



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**March 03, 2008**

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

First National Bank and Trust Company  
Charter Number 18430

130 East Macarthur  
Shawnee, OK 74804-0000

Office of the Comptroller of the Currency

Oklahoma City Field Office  
301 NW 63rd Street, Harvey Parkway Building, Suite 490  
Oklahoma City, OK 73116

**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.**

Strong performance with regard to community development lending, investments, and services had a positive impact and resulted in an overall CRA rating of outstanding.

Assigned ratings are based on the following conclusions:

- The bank's loan-to-deposit ratio is reasonable at 68 percent at December 31, 2007.
- A substantial majority of the bank's loans were originated within the bank's assessment areas (AAs).
- The bank's distribution of loans to businesses and individuals of different income levels is excellent.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AAs.
- Community development performance demonstrates excellent responsiveness to the community development needs of its AAs. The bank had a high level of community development loans and services and a reasonable level of investments during the evaluation period.
- There have been no complaints with respect to the bank's Community Reinvestment Act performance.

**SCOPE OF EXAMINATION**

This Performance Evaluation is based largely on 2000 U.S. Census demographic information. The bank's AAs reviewed included the First National Bank & Trust's (FNB&T's) non-MSA areas and the Lawton MSA area. Products sampled for FNB&T's non-MSA AA included home mortgage loans originated in 2007 and small business loans originated in 2006 and 2007. Products sampled in the Lawton MSA included small business loans and vehicle loans originated in 2006 and 2007. Management requested that their community development activities be reviewed. Community development lending, investments and services were reviewed from April 28, 2003, the date of the last CRA evaluation, through the current examination date of March 3, 2008.

## DESCRIPTION OF INSTITUTION

FNB&T is headquartered in Shawnee, Oklahoma. The bank is 99.7 percent owned by the Citizen Potawatomi Nation, a Native American Tribe of Oklahoma. The bank has eight locations, all located within its AAs. The main location is located at 130 E. MacArthur Street in Shawnee, Oklahoma. Another full service branch is located in Shawnee at 1570 S. Gordon Cooper Drive along with a full-service branch located in Holdenville, Oklahoma at 821 E. Highway. On July 28, 2006, FNB&T acquired a bank in southwest Oklahoma with 5 full service branch locations. Two branches are located in Lawton, Oklahoma at 6702 Quanah Parker Trailway and one at 702 NW Sheridan Road. Other branches include a Mangum location at 204 N. Oklahoma Avenue, a Granite location at 104 E. First Street, and a Willow location at 101 Main Street. Drive-in facilities are available at the main bank. Automated Teller Machines (ATMs) are located at all branch locations except the Willow branch.

FNB&T's primary focus is to serve commercial, real estate, and consumer customers in the AAs they serve. FNB&T meets these needs by offering a wide variety of loan and deposit products. FNB&T's service delivery systems are accessible to essentially all geographies and individuals of different income levels with locations accessible to low- and moderate-income geographies and individuals. The bank's hours, services and products offered do not vary in a way that inconveniences any portion of the AA, including low- and moderate-income persons and geographies, and banking hours are consistent at all locations. Alternative delivery services include 24-hour banking by phone and online banking and bill pay.

As of December 31, 2007, FNB&T had total assets of \$165 million, of which \$94 million, or 57 percent, were composed of various types of loans to individuals and commercial businesses. The bank's loan portfolio is segmented as follows:

<b>Loan Portfolio Composition as of December 31, 2007</b>		
<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Real Estate	35,686	37.93%
Residential Real Estate	22,689	24.11%
Commercial and Industrial	25,660	27.27%
Individual Loans	9,197	9.77%
Other	855	0.92%
<b>Total</b>	<b>94,087</b>	<b>100.00</b>

*Source: Decemberr31, 2007 Report of Condition and Income*

There are no legal or financial impediments to FNB&T's ability to meet the credit needs of their AAs. The bank's CRA performance was last evaluated as of April 28, 2003, with a "Satisfactory" rating assigned.

## DESCRIPTION OF ASSESSMENT AREA(S)

FNB&T has designated two AAs. One AA includes all of Comanche County, which is the Lawton MSA. The other AA represents non-MSA areas in eastern and southwest Oklahoma to include 13 census tracts (CTs) in northern Pottawatomie County, 8 CTs in northern and eastern Seminole Counties, 5 CTs in Hughes County, 2 CTs in Greer County, 8 CTs in Jackson County and 3 CTs in Kiowa County.

According to the 2000 U.S. Census data, Comanche County (Lawton MSA) has a population of 114,996. The median family income for the MSA is \$39,201 and HUD's 2006 updated MSA median family income is \$47,000. This is the income used to determine the income level of families in the MSA. Households below the poverty level total 6,147 or 15 percent and households that receive public assistance total 2,308 or 6 percent of the total number of households. Of the 45,416 total housing units available in the AA, 24,003 or 53 percent are owner occupied. Refer to the table below for additional information relating to the bank's Lawton MSA AA:

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF LAWTON MSA AA</b>	
Population	
Number of Families	29,090
Number of Households	39,930
Geographies	
Number of Census Tracts/BNA	29
% Low-Income Census Tracts/BNA	6.90%
% Moderate-Income Census Tracts/BNA	31.03%
% Middle-Income Census Tracts/BNA	44.83%
% Upper-Income Census Tracts/BNA	17.24%
% N/A*	0.00%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$39,201
2006 HUD-Adjusted MFI	\$47,000
Economic Indicators	
Unemployment Rate	2.88%
2000 Median Housing Value	\$68,895
% of Households Below Poverty Level	15.00%

*Source: 2000 Census data and 2006 HUD updated income data. \*The N/A category consists of geographies that have not been assigned an income classification.*

According to the 2000 U.S. Census data, FNB&T's non-MSA areas have a population of 141,633. The median family income for the AA is \$35,517 and HUD's 2006 updated MSA median family income is \$42,600. This is the income used to determine the income level of families in the MSA. Households below the poverty level total 9,071 or 17 percent and households that receive public assistance total 3,626 or 7 percent of the total number of households. Of the 61,809 total housing units available in the AA, 37,611 or 61 percent are owner occupied. Refer to the table below for additional information relating to the bank's non-MSA AA:

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF FNB&amp;T'S NON-MSA AA</b>	
<b>Population</b>	
Number of Families	38,204
Number of Households	53,687
<b>Geographies</b>	
Number of Census Tracts/BNA	39
% Low-Income Census Tracts/BNA	0.00%
% Moderate-Income Census Tracts/BNA	23.08%
% Middle-Income Census Tracts/BNA	64.10%
% Upper-Income Census Tracts/BNA	12.82%
% N/A*	0.00%
<b>Median Family Income (MFI)</b>	
2000 MFI for AA	\$35,517
2006 HUD-Adjusted MFI	\$42,600
<b>Economic Indicators</b>	
Unemployment Rate	2.68%
2000 Median Housing Value	\$52,622
% of Households Below Poverty Level	17.00%

*Source: 2000 Census data and 2006 HUD updated income data. \* The N/A category consists of geographies that have not been assigned an income classification.*

The major employers in the Lawton MSA include Fort Sill Army Post, Goodyear Tire and Rubber Company, Lawton Public Schools and Comanche County Hospital. Major employers in the FNB&T's non-MSA area include Citizens Pottawatomie Nation, Unity Health Center, Exxon-Mobil Film Division, Wolverine Tube and Shawnee Public Schools. Unemployment rates in both AAs have been rather stable. Banking is very competitive in both the Lawton and Shawnee areas.

A community contact was conducted during this review. This interview was conducted with a representative of the local Chamber of Commerce. The contact indicated that area financial institutions are perceived as taking an active role in the community and strive to meet the financial needs of the area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

The bank's performance under the Lending Test is rated "Outstanding".

### Loan-to-Deposit Ratio

FNB&T's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance. FNB&T's loan-to-deposit ratio at December 31, 2007 was 67.92 percent. The bank's average quarterly loan-to-deposit ratio from June 30, 2003 through December 31, 2007 was 51.79 percent. This average was compared to the average of four similar banks located in the FNB&T's AAs with total assets between \$100 million and \$350 million, for the same time period. These averages are listed in the following table:

<b>Loan-To-Deposit Ratios</b>		
<b>Institution</b>	<b>Total Assets \$000's (As of 12/31/07)</b>	<b>Average Loan -to- Deposit Ratio</b>
First State Bank of Altus, Oklahoma	122,082	61.07%
<b><i>FNB Shawnee, Shawnee, Oklahoma</i></b>	<b><i>165,401</i></b>	<b><i>51.70%</i></b>
Liberty National Bank, Lawton, Oklahoma	177,951	93.36%
City National Bank & Trust of Lawton, Oklahoma	221,856	81.81%
First National Bank in Altus, Oklahoma	264,393	36.94%

*Source: Institution Reports of Condition from June 30, 2003 to December 31, 2007*

FNB&T's loan-to-deposit ratio is less than the average ratio of the four comparable banks of 68.30 percent. However, FNB&T's loan-to-deposit ratio does not include numerous home mortgage loans the bank helps to originate, but are sold to secondary market investors. Also, the Citizens Pottawatomie Nation maintains on average \$30 million in deposits via operating accounts and Certificates of Deposits, which also negatively impacts the bank's loan-to-deposit ratio.

### Lending in Assessment Area

FNB&T's lending in its AAs exceeds the standard for satisfactory performance. A substantial majority of the number and dollar amount of home mortgage, small business and vehicle loans were originated within the bank's AAs. As depicted in the table below, 92.38 percent of the number and 87.97 percent of the dollar amount of loans were originated in FNB&T's AAs.

<b>Lending in AAs</b>										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage	23	100%	0	0%	23	\$623,769	100%	\$0	0%	\$623,769
Small Business	49	89.09%	6	10.91%	55	\$1,914,532	84.10%	\$362,054	15.90%	\$2,276,586
Vehicle Loans	25	92.59%	2	7.41%	27	\$304,513	91.98%	\$26,543	8.02%	\$331,056
<b>Totals</b>	<b>97</b>	<b>92.38%</b>	<b>8</b>	<b>7.62%</b>	<b>105</b>	<b>\$2,842,814</b>	<b>87.97%</b>	<b>\$388,597</b>	<b>12.03%</b>	<b>\$3,231,411</b>

Source: Data reported under 2006 and 2007 sample of small business and vehicle loans and 2007 HMDA..

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

The overall borrower distribution of loans in the bank's AAs is excellent and exceeds the standard for satisfactory performance. FNB&T's borrower distribution of small business loans and home mortgage loans in the Shawnee non-MSA AA is excellent. FNB&T's borrower distribution of small business loans and vehicle loans in the Lawton MSA is excellent. More weight was given to the FNB&T's non-MSA when evaluating performance since this AA represents a majority of the bank's lending.

#### **FNB&T's non-MSA AA**

FNB&T's borrower distribution to businesses with revenues of \$1 million or less is excellent. The percentage of bank loans by dollar and number exceeded the percentage of reporting businesses with revenues of \$1 million or less in the AA. Note that 50 percent of the businesses in the AA did not report income data.

The bank's distribution of home mortgage loans is excellent. While the percentage of home mortgage loans to low-income families is lower than the percentage of low-income families in the AA, this performance is not unreasonable in light of the fact that low-income families have a difficult time qualifying for conventional home mortgage products. A low-income person earns less than \$21,300 annually while the weighted average median housing price is \$52,622. The distribution of home mortgage products to moderate-income families is excellent and exceeds the percentage of moderate-income families in the AA. The bank meets affordable housing needs through other unconventional mortgage products, such as the HUD 184 *Indian Home Loan Guarantee Program* and the *Rural Development Housing & Community Facilities Program*. Refer to the *Community Development* section of this Report for details on these affordable housing loan programs.

<b>Borrower Distribution of Loans to Businesses in FNB&amp;T's Non-MSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	47.58%	2.80%	49.62%	100%
% of Bank Loans in AA by #	93.10%	6.90%	0.00%	100%
% of Bank Loans in AA by \$	90.11%	9.89%	0.00%	100%

Source: Loan sample; Dunn and Bradstreet data.

<b>Borrower Distribution of Residential Real Estate Loans in FNB&amp;T's Non-MSA AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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 Mortgage	20.53%	8.69%	18.13%	26.09%	21.22%	39.13%	40.12%	26.09%

Source: Data reported under 2007 HMDA; U.S. Census data.

### **Lawton MSA AA**

FNB&T's borrower distribution to businesses with revenues of \$1 million or less is excellent. The percentage of bank loans by number exceeds the percentage of reporting businesses with revenues of \$1 million or less in the AA. Note that 42 percent of the businesses in the AA did not report income data.

The bank's distribution of vehicle loans is excellent. While the percentage of vehicle loans to low-income borrowers is lower than the percentage of low-income households in the AA, the percentage of vehicle loans to moderate-income borrowers significantly exceeds the percentage of moderate-income households in the AA.

<b>Borrower Distribution of Loans to Businesses in Lawton-MSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	55.15%	3.32%	41.53%	100%
% of Bank Loans in AA by #	80.00%	20.00%	0.00%	100%
% of Bank Loans in AA by \$	35.73%	64.27%	0.00%	100%

Source: Loan sample 2006-2007 small business loans, Dunn & Bradstreet data.



<b>Borrower Distribution of Vehicle Loans in Lawton MSA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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	23.38	8.00	15.70	24.00	20.51	16.00	40.40	52.00

Source: Loan sample 2006 and 2007 vehicle loans, U.S. Census data.

### Geographic Distribution of Loans

The overall geographic distribution of loans is reasonable and meets the standard for satisfactory performance. There are no low-income census tracts in the FNB&T’s non-MSA AA. FNB&T’s geographic distribution of small business loans and home mortgage loans in the FNB&T’s non-MSA AA is reasonable. FNB&T’s geographic distribution of small business loans and vehicle loans in the Lawton MSA is also reasonable in light of performance context issues.

### FNB&T’s non-MSA AA

The geographic distribution of small business loans located in moderate-income census tracts is lower than the percentage of small businesses located in those tracts. The geographic distribution of home mortgage loans in moderate-income census tracts is good as the percentage of home mortgage loans originated in moderate-income tracts is near to the percentage owner occupied housing in those tracts.

<b>Geographic Distribution of Loans to Businesses in FNB&amp;T’s non-MSA AA</b>								
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	0.00%	0.00%	25.67%	6.90%	58.06%	82.76%	16.26%	10.34%

Source: Loan sample of 2006-2007 small business loans; Dunn and Bradstreet data.

<b>Geographic Distribution of Residential Real Estate Loans in FNB&amp;T's non-MSA AA</b>								
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
Home Mortgage	0.00%	0.00%	16.67%	13.04%	63.43%	82.61%	19.90%	4.35%

Source: 2007 HMDA; 2000 U.S. Census data.

**Lawton MSA AA**

The bank did not originate small business loans in low-income census tracts. Small business loans were originated in moderate-income census tracts, but the percentage is lower than the percentage of small businesses located in those tracts. The bank did not originate vehicle loans in low-income census tracts. Vehicle loans originated in moderate-income geographies exceeded the percentage moderate-income households located in those geographies. Low penetration to low- and moderate-income tracts is largely due to branch locations. The Quannah Parker branch location is in the far western part of the city limits and is not located near the low- and moderate-income tracts. The Sheridan branch location is more centrally located in Lawton, but this branch just opened in March of 2007 of has not yet developed much market share.

<b>Geographic Distribution of Loans to Businesses in Lawton MSA AA</b>								
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	10.51%	0.00%	27.20%	10.00%	51.05%	80.00%	11.28%	10.00%

Source: Data reported under 2006-2007 CRA; Dunn and Bradstreet data.

<b>Geographic Distribution of Vehicle Loans in Lawton MSA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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	23.38%	0.00%	15.70%	16.00%	20.51%	68.00%	40.40%	16.00%

Source: Indicate source, i.e., loan sample of 2006 and 2007 vehicle loans. .

## **Qualified Community Development Lending, Investments and Services**

The bank's overall community development lending, investment and service performance within the FNB&T's AAs is excellent. This had a positive impact on the bank's overall rating. Community development activities were evaluated from the bank's last CRA review of April 28, 2003 through the current examination date of March 3, 2008.

The bank's community development activities address many of the critical community needs of the bank's AAs, such as affordable housing and social services that benefit low- and moderate-income people.

### **Community Development Loans**

The bank had an excellent level of community development loans. FNB&T has met a critical need in the community by originating loans that provide affordable housing.

During the evaluation period, the bank has been very active in the *Indian Home Loan Guarantee Program* (HUD Section 184 loans). The Section 184 *Indian Home Loan Guarantee Program* is a mortgage product specifically for American Indians. This program offers a low down payment requirement of only 2.25 percent for loans over \$50 thousand and only 1.25 percent for loans under \$50 thousand. Monthly mortgage insurance premiums are not required. The bank has originated 104 of these for \$10.6 million during the evaluation period. A majority of these loans are to low- and moderate-income families with an average affordable housing price of \$100 thousand.

FNB&T is the most active bank in the State of Oklahoma in providing HUD 184 mortgage loans. The bank not only provides these loans to American Indians in Oklahoma, but to Native Americans across the nation. This mortgage product meets a significant need with Native Americans. Because of the unique status of Indian lands, Native American home ownership is an underserved market. The Section 184 program was specifically designed to improve home ownership opportunities for Native Americans.

FNB&T extended a \$384 thousand construction loan to a local Native American Tribal Housing Authority (Housing Authority) for the construction of four affordable elderly condo units to be sold to tribal members. Permanent financing occurred through HUD 184 Section loan financing as described above. The Housing Authority's objective is to provide affordable housing to tribal members. The Housing Authority also provides financial assistance to tribal members who can qualify financially for private home ownership.

Beginning in September of 2007, the bank began offering mortgage products under the USDA's *Rural Housing & Community Facilities Programs* (Section 502 loans). Section 502 loans are primarily used to help low-income individuals purchase homes in rural areas. The bank has originated 4 of these loans for a total of \$378 thousand.

FNB&T extended a \$600 thousand participation, along with equal participations from four other local financial institutions, in a \$3 million construction loan for new construction and remodel of the Shawnee YMCA. The YMCA is a local United Way Agency. The Shawnee YMCA provides many youth programs in which participants come from low- and moderate-income families. Programs include child development and day care services with assistance available from the Department of Human Services. It is the policy of the YMCA that no person will be denied membership of program participation due to inability to pay. Funds made available for financial assistance are provided by the United Way and the YMCA Strong Kids Campaign, which is a fund raiser for families who can't afford membership. Last year more than 500 youth and families were assisted by funds totaling \$71 thousand.

FNB&T has also provided affordable housing through the origination of temporary rehab loans for affordable housing units. During the evaluation period, the bank originated 26 loans totaling \$1.2 million.

### **Community Development Investments**

The bank has a reasonable level of community development investments. Qualified investments consist of over \$7 thousand in donations to non-profit agencies that provide affordable housing or social services to low- and moderate-income individuals. The bank made a prior period equity investment in the State of Oklahoma MetaFund, which is a Small Business Investment Corporation.

### **Community Development Services**

The level of community development services is outstanding. Bank officers have served in leadership positions with organizations that provide health and human services, youth programs and activities, and organizations that are involved in economic and small business development. The following are examples of qualifying community development services.

#### ***Shawnee, Mcloud, Lawton, and Holdenville Chambers of Commerce***

Bank officers serve in leadership positions in the above Chambers of Commerce, which are primarily involved in small business and economic development activities. Bank officers are involved with planning, budgeting and other financial matters.

#### ***Shawnee Economic Development Foundation***

A bank officer served as Chairman of the Board of the Shawnee Economic Development Foundation. This organization is dedicated to expanding the economic base of the greater Shawnee area by retaining and expanding existing business and industry, as well as attracting new employers to the area.

#### ***United Way of Pottawatomie County***

A bank officer serves on the Allocation Committee. This committee decides how funds are to be distributed among the 20 plus United Way agency members.

***Habitat for Humanity of Shawnee, Oklahoma***

Habitat for Humanity works with people in need to build and renovate decent, affordable housing. The houses are then sold to those in need at no profit and with no interest charged. A bank officer serves on the Board and another bank officer serves on the Construction Committee. The bank services these loans for Habitat free of charge.

***Rotary Club, Lions Club and Kiwanis Club***

Bank officers are active in local civic organizations that are active in raising funds and providing services to low- and moderate-income families, such as providing clothing and eye glasses for needy children.

***Citizen's Pottawatomie Nation Community Development Corporation (CPNCDC)***

A bank officer spent over 75 percent of his time in 2004 providing lending services for the CPNCDC. In this capacity, the bank officer counseled and facilitated loan originations to Native American owned businesses. Many of these businesses would not have qualified for credit without this assistance and the CPNCDC as a funding source.

**Responses to Complaints**

There have been no consumer complaints relating to the bank's Community Reinvestment Act performance during the evaluation period.

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

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