



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 21, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank and Trust Company
Charter Number 13891**

**111 East Grand
Ponca City, Oklahoma 74601**

**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 and Trust Company, Ponca City, Oklahoma as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of April 21, 1997. 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 and Trust Company, Ponca City, Oklahoma is responsive to community credit needs. This is demonstrated by the following:

- Number and dollar volume of loans extended within the assessment area.
- Number and dollar volume of loans granted to borrowers with different income levels as well as loans to small farms and small businesses.
- The variety of products and services offered.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank and Trust Company</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	Geographic distribution analysis is not meaningful as the assessment area contains no low-to-moderate income census tracts.		
Response to Complaints	No complaints were received since the last CRA examination.		

DESCRIPTION OF INSTITUTION

The First National Bank and Trust Company (FNB), an affiliate of Home National Bank Corporation, has sufficient resources to devote to meeting community credit needs. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs of the assessment area. FNB's main banking office is located at 111 E. Grand in Ponca City, Oklahoma. Also, full service branches are located at 2901 N. 14th, Ponca City and at 324 S. Duck in Stillwater. FNB also has five proprietary deposit taking automated teller machines (ATMs) located in various locations throughout the assessment area. As of December 31, 1996, FNB had total assets of \$203 million, gross loans of \$127 million, and an average loan-to-deposit ratio of 63 percent. A breakdown of loans by type is reflected in the table below.

Percentage of Loans by Type as of December 31, 1996	
Real Estate	47 percent
Commercial and industrial	25 percent
Instalment	15 percent
Loans to finance agricultural production and other loans to farmers	10 percent
Other loans	2 percent
Credit cards and related plans	1 percent

Although FNB offers a wide variety of credit products, the primary lending focus is centered on the different types of real estate loans and commercial and industrial loans. FNB's performance under the CRA was previously evaluated as of April 25, 1994.

DESCRIPTION OF KAY, NOBLE AND PAYNE COUNTIES.

FNB's assessment area (AA) includes the three counties of Kay, Noble, and Payne. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies. The following is a description of the assessment area.

Description of Assessment Area

The population of the AA is 121 thousand people and includes the communities of Ponca City, Stillwater, Blackwell, Newkirk, Tonkawa, Perry, and Cushing. Census tract income characteristics are one low, one moderate, 13 middle, and 15 upper. The population of the city of Ponca City where the main bank and a branch is located is 26 thousand and the population of Stillwater where the other branch is located is 37 thousand. Most of the AA population base is located in these two cities and the surrounding areas. Households by income traits within the AA consist of 703 or one percent low, two thousand or five percent

moderate, 19 thousand or 41 percent middle, and 25 thousand or 53 percent upper. The 1990 census Metropolitan Statistical Area (MSA) median family income for the AA is \$29 thousand with a median housing value of \$39 thousand. The economy is somewhat diversified due to number of small businesses operating in the communities.

Major employers in the AA with more than 200 employees are listed below.

MAJOR EMPLOYERS		
EMPLOYER	# OF EMPLOYEES	LOCATION
Conoco Inc.	2,700	Ponca City
Ponca City Public School System	850	Ponca City
Air System Components	532	Ponca City
City of Ponca City	520	Ponca City
St. Joseph Regional Medical Center Hospital	480	Ponca City
Wal-Mart	425	Ponca City
Smith International, Inc.	401	Ponca City
Albertson's	381	Ponca City
Thorn Apple Valley	250	Ponca City
Oklahoma State University	4,100	Stillwater
Mercury Marine	1,200	Stillwater
Stillwater Public Schools	473	Stillwater
State Department of Vocational and Technical Education	400	Stillwater
Moore Business Forms, Inc.	300+/-	Stillwater
World Color Press	250	Stillwater
Frontier Engineering	213	Stillwater
National Standard Company	200+/-	Stillwater
Armstrong World Industries	200	Stillwater
Charles Machine Works	800	Perry
Corrections Corporation of America	210	Cushing

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overall, the bank is satisfactory in meeting the credit needs of the entire assessment area, including low- and moderate-income individuals and areas, consistent with available resources and capabilities.

Loan-to-Deposit Ratio

The loan-to-deposit ratio meets the standards for satisfactory performance. This determination is based on the average loan-to-deposit ratio for the previous 11 quarters. As of December 31, 1996, the 11 quarter average loan-to-deposit ratio for FNB was 63 percent. For comparison purposes, FNB's loan-to-deposit ratio was compared to the 60 banks in the surrounding 12 counties in Oklahoma and Kansas. As of December 31, 1996, these 60 banks had loan-to-deposit ratios ranging from 21 percent to 95 percent with the average being 59 percent.

FNB's loan-to-deposit ratio has shown a steady growth trend over the past several years. Since June 1994, this ratio has grown from 48 percent to the current level of 75 percent at December 31, 1996. At December 31, 1996, the three other independent banks in Kay County loan-to-deposit ratios are 28, 72, and 82 percent, the three banks in Noble County had ratios of 51, 58, and 58 percent, while the four banks in Payne County had ratios of 21, 53, 64, and 84 percent.

Adjustments to the loan-to-deposit ratio include removing the dollar amount of public funds on deposit at FNB and adding back real estate loans sold in the secondary market. Public funds are maintained at FNB's discretion and are required to be secured or collateralized under Oklahoma state law. Real estate loans sold in the secondary market not only provide a service to the assessment area; but, also make available additional funds for lending once the loan is sold. From January 1, 1996 thru December 31, 1996, FNB sold 112 real estate loans totaling \$8.7 million. After these adjustments are made, the average loan-to-deposit ratio increased to 68 percent. Based on the above analysis, the loan-to-deposit ratio is considered reasonable.

Lending in Assessment Area

An automated zip code analysis was used to determine the volume of loans made inside and outside the designated assessment area. As of December 9, 1996, FNB had loans totaling \$92 million or 74 percent inside the revised assessment area.

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 farms and businesses is good. A sample of loan products offered by FNB was reviewed to determine income distribution within the assessment area. The review consisted of 48 instalment and real estate loans made since December 31, 1995. Results of this random sample for the

assessment area is illustrated in the following table.

Loans Extended by Income Classification and AA Tract Characteristics		
	Loan Distribution	Household Income
Low	4 percent	1 percent
Moderate	15 percent	5 percent
Middle	17 percent	41 percent
Upper	64 percent	53 percent

Based on this sample, the loan distribution is comparable to the household income characteristics of the assessment area.

The level of lending to small farms and small businesses was calculated as of April 10, 1997. This analysis revealed that 85 percent of commercial loans are to small businesses and 99 percent of agricultural loans are to small farms.

Geographic Distribution of Loans

A geographic distribution analysis is not meaningful as the assessment area contains only one low and one moderate income census tracts out of the 30 census tracts making up the assessment area. Both of these tracts are located in the town of Stillwater near the Oklahoma State University Campus.

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.