



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

July 30, 2012

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank and Trust Company  
Charter Number 5547

302 Chickasha Avenue  
Chickasha, OK 73023

Office of the Comptroller of the Currency

The Harvey Parkway Building  
301 NW 63rd Street, Suite 490  
Oklahoma City, OK 73116-7908

**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 “Outstanding”**

The major factors supporting the institution’s rating include the following:

- The geographic distribution of loans reflects a excellent dispersion throughout the assessment area (AA) and exceeds the standard for satisfactory performance;
- The bank’s distribution of loans reflects a excellent penetration to individuals and businesses of different income levels and exceeds the standard for satisfactory performance;
- A majority of the bank’s loans were originated within the bank’s AA;
- The loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance; and
- First National Bank & Trust Company’s community development performance demonstrates outstanding responsiveness to the community development needs of its AA.

## ***SCOPE OF EXAMINATION***

A Data Integrity review commenced on February 13, 2012 to evaluate the bank's policies and processes for compliance with the Community Reinvestment Act (CRA) and reporting data reported on the Home Mortgage Disclosure Act Loan Application Register. Information regarding community development loans, qualified debt or equity investments, qualified donations, and qualified community development services were also requested to verify these instruments and activities meet the definition of community development and can be considered in the bank's 2012 CRA Performance Evaluation.

A sample of Home Mortgage Disclosure Act (HMDA) loans originating in 2009, 2010 and 2011 were reviewed. The review determined the data is accurate. Internal controls over the system to collect and report HMDA data are effective.

This Performance Evaluation is based on 2000 U.S. Census demographic information. Conclusions regarding the Lending Test are based on all home mortgage loans originated from January 1, 2009 through December 31, 2011 and a sample of small business loans originated from January 1, 2010 through December 31, 2011. Conclusions regarding the Community Development Test are based on community development activities from December 11, 2007 through July 30, 2012.

To assess First National Bank & Trust Company's (FNBT) performance under the CRA regulations, we analyze the bank's activities in and around its declared AA. We divided FNBT's AA into two distinct areas for review. The fourteen census tracts in the Oklahoma City Metropolitan Statistical Area (MSA) received a full scope review. The limited scope AA included two non-MSA census tracts in Caddo County. In full scope reviews, the data used to evaluate performance under each test is analyzed considering complete performance context information, quantitative factors (e.g., lending volume, distribution of branches, geographical and borrower distribution) and qualitative factors (e.g., innovation and complexity of products offered). Full scope reviews are conducted in AAs where the bank has a substantial share of its deposit and loan business. The full scope AA contains 99 percent of the bank's loans and 94 percent of the bank's deposits. The full scope review of the Oklahoma City MSA included a review of the major loan products for the bank. Lending performance in the limited scope AAs was not evaluated.

## ***DESCRIPTION OF INSTITUTION***

FNBT is a \$412 million institution that is headquartered in Chickasha, Oklahoma located in Central Oklahoma. The bank is a wholly owned subsidiary of First Independent Bancorp, Incorporated, a one-bank holding company.

The main bank is located at 302 Chickasha Avenue in Chickasha, Oklahoma. FNBT has nine full service branches and one walk-up branch, all located in Oklahoma and within the AA. Each of the branch locations have drive-in facilities that provide extended hours of operation, as well as Saturday hours. The bank has 17 ATMs. Since the previous CRA evaluation, the Southwest Oklahoma City (SWOKC) Branch was opened on November 16, 2009. The Cyril branch is located in a distressed non-metropolitan, middle-income census tract, which is designated based on high unemployment and poverty levels. The tables below provide information on FNBT's branch and Automated Teller Machine (ATM) locations.

| FNBT's Branch Locations |                                |                   |
|-------------------------|--------------------------------|-------------------|
| Location:               | Address:                       | City:             |
| Main Bank               | 302 Chickasha Ave.             | Chickasha, OK     |
| Grand Avenue            | 602 Grand Ave.                 | Chickasha, OK     |
| Eagle                   | 6 <sup>th</sup> & Choctaw Ave. | Chickasha, OK     |
| Alex                    | 102 S. Main St.                | Alex, OK          |
| Blanchard               | 1100 N. Council Rd.            | Blanchard, OK     |
| Cyril                   | 201 W. Main St.                | Cyril, OK         |
| Minco                   | 524 SW 3 <sup>rd</sup> St.     | Minco, OK         |
| Newcastle               | 1308 N. Main St.               | Newcastle, OK     |
| Rush Springs            | 222 W. Blakely                 | Rush Springs, OK  |
| Tuttle                  | 5311 East Highway 37           | Tuttle, OK        |
| SWOKC                   | 8504 SW 59 <sup>th</sup>       | Oklahoma City, OK |

| FNBT's ATM Locations |                              |                   |
|----------------------|------------------------------|-------------------|
| Location:            | Address:                     | City:             |
| Blanchard            | 1100 N. Council Rd.          | Blanchard, OK     |
| Minco                | 621 S. 2 <sup>nd</sup> St.   | Minco, OK         |
| Tuttle               | 5311 East Highway 37         | Tuttle, OK        |
| Newcastle            | 1308 N. Main St.             | Newcastle, OK     |
| Walkers              | 2 SW 4 <sup>th</sup> St.     | Tuttle, OK        |
| Drive-In             | 122 N. Sixth St.             | Chickasha, OK     |
| Main Bank            | 302 Chickasha                | Chickasha, OK     |
| Grand                | 602 Grand Ave.               | Chickasha, OK     |
| Pocasset             | 123 N. Main St.              | Pocasset, OK      |
| Campus Corner        | 1601 W. Grand Ave.           | Chickasha, OK     |
| Gas-N-Go             | 602 N. 2 <sup>nd</sup>       | Minco, OK         |
| Rush Springs         | 222 W. Blakely               | Rush Springs, OK  |
| Alex                 | 102 S. Main St.              | Alex, OK          |
| Bridgescreek         | 1063 S. Sarah Rd.            | Blanchard, OK     |
| Cyril                | 201 W. Main St.              | Cyril, OK         |
| SWOKC                | 8504 SW 59 <sup>th</sup> St. | Oklahoma City, OK |
| Wash Town            | 120 E. Veterans Memorial     | Blanchard, OK     |

FNBT's primary focus is to serve the commercial, consumer, and agricultural customers in the AA and surrounding communities. FNBT meets these needs by providing various types of loan and deposit products and services, as well as Internet Banking with bill-pay, Automated Clearing House (ACH), Trust and Cash Management services. Traditional loan products are offered such as consumer, home purchase, business, agricultural, and commercial loans. Home mortgage loans with longer terms are referred to the mortgage affiliate, First Independent Capital, Inc. Traditional checking and savings accounts, in addition to CDs and IRAs are offered.

As of March 31, 2012, FNBT's total assets equaled \$412 million, of which \$262 million, or 63 percent, were comprised of various types of loans to individuals and commercial businesses. The bank's loan portfolio segmentation is listed below.

| <b>Loan Portfolio Composition</b> |                 |             |
|-----------------------------------|-----------------|-------------|
| <i>Loan Category</i>              | <b>\$ (000)</b> | <b>%</b>    |
| Commercial Real Estate            | 84,605          | 32.33%      |
| Commercial and Industrial         | 66,189          | 25.30%      |
| Residential Real Estate           | 42,165          | 16.11%      |
| Individual Loans                  | 29,026          | 11.09%      |
| Agriculture Loans                 | 22,080          | 8.44%       |
| Other                             | 17,614          | 6.73%       |
| <b>Total</b>                      | <b>179,679</b>  | <b>100%</b> |

*Source: March 31, 2012 Report of Condition and Income.*

There are no known legal, financial, or other factors impeding management's ability to help meet the credit needs of the designated AA. FNBT is involved in and provides support to meet the community's financial needs. The bank received an overall rating of “***Outstanding***” at the last CRA evaluation dated December 10, 2007.

## Description of Assessment Area

The AA adopted by FNBT 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. Two AAs were considered in evaluating FNBT's CRA performance. These AAs are defined as the Chickasha/Oklahoma City (OKC) Partial MSA and Chickasha Non-MSA.

The Chickasha/OKC Partial MSA is considered the full scope AA and consists of fourteen census tracts in the OKC MSA. The AA includes all eleven census tracts in Grady County, two census tracts in McClain County and one census tract in Oklahoma County. Based on 2000 data, the United States Census Bureau identifies one low-income census tract, four moderate-income census tracts, seven middle-income census tracts and two upper-income census tracts. The low- and moderate-income census tracts are located in the North and Western sections of the city of Chickasha and around the Alex and Rush Springs branches. Total population of the full scope AA is 58,553. Of the 24,643 total housing units, 17,181, or 70 percent, are owner occupied. Households below the poverty level total 2,959, or 13 percent, and households that receive public assistance total 1,310, or 6 percent, of the total number of households. The main bank, the Eagle branch, the Alex branch, and the Rush Springs branch are located in moderate-income census tracts. The Grand Avenue branch, the Minco branch, and the SWOKC branch are located in middle-income census tracts. The other three branches are located in upper-income census tracts. The following table describes major demographic and economic characteristics of the Chickasha/OKC Partial MSA AA, based on 2000 U.S. Census data.

| DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF<br>CHICKASHA/OKC PARTIAL MSA AA |          |
|-----------------------------------------------------------------------------|----------|
| <b>Population</b>                                                           |          |
| Number of Families                                                          | 16,700   |
| Number of Households                                                        | 22,127   |
| <b>Geographies</b>                                                          |          |
| Number of Census Tracts/BNA                                                 | 14       |
| % Low-Income Census Tracts/BNA                                              | 7.14%    |
| % Moderate-Income Census Tracts/BNA                                         | 28.57%   |
| % Middle-Income Census Tracts/BNA                                           | 50.00%   |
| % Upper-Income Census Tracts/BNA                                            | 14.29%   |
| <b>Median Family Income (MFI)</b>                                           |          |
| 2000 MFI for AA                                                             | \$41,787 |
| 2011 HUD-Adjusted MFI                                                       | \$60,600 |
| <b>Economic Indicators</b>                                                  |          |
| Unemployment Rate (Oklahoma City MSA)                                       | 4.80%    |
| 2000 Median Housing Value                                                   | \$63,395 |
| % of Households Below Poverty Level                                         | 13.37%   |

*Source: 2000 Census data and 2011 HUD updated income data.*

The economy in Chickasha is considered stable and has shown improvement with a lower unemployment rate than the Oklahoma City MSA average. Major employers in the AA are Grady Memorial Hospital, Gabriel Ride Control, Chickasha Public Schools, and University of Arts and Science of Oklahoma. Manufacturing represents 14 percent of the business sector, followed by retail services, health, and social assistance at 13 percent each.

The community credit needs and business opportunities are also served by several other financial institutions, as well as branches of those institutions which are located in the AA.

A community contact was conducted during this review to help ascertain the credit needs of the AA. The contact indicated that there is a need for affordable rental housing, as well as financial education for low- and moderate-income persons.

The limited scope AA is defined as the census tracts outside the OKC MSA, in which the bank has a branch. It consists of two census tracts in Caddo County, representing the trade territory for the Cyril branch. Both Caddo County tracts are designated as distressed non-metropolitan middle-income geographies. Due to the limited market share at this branch, in-depth demographic data is not provided.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

The bank's performance under the Lending Test is rated "**Outstanding**". This Performance Evaluation assesses FNBT's performance focusing primarily on five performance criteria: the loan-to-deposit ratio; lending in the AA; lending to borrowers of different incomes and to businesses of different sizes; geographic distribution of loans; and responses to CRA related complaints.

To evaluate FNBT's lending performance, the major loan products offered by the bank were evaluated. All HMDA residential real estate loans originated in 2009, 2010 and 2011 were reviewed and analyzed. Random samples of 41 small business loans that have originated from January 1, 2010 through December 31, 2011 were selected. Based on the analysis and consistent with available resources and capabilities, FNBT is meeting the credit needs of the AA in an outstanding manner.

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

FNBT's loan-to-deposit (LTD) ratio is reasonable and meets the standard for satisfactory performance. The bank's LTD ratio at March 31, 2012 was 72 percent. The bank's average quarterly LTD ratio from December 31, 2007 through March 31, 2012 was 76 percent. This average was compared to the average of four similar banks located in FNBT's AA or the surrounding counties, with total assets between \$150 million and \$500 million, for the same time period. These average LTD ratios are listed in the following table.

| LOAN-TO-DEPOSIT RATIOS                                        |                                          |                      |
|---------------------------------------------------------------|------------------------------------------|----------------------|
| Institution                                                   | Total Assets<br>as of 3/31/12<br>(000's) | Average<br>LTD Ratio |
| <b>First National Bank &amp; Trust Company, Chickasha, OK</b> | <b>\$412,302</b>                         | <b>75.89%</b>        |
| Sooner State Bank, Tuttle, OK                                 | \$160,460                                | 55.87%               |
| Chickasha Bank & Trust Company, Chickasha, OK                 | \$178,508                                | 87.01%               |
| The Bank of Union, Union, OK                                  | \$402,377                                | 93.51%               |
| Great Plains National Bank, Elk City, OK                      | \$408,761                                | 94.65%               |

*Source: Institution Reports of Condition from December 31, 2007 to March 31, 2012.*

FNBT's LTD ratio is slightly less than the average of the four comparable banks of 82.76 percent. The bank's LTD ratio does not include the home mortgage loans originated by the affiliate mortgage company, First Independent Capital, Inc. Loans originated by the mortgage company in 2008, 2009, 2010 and 2011 were \$8.4 million, \$7.9 million, \$10.4 million, and \$8 million, respectively. These loans, if retained, would have contributed to a higher ratio.



### **Lending in Assessment Area**

FNBT's lending in its AA meets the standard for satisfactory performance. A majority of the number and dollar amount of home mortgage and small business loans were originated within the bank's AA. As depicted in the table below, 81.55 percent of the number and 67.84 percent of the dollar amount of loans were originated in FNBT's AA.

| <b>LENDING IN AA</b>    |            |               |           |               |            |                                 |               |                |               |                 |
|-------------------------|------------|---------------|-----------|---------------|------------|---------------------------------|---------------|----------------|---------------|-----------------|
| <b>Number of Loans</b>  |            |               |           |               |            | <b>Dollars of Loans (000's)</b> |               |                |               |                 |
|                         | Inside     |               | Outside   |               | Total      | Inside                          |               | Outside        |               | Total           |
| Loan Type               | #          | %             | #         | %             |            | \$                              | %             | \$             | %             |                 |
| Residential Real Estate | 289        | 80.28%        | 71        | 19.72%        | 360        | \$14,271                        | 65.45%        | \$7,533        | 34.55%        | \$21,804        |
| Small Business          | 38         | 92.68%        | 3         | 7.32%         | 41         | \$3,815                         | 78.55%        | \$1,042        | 21.45%        | \$4,857         |
| <b>Totals</b>           | <b>327</b> | <b>81.55%</b> | <b>74</b> | <b>18.45%</b> | <b>401</b> | <b>\$18,086</b>                 | <b>67.84%</b> | <b>\$8,575</b> | <b>32.16%</b> | <b>\$26,661</b> |

Source: Data reported under HMDA; Loan Sample.

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

FNBT's borrower distribution in the AA is excellent and exceeds the standard for satisfactory performance.

The bank's overall distribution of home mortgage loans is excellent, particularly considering that low-income families have a difficult time qualifying for conventional home mortgage products. Nineteen percent of the population in the bank's AA live either below the poverty level or are on public assistance. The bank has a good level of mortgage loans because they are willing to make the smaller dollar loans, shorter-term loans, and loans for customers that possibly have a lower credit score. The bank's home mortgage numbers do not include the home loans originated by the affiliate mortgage company, First Independent Capital, Inc. These loans, if retained, could contribute to a higher number of loans to low- and moderate-income borrowers. More weight is given to the mortgage loan analysis due to the larger number of mortgage loans reviewed.

The percentage of home refinance loans to low- and moderate-income borrowers exceeds the percentage of low- and moderate-income families. The percentage of home purchase and home improvement loans to low and moderate-income borrowers is slightly less than the percentage of low- and moderate-income families in the AA; however, it is good as it approximates the percentage of low- and moderate-income families.

| <b>BORROWER DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS IN AA</b> |                  |                      |                  |                      |                  |                      |                  |                      |
|---------------------------------------------------------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
| 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 |
| Home Purchase                                                       | 22.18%           | 15.96%               | 20.60%           | 18.09%               | 22.94%           | 23.40%               | 34.28%           | 42.55%               |
| Home Improvement                                                    | 22.18%           | 20.00%               | 20.60%           | 20.00%               | 22.94%           | 22.50%               | 34.28%           | 37.50%               |
| Home Mortgage Refinance                                             | 22.18%           | 27.55%               | 20.60%           | 24.49%               | 22.94%           | 19.39%               | 34.28%           | 28.57%               |

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

The bank’s borrower distribution to businesses with revenues of \$1 million or less is reasonable. The percentage of bank loans by number meets the percentage of reporting businesses with revenues of \$1 million or less in the AA. However, note that 31 percent of the businesses in the AA did not report income data. The percentage of bank loans by dollar is less than the percentage of reporting businesses.

| <b>BORROWER DISTRIBUTION OF LOANS TO BUSINESSES IN AA</b> |              |              |                         |       |
|-----------------------------------------------------------|--------------|--------------|-------------------------|-------|
| Business Revenues<br>(or Sales)                           | ≤\$1,000,000 | >\$1,000,000 | Unavailable/<br>Unknown | Total |
| % of AA Businesses                                        | 67.23%       | 2.14%        | 30.64%                  | 100%  |
| % of Bank Loans in AA by #                                | 60.53%       | 39.47%       | 30.63%                  | 100%  |
| % of Bank Loans in AA by \$                               | 52.10%       | 47.90%       | 30.63%                  | 100%  |

Source: Loan sample; Dunn and Bradstreet data.

### **Geographic Distribution of Loans**

FNBT’s geographic distribution of home mortgage and small business loans in FNBT’s AA is excellent and exceeds the standard for satisfactory performance.

The geographic distribution of home mortgage loans is excellent. The bank’s distribution of home purchase, home improvement, and home refinance loans located in the low- and moderate-income census tracts exceeds the percentage of owner-occupied housing in those tracts, with the exception of home improvement loans in the low-income tract. The geographic distribution is particularly strong when considering there is only one low-income tract in the bank’s AA with a low level of owner occupied housing at 0.95% percent. The lack of home improvement loans in the low-income tract can be attributed to the above factors and a much lower number of home improvement loans compared to home purchase and home refinance loans.

| <b>GEOGRAPHIC DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS IN AA</b> |                                         |                               |                                         |                               |                                         |                               |                                         |                               |
|-----------------------------------------------------------------------|-----------------------------------------|-------------------------------|-----------------------------------------|-------------------------------|-----------------------------------------|-------------------------------|-----------------------------------------|-------------------------------|
| Census Tract<br>Income Level                                          | Low                                     |                               | Moderate                                |                               | Middle                                  |                               | Upper                                   |                               |
| Loan type                                                             | % of AA<br>Owner<br>Occupied<br>Housing | % of<br>Number<br>of<br>Loans | % of AA<br>Owner<br>Occupied<br>Housing | % of<br>Number<br>of<br>Loans | % of AA<br>Owner<br>Occupied<br>Housing | % of<br>Number<br>of<br>Loans | % of AA<br>Owner<br>Occupied<br>Housing | % of<br>Number<br>of<br>Loans |
| Home Purchase                                                         | 0.95%                                   | 1.50%                         | 24.20%                                  | 48.12%                        | 54.30%                                  | 44.36%                        | 20.55%                                  | 6.02%                         |
| Home Improvement                                                      | 0.95%                                   | 0.00%                         | 24.20%                                  | 62.22%                        | 54.30%                                  | 31.11%                        | 20.55%                                  | 6.67%                         |
| Home Mortgage Refinance                                               | 0.95%                                   | 1.82%                         | 24.20%                                  | 59.09%                        | 54.30%                                  | 36.36%                        | 20.55%                                  | 2.73%                         |

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

The geographic distribution of small business loans is excellent. The bank’s distribution of small business loans to both low- and moderate-income census tracts exceeds the percentage of small businesses located in those tracts. This strong performance is largely due to the fact that the downtown Chickasha business district is located in a moderate-income tract, as well as three other branches.

| GEOGRAPHIC DISTRIBUTION OF LOANS TO BUSINESSES IN AA |                    |                      |                    |                      |                    |                      |                    |                      |
|------------------------------------------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| Census Tract Income Level                            | Low                |                      | Moderate           |                      | Middle             |                      | Upper              |                      |
| Loan Type                                            | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans |
| Small Business Loans                                 | 1.35%              | 2.63%                | 21.87%             | 50.00%               | 52.28%             | 39.47%               | 24.50%             | 7.90%                |

*Source: Loan sample; Dunn and Bradstreet data.*

**Responses to Complaints**

There have been no consumer complaints regarding the bank’s Community Reinvestment Act performance during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

### **CD Loans, Qualified Investments, and CD Services Test**

The bank's performance under the Community Development Test is rated excellent. FNBT's community development performance demonstrates excellent responsiveness to the community development needs of its AA.

Opportunities for qualified community development loans and investments are limited in the bank's AA. A majority of the AA is comprised of non-metropolitan, low-density areas. The largest city in the AA is Chickasha, which has a population of 15,850 according to the 2000 Census.

FNBT is active in the communities they serve and has demonstrated a strong commitment to local economic and community development projects. This is evidenced by the bank's financial commitment to the local hospital and other health care facilities, the Law Enforcement Center (County jail), downtown revitalization projects, and loans to small businesses that create or retain jobs for low- to moderate-income individuals. FNBT has facilitated small business lending through loans made to an economic development entity that in turn provides community development loans to businesses throughout Oklahoma. Bank officers are active in the communities they serve through their leadership roles on various civic and non-profit organizations that provide services to low- and moderate-income individuals. The bank is also involved with, invests in, or lends to individuals or organizations whose focus is on affordable housing.

The bank established a Business Development Officer position in May 2006. Business Development Officer Paul Lewis has been instrumental in bringing new industry to Chickasha, which has created and retained numerous low- to moderate-income jobs. Mr. Lewis serves in a leadership position on several non-profit organizations. He has devoted significant time to city and non-profit organizations to address the needs of local small businesses and to facilitate other community and economic projects within the community. Mr. Lewis is currently working with city officials to address the affordable housing shortage caused by the robust energy sector. Mr. Lewis is also Chairman of Leadership Chickasha. This is a program provided through the Chickasha Chamber of Commerce to groom young executives for leadership positions within the community.

#### *Community Development Loans*

Qualifying community development loans are those that meet the definition of community development, as defined in the CRA regulation.

FNBT has an excellent level of community development lending activities. The bank has originated or renewed 31 community development loans totaling \$29.1 million during the evaluation period. Six loans totaling \$8.0 million provided affordable housing, which includes loans totaling \$6.9 million to renovate a historic downtown Chickasha hotel into affordable housing. FNBT originated six loans totaling \$11.6 million for economic development. This included a significant loan to complete the county jail. Nine loans totaling \$7.2 million were originated to provide social services, such as construction of new schools in moderate-income tracts or distressed middle-income tracts. Six loans totaling \$1.5 million were extended to small businesses for community development purposes. Four loans totaling \$710 thousand were extended to revitalize the Chickasha downtown area. Below are details on some of the community development loans originated by the bank during the evaluation period.

FNBT has made a significant commitment to affordable housing. In August 2009, the bank made a loan totaling \$660 thousand for renovation expenses on a historic downtown Chickasha hotel, which has been converted into affordable housing. Subsequently, the bank made a loan for \$6.2 million to new investors on the hotel for the purchase and additional renovation expenses to convert the property into affordable housing. The property is on the historical roles. The project qualified for community development grant money and historical and affordable housing tax credits. In September 2008, a loan totaling \$377 thousand was extended to construct six affordable apartment complexes. In October 2009, the bank renewed the loan for \$550 thousand.

FNBT has also been active in supporting economic development projects. During the evaluation period, FNBT originated a loan for \$3.5 million to complete construction of the Grady County Law Enforcement Center, which will create numerous jobs for low- and moderate-income individuals. The bank originated a \$3.8 million loan to construct a hotel that will create 19 low- to moderate-income jobs. Hotel space is a critical need in the surrounding area due to the robust oil and gas industry. Other loans originated that created or retained jobs include a \$1.3 million loan to an oil field service company, a \$1.0 million loan to a manufacturing company, and a \$1.0 million loan to a motorsports dealership. A \$1.0 million loan was made to purchase a nursing home that created over 50 low- to moderate-income jobs.

FNBT has extended several loans that provide social services to low- and moderate-income families. A loan for \$3.0 million was extended to construct a new middle school located in a moderate-income tract. Another loan for \$1.2 million was extended to construct a new middle school in a distressed middle-income census tract. A \$300 thousand loan was made to a school located in a moderate-income tract for operating expenses. FNBT is also committed to meeting the health care needs of its community. A \$2.0 million loan was extended to Grady Memorial Hospital, located in Chickasha, for renovations and equipment purchases. The hospital is located in a moderate-income tract and serves low- and moderate-income families located in low density rural areas in South Central Oklahoma. Many of the rural population served would not otherwise receive health care due to the lack of income or the inability to drive the distances required to receive services.

The bank has originated six loans totaling \$1.5 million through Cimarron Business Capital. Cimarron Business Capital is an Oklahoma economic development entity, capitalized in partnership with Oklahoma Gas & Electric. Cimarron works to build the Oklahoma economy by providing development loans to businesses throughout Oklahoma. This is accomplished by providing additional collateral for a loan, which helps fill the “equity gap” in a project financing or provides additional security to allow a bank to finance a project that might not otherwise qualify.

FNBT has made 4 loans to different borrowers totaling \$710 thousand for the purchase and renovation of buildings within the Chickasha Main Street Association’s Downtown Revitalization Program.

### **Qualified Investments**

Qualifying investments are investments, deposits, membership shares, or grants that have as their primary purpose community development, as defined in the CRA regulation.

The level of qualified investments is excellent. During the evaluation period, the bank made over 100 qualified donations totaling \$207 thousand in FNBT’s AA. Donations are to local non-profit organizations that provide social services, youth programs, homeless centers, soup kitchens, and health care facilities that target low- to moderate-income individuals.

In addition, the bank has purchased numerous school bonds within their AA. During the evaluation period, FNBT purchased \$4.5 million in school bonds benefiting Title 1 schools (large low-income student population) where a majority of the student’s parents have incomes less than 80 percent of the area’s medium income and are eligible for the free and/or reduced lunch program. These bonds financed the construction of and repairs to school buildings, provided buses, and provided classroom and technology upgrades.

### **Community Development Service**

The level of qualified community development services is excellent. Bank officers have served in leadership positions in organizations that provided community services to low- and moderate-income families and provided technical expertise and financial assistance to these organizations. Bank officers also serve in leadership positions in organizations involved in economic and small business development activities. The following are examples of qualifying community development services.

- ***Chickasha, Mustang, Newcastle and Tuttle Chambers of Commerce***

A bank officer serves as Council member of the Economic Development Council on the Chickasha Chamber Commerce. A bank officer serves as a Board member and is involved with planning and budgeting for the Blanchard Chamber of Commerce. A bank officer serves as a Board member and Treasurer of the Newcastle Chamber of Commerce. A bank officer serves as Economic Development Chairman on the Tuttle Chamber of Commerce. These Chambers are all active with regard to economic development and to the retention and recruiting of new businesses within their respective communities.

- ***South Central Medical Center***  
A bank officer serves as Board member of this non-profit organization. This clinic was established to meet the health care needs of the community. Payment for services at the clinic is predicated upon an income based sliding fee scale. The intent of the sliding fee scale is to ensure that families with fewer resources or no health insurance are able to have access to affordable health care services.
- ***Court Appointed Special Advocates (CASA)***  
A bank officer served as Treasurer and Board member of this non-profit organization. Every year millions of children are abused, neglected, or abandoned in the United States. CASA provides court appointed advocacy for these children so they can thrive in safe, permanent homes.
- ***Chickasha Main Street Association***  
A bank officer has served as President and another bank officer has served as Board member and Treasurer of this association providing financial and banking advice on all matters. The focus of this organization is to revitalize the downtown area and to retain and attract new business to downtown Chickasha to continue to make the central business district economically viable for independently owned businesses.
- ***Homebuyer's Education Class***  
A bank officer provides training to first time homebuyers to gain an understanding of the principles of homeownership. Topics include information on the Down Payment Assistance Program, being financially fit, using credit to get a loan, shopping for a loan, financing your home, loan application process, avoiding foreclosure, and home maintenance.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

We found no evidence of discriminatory or other illegal credit practices with helping to meet community credit needs.