



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

May 09, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Hope
Charter Number 12384

112 Main Street
Hope, KS 67451-0000

Office of the Comptroller of the Currency

ADC-KANSAS CITY (8408) Field Office
7101 College Boulevard Suite 1600
Overland Park, KS. 66210

NOTE: This document is an evaluation of this 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. 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.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory".

- The First National Bank of Hope's (FNB's) lending patterns reflect a reasonable penetration of lending to agricultural borrowers of different sizes.
- FNB's average quarterly loan-to-deposit LTD ratio is more than reasonable.
- FNB's record of lending shows a majority of borrowers are within the Assessment Area (AA).

SCOPE OF EXAMINATION

We performed an evaluation of FNB's CRA performance using Small Bank CRA Procedures to assess FNB's ability to meet the credit needs of the communities within the AA. Based on originations, the primary credit product is agricultural loans. This Performance Evaluation is an assessment of CRA performance from July 1, 2004 through April 30, 2011. Our loan sample included originations from January 1, 2009 to April 30, 2011. We reviewed a sample of 24 agricultural loans.

DESCRIPTION OF INSTITUTION

FNB, a single-branch community bank in Hope, Kansas, had total assets of \$46 million as of December 31, 2010. FNB is 100 percent owned by Hope Bancshares, Inc., a single-bank holding company. FNB is a full-service bank offering a variety of loan and deposit services. Ten other financial institutions compete for deposits in the AA. As of June 30, 2010, the bank held 10 percent of deposits within the AA.

FNB received an "Outstanding" rating at the last CRA examination dated August 16, 2004. There are no legal constraints, financial conditions, or other factors that would inhibit the bank's ability to help meet the credit needs of its AA. Refer to the CRA Public File for additional information.

DESCRIPTION OF ASSESSMENT AREA

FNB designates all of Dickinson County and the contiguous northern census tract (CT) in Marion County, Kansas as its AA. This AA includes seven middle-income CTs. There are no low- or moderate-income tracts. This AA designation meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The AA's 2010 non-MSA updated median family income is \$52,800. 2000 U.S. Census data shows the AA population of 21,152 persons with 5,934 families and 8,609 households. Data show 14 percent of the families are low-income, 20 percent moderate-income, 27 percent middle-income, and 38 percent upper-income. Nine percent of the households have income below the poverty level. The median housing value is \$62,605, and 69 percent of the housing units are owner-occupied.

Competition in the AA includes several state and nationally chartered banks, savings and loans, and Farm Credit Services. Examiners used one community contact during the examination. The contact said the local economy is relatively stable and identified residential, small business,

agricultural, and consumer purpose loans as the credit needs in the community. The contact noted that area financial institutions are meeting those needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB's LTD ratio is more than reasonable given the bank's size, financial condition, AA credit needs, and atypical deposit activity. The quarterly average LTD ratio for the past 26 quarters was 91 percent. Quarterly average LTD ratios of similarly situated banks ranged from 48 percent to 101 percent. FNB's ratio ranked second highest among the five banks reviewed.

Lending in Assessment Area

FNB originated the majority of its loans to borrowers with farm operations within the AA. We selected a sample of 24 agricultural related loans to assess performance under this factor. Based on the sample, FNB originated 80 percent by number and 87 percent by dollar within the AA.

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

FNB's overall lending patterns reflect reasonable penetration among farms of different sizes. Bank management is active in meeting the agricultural credit needs with the AA. Based on our sample, 75 percent by number and 52 percent by dollar volume of loans made to agricultural borrowers were to farmers with gross revenues of less than \$1 million. This distribution is reasonable, although lower percentages than the 98 percent of farms within the AA with revenues of less than \$1 million. FNB made 60 percent of its agricultural loans in amounts of less than \$100,000.

Geographic Distribution of Loans

An analysis of the geographic distribution of loans would not be meaningful because there are no low- or moderate-income geographies in FNB's AA.

Responses to Complaints

FNB has not received any consumer complaints regarding its CRA performance during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices inconsistent with helping to meet community credit needs. Analysis of recent public comments, consumer complaints, and HMDA information was performed according to the OCC's risk-based fair lending approach. Based on analysis of this information, the OCC determined a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.