



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 6, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Midwest City
Charter Number 14986
2911 S. Air Depot
Midwest City, Oklahoma 73140**

**Comptroller of the Currency
1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3394**

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 Community Reinvestment Act (CRA) performance of The First National Bank of Midwest City, Midwest City, Oklahoma as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of November 6, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The First National Bank of Midwest City is responsive to the credit needs of the community which it serves. This is demonstrated by the types of products and services offered. Credit is reasonably distributed to borrowers with different income levels, as well as to geographies with different income levels.

The following table indicates the performance level of The First National Bank of Midwest City, Midwest City, Oklahoma, with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>The First National Bank of Midwest City</u> 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 last CRA examination.		

DESCRIPTION OF INSTITUTION

The First National Bank of Midwest City (FNB) has sufficient resources to devote to meeting community credit needs. There are no known legal, financial, or other miscellaneous factors impeding management's ability to help meet the credit needs of the assessment area. FNB's main bank office and drive-in facility is located at 2911 South Air Depot, Midwest City, Oklahoma. FNB has one branch with a drive-in facility located at 4330 South East 15th Street, Del City, Oklahoma, and one military banking facility located in Building 478, Area A on Tinker Air Force Base in Midwest City. FNB owns eleven proprietary automated teller machines (ATM's) which are also located at the main bank address, the military banking facility, the Del City branch, and in the surrounding area of Midwest City and Del City. An ATM is also located at 3001 Area C on the Tinker Air Force Base. On March 11, 1996, a branch located at 3701 South East 15th Street, Del City, Oklahoma, was moved to 4330 South East 29th Street, Del City, Oklahoma. On June 17, 1996, an additional military banking facility was opened on Tinker Air Force Base. As of June 30, 1996, the bank had total assets of \$216 million, gross loans of \$58 million, and a loan-to-deposit ratio of 31 percent. A breakdown by type of loan is reflected in the table below.

Percentage of Loans by Type as of June 30, 1996	
Real Estate	46 percent
Instalment	37 percent
Commercial/Industrial loans	17 percent

Although FNB offers a wide variety of credit products, its primary lending focus is consumer and real estate loans made for a variety of purposes. FNB's performance under the CRA was previously evaluated as of March 31, 1994.

DESCRIPTION OF PART OF THE OKLAHOMA CITY METROPOLITAN STATISTICAL AREA (MSA) INCLUSIVE OF THE CITY LIMITS OF MIDWEST CITY AND DEL CITY, OKLAHOMA

FNB's assessment area (AA) is the thirty-eight census tracts within the Oklahoma City MSA consisting of the city limits of Midwest City, Oklahoma, and Del City, Oklahoma. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies. Census tract income characteristics are: two-low, four-upper, thirteen-moderate and nineteen-middle. Household characteristics within the census tracts are 50 percent middle, 33 percent moderate, 13 percent upper, and 4 percent low. The 1990 HUD MSA median family income for the AA is \$38,300. The economy of the Midwest City and Del City

area is stable. Both cities are largely dependent on Tinker Air Force Base and the General Motors Assembly Division for economic strength. The mission at Tinker Air force Base continues to be strong and is expected to grow as military operations are moved to Tinker from other regional military bases that are closed due to national defense cutbacks. Most Tinker Air Force Base and General Motors workers commute from surrounding metro areas, however, bank at FNB for convenience. Other principal employers in the trade territory are the State of Oklahoma, Rose State College, Mid-Del Schools, and the City of Midwest City.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overall, the bank is satisfactory in meeting the credit needs of the entire assessment area, consistent with available resources and capabilities.

Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio does not meet the standards for satisfactory performance. This determination is based on the average loan-to-deposit ratio for the previous ten quarters. As of June 30, 1996, the ten quarter average for FNB was 30.77 percent. For comparison purposes, FNB's loan-to-deposit ratio was compared to the 62 banks in Oklahoma county and the six contiguous counties. As of June 30, 1996, these 62 banks had loan-to-deposit ratios ranging from 30.60 percent to 96.87 percent with the average being 61.05 percent.

The loan-to-deposit ratio was adjusted by removing the amount public funds on deposit with FNB. Public funds are required to be secured or collateralized under Oklahoma state law and are maintained at FNB's discretion. Removing the public funds from the analysis increases the loan-to-deposit ratio to 38.45 percent versus 27.00 percent at the previous CRA examination.

For several years FNB has had a very conservative lending reputation. This reputation has inhibited management's ability to attract loan applications. Management is well aware of this situation and has made changes such as implementing a Personal Banking Program designed to assist customers on a one-to-one basis with regard to loans and deposits. In addition, longer banking hours have been established in order to provide convenience.

Special lending related activity consists of investment in the Eastern Oklahoma Corporation, a non-profit CDC. Activity consists of the purchase, rehabilitation, and sale of the homes to low-to-moderate income persons within the AA. Since 1994, the CDC has purchased ten houses at a cost of \$179,838. To date, seven houses have been sold. Other activities include participation in the Central Oklahoma Clearing House Association (COCHA), in which FNB and other metro banks share in a pool of mortgages aimed at low-to-moderate income individuals. Loan growth continues through various programs such as the Home Improvement Program which loans up to 100 percent of the value, with low closing costs.

Lending in Assessment Area(AA)

A majority of credit is not extended within the AA, however is equally spread both in and out of the AA, with the exception of the instalment credits. A large portion of the bank's customers commute to work in the AA, and live outside the AA. An analysis of Home Mortgage Disclosure Act (HMDA) and Customer Insight Company (CIC) data reveals that FNB has 31 loans (49.21 percent) totaling \$801,000 (51.31 percent) within the designated AA. 1995 HMDA data reflects 76 loans (48.72 percent) for \$1,029,000 (46.23 percent) within the AA. According to CIC data, FNB has 1,209 instalment loans (33.79 percent) for \$7,282,000 (32.51 percent), and 487 commercial loans (48.90 percent) for \$17,075,000 (45.13 percent) within the AA.

The instalment loan figure is skewed by the level of indirect paper within the portfolio which are to individuals living outside of the AA.

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

Distribution of loans to borrowers of different income levels, as well as to small businesses is adequate. FNB is not a significant agricultural lender due to being located in a major metropolitan area which does not allow for the opportunity to conduct this type of lending, therefore, the percentage of small farms is not a factor. FNB's 1995 HMDA data was used to determine the number of loans made within the AA by income. This analysis revealed 26 loans were made to middle income individuals or families, 19 loans were made to low income individuals or families, 18 loans were made to moderate income individuals or families, and 13 loans were made to upper income individuals or families. Based on this analysis, the loan distribution analysis approximates the income characteristics of the assessment area. The level of lending to small businesses noted that a vast majority of the loans are primarily to small businesses.

Geographic Distribution of Loans

Geographic distribution of credit within the AA is satisfactory. According to 1995 HMDA data, 52 loans (68.42 percent) for \$706,000 (68.61 percent) were in the middle income census tracts, 19 loans (25.00 percent) for \$212,000 (20.60 percent) were in the moderate income census tracts, followed by 5 loans (6.58 percent) for \$111,000 (10.79 percent) were in upper income census tracts. There were no loans originated in the low income census tracts. 1996 HMDA data reflects loans are spread equally among the middle and moderate income census tracts at 13 loans (41.94 percent) each, for \$312,000 (38.95 percent) and \$278,000 (34.71 percent), respectively. FNB has made 5 (16.13 percent) loans in the upper income census tracts for \$211,000 (26.34 percent), and none in the low income census tracts. Management is aware of the lack of market share in the low income census tracts, and is making reasonable efforts to reach this segment of the AA through aggressive advertising, however, there has been minimal response. Another factor attributing to this disparity, is the fact that these two census tracts are located in the far northwest portion of the AA, and may be currently served by other financial institutions.

No practices were noted which were intended to discourage types of credit offered. Management solicits credit applications from all segments of the community, including low- and moderate-income neighborhoods. Our review revealed substantial compliance with all the provisions of the antidiscrimination laws and regulations. The board and management have developed adequate policies, procedures, and training programs to prevent discriminatory or other illegal credit practices.

Response to Complaints

No complaints concerning the CRA have been received since the last examination.