



## **PUBLIC DISCLOSURE**

January 13, 2014

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First National Bank in Hominy  
Charter Number 10002

117 North Price  
Hominy, OK 74035

Office of the Comptroller of the Currency

8282 South Memorial Drive  
Suite 300  
Tulsa, OK 74133

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory**

*Note: Throughout this Public Disclosure, "First National Bank in Hominy" will be referred to as "FNB"*

The major factors that support this rating include:

- FNB's quarterly average loan to deposit (LTD) ratio is **reasonable** given the bank's size, designated assessment area (AA), and lending opportunities within the AA, and meets the standard for satisfactory performance.
- A **substantial majority** of FNB's loans originated during the review period are inside the bank's AA, and the lending activity exceeds the standard for satisfactory performance.
- The bank's distribution of loans reflects a **reasonable penetration** of loan originations among borrowers of different income levels and businesses of different sizes, and meets the standard for satisfactory performance.
- The geographic distribution of loans reflects **excellent dispersion** of the loans in the bank's AA, which is composed exclusively of a moderate-income census tract, and this dispersion exceeds the standard for satisfactory performance.

**SCOPE OF EXAMINATION**

We evaluated FNB using the small bank standards for assessing performance. The lending test evaluates the bank's record of meeting the credit needs of its AA. We assessed the bank's performance under the lending test using a loan sample comprising 20 commercial loans originated from January 2, 2012 through December 31, 2013, and all home mortgage loans reported in the 2012 and 2013 Home Mortgage Disclosure Act (HMDA). The sample is representative of the bank's business strategy since the last CRA Performance Evaluation.

**DESCRIPTION OF INSTITUTION**

FNB is a \$41 million rural community bank located in Hominy, Oklahoma. The main bank and drive-thru facility are located in downtown Hominy. There are no branches. FNB does issue automated teller machine (ATM) cards and an ATM is available at the drive-thru entrance of the bank. Hours of operation are responsive to the general banking needs of the areas served. Regular banking hours for the main office are from 9:00AM - 3:00PM Monday thru Friday. The drive-thru facility is available from 8:00AM - 5:00PM Monday thru Friday and from 8:00AM - 12:00PM on Saturday. A CRA Performance Evaluation was last prepared as of July 2, 2007, and a "Satisfactory" rating was assigned. There are no legal, financial, or other barriers impeding the bank's ability to meet the credit needs of the AA.

FNB's primary focus is to serve consumer and commercial customers in Hominy and the surrounding areas. The bank meets these needs by providing various loan and deposit products, and other financial services. FNB's lending strategy focuses on one-to-four family real estate loans, consumer loans, and small business loans to meet the needs of the community.

The table below shows the composition of the bank's loan portfolio, which represents 36 percent of total assets as of December 31, 2013. Management does not anticipate any significant changes in the composition of the loan portfolio in the near future.

<b>Loan Category</b>	<b>\$(000)</b>	<b>Percent of Portfolio</b>
Commercial & Industrial Loans	5,972	39%
Residential Real Estate Loans	3,794	25%
Farm Production Loans	1,184	8%
Farm Real Estate Loans	580	4%
Consumer Loans	3,632	24%
Other Loans	12	0%
<b>Total</b>	<b>15,174</b>	<b>100%</b>

Source: December 31, 2013 Consolidated Reports of Condition and Income

## DESCRIPTION OF ASSESSMENT AREA(S)

FNB has designated census tract # 9400.01 of Osage County as its assessment area, which is part of the Tulsa Metropolitan Statistical Area (MSA). The entire census tract is a moderate-income tract according to U.S. 2010 census data. This delineation meets the requirements of the regulation and does not arbitrarily exclude low-to-moderate (LMI) geographies/individuals. The following table illustrates the key demographic and economic characteristics of the AA.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
Population	
Number of Families	1,285
Number of Households	1,772
Geographies	
Number of Census Tracts/BNA	1
% Low-Income Census Tracts/BNA	0
% Moderate-Income Census Tracts/BNA	1
% Middle-Income Census Tracts/BNA	0
% Upper-Income Census Tracts/BNA	0
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$35,853
2010 MFI for MSA	\$58,038
2012 HUD-Adjusted MFI	\$60,400
Economic Indicators	
Unemployment Rate (as of December 2013)	
FNB AA Census Tract 9400.01	7.48%
United States	6.70%
2010 Median Housing Value	\$53,500
% of Households Below Poverty Level	25.45%

Sources: CRA Wiz, Bureau of Labor Statistics; U.S. 2010 Census data

FNB is the only financial institution in the bank’s AA. Overall, economic conditions in the AA are generally slow, but stable, with little loan demand experienced by the bank. The bank is experiencing some positive effects of increased petroleum industry related employment, and retail sales and hotel use to transient oil pipeline workers. However, the overall unemployment rate remains high. FNB’s closest banking competition is a branch of one other bank in the city of Cleveland, Oklahoma, approximately 20 miles from Hominy, although they have total assets substantially greater than FNB.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**Loan-to-Deposit Ratio (LTD)**

FNB’s LTD ratio is *reasonable* given the bank’s size, financial condition, and considering the limited lending opportunities within the AA. Since the last CRA Evaluation, the bank’s quarterly average LTD ratio was 36 percent, compared to 56 percent averaged by the much larger bank outside of the bank’s AA.

**Lending in Assessment Area**

FNB’s HMDA data and our loan sample reveal that a *substantial majority* of loans originated during the review period are inside the bank’s AA. The table below reflects the number and dollar amount of loans, and the percentages originated within and outside the assessment area, census tract # 9400.01, which is a moderate-income tract.

<b>Table 1 - Lending in the FNB Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	11	73.33	4	26.67	15	345	67.25	168	32.75	513
Home Improvement	18	85.71	3	14.29	21	398	94.31	24	5.69	422
Refinancing	17	73.91	6	26.09	23	748	78.00	211	22.00	959
Totals	46	77.97	13	22.03	59	1,491	78.72	403	21.28	1,894

Source: HMDA Data, Loan Samples

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

Lending patterns during the review period indicate *reasonable penetration* of loan originations among borrowers of different income levels and businesses of different sizes. HUD annually updates census income information to reflect current family income levels for residential real estate and consumer loan comparisons. The 2010 census provides income information for businesses. The tables below reflect the distribution of residential real estate and small business loans within the bank's assessment area. In the AA, the bank reports that potential loan customers in the low or moderate income level are seeking 100 percent financing, whereas the bank requires 20 percent down payment and does not offer long term, fixed rate financing other than 5-year balloon mortgages and no government-assisted (FHA or VA) mortgage products.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
	Home Purchase	38.60	0.00	26.85	42.86	9.88	14.29	34.67
Home Improvement	38.60	27.27	26.85	18.18	9.88	36.36	24.67	18.18
Refinancing	38.60	0.00	26.85	0.00	9.88	50.00	24.67	50.00

Source: HMDA Data, Loan Samples, US Census Data

<b>Table 2A - Borrower Distribution of Loans to Businesses in AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unknown	Total
% of AA Businesses	69.44	1.94	28.61	100%
% of Bank Loans in AA by #	78.57	21.43	0	100%
% of Bank Loans in AA by \$	16.80	83.20	0	100%

Source: Loan Samples, Dunn and Bradstreet

### Geographic Distribution of Loans

Lending patterns during the review period indicate an *excellent dispersion* of the loans in the AA, which is entirely a moderate-income census tract. The following tables depict the geographic analysis of residential real estate and small business in the sample compared to demographic data relative to the income level of the census tract in the assessment area.

<b>Table 3 - Geographic Distribution of Residential Real Estate Loans in AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchasing	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00
Home Improvement	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00
Refinancing	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00

Source: Loan Samples, Dunn and Bradstreet

<b>Table 3A - Geographic Distribution of Loans to Businesses in AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans
Businesses	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00

Source: Loan Samples, Dunn and Bradstreet

### **Responses to Complaints**

FNB has not received any formal CRA complaints since the prior CRA examination in 2007. The bank's CRA public file contains all required public disclosures.

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c), or 12 CRFR 195.28(c), in determining a national bank's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.