



Comptroller of the Currency
Administrator of National Banks

Small Bank

PUBLIC DISCLOSURE

February 9, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Edmond
Charter Number 22957**

**1601 South Kelly Avenue
Edmond, Oklahoma 73083**

**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 Edmond, Edmond, Oklahoma as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of February 9, 1998. 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 is meeting the credit needs of its assessment area in a reasonable manner. This is demonstrated by the following:

- An average loan-to-deposit ratio which meets the standards for satisfactory performance.
- Number and dollar volume of loans granted within the designated assessment area.
- Dollar volume of loans granted to small businesses as defined by the CRA regulation.
- The variety of products and services offered at the main bank in Edmond.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank of Edmond</u> Edmond, Oklahoma 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 bank opened for business November 1, 1996.		

DESCRIPTION OF INSTITUTION

First National Bank of Edmond, (FNB) located in Edmond, Oklahoma, is a subsidiary of First National Bancshares, Inc. and has sufficient resources to devote to meeting community credit needs. The bank opened for business on November 1, 1996. 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 bank office and drive-in facility is located at 1601 South Kelly avenue in Edmond, Oklahoma. A loan production office (LPO) is located at 2500 S. Broadway, Suite #320, Edmond, OK 73083. Automated Teller Machine (ATM) services are available at the main bank location. FNB's primary focus is to serve commercial, and consumer customers in the designated assessment area. As of December 31, 1997, FNB had total assets of \$30 million, gross loans of \$25 million, and an average loan-to-deposit ratio of 68 percent. A breakdown by type of loan is reflected in the table below.

Dollar and percentage of loans by type as of December 31, 1997		
Real Estate	\$14,744,000	60 percent
Commercial and Industrial	\$6,859,000	28 percent
Instalment	\$3,036,000	12 percent

DESCRIPTION OF THE ASSESSMENT AREA:

The assessment area adopted by First National Bank's board of directors meets the requirements of the regulation. It does not arbitrarily exclude any low or moderate income geographies. The assessment area is described in more detail below.

First National Bank, Edmond, Oklahoma, Assessment Area

FNB's assessment area consists of 18 census tracts in the northern half of Oklahoma county. Census tracts are numbered 1081.03 thru 1085.12 and all are within the Oklahoma City Metropolitan Statistical Area (MSA). The boundaries are Waterloo Road to the North, Lincoln County Line to the East, 78th Street to the South, and Oklahoma County Line to the West. The assessment area encompasses all of the Edmond city limits, the communities of Arcadia and Luther and northern parts of Oklahoma City. The assessment area includes the geographies where the bank has its main office and deposit-taking ATM.

United States Census Bureau information compiled in 1990 reflected a total population of 66,669 for the assessment area. The area contained 26,253 housing units with 16,345 or 62 percent owner occupied. Additionally, there were 18,308 families and 23,812 households in the area. Eighty five percent of the households derive their income from wages or salaries. Median housing value for the assessment area is \$83,082. The largest employment sectors are retail trade, manufacturing, and the finance, insurance and real estate sector. Census tract income characteristics are: two moderate, four middle and twelve upper income tracts. Per the 1990 census data, the households and families are divided among the different income categories as follows:

Income categories within 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 Households	15.03%	10.63%	16.61%	57.71%
% of Families	10.35%	11.62%	19.55%	58.49%

The 1990 census median family income for the assessment area was \$45,460. Median household income for the assessment area was \$39,107. The weighted average of MSA/non-MSA's updated median family income was 40,800 for the assessment area in 1996.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan to Deposit Ratio

The loan to deposit ratio is reasonable given the institution's size, financial condition, and the credit needs of the assessment area. The average quarterly loan to deposit ratio from December 31, 1996 through December 31, 1997 was 68.28 percent. The ratio as of December 31, 1997 was 90.87 percent. The low ratio for the period was 33.15 percent at December 31, 1996.

First National Bank's ratio compares well to the average loan to deposit ratio for the sixteen banks operating in the Oklahoma City MSA with assets less than \$50 million and one location. The average ratio for this group was 61.09 percent at December 31, 1997. This was up from 55.18 percent at December 31, 1996. The low ratio in this group was 36.44 percent and the high ratio was FNB's 90.15 percent at December 31, 1997.

Lending in Assessment Area

A majority of credit extended by First National Bank is within the designated assessment area. Analysis of a random sample of forty-two consumer loans and twenty-two real estate loans noted the following results.

Number and Dollar Volume of Loans Inside Assessment Area as of December 31, 1997				
Loan Sample	% of Loans Inside Assessment Area	% of Loans Outside Assessment Area	% of Loan Dollars Inside Area	% of Loan Dollars Outside Area
Consumer	53.85%	46.15%	56.51%	43.49%
Real Estate	59.09%	40.91%	55.41%	44.59%
TOTALS:	54.69%	45.31%	55.62%	44.38%

A random sample of twelve small business loans were reviewed to determine volume of business lending inside and outside the assessment area. Based on this analysis, nine of the twelve or 75 percent were within the designated assessment area.

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

The distribution of borrowers reflects a reasonable penetration among individuals and good penetration of businesses of different income levels within the assessment area. The following table uses income data collected from the sample of forty-two consumer loans and the twenty-two real estate loans selected for review. The number of loans to each income group compares well to the distribution of households and families by income level illustrated on page four (4) of this evaluation.

Percentage of Loans to Different Income Levels				
Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
Number of loans (64)	7.81%	17.19%	28.13%	46.87%

The level of lending to small farm and small businesses was calculated as of December 31, 1997. Loans to small businesses totaled \$7,334,000 or 65 percent of the loan portfolio. FNB does not have any small farm loans.

Geographic Distribution of Loans

The distribution of loans reflects a reasonable dispersion throughout the assessment area. This is based on an analysis of sixty-four loans as of December 31, 1997. Of the sixty-four real estate and consumer loans, thirty-eight are inside the assessment area. These thirty-eight loans were then plotted by census tract according to location. The results of this analysis are depicted in the table below.

Distribution of Loans by Census Tract Characteristic				
Description	Percentage of Total Tracts	Percentage and Number of Loans by Census Tract	Percentage of Census Tracts Penetrated	Percentage of Population in Tracts
Low Income Tracts (0)	0.00%	0.00% (0 loans)	0.00%	0.00%
Moderate Income Tracts (2)	11.11%	7.89% (3 loans)	100.00% (2 of 2)	8.37%
Middle Income Tracts (4)	22.22%	10.53% (4 loans)	50.00% (2 of 4)	18.13%
Upper Income Tracts (12)	66.67%	81.58% (31 loans)	100.00% (12 of 12)	73.51%
Total Tracts (18)	100.00%	100.00%	N/A	100.00%

Based on this analysis, the geographic distribution of loans approximates the income characteristics of the assessment area.

Response to Complaints

No complaints concerning the Community Reinvestment Act have been received.

Fair Lending Matters

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.