



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

February 26, 2007

Community Reinvestment Act
Performance Evaluation

**Home National Bank
Charter Number: 13891**

**1350 West Doolin
Blackwell, OK 74631**

Office of the Comptroller of the Currency

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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, and should not 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.

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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The following table indicates the performance level of **Home National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

* The lending Test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Home National demonstrated good responsiveness to community credit needs. The overall geographic distribution of loans by income level of the geography is good. The bank's distribution of loans to borrowers of different income levels and businesses of different sizes is excellent.
- Home National showed an adequate responsiveness to community development investment needs. Investments included community services for low- and moderate-income individuals (LMI) and affordable housing.
- Home National's branch offices are reasonably accessible to all geographies and residents. The bank's office hours are reasonable and services offered do not vary by location. The bank provides a good level of community development services.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5

million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Description of Institution

Home National Bank (Home National) is an \$876 million interstate financial institution headquartered in Blackwell, Oklahoma. The bank is a wholly owned subsidiary of HNB Corporation, an \$884 million, one bank holding company located in Arkansas City, Kansas. Home National has 11 offices and 11 Automated Teller Machines (ATM) in the state of Oklahoma, four offices and four ATMs in the state of Kansas, and four offices and four ATMs in the state of Arizona. The bank does not have any subsidiaries.

Home National has three Assessment Areas (AAs) in Oklahoma, one in Kansas, and one in Arizona. The Blackwell, Oklahoma AA includes all of Kay, Noble, and Payne Counties. The Bartlesville, Oklahoma AA includes all of Washington County, and the Shidler, Oklahoma AA includes six census tracts in Osage County. The Arkansas City, Kansas AA includes all of Cowley County. The Scottsdale, Arizona AA is comprised of 34 census tracts in Maricopa County.

Home National is a full-service banking institution offering a full range of commercial, real estate, and consumer credit products. Net loans and leases represent 78% of the bank's total assets. On December 31, 2006, the bank's \$681 million loan portfolio consisted of 77% real estate loans, 16% commercial loans, 4% agriculture loans, 2% consumer loans, and 1% municipal and other loans. On December 31, 2006, Tier One Capital totaled \$104 million. The bank's primary focus during the evaluation period was real estate and commercial loans.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its AA. The Office of the Comptroller of the Currency last evaluated Home National's CRA performance on December 31, 2003. The bank received an overall rating of "Satisfactory" under the Large Bank Performance Standards.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation of lending products included small business, small farm, home purchase, home refinance, home improvement, and community development loans. The evaluation period for the lending test was from January 1, 2004, to December 31, 2006. The evaluation period for community development loans was January 1, 2004, to February 26, 2007.

The investment test included a review of investments, grants, and donations made within the AAs that meet the definition of community development investments. The service test included a review of retail and community development services provided in the bank's AAs. The evaluation period for community development investments and services was from January 1, 2004, to February 26, 2007.

Data Integrity

The bank's reported data is accurate. We selected a sample of 60 small business/small farm loans and 60 HMDA loans originated during 2004, 2005, and 2006 to test the accuracy of data reported by the bank. We verified community development loans, investments, and services during the CRA examination to ensure they met the definition of community development.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, a sample of assessment areas within that state was selected for full-scope reviews. Refer to the "Scope" section under each State Rating for details regarding how the areas were selected.

Ratings

The bank's overall rating is a blend of the state ratings. Performance in the State of Oklahoma received more weight in the overall rating as this area accounts for 47% of the deposits, 62% of the loan originations, and 55% of the offices.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each State Rating for details regarding how the areas were weighted in arriving at the overall State Rating.

Fair Lending Review

We found no evidence of illegal discrimination or other illegal credit practices.

State Rating

State of Arizona

CRA rating for Arizona: Needs to Improve

The lending test is rated: Low Satisfactory

The investment test is rated: Needs to Improve

The service test is rated: Low Satisfactory

- Home National demonstrated adequate responsiveness to community credit needs. The bank's distribution of loans to borrowers of different income levels and businesses of different sizes is adequate.
- Home National demonstrated poor responsiveness to community development investment needs in the Scottsdale AA, providing only \$16 thousand in donations to six organizations that primarily benefit LMI individuals.
- Home National's delivery systems are reasonably accessible to all geographies and individuals of different income levels in the Scottsdale AA. Home National provides a limited level of community development services in the Scottsdale AA.

Description of Institution's Operations in Arizona

Home National operates four branches and four ATMs in Scottsdale, Arizona. The Scottsdale AA includes 34 census tracts in Maricopa County. Home National ranks 27th in deposit market share in Maricopa County with 0.28% of the deposits. The bank's primary competitors in Scottsdale are Wells Fargo Bank, N.A., Bank of America, N.A., First National Bank of Arizona, National Bank of Arizona, Stearns Bank Arizona, N.A., Desert Hills Bank, Bank of Arizona, N.A., Bank USA FSB, First International Bank & Trust, and MidFirst Bank.

Refer to the market profile for the State of Arizona in Appendix C for detailed demographics and other performance context information.

Scope of Evaluation in Arizona

We performed a full-scope evaluation of the Scottsdale AA. This area comprises 24% of Home National's total deposits. In addition, all of the bank's Arizona branches and ATMs are located in Scottsdale.

We gave more weight to small business lending performance as it is the bank's primary product line and represents 82% of the bank's total reported loan originations and purchases in Arizona during this evaluation period.

Refer to Appendix A for more information regarding the scope of the examination.

Examiners contacted one executive of a small business development company and one commercial real estate developer. The contacts indicated small business loans and real estate development loans are the primary credit needs of the area. One contact noted that many of the large banks in the area have supported small business development programs. The other contact indicated that financing is readily available for real estate development projects.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in Arizona is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Scottsdale AA is adequate.

Lending Activity

Refer to Table 1 Lending Volume and Table 1 Other Products in the State of Arizona section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending levels reflect adequate responsiveness in relation to area credit needs and the bank's deposit market share. Home National ranks 27th in the AA with a deposit market share of 0.28%. Home National ranked 28th in small business lending in 2005 with approximately 1% of the small business loan market. During the evaluation period, Home National originated 102 small loans to businesses totaling \$32,434 thousand. The bank does not have a significant market share of mortgage lending as the bank ranked 290th in the AA with 0.02% market share in 2005. During the evaluation period, Home National originated 17 mortgage loans totaling \$7,120 thousand. Market share data for 2006 is not available.

Distribution of Loans by Income Level of the Geography

An analysis of the distribution of loans by income level of the geography is not meaningful since the AA does not have any LMI census tracts.

Lending Gap Analysis

Home National achieved penetration in the majority of the census tracts. There were no unexplained lending gaps in the Scottsdale AA. There are no LMI census tracts in the AA.

Inside/Outside Ratio

For the geographic distribution analysis under the lending test, we performed an inside/outside ratio analysis at the bank level. A majority of the bank's loans, 80%, were originated to borrowers within the AAs. By loan type, 90% of home mortgage loans, 79% of small business loans, and 71% of small farms loans were originated in the AAs.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the State of Arizona section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Home National's distribution of home mortgage loans to borrowers of different income levels is adequate. While the bank did not make any mortgage loans to low- or moderate-income borrowers, the bank's overall market share for mortgage lending is minimal at 0.03% for home purchase, 0% for home improvement, and 0.01% for mortgage refinance. In addition, housing is not affordable for low- and moderate-income borrowers because of the high housing costs in the AA.

An analysis of multifamily loans is not meaningful as the bank did not make any multifamily loans during the evaluation period.

Small Loans to Businesses

Refer to Table 11 in the State of Arizona section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of loans to businesses of different sizes is adequate. The percentage of small loans to businesses is below the percentage of small businesses in the AA.

Community Development Lending

Refer to Table 1 Lending Volume in the State of Arizona section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all community development loans, including multifamily loans that also qualify as community development loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as community development loans. Table 5 does not separately list community development loans.

Community development lending did not have an impact on the lending test. The bank did not make any community development loans in the state of Arizona during the evaluation period.

Product Innovation and Flexibility

The bank did not provide any innovative or flexible loan products in the Scottsdale AA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in Arizona is rated "Needs to Improve". Based on a full-scope review, the bank's performance in the Scottsdale AA is poor.

Refer to Table 14 in the State of Arizona section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Home National demonstrated poor responsiveness to community development investment needs in the Scottsdale AA, providing only \$16 thousand in donations to six organizations that primarily benefit LMI individuals.

Community development investment opportunities exist in the Scottsdale AA involving affordable housing, medical care for LMI individuals, and other services targeted at LMI individuals.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in Arizona is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the Scottsdale AA is adequate.

Retail Banking Services

Refer to Table 15 in the State of Arizona section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Home National's delivery systems are reasonably accessible to all geographies and individuals of different income levels in the Scottsdale AA. The bank has four branch and ATM locations in the AA. All branches and ATMs are located in upper-income census tracts. All ATMs accept deposits.

One of the four branches in the Scottsdale AA offers extended banking hours on Friday afternoon and Saturday morning. Two branches, one including a drive-up facility, do not offer Saturday services, but offer extended hours on Friday. One branch location does not offer any extended hours. All branches offer the same products and services.

Home National has not closed any branches or ATMs in the Scottsdale AA in the past two calendar years. The bank has opened one branch and one ATM location in the Scottsdale AA

since the prior CRA examination. Delivery systems have not been adversely affected in any of the census tracts.

Other delivery services for the Scottsdale AA include a mobile bank, automated twenty-four hour telephone banking, Internet banking, and bank by mail. The bank also has a shared ATM agreement with another financial institution. The bank does not own or operate the shared ATMs. The agreement encompasses several ATMs in the greater Phoenix area. All shared ATMs accept bank deposits. We did not place any significant weight on these alternative delivery systems, as there was no information available to show whether these services are effectively reaching LMI individuals.

Community Development Services

Home National provides a limited level of community development services in the Scottsdale AA. During this evaluation period, Home National supported only three community service organizations with varying mission statements. The bank's involvement in these community organizations has helped promote community development. The following are examples that demonstrate how bank employees used their financial expertise to assist these organizations.

- Bank employee was co-founder and budget committee member of an organization that prepares women on welfare to reenter the workforce by providing food and social services.
- Bank employee served on the Board and finance committee for an organization whose primary focus is to provide educational, health, and social services to low- and moderate-income children.
- Bank employee served on a finance and budget committee for an organization that provided services to low- and moderate-income individuals and families.

State Rating

State of Kansas

CRA Rating for Kansas: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: High Satisfactory

- Home National demonstrated good responsiveness to community credit needs. Business lending activity is good, as the bank had a first place market share. The geographic distribution of loans by income level of the geography is adequate. The bank's distribution of loans to borrowers of different income levels and businesses of different sizes is excellent.
- Home National showed adequate responsiveness to community development investment needs in the state of Kansas, given the moderate level of opportunities. Home National provided \$95 thousand in qualified donations during the current evaluation period, with an additional \$1,600 thousand in ongoing investments from prior periods.

- Home National's delivery systems are reasonably accessible to all geographies and individuals of different income levels. Home National's performance in providing community development services in the Arkansas City AA is good.

Description of Institution's Operations in Kansas

Home National operates four branches and four ATMs in the state of Kansas. The AA includes all of Cowley County. Home National ranks 1st in deposit market share in Cowley County with 35% of the deposits. The bank with the next largest deposit market share has captured 26% of the deposits. The bank's primary competitors in Cowley County include Union State Bank, CornerBank N.A., Citizens Bank of Kansas, N.A., Ark Valley Credit Union, and Sunflower Credit Union.

Refer to the market profile for the State of Kansas in Appendix C for detailed demographics and other performance context information.

Scope of Evaluation in Kansas

We performed a full-scope evaluation of the Arkansas City AA. This area comprises 29% of Home National's total deposits. In addition, all of the Kansas branches and ATMs are located in the Arkansas City AA.

We placed more weight on small business lending performance, as it is the bank's primary product line and represents 40% of the bank's total reported loan originations and purchases during this evaluation period.

Refer to Appendix A for more information regarding the scope of the examination.

Examiners contacted a City Commissioner for the City of Arkansas City and a community professional. The community contacts indicated affordable housing and home equity loans were the primary credit needs of the community. Both contacts mentioned the high level of community involvement by all of the local financial institutions.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in Kansas is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Arkansas City AA is good.

Lending Activity

Refer to Tables 1 Lending Volume and 1 Other Products in the State of Kansas section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending levels reflect good responsiveness in relation to area credit needs and the bank's deposit market share. Home National ranks 1st in the AA with a deposit market share of 35%. Home National ranked 1st in small business lending in 2005 with approximately 68% of the small business loan market. The bank ranked 5th in mortgage lending with approximately 4% of the market share. Market share data for 2006 is not available.

During the evaluation period, the bank originated 514 small loans to businesses totaling \$22,812 thousand, 454 small loans to farms totaling \$19,277 thousand, and 249 mortgage loans totaling \$14,798 thousand.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the State of Kansas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Home National's geographic distribution of home mortgage loans in the Arkansas City AA is excellent. The AA does not have any low-income geographies. The bank significantly exceeded the demographics of moderate-income geographies for home improvement and home mortgage refinance loans and was slightly below demographics for home purchase loans.

An analysis of multifamily loans is not meaningful as the bank did not make any multifamily loans during the evaluation period.

Small Loans to Businesses

Refer to Table 6 in the State of Kansas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses located in LMI geographies is adequate. The AA does not have any low-income geographies. The bank was below demographics for moderate-income geographies.

Small Loans to Farms

Refer to Table 7 in the State of Kansas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The geographic distribution of small loans to farms located in LMI geographies is adequate. While the bank's performance is significantly below demographics, there are only five farms in the moderate-income tracts making it difficult for the bank to make loans in the moderate-income tracts. The AA does not have any low-income geographies.

Lending Gap Analysis

The geographic distribution analysis included a review for any unexplained lending gaps in the Arkansas City AA. Home National achieved penetration in all census tracts. There are two moderate-income tracts in the AA.

Inside/Outside Ratio

For the geographic distribution analysis under the lending test, we performed an inside/outside ratio analysis at the bank level. A majority of the bank's loans, 80%, were originated to borrowers within the AAs. By loan type, 90% of home mortgage loans, 79% of small business loans, and 71% of small farm loans were originated in the AAs.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 8, 9 and 10 in the State of Kansas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The bank's distribution of loans to low-income borrowers for home purchase loans is excellent, considering 17% of the families in the AA have incomes below the poverty level. Individuals at the poverty level find it difficult to qualify for home loans. Loan distribution to moderate-income borrowers is excellent. The bank's number of loans to moderate-income borrowers exceeds demographics.

The bank's distribution of loans to LMI individuals for home improvement loans is near demographics and is considered good performance.

The bank's distribution of loans to low-income individuals for home mortgage refinance loans is adequate. The bank's performance is below demographics. Loan distribution to moderate-income individuals for home mortgage refinance loans is excellent, as the bank's performance significantly exceeds demographics.

Small Loans to Businesses

Refer to Table 11 in the State of Kansas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of loans to businesses of different sizes is excellent. The percentage of loans to small businesses significantly exceeds demographics.

Small Loans to Farms

Refer to Table 12 in the State of Kansas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The distribution of loans to farms of different sizes is excellent. The bank extended all of its farm loans to farms with revenues less than one million dollars. This exceeds demographics.

Community Development Lending

Refer to Table 1 Lending Volume in the State of Kansas section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all community development loans, including multifamily loans that also qualify as community development loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as community development loans. Table 5 does not separately list community development loans.

Community development lending had a neutral impact on the lending test. During the evaluation period, Home National originated three community development loans totaling \$47 thousand. Two loans totaling \$35 thousand were for affordable housing projects and one loan for \$12 thousand was to a not-for-profit organization that provides transportation to low- and moderate-income individuals.

Product Innovation and Flexibility

During 2006, the bank, along with two other banks in Arkansas City, Kansas, launched a new one-year loan program to encourage home ownership and housing revitalization. The program offers 100% financing on single-family homes within the city limits of Arkansas City. The program is in conjunction with the city's Neighborhood Revitalization Program, which provides tax rebates on housing. Each bank participant will fund loans individually with a maximum commitment of \$333 thousand each. Individual loans have a maximum loan amount of \$50 thousand. Under this program, the bank has made two loans totaling \$35 thousand.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in Kansas is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the Arkansas City AA is adequate.

Refer to Table 14 in Appendix D for data used to evaluate the bank's level of qualified investments.

Home National showed adequate responsiveness to community development investment needs in the Arkansas City AA, given the moderate level of opportunities. Home National provided \$95 thousand in qualified donations during the current assessment period, with an additional \$1,600 thousand in ongoing investments from prior periods. Investments address

community development needs, including community services, education, and economic development for LMI individuals.

Significant, qualified investments occurring during the evaluation period are listed below.

- Donations of \$10 thousand to Habitat for Humanity to assist in providing affordable housing to LMI individuals.
- Donations of \$48 thousand to scholarship funds at local colleges, with the bank's funds used to assist LMI students.
- Donations of \$12 thousand to art centers within the AA that provide art education programs. The bank's donations are used to provide tuition assistance to LMI individuals.

Home National's investments and donations are not innovative or complex. Qualified investments and donations adequately respond to community development needs in the AA. Qualified investments and donations support social organizations, assist with affordable housing needs, provide investment in predominantly LMI schools, and promote economic development.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in Kansas is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Arkansas City AA is good.

Retail Banking Services

Refer to Table 15 in the State of Kansas section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Home National's delivery systems are reasonably accessible to all geographies and individuals of different income levels in the Arkansas City AA. The bank has four branch locations and four ATMs in the AA. All ATMs accept deposits. One branch and ATM are located in a moderate-income census tract. The three remaining branches with ATMs are located within middle-income census tracts.

Two of the four branches in the Arkansas City AA offer extended banking hours on Friday afternoon and Saturday morning. One branch location does not offer services on Saturday, but does offer extended hours on Friday. The downtown office location does not offer any extended hours. All Arkansas City AA branches offer the same products and services.

Home National has not opened or closed any branches in the Arkansas City AA since the prior CRA examination. The bank has not opened any ATMs in the AA, but closed one stand alone cash dispensing only ATM. Delivery systems have not been adversely impacted in any of the census tracts.

Other delivery services for the Arkansas City AA include automated twenty-four hour telephone banking, Internet banking, and bank by mail. We did not place any significant weight on these alternative delivery systems, as there was no information available to show whether these services effectively reach low- and moderate-income individuals.

Community Development Services

Home National's performance in providing community development services in the Arkansas City AA is good. Home National supported approximately thirteen community service organizations that have varying mission statements. The bank's involvement in these community organizations has helped promote community development. The following examples demonstrate how bank employees used their financial expertise to assist these organizations.

- Bank officers served on the Boards and finance committees for organizations overseeing low-income housing projects to assist low- and moderate-income individuals and families.
- Bank officers served on the finance committee for an organization that provide financial support to low- and moderate-income women. The organization also hosts a job fair to educate these women on interview and social development skills.
- Bank officer is the co-founder and finance and budget committee member of a program that provides grants to teachers of schools comprised primarily of low- and moderate-income students. Resources are used to fund in-class educational projects.
- Bank officers served on the Boards and finance and budget committees of a variety of nationally recognized organizations that provide goods and services to low- and moderate-income individuals and families.

State Rating

State of Oklahoma

CRA Rating for Oklahoma: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: High Satisfactory

- Home National demonstrated good responsiveness to community credit needs. The geographic distribution of loans by income level of the geography is good. The bank's distribution of loans to borrowers of different income levels and businesses of different sizes is excellent.
- Home National showed adequate responsiveness to community development investment needs in the Blackwell AA, given the moderate level of opportunities. Home National provided \$101 thousand in qualified donations during the current assessment period, with an additional \$250 thousand in ongoing investments from prior periods.
- Home National's delivery systems are reasonably accessible to all geographies and

individuals of different income levels in the Blackwell AA. Home National provides an adequate level of community development services.

Description of Institution's Operations in State of Oklahoma

Home National operates 11 offices and 11 ATMs in the state of Oklahoma. The Blackwell AA includes all of Kay, Noble, and Payne Counties. The bank ranks 2nd in deposit market share with 10.23%. Stillwater National Bank and Trust Company ranked 1st in deposit market share with 37% of the deposits. The bank's primary competitors are Stillwater National Bank and Trust Company, Eastman National Bank of Newkirk, RCB Bank, Bank of Oklahoma, N.A., and Arvest Bank.

Refer to the market profiles for the State of Oklahoma in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

Scope of Evaluation in Oklahoma

Home National has three AAs in the state of Oklahoma. We performed a full-scope evaluation of the Blackwell AA. We performed limited scope reviews for the Bartlesville and Shidler AAs.

We gave more weight to small business lending performance, as it is the bank's primary product line. Small business lending represents 56% of the bank's total reported loan originations during the evaluation period.

Refer to Appendix A for more information regarding the scope of the evaluation.

Examiners contacted the City Manager for one of the cities in the Blackwell AA. The contact indicated affordable housing and small business loans were the primary credit needs of the community. The contact also mentioned all of the financial institutions in the area are meeting the credit needs of the community.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in Oklahoma is rated "High Satisfactory". Based on the full-scope review, the bank's performance in the Blackwell AA is good.

Lending Activity

Refer to Table 1 Lending Volume and Table 1 Other Products in the State of Oklahoma section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending levels reflect good responsiveness in relation to area credit needs and the bank's deposit market share. Home National ranks 2nd in the AA with a deposit market share of 10%. Home National ranked 6th in small business lending in 2005 with approximately 20% of the small business loan market. The bank also ranked 14th in home mortgage loans with an approximate market share of 1%. Market share data for 2006 is not available.

During the evaluation period, the bank originated 887 small loans to businesses totaling \$85,816 thousand, 636 home mortgage loans totaling \$42,132 thousand, and 337 small loans to farms totaling \$26,606 thousand.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the State of Oklahoma section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Home National's geographic distribution of home mortgage loans in the Blackwell AA is excellent. The bank exceeded demographics for home purchase loans, home improvement loans, and home mortgage refinance loans for both the low- and moderate-income geographies.

A geographical analysis of multifamily loans is not meaningful, as the bank only extended three multifamily loans in the Blackwell AA.

Small Loans to Businesses

Refer to Table 6 in the State of Oklahoma section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

The geographic distribution of small loans to businesses located in low-income geographies is good, as the bank exceeded demographics. The geographic distribution of small loans to businesses located in moderate-income geographies is excellent. The bank significantly exceeded demographics.

Small Loans to Farms

Refer to Table 7 in the State of Oklahoma section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

There are no farms located in the low-income geographies of the AA. While the bank did not extend any small loans to farms in the moderate-income geographies, we still consider the bank's performance adequate. There are only 18 farms with revenues less than \$1 million in the moderate-income geographies. This limited number of farms makes it difficult for the bank to lend to these farms.

Lending Gap Analysis

Our geographic distribution analysis included a review for any unexplained lending gaps in the Blackwell AA. Home National achieved penetration in both the low- and moderate-income tracts.

Inside/Outside Ratio

For the geographic distribution analysis under the lending test, we performed an inside/outside ratio analysis at the bank level. A majority of the bank's loans, 80%, were originated to borrowers within the AAs. By loan type, 90% of home mortgage loans, 79% of small business loans, and 71% of small farms loans were originated in the AAs.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 8, 9 and 10 in the State of Oklahoma section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The bank's distribution of loans to low-income borrowers for home purchase, home refinance, and home improvement is excellent, considering 19% of the families in the AA have incomes below the poverty level. This high poverty level presents a significant barrier to home ownership. The distribution of mortgage loans to moderate-income borrowers is excellent. The bank exceeded demographics in all types of home mortgage products.

Small Loans to Businesses

Refer to Table 11 in the State of Oklahoma section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of loans to businesses of different sizes is excellent. The percentage of loans to small businesses significantly exceeds demographics.

Small Loans to Farms

Refer to Table 12 in the State of Oklahoma section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

The distribution of loans to farms of different sizes is excellent. The percentage of small loans to farms exceeded the percentage of farms in the AA.

Community Development Lending

Refer to Table 1 Lending Volume in the State of Oklahoma section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all community development loans, including multifamily loans that also qualify as community development loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as community development loans. Table 5 does not separately list community development loans.

Community development lending did not have an impact on the lending test. The bank did not make any community development loans in the State of Oklahoma during the evaluation period.

Product Innovation and Flexibility

The bank did not provide any innovative or flexible loan products in the Blackwell AA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Bartlesville and Shidler AAs is not inconsistent with the bank's overall "High Satisfactory" performance under the lending test in the State of Oklahoma.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in Oklahoma is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the Blackwell AA is adequate.

Refer to Table 14 in Appendix D for data used to evaluate the bank's level of qualified investments.

Home National showed adequate responsiveness to community development investment needs in the Blackwell AA, given the moderate level of opportunities. Home National provided \$101 thousand in qualified donations during the current assessment period, with an additional \$250 thousand in ongoing investments from prior periods. Investments and donations address community development needs, including community services for LMI individuals, and affordable housing.

Significant qualified donations occurring during the evaluation period are listed below.

- Donation of \$20 thousand to United Way organizations to provide social services that target primarily LMI individuals.
- Donation of \$28 thousand to a local university scholarship fund, with the bank's donations benefiting LMI individuals.

Home National's investments and donations are not innovative or complex, but do adequately respond to community development needs in the AA. Qualified investments and donations support social organizations and assist with affordable housing needs.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Bartlesville AA and the Shidler AA is not consistent with the bank's overall performance. The bank's performance in the Bartlesville AA is stronger than the bank's overall performance in the state. Home National provided \$188 thousand in qualified investments and donations during the assessment period. In the Shidler AA, the bank's performance is weaker than the bank's overall performance. Home National provided three thousand dollars in qualified investments and donations during the assessment period. Minimal weight was given to the investment results of the limited-scope AAs given the bank's limited market share of deposits and loans.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in Oklahoma is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Blackwell AA is good.

Retail Banking Services

Refer to Table 15 in the state of Oklahoma section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Home National's delivery systems are reasonably accessible to all geographies and individuals of different income levels in the Blackwell AA. The bank has six branch locations (including the main office) and six ATMs in the Blackwell AA. All ATMs provide the same services, including the acceptance of deposits. One branch and ATM is located in a low-income census tract, two of the branches (one with an ATM) are located in moderate-income census tracts, two branches (one with an ATM) are located in middle-income census tracts, and one branch and ATM is located in an upper-income census tract. The two remaining stand-alone ATMs are located as follows: one in a middle-income census tract and one in an upper-income census tract.

Four of the six branches in the Blackwell AA offer extended banking hours through the drive-up Monday through Friday. Three of these branches also provide Saturday morning banking services, one of which is located in a low-income census tract. One branch only offers extended banking hours Friday afternoon. All branches offer the same products and services.

The bank opened one branch and closed one branch in the Blackwell AA since the prior CRA examination. The bank also opened one ATM in the AA, and closed two stand-alone ATMs, one a cash dispensing machine only. Delivery systems have not been adversely impacted in any of the census tracts.

Other delivery services for the Blackwell AA include automated twenty-four hour telephone banking, Internet banking, and bank by mail. We did not place significant weight on these alternative delivery systems, as there was no information available to show whether these services effectively reach LMI individuals.

Community Development Services

Home National's performance in providing community development services in the Blackwell AA is adequate. Home National supported approximately eight community service organizations that have varying mission statements. The bank's involvement in these community organizations has helped promote community development. The following are examples that demonstrate how bank employees used their financial expertise to assist these organizations.

- Bank officer served on the Board and finance and budget committee of an organization that provides affordable daycare services to low- and moderate-income individuals and families.
- Bank officer served on the Board and budget and finance committee of an organization that assists in meeting the needs of low- and moderate-income children.
- Bank officer served on the Board and budget and finance committee for an organization that oversees low-income housing projects that assist low- and moderate-income individuals and families.
- Bank officers served on the Boards and budget and finance committees of a variety of nationally recognized organizations that provide goods and services to low- and moderate-income individuals and families.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Bartlesville AA and Shidler AA is not inconsistent with the bank's overall "High Satisfactory" performance under the service test in Oklahoma. Refer to Table 15 in the State of Oklahoma section of Appendix D for the facts and data that support these conclusions.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term "full-scope") and those that received a less comprehensive review (designated by the term "limited-scope").

Time Period Reviewed	Lending Test (excludes CD loans): (01/01/04 to 12/31/06) Investment and Service Tests and CD Loans: (01/01/04 to 02/26/07)	
Financial Institution	Products Reviewed	
Home National Bank Blackwell, Oklahoma	Small Business, Small Farm, RE Purchase, Refinancings, and Home Improvement Loans, Qualified Investments	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Arizona Scottsdale AA	Full-scope	
State of Kansas Arkansas City AA	Full-scope	
State of Oklahoma Bartlesville AA	Limited-scope	
Blackwell AA	Full-scope	
Shidler AA	Limited-scope	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS Home National Bank				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Home National Bank	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
State of Arizona	Low Satisfactory	Needs to Improve	Low Satisfactory	Needs to Improve
State of Kansas	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
State of Oklahoma	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory

(*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

State of Arizona

Scottsdale AA

Demographic Information for Full-Scope Area: Scottsdale AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	34	0	0	8.82	88.24	2.94
Population by Geography	177,075	0	0	7.40	92.59	0.01
Owner-Occupied Housing by Geography	58,673	0	0	4.87	95.13	0.00
Businesses by Geography	28,597	0	0	6.11	93.89	0.00
Farms by Geography	440	0	0	3.64	96.36	0.00
Family Distribution by Income Level	52,580	7.30	9.03	15.41	68.26	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	8,587	0	14.49	10.87	89.13	0.00
Median Family Income	\$51,172	Median Housing Value		\$267,201		
HUD Adjusted Median Family Income for 2006	\$60,100	Unemployment Rate		1.47%		
Households Below the Poverty Level	4.00%					

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 U.S. Census and 2006 HUD updated MFI

The Scottsdale AA consists of a portion of Maricopa County, which is included in the Phoenix-Mesa-Scottsdale, Arizona MSA. The delineation of the AA does not reflect any illegal discrimination, nor does it arbitrarily exclude any low- or moderate-income geographies. The AA had a 2000 census population of 177,075. The AA tracts are designated 9% middle-income, 88% upper-income, and 3% not applicable. There are no low- or moderate-income tracts in the AA. Twenty-eight percent of the AA's population is not in the workforce and 14% are over the age of 65. Seventeen percent of the households in the AA are retired and 4% of the households in the AA have income below the poverty level. The weighted average HUD Updated Median Family Income for 2006 was \$60,100. The median housing value from the 2000 census data was \$267,201. One-to-four family units represent 83% of the total housing units and rental units account for 22% of housing units.

Home National operates four branches and four ATMs in the AA (see **service test** for details). Home National ranks 27th in deposit market share in Maricopa County with 0.28% of the deposits. The bank's primary competitors in Scottsdale are Wells Fargo Bank, N.A., Bank of America, N.A., First National Bank of Arizona, National Bank of Arizona, Stearns Bank Arizona, N.A., Desert Hills Bank, Bank of Arizona, N.A., Bank USA FSB, First International Bank & Trust, and MidFirst Bank. The bank's primary focus in the Scottsdale AA during the current evaluation period was commercial and real estate loans.

Scottsdale is supported by a highly diversified economy, with a significant number of jobs in healthcare, tourism related businesses, retail trade, education, and other service-related industries. The county unemployment rate has historically been lower than the state average. The unemployment rate for Maricopa County as of January 31, 2007 was 3.9%, compared to the state unemployment rate of 4.2%. The five largest employers in Scottsdale are: Scottsdale Healthcare, General Dynamics, Mayo Clinic, Scottsdale Unified School District, and the City of Scottsdale.

During this evaluation, examiners contacted one executive of a small business development company and one commercial real estate developer. The contacts indicated that small business loans and real estate development loans are the primary credit needs of the area. One contact noted that many of the large banks in the area have supported small business development programs. The other contact indicated that financing is readily available for real estate development projects.

State of Kansas

Arkansas City AA

Demographic Information for Full-Scope Area: Arkansas City AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	11	0	18.18	72.73	9.09	0
Population by Geography	36,291	0	11.18	81.60	7.22	0
Owner-Occupied Housing by Geography	9,949	0	8.49	83.14	8.36	0
Businesses by Geography	2,498	0	13.57	79.26	7.17	0
Farms by Geography	197	0	2.54	77.16	20.30	0
Family Distribution by Income Level	9,687	19.17	18.30	24.22	38.31	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	3,630	0	14.49	79.20	6.31	0
Median Family Income	\$41,637	Median Housing Value Unemployment Rate				\$55,253 3.84%
HUD Adjusted Median Family Income for 2006	\$49,800					
Households Below the Poverty Level	12.00%					

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 U.S. Census and 2006 HUD updated MFI

The Arkansas City AA consists of Cowley County, a non-metropolitan area located in south-central Kansas. The delineation of the AA does not reflect any illegal discrimination, nor does it arbitrarily exclude any low- or moderate-income geographies. The AA had a 2000 census population of 36,291. The AA has 11 census tracts, which are designated 0% low-income, 18% moderate-income, 73% middle-income, and 9% upper-income. Twenty-eight percent of the AA's population is not in the workforce and 16% are over the age of 65. Seventeen percent of the households in the AA are retired and 12% of the households in the AA have income below the poverty level. The weighted average HUD Updated Median Family Income for 2006 was \$49,800. The median housing value from the 2000 census data was \$55,253. One-to-four family units represent 95% of the total housing units, rental units account for 32% of housing, and 11% are mobile homes.

Home National operates four branches and four ATMs in the AA (see **service test** for details). Home National has the largest deposit market share of all banks in the AA, with 35% of the deposits. The bank with the next largest deposit market share has 26% of the deposits. The bank's primary competitors in Cowley County are Union State Bank, CornerBank N.A., Citizens Bank of Kansas, N.A., Ark Valley Credit Union, and Sunflower Credit Union. The bank's primary focus in the Arkansas City AA during the current evaluation period was commercial and real estate loans.

Cowley County is located in south-central Kansas, less than one hour from Wichita, Kansas, and two hours from both Tulsa, Oklahoma, and Oklahoma City, Oklahoma. The county

population is approximately 36 thousand, with the population centers being the cities of Winfield and Arkansas City. The area boasts a diversified economy, with significant employment opportunities in health care, educational services, agriculture, and manufacturing. Major employers include General Electric, public school districts, two colleges, and the community hospitals. The unemployment rate for Cowley County, as of January 31, 2007, was 4.5%, compared to the state unemployment rate of 4.1%.

Examiners contacted one city commissioner from Arkansas City and one community professional. The contacts indicated affordable housing and home equity loans were the primary credit needs of the community. Both contacts mentioned the high level of community involvement by all local financial institutions.

State of Oklahoma

Blackwell AA

Demographic Information for Full-Scope Area: Blackwell AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	30	3.33	10.00	56.67	30.00	0
Population by Geography	127,681	2.76	8.02	55.68	33.54	0
Owner-Occupied Housing by Geography	32,042	0.49	3.39	61.85	34.27	0
Businesses by Geography	9,790	4.21	12.86	55.75	27.18	0
Farms by Geography	480	0	5.00	64.58	30.42	0
Family Distribution by Income Level	31,900	1.01	4.68	60.23	34.08	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	10,667	2.13	8.21	66.35	23.31	0
Median Family Income	\$35,517	Median Housing Value Unemployment Rate		\$64,459 2.84%		
HUD Adjusted Median Family Income for 2006	\$42,600					
Households Below the Poverty Level	19.00%					

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 U.S. Census and 2006 HUD updated MFI

The Blackwell AA consists of Kay, Noble, and Payne Counties, located in north-central Oklahoma. The delineation of the AA does not reflect any illegal discrimination, nor does it arbitrarily exclude any low- or moderate-income geographies. The AA had a 2000 census population of 127,681. The AA has 30 census tracts, which are designated 3% low-income, 10% moderate-income, 57% middle-income, and 30% upper-income. Thirty percent of the AA's population is not in the workforce and 14% are over the age of 65. Fifteen percent of the households in the AA are retired and 19% of the households in the AA have income below the poverty level. The weighted average HUD Updated Median Family Income for 2006 was \$42,600. The median housing value from the 2000 census data was \$64,459. One-to-four family units represent 90% of the total housing units, rental units account for 33% of housing, and 11% are mobile homes.

Home National operates 11 offices and 11 ATMs in the state of Oklahoma (see **service test** for details). The bank ranks 2nd in deposit market share in the Blackwell AA with 10.23% of the total deposits. Stillwater National Bank and Trust Company ranks 1st in deposit market share with 37% of the deposits. The bank's primary competitors are Stillwater National Bank and Trust Company, Eastman National Bank of Newkirk, RCB Bank, Bank of Oklahoma, N.A., and Arvest Bank. The bank's primary focus in the Blackwell AA during the current evaluation period was commercial and real estate loans

The Blackwell AA is comprised of six major cities. Major cities in Kay County are Ponca City, Blackwell, and Newkirk, and the major city in Noble County is Perry. Stillwater and Cushing are the major cities located in Payne County. The area economy has a concentration in the petroleum industry, but agriculture, education, healthcare, and metal fabrication offer some diversity. Major employers include Conoco Phillips, Ponca City and Stillwater school districts, Via Christi Regional Medical Center, Stillwater Medical Center, and Oklahoma State University.

As of January 31, 2007, unemployment rates were: 5.4% in Kay County, 4.1% in Noble County, and 3.8% in Payne County. The overall unemployment rate for the state of Oklahoma was 3.8%.

Examiners contacted the City Manager for one of the cities in the Blackwell AA. The contact indicated affordable housing and small business loans were the primary credit needs of the community. The contact also mentioned all the financial institutions in the area are meeting the credit needs of the community.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the "bank" include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank's assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Community Development Loans" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of Assessment Area" is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.

- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

Table 12. Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of the Assessment Area" is used ONLY if the bank has otherwise adequately met the qualified investment needs of its assessment area.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME		Geography: HOME NATIONAL BANK						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
State of Arizona												
Scottsdale	3.72	17	7,120	102	32,434	0	0	0	0	119	39,554	100.00
State of Kansas												
Arkansas City	38.08	249	14,798	514	22,812	454	19,277	3	47	1,220	56,934	100.00
State of Oklahoma												
Blackwell	37.33	429	24,901	523	53,449	241	17,622	0	0	1,193	95,972	82.60
Limited Review												
Bartlesville	14.80	163	14,891	294	29,905	16	608	1	50	474	45,454	14.68
Shidler	6.07	44	2,340	70	2,462	80	7,876	0	0	194	12,678	2.72

* Loan Data as of December 31, 2006. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2004 to February 26, 2007.

*** Deposit Data as of February 26, 2007. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: HOME NATIONAL BANK								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
State of Arizona														
Scottsdale	0.00	0	0	0	0	0	0	0	0	0	0	0	0	100.00
State of Kansas														
Arkansas City	0.00	0	0	0	0	0	0	0	0	0	0	0	0	100.00
State of Oklahoma														
Blackwell	0.00	0	0	0	0	0	0	0	0	0	0	0	0	82.60
Limited Review														
Bartlesville	0.00	0	0	0	0	0	0	0	0	0	0	0	0	14.68
Shidler	0.00	0	0	0	0	0	0	0	0	0	0	0	0	2.72

* Loan Data as of December 31, 2006. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2006.

*** Deposit Data as of February 26, 2007. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: HOME NATIONAL BANK		Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006	
MA/Assessment Area:	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
State of Arizona					
Scottsdale	0	0	0	0	
State of Kansas					
Arkansas City	0	0	0	0	
State of Oklahoma					
Blackwell	0	0	0	0	
Limited Review					
Bartlesville	0	0	0	0	
Shidler	0	0	0	0	

* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2006.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: HOME NATIONAL BANK								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
State of Arizona															
Scottsdale	9	2.58	0.00	0.00	0.00	0.00	4.87	0.00	95.13	100.00	0.03	0.00	0.00	0.00	0.03
State of Kansas															
Arkansas City	92	26.36	0.00	0.00	8.49	7.61	83.14	86.96	8.36	5.43	4.66	0.00	15.38	4.55	1.43
State of Oklahoma															
Blackwell	138	39.54	0.49	2.17	3.39	5.07	61.85	58.70	34.27	34.06	1.44	0.00	0.88	1.50	1.47
Limited Review															
Bartlesville	96	27.51	0.00	0.00	10.41	17.71	37.70	28.13	51.88	54.17	1.24	0.00	6.19	0.21	1.16
Shidler	14	4.01	0.00	0.00	49.97	42.86	50.03	57.14	0.00	0.00	0.62	0.00	0.00	1.29	0.00

* Based on 2005 Peer Mortgage Data (Western)

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One-to-Four family and manufactured housing (Property type of 1 or 2).

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT															
Geography: HOME NATIONAL BANK															
Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006															
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
State of Arizona															
Scottsdale	2	1.24	0.00	0.00	0.00	0.00	4.87	0.00	95.13	100.00	0.08	0.00	0.00	0.00	0.09
State of Kansas															
Arkansas City	47	29.19	0.00	0.00	8.49	14.89	83.14	78.72	8.36	6.38	20.00	0.00	33.33	16.46	60.00
State of Oklahoma															
Blackwell	85	52.80	0.49	1.18	3.39	3.53	61.85	65.88	34.27	29.41	10.74	0.00	15.38	10.64	10.53
Limited Review															
Bartlesville	20	12.42	0.00	0.00	10.41	10.00	37.70	30.00	51.88	60.00	3.56	0.00	5.00	2.83	3.87
Shidler	7	4.35	0.00	0.00	49.97	57.14	50.03	42.86	0.00	0.00	4.69	0.00	5.88	3.33	0.00

* Based on 2005 Peer Mortgage Data (Western)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One-to-Four family and manufactured housing (Property type of 1 or 2).

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE Geography: HOME NATIONAL BANK Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006															
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
State of Arizona															
Scottsdale	6	1.56	0.00	0.00	0.00	0.00	4.87	16.67	95.13	83.33	0.01	0.00	0.00	0.00	0.01
State of Kansas															
Arkansas City	110	28.65	0.00	0.00	8.49	10.00	83.14	80.00	8.36	10.00	6.90	0.00	27.27	5.69	6.82
State of Oklahoma															
Blackwell	203	52.86	0.49	1.48	3.39	7.88	61.85	61.08	34.27	29.56	3.95	0.00	11.67	4.14	2.97
Limited Review															
Bartlesville	42	10.94	0.00	0.00	10.41	19.05	37.70	59.52	51.88	21.43	1.04	0.00	4.55	1.74	0.00
Shidler	23	5.99	0.00	0.00	49.97	39.13	50.03	60.87	0.00	0.00	3.14	0.00	2.42	4.04	0.00

* Based on 2005 Peer Mortgage Data (Western)

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One-to-Four family and manufactured housing (Property type of 1 or 2).

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: HOME NATIONAL BANK					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
State of Arizona															
Scottsdale	0	0.00	0.00	0.00	0.00	0.00	31.86	0.00	68.14	0.00	0.00	0.00	0.00	0.00	0.00
State of Kansas															
Arkansas City	0	0.00	0.00	0.00	6.83	0.00	93.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State of Oklahoma															
Blackwell	3	37.50	13.83	33.33	9.54	0.00	21.86	0.00	54.77	66.67	25.00	0.00	0.00	0.00	28.57
Limited Review															
Bartlesville	5	62.50	0.00	0.00	27.43	80.00	5.16	0.00	67.41	20.00	83.33	0.00	80.00	0.00	100.00
Shidler	0	0.00	0.00	0.00	86.00	0.00	14.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2005 Peer Mortgage Data (Western)

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES Geography: HOME NATIONAL BANK Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006															
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
State of Arizona															
Scottsdale	102	6.79	0.00	0.00	0.00	0.00	6.11	2.94	93.89	97.06	0.10	0.16	0.09	0.05	0.14
State of Kansas															
Arkansas City	514	34.20	0.00	0.00	13.57	11.67	79.26	74.32	7.17	14.01	25.18	0.00	23.30	26.04	28.89
State of Oklahoma															
Blackwell	523	34.80	4.21	4.59	12.86	15.11	55.75	46.65	27.18	33.65	5.80	5.52	7.43	5.72	6.19
Limited Review															
Bartlesville	294	19.56	0.00	0.00	24.57	22.45	38.69	35.71	36.74	41.84	7.09	0.00	6.45	7.41	7.70
Shidler	70	4.66	0.00	0.00	59.05	34.29	40.95	65.71	0.00	0.00	2.86	0.00	3.03	3.25	0.00

* Based on 2005 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2006).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS															Geography: HOME NATIONAL BANK					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*													
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
State of Arizona																								
Scottsdale	0	0.00	0.00	0.00	0.00	0.00	3.64	0.00	96.36	0.00	0.00	0.00	0.00	0.00										
State of Kansas																								
Arkansas City	454	57.40	0.00	0.00	2.54	0.22	77.16	78.19	20.30	21.59	84.86	0.00	0.00	82.78	96.97									
State of Oklahoma																								
Blackwell	241	30.47	0.00	0.00	5.00	0.00	64.58	89.63	30.42	10.37	27.82	0.00	0.00	34.91	7.46									
Limited Review																								
Bartlesville	16	2.02	0.00	0.00	13.27	0.00	54.87	81.25	31.86	18.75	4.70	0.00	0.00	5.00	4.88									
Shidler	80	10.11	0.00	0.00	51.35	76.25	48.65	23.75	0.00	0.00	44.79	0.00	58.49	28.57	0.00									

* Based on 2005 Peer Small Business Data -- US and PR

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2006).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: HOME NATIONAL BANK					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
State Arizona																
Scottsdale	9	2.58	7.30	0.00	9.03	0.00	15.41	0.00	68.26	100.00	0.03	0.00	0.00	0.00	0.03	
State of Kansas																
Arkansas City	92	26.36	19.17	5.81	18.30	22.09	24.22	32.56	38.31	39.53	5.33	4.08	5.51	6.45	4.67	
State of Oklahoma																
Blackwell	138	39.54	17.57	7.75	15.87	20.93	20.32	17.05	46.24	54.26	1.73	1.96	1.31	2.08	1.70	
Limited Review																
Bartlesville	96	27.51	14.22	4.60	14.41	10.34	19.86	17.24	51.52	67.82	1.11	0.00	0.93	0.66	1.60	
Shidler	14	4.01	29.22	7.14	22.80	42.86	20.78	21.43	27.21	28.57	0.81	0.00	2.30	0.00	0.00	

* Based on 2005 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 8.3% of home purchase loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: HOME NATIONAL BANK									Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
State of Arizona															
Scottsdale	2	1.24	7.30	0.00	9.03	0.00	15.41	0.00	68.26	100.00	0.00	0.00	0.00	0.00	0.00
State of Kansas															
Arkansas City	47	29.19	19.17	18.18	18.30	18.18	24.22	18.18	38.31	45.45	19.32	28.57	20.83	16.67	18.18
State of Oklahoma															
Blackwell	85	52.80	17.57	7.41	15.87	17.28	20.32	20.99	46.24	54.32	10.80	12.00	10.64	7.46	12.16
Limited Review															
Bartlesville	20	12.42	14.22	0.00	14.41	15.00	19.86	5.00	51.52	80.00	3.77	0.00	4.17	0.00	5.69
Shidler	7	4.35	29.22	0.00	22.80	57.14	20.78	28.57	27.21	14.29	4.84	0.00	12.50	5.00	0.00

* Based on 2005 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 5.0% of home improvement loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: HOME NATIONAL BANK						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
State of Arizona															
Scottsdale	6	1.56	7.30	0.00	9.03	0.00	15.41	20.00	68.26	80.00	0.01	0.00	0.00	0.00	0.02
State of Kansas															
Arkansas City	110	28.65	19.17	14.00	18.30	20.00	24.22	20.00	38.31	46.00	8.08	22.58	12.68	3.88	5.84
State of Oklahoma															
Blackwell	203	52.86	17.57	11.17	15.87	18.62	20.32	21.81	46.24	48.40	4.53	12.24	5.36	6.20	3.17
Limited Review															
Bartlesville	42	10.94	14.22	9.76	14.41	19.51	19.86	12.20	51.52	58.54	1.19	4.44	1.74	0.59	0.87
Shidler	23	5.99	29.22	21.74	22.80	4.35	20.78	34.78	27.21	39.13	3.50	9.52	0.00	5.56	2.82

* Based on 2005 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 7.0% of home mortgage refinance loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES Geography: HOME NATIONAL BANK Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006									
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$ 1 Million or Less
State of Arizona									
Scottsdale	102	6.79	63.05	43.14	28.43	24.51	47.06	0.10	0.11
State of Kansas									
Arkansas City	514	34.20	53.48	90.66	90.27	7.20	2.53	25.18	43.24
State of Oklahoma									
Blackwell	523	34.80	51.56	75.53	74.76	16.25	8.99	5.80	9.11
Limited Review									
Bartlesville	294	19.56	56.27	74.83	68.71	21.09	10.20	7.09	8.60
Shidler	70	4.66	41.05	87.14	92.86	7.14	0.00	2.86	4.69

* Based on 2005 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2006).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: HOME NATIONAL BANK			Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$ 1 Million or Less
State of Arizona									
Scottsdale	0	0.00	87.50	0.00	0.00	0.00	0.00	0.00	0.00
State of Kansas									
Arkansas City	454	57.40	97.97	100.00	90.09	7.71	2.20	84.86	85.79
State of Oklahoma									
Blackwell	241	30.47	94.58	97.51	75.10	21.99	2.90	27.82	29.23
Limited Review									
Bartlesville	16	2.02	95.58	87.50	93.75	6.25	0.00	4.70	4.17
Shidler	80	10.11	90.54	93.75	72.50	15.00	12.50	44.79	42.39

* Based on 2005 Peer Small Business Data -- US and PR

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2006).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: HOME NATIONAL BANK				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006				
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**		
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total	#	\$ (000's)	
State of Arizona										
Scottsdale	0	0	6	16	6	16	100.00	0	0	
State of Kansas										
Arkansas City	2	1,600	22	95	24	1,695	100.00	0	0	
State of Oklahoma										
Blackwell	0	0	37	101	37	101	45.96	0	0	
Statewide Investment with the Potential to Benefit One or More AA	1	250	0	0	1	250	34.93	0	0	
Limited Review										
Bartlesville	0	0	17	188	17	188	34.93	0	0	
Shidler	0	0	3	3	3	3	0.55	0	0	

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS														Geography: HOME NATIONAL BANK			
Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
State of Arizona																	
Scottsdale	100.00	4	100.00	0.00	0.00	0.00	100.00	1	0	0	0	0	100.00	0.00	0.00	7.40	92.59
State of Kansas																	
Arkansas City	100.00	4	100.00	0.00	25.00	75.00	0.00	0	0	0	0	0	0	0.00	11.18	81.60	7.22
State of Oklahoma																	
Blackwell	82.60	6	54.55	16.67	33.33	33.33	16.67	1	1	0	0	100.00	100.00	2.76	8.02	55.68	33.54
Limited Review																	
Bartlesville	14.68	4	36.36	0.00	25.00	25.00	25.00	3	0	0	33.33	33.33	33.33	0.00	14.48	36.54	48.98
Shidler	2.72	1	9.09	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	54.14	45.86	0.00

Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM Geography: HOME NATIONAL BANK Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006																		
MA/Assessment Area:	Deposits	Branches						ATMs						Population				
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography				
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
State of Arizona																		
Scottsdale	100.00	4	100.00	0	0	0	100.00	4	100.00	0	0	0	100.00	0.00	0.00	7.40	92.59	
State of Kansas																		
Arkansas City	100.00	4	100.00	0	25.00	75.00	0	4	100.00	0	25.00	75.00	0	0.00	11.18	81.60	7.22	
State of Oklahoma																		
Blackwell	82.60	6	54.55	16.67	33.33	33.33	16.67	6	54.55	16.67	16.67	33.33	33.33	2.76	8.02	55.68	33.54	
Limited Review																		
Bartlesville	14.68	4	36.36	0	25.00	25.00	50.00	4	36.36	0	25.00	25.00	50.00	0.00	14.48	36.54	48.98	
Shidler	2.72	1	9.09	0	100.00	0	0	1	9.09	0	100.00	0	0	0.00	54.14	45.86	0.00	