



## **PUBLIC DISCLOSURE**

April 5, 1999

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

**The First National Bank and Trust Company of Vinita  
Charter number: 4704**

**102 West Illinois  
Vinita, Oklahoma 74301**

**Office of the Comptroller of the Currency  
Eastern Oklahoma Field Office  
7134 South Yale Avenue, 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 of Vinita** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **April 5, 1999**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Note: Throughout this evaluation the First National Bank and Trust Company of Vinita will be referred to as "FNB".

**Institution's CRA Rating:** This bank is rated **Satisfactory**.

- < The bank's loan-to-deposit (LTD) ratio is reasonable. The LTD ratio averaged 69% since the October 24, 1994 performance evaluation, compared to 65% that was reported by locally competing banks in surrounding counties. The bank's LTD ratio on March 31, 1999 was 55%.
- < FNB generates a substantial majority of loans within the defined assessment area.
- < Management is doing a very good job of lending to small businesses and low- and moderate-income borrowers.
- < Management is doing a good job originating loans throughout the assessment area.
- < As of this performance evaluation, the bank was not a participant in any qualified investments as defined in 12 CFR 25.12(s).

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

Small Institution Assessment Criteria	The First National Bank and Trust Company of Vinita 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 October 24, 1994 CRA Performance Evaluation.		

### Description of Institution

FNB is a \$96 million independent community bank in Vinita, Oklahoma. The city of Vinita is located in Craig County, approximately 65 miles northeast of Tulsa, Oklahoma and 50 miles southwest of Joplin, Missouri.

FNB is a wholly owned subsidiary of CRACO, Inc., a two-bank holding company. A CRA Performance Evaluation dated October 24, 1994 was prepared for this bank and a **Satisfactory** performance rating was assigned.

The bank serves its assessment area through the main bank, a detached drive-thru facility, and five automated teller machines located predominately in Vinita. The bank offers a variety of loan and deposit products. There are presently no legal, financial, or other barriers impeding the bank's ability to help meet the credit needs of its assessment area. The bank's lending strategy focuses on consumer, commercial, and 1-4 family residential real estate lending.

As of March 31, 1999 the loan portfolio represents approximately 49% of total assets, distributed as follows:

Table 1

Loan Type	Percent of Loan Portfolio
Consumer	23%
Commercial	24%
1-4 Family Residential Real Estate	41%
Agriculture	12%

Source: March 31, 1999 bank financial statement

### **Community Contact**

To better understand the general credit needs of those citizens who reside in this assessment area, we visited with a representative of a local trade association. Based on information from this contact, we found that one of the difficulties many low- and moderate-income loan applicants encounter involves substantial down payment requirements often imposed by financial institutions.

### **Description of FNB's Assessment Area**

FNB's assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. FNB designated its assessment area as Craig County in northeastern Oklahoma. This area is located in a non-metropolitan statistical area (MSA), and consists of five "middle-income" census tracts as defined under the Housing and Urban Development (HUD) guidelines. The 1998 median family income for all non-MSA's in Oklahoma, updated by HUD, is \$31,100.

1990 census data reported the population of Vinita at 5,804, although current estimates disclose a city population of 6,500. 1990 census data also estimates the population of Craig County at 14,104. Local banking competition is moderate, consisting of FNB, one Federal Savings Bank, and one state bank.

Significant employers in the assessment area include Eastern State Hospital (700 employees), CINCH Connectors (500 employees), DANA Corporation (320 employees), Craig County General Hospital (215 employees), and Pillsbury Bakeries & Food Service, Inc. (147 employees).

The following tables illustrate the income distribution of **total families** living in Craig County, and the **percentage of families** within each census tract category of Craig County.

Table 2

Family Income Level	Count	Percentage
Low Income	698	18%
Moderate Income	766	20%
Middle Income	811	22%
Upper Income	1,531	40%
Total	3,806	100%

Source: 1990 Census Data, U.S. Bureau of the Census

Table 3

Percentage of Families Within Each Tract Category					
	Low-Income Families	Moderate-Income Families	Middle-Income Families	Upper-Income Families	Total
Low-Income Tracts	0%	0%	0%	0%	0%
Moderate-Income Tracts	0%	0%	0%	0%	0%

Percentage of Families Within Each Tract Category					
Middle-Income Tracts	18%	20%	22%	40%	100%
Upper-Income Tracts	0%	0%	0%	0%	0%

Source: 1990 Census Data, U.S. Bureau of the Census

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to-Deposit (LTD) Ratio

The bank has a reasonable LTD ratio given its size, financial condition, and the known credit needs of its assessment area. FNB's quarterly LTD ratio since the previous CRA Public Evaluation dated October 24, 1994 was 69%, compared to 65% that was reported by competing banks in surrounding counties. The bank's LTD ratio on March 31, 1999 was 55%.

### Lending in the Assessment Area

We reviewed a total of 20 real estate, 20 consumer, and 20 commercial loans originated during 1998 and year-to-date 1999 to reach our conclusions. The results indicate that 56% of the dollar volume and 72% of the number of the bank's loans are made within their assessment area. The following tables illustrate these lending patterns in greater detail.

Table 4

Lending practices within the assessment area (#)		
Loan Type	Number of sampled loans within assessment area	Percentage of sampled loans within assessment area
Consumer	13	65%
Commercial	13	65%
Real Estate	17	85%
Aggregate	43	72%

Source: OCC loan sample

Table 5

<b>Lending practices within the assessment area (\$)</b>		
<b>Loan Type</b>	<b>Dollar volume of sampled loans within assessment area (\$000's)</b>	<b>Percentage of sampled loans within assessment area</b>
Consumer Instalment	88M	58%
Commercial	692M	43%
Real Estate	625M	82%
Aggregate	1,405M	56%

Source: OCC loan sample

### **Lending to borrowers with different income levels and small businesses**

Recent lending patterns indicate a very good distribution of loans among applicants with different income levels and small businesses. Based on our review, the following table illustrates FNB's loan distribution practices by loan type and borrower income group, and are based on the number of loans originated. Noteworthy is the fact that only 6% of the number of real estate loans sampled that were located in the bank's assessment area, were to low-income applicants. This is primarily due to the fact lending demand by low-income residents in this community is typically centered in small, consumer loan products.

Table 6

<b>Lending to borrowers of different income levels</b>			
	Low-Income Applicants	Moderate-Income Applicants	Total
Consumer	23%	54%	77%
Real Estate	6%	41%	47%

Source: OCC loan sample

Our analysis also indicates a very good volume of lending to small businesses, as 11 of the 13 (85%) commercial loans we reviewed that were also located in the bank's assessment area were to businesses with gross annual revenues less than \$1 million.

### **Geographic Distribution of Loans**

Recent lending patterns indicate the bank's loan portfolio is reasonably distributed throughout Craig County, and there is no evidence to suggest low and moderate-income families are being arbitrarily denied access to credit. These lending patterns are generally consistent with the U.S. Census information discussed earlier that indicate slightly more than 46% of the Craig County population resides in the city of Vinita.

**Response to Complaints**

FNB has not received any complaints relating to their CRA performance since the previous CRA Performance Evaluation dated October 24, 1994.

**Compliance with Fair Lending Laws and Regulations**

During our compliance examination we also completed a fair lending review to determine if lending decisions are consistent among similarly qualified applicants, regardless of any prohibited basis listed in the *Equal Credit Opportunity Act* (ECOA) - *12 CFR 202.2(z)*. We found no evidence of discriminatory lending acts or practices. The bank is in compliance with the substantive provisions of the ECOA.