



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

September 30, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Hooker
Charter Number 10566
119 North Broadway
Hooker, Oklahoma 73945**

**Office of the Comptroller of the Currency
Southwestern District Office
1700 Lincoln Plaza
500 North Akard
Dallas, Texas**

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 Hooker** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of September 30, 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 Hooker has a reasonable loan-to-deposit ratio.
- ▶ Most of the bank’s loans are made in its assessment area.
- ▶ The bank’s disbursement of loans to borrowers of different income is adequate.
- ▶ A substantial portion of commercial loans are made to small businesses.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	THE FIRST NATIONAL BANK OF HOOKER PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		✓	
Lending in Assessment Area	✓		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		✓	
Geographic Distribution of Loans		✓	
Response to Complaints	There were no complaints regarding the bank's CRA performance since the last CRA performance evaluation.		

THE FIRST NATIONAL BANK (FNB) OF HOOKER, OKLAHOMA

FNB Hooker is a locally owned and operated, independent, bank. It is the only bank in the town of Hooker, and has served the community since 1921. On June 30, 1996, the bank had total assets of \$42 million. It employed 27 full-time equivalent employees as of that date. This bank operates out of one office building with drive-up teller windows in the heart of Hooker, Oklahoma. It is owned by a one-bank holding company called Hooker National Bancshares, Inc.

FNB Hooker offers a wide-range of deposit and loan products, in addition to safe deposit box rentals. As of June 30, 1996, total loans amounted to over \$22 million, with another \$6 million in loan commitments, primarily to local farmers and individuals. The total loan figure accounted for nearly 54% of the bank's total assets. About half of the amount loaned out is in agricultural credits.

The last CRA performance evaluation of this bank was conducted in February of 1994, when it was rated outstanding.

BEAVER, CIMARRON, AND TEXAS COUNTIES, OKLAHOMA

FNB Hooker's assessment area is the counties of Beaver, Cimarron, and Texas. These three counties make up the "panhandle" of Oklahoma. The assessment area meets the requirements of the CRA and does not arbitrarily exclude any low or moderate-income areas. The assessment area includes eleven census tracts with a combined population of 25,743. There are no low or moderate-income census tracts in the three counties. Seven of the tracts are considered middle-income, with the other four being high-income. This is based on the 1990 Census median family income of the area, which was \$24,139. A tract is considered low-income if its median family income is below 50% to the area's median family income. It is categorized as moderate-income if the tract's median income is between 50% and 79% of the area, middle-income is between 80% and 119%, and the high-income category is above 120%. Of the 7,379 families in the area, 3,624, or 49%, are high-income. Another 20% are middle-income, moderate-income families make up 16% of the population, and low-income is 15%.

The assessment area has a fairly diverse work force. Approximately 23% work on the surrounding farms, another 18% are employed by the Federal and local governments, the service industry employs about 17%, and 16% work in the retail trade. Nearly two-thirds are wage and salary workers. The unemployment rate is at an astonishingly low 2%. Local economic conditions are fairly stable. The area's economy is driven by the agricultural trade, primarily cattle, hog, and grain farming.

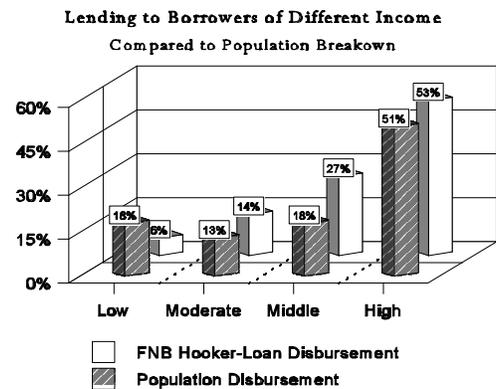
There are no other financial institutions in the town of Hooker. Competition comes from the surrounding area. There are banks of similar size in Liberal, Kansas and several Oklahoma communities, including Texhoma, Guymon, and Beaver City. Most of these banks also specialize in agricultural lending.

PERFORMANCE CRITERIA

FNB Hooker’s loan-to-deposit ratio is reasonable. It stood at 63% on June 30, 1996. Over the last ten quarters, the evaluation period for this rating, the ratio has averaged 54%. Both numbers are below the average of local, similar sized, banks, but not significantly below. The average for these banks was 66% on June 30, 1996 and averaged 68% over the last ten quarters. FNB Hooker’s ratio has been on an upward trend since 1994. The average ratio of 836 similarly sized and situated banks nationwide was 62% on June 30, 1996.

This bank keeps a substantial majority of its loans in the assessment area. As of June 30, 1996, 88% of the total loans were to borrowers in the assessment area. In the consumer loan portfolio, the figure was 93%.

FNB Hooker’s disbursement of consumer loans to borrowers of different income levels is adequate. It approximates the population breakdown by income level. Lending to low-income borrowers is relatively low, but census data shows few low-income households in the assessment area. In the moderate and high-income groups, the bank’s loan breakdown very closely matches the population breakdown.



The bank distributes loans to businesses of different sizes in a reasonable manner. To estimate the breakdown of loans made to businesses of different sizes, we analyzed the commercial loan portfolio based on the size of the loan. This analysis is based on the premise that larger companies tend to borrow larger amounts of money. Most commercial loans, in terms of the number of loans outstanding, are made to small businesses. However, in terms of dollar amount of loans outstanding, money tends to go to larger businesses. Both breakdowns are fitting with the demographics of the Hooker businesses. Most entities in the assessment area are small businesses, only six out of 499

Size of Commercial Credits		
size of credit (\$000)	# loans	\$ amt of loans
< 50	62%	13%
50-100	17%	15%
100-250	14%	24%
> 250	7%	48%

establishments employ over 50 individuals. So it is appropriate that most commercial loans will go to small entities. But there are some very large farms in the area which tend to borrow large sums of money.

In light of the uniformity of the census tracts, this bank reasonably disburses its loans throughout the assessment area. As mentioned above, seven of the eleven census tracts in the assessment area are categorized as middle-income and the other four are high-income. In the high-income tracts, 12% of the bank's assessment area loans are made. The remaining 88% is made in the middle-income tracts. A vast majority of the loans made in the assessment area are made in the town of Hooker which is located in a middle-income census tract.

During the evaluation period, FNB Hooker received no complaints from the public relating to the CRA performance. The bank is in substantial compliance with applicable anti-discrimination laws and regulations.