603, 9604, 9605, 9606 in Custer County and tract numbers 9648 and 9649 in Washita County. Only Custer County tract number 9607 encompassing the eastern two thirds of the City of Weatherford has been identified as an upper income tract. Clinton is located on the southern edge of Custer County and extends slightly into Washita County. The city of Clinton encompasses all of census tract 9605, portions of tracts 9505 and 9604 in Custer County and a portion of tract 9648 in Washita County. There are no low income tracts identified in either county.

Clinton Assessment Area (continued)

The United States Census Bureau information as of 1990 reflected a total population of 31,489 in the ten tract area. The area contained 14,222 housing units with 7,502 or 52 percent owner occupied. Additionally, there are 8,226 families and 11,578 households in the area. Seventy-six percent of the households derive their income from wages and salaries. The largest employment sectors were service related entities, retail trade and government.

The assessment area is served by nine other stand alone banks (one in Clinton, one in Arapaho, one in Burns Flats, one in Canute, two in Thomas, and three in Weatherford) and several branches of other banks. The City of Clinton has two stand alone banks, three branches and several loan entities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-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 30, 1994 through December 31, 1996 was 20.92 percent. This average does not compare well to the average of other stand alone banks in Custer County and the six contiguous counties. The average for this group of thirty-seven banks was 52.01 percent at December 31, 1996. The ratios for the group range from a low of 24.95 percent to a high of 85.19 percent.

First National Bank's ratio also does not compare well to the average loan-to-deposit ratio for the other nine stand alone banks in the assessment area. The average for this group was 45.98 percent at December 31, 1996. The ratios for the nine banks range from a low of 32.81 percent to a high of 58.60 percent. The biggest difference noted between this bank and its competitors is that the bank does not have the volume of agricultural related loans that all of the other banks in the assessment area have. First National Bank's volume of agriculture loans is approximately 7 percent of gross loans versus a range of 23 percent to 60 percent of gross loans for the other banks.

The Board and management have made efforts to improve the loan-to-deposit ratio. As a result of a survey, they have targeted the Hispanic community with advertisements in Spanish and have employed a Spanish speaking secretary to assist customers with their banking needs. The bank is also concentrating more on consumer needs than in the past. This has resulted in more low dollar consumer loans and an increase in the volume of one to four family real estate loans.

Lending in Assessment Area

A substantial majority of the credit extended is within the assessment area. Analysis of a random sample a 46 consumer/residential loans and 15 business/agricultural loans extended this year noted the following:

Loan Sample	% of loans inside area	% of loans outside area	% of loan dollars inside area	% of loan dollars outside area
Consumer/Residential (46 loans for \$858,000)	100%	0%	100%	0%
Business/Agricultural (15 loans for \$340,750)	100%	0%	100%	0%
Combined Totals (61 loans for \$1,198,750)	100%	0%	100%	0%

The above sample information is corroborated by First National Bank’s internal geocoding of loans made in 1996. This data reflected that 79.33 percent of the 624 loans made in 1996 have been extended in the immediate area of Clinton (census tracts 9604 and 9605). The other 20.67 percent were not geocoded, but the majority are believed to also be in the assessment area. This is further translated into 80.83 percent of the dollar volume of new loans being in the Clinton area.

Lending to Borrowers of Different Incomes

The distribution of loans to individuals and businesses of different income levels within the assessment area is reasonable. The following table uses income data collected from the random sample of consumer and residential loans selected for review.

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
Number of Loans (30)	22.50%	20.00%	27.50%	30.00%
Dollars of Loans (\$546,929)	11.88%	12.44%	17.07%	58.61%

Lending to Borrowers of Different Incomes (continued)

The number of loans to each income group compares well to the distribution of households

and families by income level illustrated below:

Description	% Low Income *	% Moderate Income *	% Middle Income *	% Upper Income *
Households (2,283)	36.15%	17.49%	17.53%	28.83%
Families (1,601)	32.98%	18.12%	19.68%	29.22%

* Census median family income was \$24,139.

Additionally, the sample of business and agricultural loans reviewed found that 12 of the 15 loans were extended to entities with annual gross revenues of less than \$1 million per year.

Geographic Distribution of Loans

The geographic distribution of loans within the assessment area is reasonable. Based on mailing addresses, the loan samples noted the following distributions by census tracts:

Consumer/Real Estate Loans

Description	Tract # 9604	Tract # 9605	Tract # 9648	Tract # 9649	Unknown
Number of Loans (46)	34.78%	43.48%	2.17%	4.35%	15.22%
Dollars of Loans (\$858,000)	55.32%	40.44%	.06%	1.08%	3.10%

Business/Agricultural Loans

Description	Tract # 9604	Tract # 9605	Tract # 9603	Tract # 9649
Number of Loans (15)	33.33%	46.67%	13.33%	6.67%
Dollars of Loans (\$340,750)	27.30%	52.97%	14.73%	5.00%

Geographic Distribution of Loans (continued)

Although all of the census tracts are not represented in the tables above, the distribution shows a concentration in the areas around Clinton. The information used to determine

distribution among census tracts was limited to the available addresses for the loans sampled and to the two census tracts in the internal geocoding performed by the bank.

As shown in the “Lending in the Assessment Area” section of the evaluation, all of the loans sampled and the majority of the 1996 loans internally geocoded were extended inside the assessment area. However, without more definitive physical location information for loans, a more accurate distribution of loans or dollars extended to some of the census tracts could not be determined. Internal coding is limited to determining if loans are in census tract number 9604, 9605, or “Other”.

Responses to Complaints

No complaints concerning the Community Reinvestment Act have been received since the March 31, 1994 examination.

Fair Lending Matters

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