



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

October 12, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Oklahoma
Charter Number: 11397**

**1324 East Grand Avenue
Ponca City, Oklahoma 74601**

**Comptroller of the Currency
Oklahoma City Field Office
301 NW 63rd Street, Suite 490
Oklahoma City, Oklahoma 73116**

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, Ponca City, Oklahoma, (FNB)**, as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of **October 12, 1999**. 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**. Consistent with its resources and capabilities, First National Bank of Oklahoma is meeting the credit needs of its assessment area, including those of low and moderate income individuals, in a reasonable manner. This is demonstrated by the following:

- C FNB's willingness to provide a wide variety of loan and deposit products.
- C A majority of the loans extended are within the assessment area.
- C FNB has demonstrated a willingness to extend loans to individuals and businesses of different income levels.
- C Distribution of FNB's loans reflect a reasonable penetration in the communities it serves.

DESCRIPTION OF INSTITUTION

FNB is headquartered in Ponca City, Oklahoma. FNB is a subsidiary of First Bancorp of Oklahoma, Inc., a one bank holding company headquartered in Ponca City. The only asset of the holding company is the bank. The main bank and drive-in facility are located at 1324 East Grand Avenue, Ponca City, Oklahoma. In addition to the main office, FNB has two branches, both with drive-in facilities. The Tonkawa branch and drive-in are located at 101 West Grand, Tonkawa, Oklahoma. The second branch is located at 909 South Meridian Avenue in Oklahoma City, Oklahoma. Automated Teller Machines (ATM) are at the following locations; Ponca City: Waverly and South Avenue inside the Triple T convenience store and at the main bank drive-in facility, Tonkawa: I-35 and Highway 60 inside the Phillips 66 Truck Stop, and Oklahoma City: at the drive-in facility. The bank's primary focus is to serve commercial, agricultural, real estate, and consumer customers in Kay and Oklahoma Counties. The bank meets these needs by providing various loan and deposit products, as well as, other financial services.

As of June 30, 1999, FNB's total assets equaled \$59,945,000, of which \$48,388,000 or 80.72 percent, were composed of various types of loans to individuals, businesses, and for agricultural related purposes. The \$48,388,000 in loans and leases outstanding consisted of \$22,304,000 in commercial loans, (46.09 percent), \$15,813,000 in commercial loans, (32.68 percent), \$6,467,000 in loans to individuals, (13.36 percent), \$3,720,000 in agricultural loans, (7.69 percent), and other loans of \$84,000 (0.18 percent).

There are no known legal, financial, or other factors impeding management's ability to help meet the credit needs of the assessment area. The last review of performance under the Community Reinvestment Act was completed October 29, 1996, and was rated **Satisfactory**.

DESCRIPTION OF THE ASSESSMENT AREA(S)

The two assessment area(s) adopted by the Board of Directors include parts of Kay and Oklahoma counties and are more fully described below.

Ponca City assessment area: The Ponca City assessment areas are comprised of block numbering areas (BNA) 6, 10, and 11 all in Kay County. The BNA's encompass the communities of Blackwell, Nardin, Ponca City, and Tonkawa and include the Ponca City and Tonkawa locations. BNA number 6 is upper income (34 percent) while BNA's 10 and 11 are middle income (66 percent). United States Census Bureau information as of 1990, reflected a total population of 16,366 for these three BNA's. Additionally, there were 4,645 families and 6,333 households in this assessment area. The area contained 7,429 housing units with 4,741 or 63.82 percent owner occupied. Seventy-one percent of the households derive their income from wages or salaries. The unemployed labor force is low at 2.87 percent.

Major employers within the assessment area include Conoco, St. Joseph Regional Medical Center, Sykes, Inc., Northern Oklahoma College, Tonkawa Foundry, and Transformer Disposal Specialist, Inc. Competition in Ponca City is provide by two national banks, one state bank, and one federal savings bank.

One community contact was made during this evaluation. The contact stated the biggest need for Ponca City is additional housing subdivisions. This person stated all banks are active in the Ponca City community and strive to meet the needs of the residents of Kay county.

Oklahoma City assessment area: The Oklahoma City assessment area is comprised of census tracts 1059.98, 1069.13, 1070.02, 1086.01, and 1086.02. These five census tracts encompass the branch location within the Oklahoma City MSA. These are the only five census tracts designated by the Board of Directors for inclusion in the Oklahoma City assessment area. FNB excluded all other census tracts of the Oklahoma City MSA to focus on the area immediately surrounding the branch location. Census tracts 1069.13 and 1070.02 are moderate income (40 percent) while census tracts 1059.98, 1086.01, and 1086.02 are middle income (60 percent). United States Census Bureau information as of 1990, reflected a total population of 12,240 for these five census tracts. Additionally, there were 3,414, families and 5,072 households in this assessment area. The area contained 6,321 housing units with 2,945 or 46.59 percent owner occupied. Seventy-nine percent of the households derive their income from wages or salaries. The unemployed labor force is moderately high at 4.44 percent.

The Oklahoma City economy is stable and is experiencing sustained expansion in the retail and commercial markets. The 1-40 and Meridian corridor is the center for many hotels, restaurants, and supporting businesses. Conventions held in Oklahoma City often utilize hotel spaces in this area due to the lack of hotel beds in downtown Oklahoma City. Primary competition is provided by numerous national banks, state banks, and federal saving banks.

The primary focus of the Oklahoma City branch location is Small Business Administration (SBA) lending within the Oklahoma City MSA. Consumer lending is limited to referrals from existing customers with a very limited amount of walk-in lobby traffic. As of June 30, 1999, the installment lending portfolio for the Oklahoma City branch was comprised of fifty loans totaling \$373,000.

Major employers in the Oklahoma City MSA include Tinker Air Force Base, General Motors, and Lucent Technologies.

These assessment areas meet the requirements of the regulation. They do not arbitrarily exclude any low- or moderate-income geographies.

Per the 1990 census, the families are divided among the following income categories for both assessment areas:

Ponca City assessment area:

Description	% Low Income (<50% of Median)*	% Moderate Income (50-80% of Median)*	% Middle Income (80-120% of Median)*	% Upper Income (>120% of Median)*
% of Families (4,645 in total)	21.03%	18.27%	22.10%	38.60%

The 1990 median family income for this assessment area was \$26,946. Census median family income was \$24,139. The 1999 Department of Housing and Urban Development's updated median family income for non-MSA's in Oklahoma was \$32,700.

Oklahoma City assessment area:

Description	% Low Income (<50% of Median)*	% Moderate Income (50-80% of Median)*	% Middle Income (80-120% of Median)*	% Upper Income (>120% of Median)*
% of Families (3,414 in total)	28.94%	20.04%	25.89%	25.13%

The 1990 median family income for this assessment area was \$32,406. 1990 Census median family income was \$26,456. The 1999 Department of Housing and Urban Development's updated median

family income for the Oklahoma City MSA was \$43,300.

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

The loan to deposit ratio was more than reasonable and exceeds the standard for satisfactory performance given the institution’s size, financial condition, and assessment area credit needs. The average quarterly loan to deposit ratio from December 31, 1996, through June 30, 1999, was 89.67 percent. The ratio as of June 30, 1999, was 87.02 percent. The low ratio for the period was 82.17 percent at December 31, 1996. The high ratio for the period was 95.79 percent at December 31, 1998.

FNB’s ratio compares very favorably to the average loan to deposit ratios for the twenty-two banks in the Ponca City assessment area and the forty banks in the Oklahoma City assessment area. The loan to deposit ratio was compared to all banks in the contiguous counties for both assessment areas. The average ratio for this group of sixty-two banks was 63.00 percent at June 30, 1999. FNB compares well to their local competitor bank in Ponca City. As of June 30, 1999 the loan to deposit ratio for this bank was 72 percent.

Lending in the Assessment Area-Ponca City

A majority of credit extended is within the Ponca City assessment area. An analysis of loans by zip code for the three BNA’s was used to determine number and dollar volume of loans within the Ponca City assessment area. This analysis noted the following results:

Loans by zip code	% of Loans Inside Area	% of Loans Outside Area	% of Loan Dollars Inside Area	% of Loan Dollars Outside Area
Consumer (751 loans for \$4,884,317)	72.49%	27.51%	81.01%	18.99%
Business & Agricultural (433 loans for \$10,767,555)	82.16%	17.84%	80.16%	19.84%

Lending in the Assessment Area - Oklahoma City

A substantial majority of the credit is extended outside the assessment area. Small business loans were used to determine credit extended in the Oklahoma City assessment area. This is the primary loan product offered at the Oklahoma City branch.

The analysis of loans made within the Oklahoma City assessment area revealed only 16 percent were within the designated assessment area as approved by the Board of Directors. However, Vice President Layne Duncan conducted a zip code analysis to determine where the loans are for the Oklahoma City office during this examination. The zip code report revealed 75 percent of loans on a dollar basis and 85 percent on a number basis are within Canadian, Cleveland, and Oklahoma counties. President Matt Eatherly reviewed Mr. Duncan’s analysis and plans to revise the Oklahoma City assessment area to include portions of those three counties.

Lending to Borrowers of Different Incomes - Ponca City Assessment Area

The distribution of borrowers reflects reasonable penetration among individuals and businesses of different income levels within the assessment area. The following table uses income data collected from a random sample of sixty-eight consumer loans made in 1999 and thirty-three residential loans on the September 30, 1999, Home Mortgage Disclosure Act Loan Application Register. The number of loans to each income group compares adequately to the distribution of families by income level illustrated on page (4) of this evaluation.

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
# of Consumer Loans (68)	16.18%	16.17%	29.41%	38.24%
\$ of Consumer Loans (\$678,970)	8.76%	9.99%	25.41%	55.84%
# of HMDA Residential Loans (33)	3.03%	18.18%	24.24%	54.55%
\$ of HMDA Residential Loans (\$601,307)	.54%	16.76%	25.56%	57.14%
Total # of Loans (101)	11.89%	16.83%	27.72%	43.56%
Total \$ of Loans (\$1,280,277)	4.89%	13.18%	25.48%	56.45%

Overall, the combined number of loans to individuals of different incomes represents reasonable penetration relative to the volume of families in each income group as depicted on page (4) of this

evaluation. The bank's penetration to low and moderate income consumer borrowers compares adequately to the assessment area demographics.

A review of twenty-one agricultural loans made within the Ponca City assessment area revealed that 95 percent of the loans were extended to small farms. A substantial majority of borrowers grossed less than \$500,000 in gross annual revenues. The following table uses revenue data collected from the sampled agricultural loans within the Ponca City assessment area. The number and dollar volume of loans to small farms compares well to the distribution of farms reporting revenues in the 1990 census.

Description	% with less than \$500,000 in revenues	% with \$500,000 to \$1,000,000 in revenues	% with greater than \$1,000,000 in revenues
Number of Loans (21)	90.48%	4.76%	4.76%
Dollars of Loans (\$1,251,577)	60.44%	19.58%	19.98%

Lending to Borrowers of Different Incomes - Oklahoma City assessment area:

The following table illustrates the distribution of the twenty five business loans sampled for the Oklahoma City assessment area based on annual gross revenues reported by the companies. Small Business Administration lending is the primary focus of the Oklahoma City branch and these types of loans represent the primary product offered at this location.

Description	% with less than \$500,000 in revenues	% with \$500,000 to \$1,000,000 in revenues	% with greater than \$1,000,000 in revenues
Number of Loans (25)	88.00%	4.00%	8.00%
Dollars of Loans (\$7,268,857)	82.23%	5.30%	12.47%

The sample of business loans reflects that 92.00 percent of the loans were made to small businesses or businesses that report annual gross revenues of less than \$1,000,000. Also, 87.53 percent of the dollars loaned went to those same small businesses. The number and dollar volume of loans to small farms compares well to the distribution of businesses reporting revenues in the 1990 census.

Geographic Distribution of Loans - Ponca City assessment area

A meaningful geographic analysis could not be performed since the Ponca City assessment area does not contain any low or moderate income census tracts.

Geographic Distribution of Loans - Oklahoma City assessment area

At June 30, 1999, the geographic distribution of loans did not reflect an adequate dispersion throughout the assessment area. Based on a random sample of twenty five business loans for the Oklahoma City branch, only four loans or 16 percent were within the assessment area. This is primarily due to the Oklahoma City assessment area being too small.

A zip code analysis to determine the location of loans from the Oklahoma City office performed during this examination revealed 75 percent of loans on a dollar basis and 85 percent on a number basis are within Canadian, Cleveland, and Oklahoma counties. President Matt Eatherly reviewed the analysis and plans to revise the Oklahoma City assessment area to include portions of those three counties.

Responses to Complaints

No complaints concerning the Community Reinvestment Act have been received since the last examination.

Fair Lending Matters

No violations of the substantive provisions of antidiscrimination laws and regulations were identified. Additionally, no evidence of discrimination or disparate treatment was found. These conclusions are based on a random sample of seventy-two consumer loans comparing loan terms men and women. The lending practices of FNB are reflective of antidiscrimination policies.