



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 7, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Oklahoma
Charter Number 11397
101 West Grand
Tonkawa, Oklahoma 74653**

**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 First National Bank of Oklahoma, Tonkawa, Oklahoma as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of October 7, 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.

First National Bank of Oklahoma is responsive to the credit needs of the communities which it serves. This is demonstrated by the following:

- An above average loan-to-deposit ratio.
- Average number and dollar volume of loans extended within the assessment area(s).
- Number and dollar volume of loans granted to small farms and small businesses.
- Types of products and services offered at the main bank in Tonkawa and the branch in Oklahoma City, Oklahoma.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank of Oklahoma</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 examination.		

DESCRIPTION OF INSTITUTION

First National Bank of Oklahoma (FNB), a subsidiary of First Bancorp of Oklahoma, Inc., 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(s). FNB's main bank office and drive-in facility is located at 101 West Grand in Tonkawa, Oklahoma. In addition, FNB operates one full service branch at 909 South Meridian in Oklahoma City, Oklahoma. FNB does not own any proprietary automated teller machines (ATM's). As of June 30, 1996, the bank had total assets of \$44 million, gross loans of \$35 million, and a loan-to-deposit ratio of 90 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	44 percent
Commercial and Industrial	39 percent
Loans to finance agricultural production and other loans to farmers	11 percent
Instalment	6 percent

Although FNB offers a wide variety of credit products, its primary lending focus is Small Business Administration (SBA) guaranteed loans as well as commercial lending. FNB is a certified SBA lender and a preferred Housing of Urban Development (HUD) and Federal Housing Administration (FHA) lender. FNB's performance under the CRA was previously evaluated as of May 31, 1994.

DESCRIPTION OF PART OF KAY COUNTY AND THAT PART OF THE OKLAHOMA CITY MSA ENCOMPASSING THE BRANCH LOCATION

FNB's assessment area(s) (AA) were modified during the examination to include geographies which include only whole census tracts. FNB's assessment area(s) are now comprised of part of Kay county and the five census tracts encompassing the Oklahoma City branch location. FNB did not include the city of Ponca City in the revised assessment area(s). This decision was based on the number of financial institutions already present in the community. The assessment area(s) meet the requirements of the regulation and do not arbitrarily exclude low or moderate income geographies. The following is a description of each assessment area:

Tonkawa assessment area: Kay county census tracts numbers 6, 10, and 11: The population of the AA is 16 thousand and includes the communities of Blackwell, Nardin, and Tonkawa. Census tract income characteristics are two middle (number 10 and number 11) and one upper (number 6). Households by income within the AA consist of five thousand or 80 percent middle and one thousand or 20 percent upper. The 1990 census Metropolitan Statistical Area (MSA) median family income for the AA is 24 thousand. The local economy is stable and is dependent upon agriculture with wheat being the primary crop. Major employers include Northern Oklahoma College, Tonkawa Foundry, and Transformer Disposal Specialist, Inc. Competition is provided by one state bank - Service Bank of Tonkawa - which is a branch of Farmers Exchange Bank of Cherokee, Oklahoma.

Oklahoma City assessment area: that part of the Oklahoma City MSA encompassing the branch location including the following census tracts, number 1059.98, number 1069.13, number 1070.02, number 1086.01, and number 1086.02. This assessment area consists of only five census tracts within the Oklahoma City MSA. FNB excluded all other census tracts of the Oklahoma City MSA to focus on the area around the branch location. The population of the AA is 12 thousand. Census tract income characteristics are two moderate (numbers 1069.13 and 1070.02) and three middle (numbers 1059.98, 1086.01, and 1086.02). Households by income within the AA are two thousand or 46 percent moderate and three thousand or 54 percent middle. The 1990 census MSA median family income for the AA is 32 thousand. The Oklahoma City economy is stable and is experiencing some expansion in the retail and commercial markets. The I-40 and Meridian corridor is the center for many hotels, restaurants, and supporting businesses. Conventions held in Oklahoma City often utilize hotel space in this area due to the lack of hotel beds in the downtown area. It was recently announced two new hotels would be built south of the branch location. Primary competition is provided by a 300 million national bank located just south of the branch site.

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 is good. This determination is based on the average loan-to-deposit ratio for the previous nine quarters. As of June 30, 1996, the nine quarter average loan-to-deposit ratio for FNB was 85.37 percent. For comparison purposes, FNB's loan-to-deposit ratio was compared to the 25 banks in the surrounding five counties. As of June 30, 1996, these 25 banks had loan-to-deposit ratios ranging from 13 percent to 82 percent with the average being 56.55 percent.

Lending in Assessment Area(s)

Tonkawa assessment area: A substantial majority of credit is extended within the Tonkawa assessment area. The Tonkawa facility plotted loans inside and outside the assessment area by zip code and matched them to the corresponding census tract. The chart below outlines the loan distribution.

<u>Census tract number</u>	<u>Number of loans in AA</u>	<u>Dollar amount in AA</u>
#6	92	\$4,985,327
#10	71	\$1,564,622
#11	<u>296</u>	<u>\$6,152,667</u>
Totals:	459	<u>\$12,702,616</u>

As of July 31, 1996, the main bank in Tonkawa accounted for \$13 million dollars of the total loan portfolio. Therefore, 459 loans or 97 percent of the loans originated by Tonkawa are within the Tonkawa assessment area.

Oklahoma City assessment area: A majority of loans are extended outside the assessment area. The branch segregated its loan portfolio by zip code and matched them to the corresponding census tract. The chart below outlines the results of this analysis.

<u>Zip code</u>	<u>Census tract number</u>	<u>Number of loans in AA</u>	<u>Dollar amount in AA</u>
73127	#1065.13 & #1069.98	3	\$75,782
73128	#1086.01	7	\$1,149,482
73107	#1059.98 & #1070.02	3	\$157,358
73108	#1070.02	9	\$2,495,392
73179	#1086.02	2	\$229,946
73119	#1086.02	<u>2</u>	<u>\$19,868</u>
	Totals:	26	<u>\$4,127,828</u>

As of July 31, 1996, the Oklahoma City branch accounted for \$22 million dollars of the total loan portfolio. Therefore, 26 loans or 19% are within the Oklahoma City assessment area.. A majority of the Oklahoma City loans are extended outside the assessment area due to the demographics of the Oklahoma City assessment area. The area surrounding the branch is mostly restaurants, hotels, and warehouse space. There are some residential areas, but they are few in number. Also, FNB expanded into the Oklahoma City market to try and diversify its SBA loan portfolio.

On an aggregate basis, FNB has 485 loans or 48 percent within the designated assessment area(s):

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 adequate.

A sample of all loan products offered by FNB was done to determine income distribution within the assessment area. The review consisted of 27 instalment and real estate loans made within the last twelve months for both the Tonkawa and Oklahoma City assessment area(s). Results of this random sample for both assessment area(s) is illustrated in the following table.

Loans Extended by Income Classification	
Low	4 percent
Moderate	15 percent
Middle	19 percent
Upper	62 percent

Based on this sample, the loan distribution approximates the income characteristics of the assessment area(s). Based on the 1990 census data, 79 percent of the households in the assessment area(s) are either middle or upper income. According to the table, FNB has granted 81 percent of its loans to either middle or upper income groups. The level of lending to small farm and small businesses was also calculated. This analysis revealed the bank has \$17 million in loans or 50 percent to small businesses and \$6 million in loans or 100 percent to small farms.

Geographic Distribution of Loans

Geographic distribution of credit within the assessment area(s) is reasonable. As previously stated, 79 percent of the households in the assessment area(s) are either middle or upper income. FNB does not routinely track the distribution of the loan portfolio by income characteristics. A review of the 1995 HMDA-LAR, indicated 77 percent of approved residential loans applications were to individuals or families in middle or upper income tracts. Year to date 1996 HMDA-LAR information indicates 76 percent of residential real estate loans were granted in either middle or upper income tracts.

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.