



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 22, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank & Trust Company of Ardmore
Charter Number 13677**

**405 West Main Street
Ardmore, OK 73401**

**Comptroller of the Currency
ADC - Dallas South
500 North Akard Street Suite 1600
Dallas, TX 75201**

NOTE: This document is an evaluation of this 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. 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.

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INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

The First National Bank and Trust Company of Ardmore's (FNBT) lending performance is satisfactory given its size, financial condition, and known credit needs of its assessment area. The primary factors supporting the bank's overall rating include:

- A reasonable average loan-to-deposit ratio of 53%.
- A substantial majority of FNBT's loans are within its assessment area. Based on a sample of consumer, residential real estate, and commercial loans originated since June 30, 2000, 90% of the number and 86% of the dollar volume of loans are in the assessment area.
- The distribution of loans to individuals of varying incomes and small businesses of different sizes reflects a reasonable penetration.

DESCRIPTION OF INSTITUTION

FNBT is headquartered in Ardmore, Oklahoma, approximately 110 miles north of Dallas, Texas. It is a subsidiary of First National Corporation of Ardmore, a bank holding company with total assets of \$256 million. As of June 30, 2001, the bank's total assets were \$255 million, total gross loans were \$130 million, and total deposits were \$204 million. The main office is located in Ardmore. Branches are located in the communities of Marietta in Love County, Lone Grove in Carter County and Ringling in Jefferson County. Branches within the city of Ardmore are located on Broadway Avenue and Airport Drive. Drive-thru and ATM services are provided at the bank offices throughout the assessment area. Hours of operation are commensurate with other area banks. The bank offers a full range of loan products and deposit services, with an emphasis on residential real estate and commercial loans. As reflected in Table 1 below, loans as of June 30, 2001 are distributed as follows:

Table 1

Loan Category	Amount (\$000's)	% of Total
Residential Real Estate	29,579	22.36
Commercial Real Estate	33,074	25.00
Consumer	26,605	20.11
Agricultural Production	10,067	7.61
Agricultural Real Estate	3,553	2.69
Commercial	27,372	20.69
Other	2,043	1.54
Total	132,293	100.00

FNBT serves the community from its multiple locations. FNBT is not located in a Metropolitan Statistical Area. There is strong competition from other area community banks, regional banks,

thrifts, credit unions, and other non-financial institutions. FNBT has no impediments, legal or otherwise, which would hinder the bank’s ability to help meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The assessment area for FNBT consists of the contiguous counties of Love, Carter, and Jefferson. The assessment area complies with legal requirements of CRA and contains a total of seventeen block numbering areas (BNAs). Two of the BNAs are classified as moderate-income, eleven as middle-income and four are classified as upper-income. There were no low income BNAs in the assessment area. The assessment area did not arbitrarily exclude low-to-moderate income geographies. Derived from 1990 Census Bureau and 2001 Housing and Urban Development agency (HUD) data, Table II reflects the assessment area demographics as follows:

Table II

Demographic and Economic Characteristics of the Assessment Area	
Population	
Number of Families	16,279
Number of Households	22,381
Geographies	
Number of Census Tracts/BNA	
# Low-Income BNA	0
# Moderate-Income BNA	2
# Middle-Income BNA	11
# Upper-Income BNA	4
Median Family Income (MFI)	
1990 MFI for Assessment Area	\$25,724
2001 HUD Adjusted MFI	\$26,163
Economic Indicators	
Unemployment Rate	3.2
1990 Median Housing Value	\$37,253
% of Households Below Poverty Level	20.75

Jefferson County borders the Texas State line in southern Oklahoma. Cattle, oil, and agriculture remain the leading sources of income for the area. Love County also borders the Texas State line. Agriculture is its major industry. The largest employer in the county is Marietta Bakeries. Carter County borders Love County on its south boundary and Jefferson County on its west boundary. The assessment area’s largest metropolitan city, Ardmore, is located in Carter County. The city has a population of 32,490 residents. Major employers include Michelin Tire Company, Mercy Memorial Hospital, and a Dollar General distribution center.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNBT's loan-to-deposit (LTD) ratio is reasonable and commensurate with its size, competition, available resources, lending activities, as well as the demographics of the assessment area. The LTD ratio average for the last five quarters is 53%. This compares favorably to the 61% LTD ratio for similarly situated banks within the assessment area.

Lending in Assessment Area

FNBT's lending in its assessment area meets the standard for satisfactory performance. The bank has made a substantial majority of its loans within its assessment area, based on a review of samples of FNBT's three loan types. We reviewed 20 residential real estate loans, 20 small business loans, and 20 consumer loans made since the previous Fair Lending examination. For all loans combined, 90% of the number of loans and 86% of the loan dollars were made in the assessment area. See table III for a breakdown by loan sample.

Table III

Loan Type	Number	%	\$(000s)	%
Residential	20	95	1,035	86
Business	20	85	15,946	86
Consumer	20	95	199	86
Total	60	90	17,180	86

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

FNBT has a satisfactory record of lending to borrowers of different incomes and to businesses of different sizes. Our analysis encompassed 60 borrowers within the consumer, residential real estate, and small business loan samples. As illustrated in Table IV, 40% of the number and 13% of the dollar volume were extended to low or moderate income borrowers. The low-to-moderate income level reflects the HUD's 2001 median family income level of \$26,163 for the state of Oklahoma. The business sample analysis revealed that 83% of the dollar volume was extended to small business borrowers. Small businesses are defined as those with gross annual revenues of one million dollars or less.

Table IV

Lending to Businesses of Different Sizes		
Revenues	\$1 Million or less	Greater than \$ 1 Million

	#	%	\$(000s)	%	#	%	\$(000s)	%
Total	18	90	622	83	2	10	128	17
Lending to Borrowers of Different Income Levels								
Borrowers	#	%			\$(100s)			
Low-to-moderate	24	40			276			

Geographic Distribution of Loans

An analysis of the geographic distribution of loans would not be meaningful, as there are no low income and only two moderate BNAs out of the seventeen BNAs. However, as of June 30, 2001, FNBT extended \$7.5 million or 5.66% of the bank's total loans to borrowers within the two moderate BNAs.

Responses to Complaints

No complaints concerning the Community Reinvestment Act have been received since the prior examination.

Fair Lending Review

An analysis of 2001 public comments and consumer complaint information, HMDA, small business and small farm lending data was performed according to the OCC's risk based fair lending approach. Based on that analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.