



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

April 28, 1997

Community Reinvestment Act Performance Evaluation

**The First National Bank and Trust Company
Charter Number: 5401**

**105 North Maple
Nowata, Oklahoma 74048**

**Office of the Comptroller of the Currency
Tulsa Duty Station**

**7134 South Yale, Suite 910
Tulsa, Oklahoma 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 CRA performance of **The First National Bank and Trust Company, Nowata, Oklahoma** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of April 28, 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.

- ▶ The bank originates a large volume of loans in comparison to its competitors.
- ▶ The majority of loans are originated within the bank's community.
- ▶ The bank makes credit available to individuals with various income levels, including low-and moderate-income individuals.
- ▶ The bank demonstrates a commitment to small business and small farm lending.

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

Community Reinvestment Act Performance Evaluation
 The First National Bank and Trust Company

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

Small Institution Assessment Criteria	The First National Bank and Trust Company Nowata, Oklahoma 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 the 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 prior examination.		

DESCRIPTION OF INSTITUTION

The First National Bank and Trust Company (FNB&T) is a \$84 million independent bank based in Nowata, Oklahoma. FNB&T is owned by Nowata Bancshares, Inc., a one bank holding company. The bank operates its main office, a drive-in facility, and an automated teller machine in Nowata; and has a branch in South Coffeyville; and a Loan Production Office in Bartlesville. As evidenced by the composition of the loan portfolio, the bank's primary business strategy focuses on agriculture lending. At March 31, 1997, agriculture lending represented 47% of the loan portfolio. A breakdown of this loan mix follows:

Loan Type	Percent of Portfolio
Agriculture Production	29%
Agriculture Farmland	18%
Total	47%

Based on its financial condition and size, product offerings, and prior performance, FNB&T has the ability to meet the various needs of its communities. No legal impediments or other factors hinder the bank's ability to provide credit.

DESCRIPTION OF ASSESSMENT AREA

FNB&T has designated its assessment area as Nowata County, Oklahoma. The assessment area meets the requirements of the regulation. Of the five census tracts served all are middle income tracts. The assessment area does not arbitrarily exclude low-and moderate-income (LMI) geographies. U.S. Census data indicates the median family income for the county is \$22,361. The following table shows the income distribution of **families** living in the assessment area:

Income Level	Count	Percentage (rounded)
Low Income	596	21%
Moderate Income	584	20%
Middle Income	565	20%
Upper Income	1,122	39%
Totals	2,867	100%

Source: U.S. Census Data

According to 1990 U.S. Census data, the population of Nowata County is 9,992. The following

table reveals the demographics of the county as:

Race	Count	Percentage (rounded)
White	7,997	80%
American Indian	1,637	16%
Black	345	4%
Other	13	<1%
Totals	9,992	100%

Source: U.S. Census Data

The local economy is diversified and includes a large agriculture base and various commercial enterprises. Primary industry employers include the service industry, farming, and government offices. Major employers in the county include Hays House (Nursing Center), Nowata Public Schools, Nowata General Hospital, and Bellco Materials. The area is served by three financial institutions, including FNB&T.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank has an outstanding loan-to-deposit ratio, given its asset size, financial condition, and the known credit needs of its assessment area. Since the last CRA evaluation May 23, 1994, the bank's quarterly loan-to-deposit ratio has averaged approximately 65%. This is slightly above the 64% average reported by local competing financial institutions. However, in the most recent twelve months FNB&T has averaged a 78% loan-to-deposit ratio versus local competing institutions 65%. As of March 31, 1997, the loan-to-deposit ratio was 82% versus the local competitor ratio of 63%.

The bank has been active in providing credit to develop the community. Examples include:

- ▶ *Agricultural lending:* Agriculture production loans and loans secured by farmland represent 47% of the bank's loan portfolio.
- ▶ *Residential lending:* Residential real estate loans represent 14% of the bank's loan portfolio.
- ▶ *Government guaranteed lending:* The bank is a community leader in providing guaranteed loans. These loans assist borrower's in obtaining credit that may not otherwise exist. Government guaranteed lending totals \$3,246 thousand.

Lending in the Assessment Area

A majority of the bank's loans are within the assessment area. Based on the bank's analysis, 65% of loans are originated within the assessment area. This indicates bank management is committed to its local communities and takes an active role in meeting credit needs.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The bank's loan portfolio reflects a reasonable distribution among individuals of various income levels. A review of recent loan activity revealed approximately 77% of consumer and 33% of real estate loans are to LMI individuals. The low percentage for real estate lending is reasonable given the income distribution of families within the assessment area.

The loan portfolio reflects a good distribution among businesses and farms of various sizes. A sample of recent commercial lending revealed a majority of the lending is to small businesses and farms. In fact, 68% of the loans sampled were to businesses and farm operations with annual revenues less than \$1 million. This distribution supports the conclusion that FNB&T is committed to small business and small farm lending.

Geographic Distribution of Loans

The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. The bank's analysis revealed loan penetration in every census tract within the assessment area. As expected, the bulk of the lending is located in the community in which the main banking office is located. LMI areas are not being arbitrarily excluded.

Response to Complaints

No complaints relating to CRA performance have been received by the bank.

Compliance with Fair Lending Laws and Regulations

A fair lending examination was conducted as part of a concurrent compliance examination of FNB&T. The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. No violations of law were identified.