



Comptroller of the Currency
Administrator of National Banks

Small Bank

PUBLIC DISCLOSURE

November 25, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Fletcher
Charter Number 12141**

**401 West Cole
Fletcher, Oklahoma 73541**

**Comptroller of the Currency
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 Fletcher, Fletcher, Oklahoma as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of November 25, 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.

The First National Bank of Fletcher is responsive to the credit needs of the community. This is demonstrated by the types of products and services offered.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>The First National Bank of Fletcher</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 were received since the last CRA examination.		

DESCRIPTION OF INSTITUTION

The First National Bank of Fletcher (FNB) is headquartered in Fletcher, Oklahoma, which is 75 miles southwest of Oklahoma City and 30 miles northeast of Lawton, Oklahoma. First Fletcher Bancshares (FFB), a one-bank holding company owns 96 percent of FNB. FNB is part of a two-bank chain controlled by Jewell and Jane Griffith. The Griffiths' own 79 percent of FFB, and 68 percent of American Holding Company of Lindsay, Incorporated, which owns 92 percent of American Exchange Bank of Lindsay, Oklahoma, a state chartered institution.

FNB purchased a branch with a drive-through facility in June 1997 located in Sterling, Oklahoma, approximately 6 miles southwest of the main bank. Operations are centered in Fletcher, Sterling, and Elgin, Oklahoma although the assessment area encompasses a broader area of Comanche and Caddo counties. The main bank office and drive-in facility are located at 401 West Cole, Fletcher, Oklahoma. The branch is located at 602 West Main, Sterling, Oklahoma.

Overall, the bank has sufficient resources to devote to meeting community credit needs. There are no known legal, financial, or other miscellaneous factors impeding management's ability to help meet the credit needs of the assessment area.

As of September 30, 1998, the bank had total assets of \$26 million, gross loans of \$11 million, and a loan-to-deposit ratio of 45 percent. A breakdown by type of loan is reflected in the table below:

Percentage of Loans by Type as of September 30, 1998	
Real Estate loans	45 percent
Agricultural loans	24 percent
Instalment loans	17 percent
Commercial/Industrial loans	15 percent

Although FNB offers a wide variety of credit products, the primary lending focus is real estate and agricultural loans to primarily small farm operations. FNB's performance under the CRA was previously evaluated as of May 31, 1995. At that time the bank's overall level of performance was rated "satisfactory".

DESCRIPTION OF THE ASSESSMENT AREA

The assessment area adopted by FNB’s Board of Directors meets the requirements of the regulation. There are no low or moderate income geographies arbitrarily excluded.

The assessment area consists census tracts 20.02, 21.00, 22.00 within Comanche county, and BNA# 9623 of adjacent Caddo county. Comanche county contains obvious boundaries such as Lake Ellsworth west of Fletcher, and Fort Sill Military Reserve southwest of Fletcher. Both bank locations are located in census tract 21.00. Based on 1990 census data, the United States Census Bureau identifies all three census tracts and one BNA as middle income. No low or moderate income geographies have been identified within the designated assessment area.

The 1990 U.S. Census Bureau information reflected a total population of 19,030 in the assessment area. The area contained 7,778 housing units with 5,223 or 67 percent owner occupied. Additionally, there were 5,355 families and 6,737 households in the area. Seventy-six percent of the households derive their income from wages or salaries. The largest employment sectors were services, retail trade, transportation/communication, and construction. The households and families are divided among the income categories as follows:

Description	Low Income (< 50% of Median)	Moderate Income (50-80% of Median)	Middle Income (80-120% of Median)	Upper Income (> 120% of Median)
% of Households	22.59%	13.36%	20.35%	43.70%
% of Families	18.69%	16.62%	23.76%	40.93%

* 1990 census median family income for the assessment area was \$27,503. Median household income for the assessment area was \$25,495. Census median income for non-MSA locations in the State of Oklahoma was \$26,101. The most recent updated Weighted Average MSA/Non-MSA’s Median Family Income is \$34,400.

The assessment area is served by three other chartered banks with headquarters in Comanche and Caddo counties.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and the credit needs of the assessment area. The average quarterly loan to deposit ratio from June 30, 1995 through June 30, 1998 was 56.92 percent. The ratio as of June 30, 1998, was 43.98 percent. The loan to deposit ratio declined from 66.18 percent at March 30, 1997 to 43.84 percent as of June 30, 1997. The primary reason for the disparity is due to the purchase of the Sterling branch which resulted in an additional volume of approximately \$8 million in deposits with minimal additional loan volume. Total assets grew from \$15 million to \$23 million as a result of the purchase. The low ratio for the period was 42.86 percent at September 30, 1997. The high ratio for the period was 66.52 percent at March 31, 1996.

FNB's average loan to deposit ratio compares reasonably well to the average ratios for the thirty-four other financial institutions operating in Comanche, Caddo and contiguous counties. The average ratio for this group of banks was 58.67 percent at June 30, 1998. The low ratio for this group was 18.96 percent and the high ratio was 88.20 percent at June 30, 1998.

Lending in Assessment Area

A substantial majority of credit extended is within the assessment area. Analysis of samples of

residential, agricultural, and business loans extended for years 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
Residential (20 loans for \$669,235)	100.00%	0.00%	100.00%	0.00%
Agricultural (99 loans for \$2,382,018)	94.95%	5.05%	98.50%	1.50%
Business (63 loans for \$2,191,235)	79.37%	20.63%	63.41%	36.59%
Combined Totals (182 loans for \$5,242,488)	90.11%	9.89%	84.03%	15.97%

The percentage of loans and loan dollars outside of the assessment area for businesses is primarily the result of several loans to three large commercial borrowers, and does not represent a wide range of different business loans.

Lending to Borrowers of Different Incomes

The distribution of residential borrowers does not reasonably compare to the distribution of low and moderate income households and families as illustrated on page (5) of this evaluation. Management does not routinely collect income information on consumer loans, therefore income for this analysis was derived from residential real estate loan applications that are required to have income data.

The following table uses income data collected for the sample of residential real estate loans selected for review. (Note, all twenty of the loans reviewed contained information regarding income):

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
Number of Loans (20)	5.00%	10.00%	50.00%	35.00%
Dollars of Loans (\$669,235)	5.08%	3.05%	45.40%	46.47%

Although, the above table shows a lower distribution to low and moderate income borrowers, FNB's commitment to lending to persons of all income levels is demonstrated by the small average loan size and number of loans originated since the previous CRA examination. Through September 30, 1998, FNB has originated 443 loans for less than \$1,000 in the assessment area totaling \$251,131. This equates to an average loan size of \$567.

The following table uses revenue data collected from the sample of business and agricultural loans selected for review:

Description	% with revenues of \$1,000,000 or less	% with revenues of more than \$1,000,000
Number of Loans (162)	91.98%	8.02%
Dollars of Loans (\$4,573,253)	82.47%	17.53%
Number of Companies/Farms (245)	92.65%	7.35%

The number and volume of loans to both groups compares well to the distribution of companies and farms by revenue obtained from the 1990 census data.

Geographic Distribution of Loans

The geographic distribution of internally geo-coded loans reflects a reasonable dispersion in the assessment areas that are more closely located to FNB's physical locations. The Census Tracts/BNA that are adjacent to the City of Lawton are primarily serviced by financial institutions in that area. Therefore, it is reasonable that FNB's percentage of loans and loan dollars are higher in the census tract where the bank is located and lower in the surrounding census tracts/BNA. The results are reflected in the following table:

Distribution of Loans Geo-Coded Compared to Population, Families, and Households					
Census Tract/BNA	% of Loans Geo-Coded (1006)	% of Loan Dollars (\$8,478,843)	% of Population (19,030)	% of Families (5,355)	% of Households (6,737)
20.02	4.97%	7.44%	35.73%	35.67%	34.79%
21.00	88.57%	84.58%	24.40%	25.60%	25.83%
22.00	2.29%	4.42%	23.80%	22.37%	22.35%
#9623	4.17%	3.56%	16.07%	16.36%	17.03%
Totals	100.00%	100.00%	100.00%	100.00%	100.00%

FAIR LENDING MATTERS

No practices were noted which were intended to discourage types of credit offered. Management solicits credit applications from all segments of the community, including low- and moderate-income individuals. Our review revealed substantial compliance with all the provisions of the antidiscrimination laws and regulations. The Board and management have developed adequate policies, procedures, and training programs to prevent discriminatory or other illegal credit practices.

Response to Complaints

No complaints concerning the CRA have been received since the last examination.