



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**October 31, 2005**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank & Trust Company of Weatherford  
Charter Number 15407**

**1100 East Main Street  
Weatherford, Oklahoma 73096**

**Comptroller of the Currency  
Oklahoma City (Central & Western Oklahoma)  
Harvey Parkway Building, Suite 490  
301 NW 63<sup>rd</sup> Street  
Oklahoma City, OK 73116-7906**

**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.*

## *INSTITUTION'S CRA RATING*

### **This institution is rated Satisfactory.**

- The bank's lending performance is satisfactory given its size, financial condition, and known credit needs in its assessment area.
- The bank's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance.
- The bank exceeds the standard for satisfactory performance for lending to borrowers of different incomes and businesses of different sizes.
- The bank generates a majority of its loans within the defined assessment area.

First National Bank and Trust Company of Weatherford, Oklahoma is committed to serving the community. This is demonstrated by satisfactory lending performance as described in this Public Disclosure.

## ***DESCRIPTION OF INSTITUTION***

First National Bank and Trust Company of Weatherford (FNB) is a community bank headquartered in Weatherford, Oklahoma. The bank is 100% owned by First National Bancshares of Weatherford, Inc., a one-bank holding company. The main bank and drive-in facility are located at 1100 East Main Street in Weatherford, Oklahoma. FNB operates two full service branches at 120 South Market Street in Cordell, Oklahoma, and 1107 North Broadway in Hinton, Oklahoma. FNB also operates six proprietary automated teller machines (ATM's). Four ATM's are located in Weatherford at (1) 1101 North Washington, (2) 920 East Main Street, inside United Supermarket, (3) 100 Campus Drive, inside Southwestern Oklahoma State University student union, and (4) 1311 East Main Street, inside Comfort Inns & Suites. One ATM is located in Cordell at 120 South Glenn English and one is located in Hinton at the branch office. The bank has not closed any facility since the last evaluation, but has changed locations of the Hinton branch and one of the ATMs in Weatherford (ATM #4).

The bank's primary focus is to serve commercial and consumer customers in Weatherford, Cordell and Hinton, and the surrounding areas. The bank meets these needs by providing traditional loan and deposit products and services, as well as telephone and Internet access, and trust services. FNB also operates a Mortgage Loan Department at the main bank, which originates loans that are sold on the secondary market.

As of September 30, 2005, FNB's total assets equaled \$93.6 million, of which \$65.4 million, or 70 percent, were composed of various types of loans to individuals and commercial businesses. Specifically, the bank's loan portfolio consists of the following:

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Loans	29,780	45.53%
Residential Real Estate Loans	11,923	18.23%
Agricultural Loans	11,904	18.20%
Consumer Loans	11,795	18.04%
<b>Total</b>	<b>65,402</b>	<b>100.00%</b>

There are no legal or financial impediments to prevent the bank from meeting the credit needs within the assessment area. The bank received a "Satisfactory" rating at the prior CRA examination, dated June 25, 2001.

## ***DESCRIPTION OF THE ASSESSMENT AREA***

The assessment area adopted by FNB consists of whole geographies, does not reflect illegal discrimination and does not arbitrarily exclude low- or moderate-income geographies. It meets the requirements of the CRA regulation.

The following demographic and economic characteristics for the assessment area are based on 2000 U.S. Census data.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF ASSESSMENT AREA</b>	
<i>Population</i>	
Number of Families	6,669
Number of Households	10,164
<i>Geographies</i>	
Number of Census Tracts/BNA	7
% Low-Income Census Tracts/BNA	0%
% Moderate-Income Census Tracts/BNA	14.29%
% Middle-Income Census Tracts/BNA	71.42%
% Upper-Income Census Tracts/BNA	14.29%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$38,029
2004 HUD-Adjusted MFI	\$41,300
<i>Economic Indicators</i>	
2000 Median Housing Value	\$58,478
# of Households Below Poverty Level	2,024

FNB has defined their assessment area as seven contiguous census tracts within Blaine, Caddo, Custer, and Washita Counties in Central and Western Oklahoma. The total population of the assessment area equates to 26,661, with 4,111 or 15.42 percent of the population as minority. The largest minority representation consists of American Indian/Alaskan Native, at 5.33 percent of the population. Although there are no low-income census tracts and only one moderate-income census tract in the assessment area, there are low- and moderate-income families in the assessment area. Of the 6,669 families, 18.16 percent are low-income families and 17.69 percent are moderate-income families.

The local economic conditions are good. The economy is somewhat diversified due to the number of small businesses, agricultural operations and the strong enrollment at Southwestern Oklahoma State University. Weatherford has experienced growth in residential real estate construction. The major employers in the Weatherford area are Imation (formerly 3M), Southwestern Oklahoma State University and the local school system. The major employer in Hinton is Cornell Co, Inc. (prison). The major employer in Cordell it is the Robertson Factory (drapery factory).

FNB faces strong competition from several branches of larger financial institutions and stand-alone banks in the assessment area.

A community contact was made during the examination to help ascertain the credit needs of the assessment area. The immediate credit needs of the community are being fulfilled, according to the contact. FNB is involved in community development activities and programs in the area.

## ***CONCLUSIONS ABOUT PERFORMANCE CRITERIA***

This review concentrated on the bank's primary loan products. As of September 30, 2005, the bank's primary loan products are commercial, residential real estate, agricultural and consumer loans. Therefore, we utilized 2004 and 2005 originations for these loan types to evaluate the lending performance component.

### ***Loan-to-Deposit Ratio***

The bank's loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. This determination is based on the bank's quarterly average LTD ratio from June 30, 2001 through June 30, 2005 of 78.84 percent. The average quarterly LTD of the twenty-two banks chartered in Blaine, Caddo, Custer and Washita Counties is 61.36 percent.

### ***Lending in Assessment Area***

FNB's lending in their assessment area meets the standard for satisfactory performance. The majority of the loans are originated in the bank's assessment area. This conclusion is based on the samples of 21 residential real estate loans, 22 commercial/agricultural loans and 22 consumer loans that originated in 2004 and 2005, as depicted in the following table:

<b>Lending in the Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Real Estate	17	80.95%	4	19.05%	21	822,628	86.19%	131,817	13.81%	954,445
Commercial & Agricultural	16	72.73%	6	27.27%	22	1,470,281	92.48%	119,510	7.52%	1,589,791
Consumer	18	81.82%	4	18.18%	22	98,195	73.14%	36,059	26.86%	134,254
<b>Totals</b>	<b>51</b>	<b>78.46%</b>	<b>14</b>	<b>21.54%</b>	<b>65</b>	<b>2,391,104</b>	<b>89.27%</b>	<b>287,386</b>	<b>10.73%</b>	<b>2,678,490</b>

*Source: Loan samples.*

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

FNB exceeds the standard for satisfactory performance for lending to borrowers of different incomes and business of different sizes. The following tables represent a favorable distribution of lending based on the sample of 17 residential real estate loans, 16 commercial loans and 18 consumer loans extended within the assessment area.

Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Real Estate	18.16%	23.53%	17.69%	35.29%	22.36%	0%	41.79%	41.18%

Source: Loan sample and U.S. Census data.

The number of real estate loans extended to low- and moderate-income families compares favorably to the percentages of those families represented in the assessment area.

Borrower Distribution of Loans to Businesses/Agriculture				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses/Farms	66.86%	4.36%	28.78%	100%
% of Bank Loans in AA by #	93.75%	6.25%	0%	100%
% of Bank Loans in AA by \$	31.99%	68.01%	0%	100%

Source: Loan sample and U.S. Census data.

The sample of commercial loans revealed that a majority was extended to small businesses and farms with annual gross revenues of less than \$1 million per year.

Borrower Distribution of Consumer Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	23.97%	38.89%	15.42%	38.89%	20.05%	0%	40.56%	22.22%

Source: Loan sample and U.S. Census data.

The number of consumer loans extended to low- and moderate-income households compares favorably to the percentages of those households represented in the assessment area.

## Geographic Distribution of Loans

The distribution of loans meets the standard for satisfactory performance. The number of loans extended in the various income tracts is representative of the percentage of the population that those tracts represent. There are no low-income census tracts in the assessment area.

The following tables represent a reasonable distribution of lending based on the random sample of 17 residential real estate loans, 16 commercial loans and 18 consumer loans extended within the assessment area.

Geographic Distribution of Residential Real Estate Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Real Estate	0%	0%	10.49%	5.88%	61.00%	64.71%	28.51%	29.41%

Source: Loan sample and U.S. Census data.

Residential real estate lending in the moderate-income census tract is lower than the percentage of those tracts in the assessment area. However, the mortgage department has a home loan program (Rural Development Guaranteed Housing Program) designed for persons of low- and moderate-income and for first time homebuyers. The mortgage department loans were not included in the sample of real estate loans.

Geographic Distribution of Loans to Businesses/Farms								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Business/Farm	0%	0%	23.18%	6.25%	54.74%	81.25%	22.08%	12.50%

Source: Loan sample and U.S. Census data.

Geographic Distribution of Consumer Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0%	0%	18.46%	5.55%	53.78%	66.67%	27.76%	27.78%

Source: Loan sample and U.S. Census data.



Although the sample reflected a low number of loans extended in the moderate-income census tract, the review did note numerous loans extended to low- and moderate-income individuals and families and to small businesses. Additionally, the lower number of loans in the moderate-income tract can be partially mitigated by the fact that the majority of the residences and businesses in the City of Weatherford are located in the adjoining middle-income tract.

### ***Responses to Complaints***

FNB has not received any complaints about its performance in helping to meet assessment area needs during this evaluation period.

### ***Fair Lending or Other Illegal Credit Practices Review***

We found no evidence of illegal discrimination or other illegal credit practices.