



PUBLIC DISCLOSURE

February 21, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank and Trust Company of Miami
Charter Number 5252

2 North Main Street
Miami, OK 74354

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

The major factors supporting the institution's rating include the following:

- The loan-to-deposit ratio is *reasonable* and meets the standards for satisfactory performance.
- A *substantial majority* of the bank's loans originated during the review period are inside the bank's assessment area (AA), and exceeds the standard for satisfactory performance.
- The geographic distribution of loans reflects a *reasonable dispersion* of loans in census tracts throughout the bank's AA, and meets the standard for satisfactory performance.
- The bank's distribution of loans reflects *reasonable penetration* of loan originations among borrowers of different income levels and businesses of different sizes, and meets the standard for satisfactory performance.

Scope of CRA Evaluation

We evaluated The First National Bank & Trust of Miami (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 residential purchase mortgage loans, 20 residential refinance loans, 7 residential home improvement loans, and 20 consumer loans originated from January 2, 2012 through February 21, 2014. FNB is not required to report under the 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 \$128 million community bank located in Miami, Oklahoma (Miami), and a subsidiary of First Miami Bancshares, Inc., a two-bank holding company. Miami, Oklahoma is the county seat of Ottawa County. The bank provides a variety of loan and deposit services from its main facility in Miami, a branch bank, and a drive-thru motor bank facility. The main bank and branch provide deposit and loan services during reasonable hours Monday through Friday, and the motor bank and branch banking locations provide drive-thru service during reasonable hours Monday thru Saturday. The bank also provides three automated teller machines (ATM) in Miami. Based on the June 30, 2013 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank's presence in the Ottawa County AA is significant, as they have 30 percent of the deposit market share in the AA. The main bank, drive-thru bank, and two ATM's are located in moderate-income census tracts. The branch bank and another ATM are located in middle-income census tracts.

A CRA Performance Evaluation was last completed July 16, 2007, and a "Satisfactory" rating was assigned. There are no known legal, financial, or other factors impeding the bank's ability to meet the credit needs in the AA.

The bank's primary business strategy is to provide banking services to customers in Ottawa County. To accomplish this, FNB offers a variety of loan and deposit products, including Internet banking and other financial services. The bank's lending strategy focuses on one-to-four family real estate loans, consumer loans, agricultural loans, and commercial loans, to meet the needs of the community. Although the bank has a large dollar level of commercial real estate loans, the bank originates a much larger number of consumer loans.

The table below illustrates the composition of the bank's loan portfolio as of December 31, 2013, which represents 59 percent percent of total assets, based on the data presented in the Consolidated Reports of Condition and Income. Management does not anticipate any significant changes in the composition of the loan portfolio in the near future.

Loan Type	Dollar (000's)	% of Portfolio
Construction and Land Development	\$2,141	2.83%
Farmland	\$12,320	16.28%
1-4 Family Real Estate	\$18,236	24.10%
Commercial Real Estate	\$13,783	18.22%
Multifamily Residential	\$1,370	1.81%
Agricultural Production	\$9,845	13.01%
Commercial and Industrial	\$8,598	11.36%
Consumer Loans	\$9,278	12.26%
Other	\$95	0.13%
Total Loan Portfolio	\$75,666	100%

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

Description of the Assessment Area(s)

FNB's AA as of this evaluation meets the requirements of the regulation and does not arbitrarily exclude low-or-moderate income geographies. The AA comprises all of Ottawa County, Oklahoma, and includes nine complete census tracts. Two are moderate-income tracts and seven are middle-income tracts. The AA is not located in a Metropolitan Statistical Area.

Economic conditions in the AA are generally stable. The 2010 census reported a population of 13,570 for Miami, Oklahoma, and has seen limited growth since the previous CRA Performance Evaluation in 2007, at which time the approximate population was 13,220. The county's major employers include casinos, retail trade, service industries, farming, light manufacturing, and finance industries. The Bureau of Labor Statistics reports a December 31, 2013 Ottawa County unemployment rate of 5.7 percent, compared to 5.4 percent reported for the state of Oklahoma as of the same date. The unemployment rate for the county has displayed a slightly negative trend since the previous CRA Performance Evaluation, when the rate was 5.1 percent. The county unemployment rate is comparable to the neighboring two counties of Craig (6.0 percent) and Delaware (5.8 percent).

FNB’s primary banking competition includes eleven banks with branches or main bank facilities in the Ottawa County AA, ranging in total assets from **\$11 million to \$13 billion**. Financial institutions in the AA provide significant competition for loans and deposits.

The following table illustrates the key demographic and economic characteristics of the AA.

Demographic Information – Ottawa County					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	9	0	22.22%	77.78%	0
Population by Geography	31,848	0	17.76%	82.24%	0
Owner-Occupied Housing by Geography	14,253	0	14.57%	85.43%	0
Businesses by Geography	2,620	0	21.41%	78.59%	0
Farms by Geography	169	0	4.14%	95.86%	0
Family Distribution by Income Level	8,596	23.29%	20.03%	23.35%	33.32%
Household Distribution by Income Level	12,164	26.27%	18.49%	20.54%	34.70%
Weighted average of Median Family Income (MFI)	\$43,999	Median Housing Value 2012			\$79,609
Weighted average of HUD updated MFI: 2012	\$49,500	Households Below the Poverty Level			17.81%

Source: 2012 Geo-demographic Data; 2010 United States Census Data

Community Contact

The OCC contacted a local community organization in the AA to get a better understanding of general community credit and development needs, and discuss local economic conditions. The contact indicated a need for higher paying manufacturing jobs, and retail development to increase business revenue and sales tax income. The contact also indicated a need for more affordable housing to assist lower income families. The contact named FNB specifically as one of the local lending institutions that provide credit to assist in the community’s improvement. FNB also founded the Miami Home Plate Program to renovate downtown buildings, recruit businesses and refurbish homes.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit (LTD) Ratio

FNB's LTD ratio is *reasonable*, relative to their financial condition, significant local banking competition, and credit needs of the AA. Overall, loan demand in this the AA is moderate. Since the previous CRA Performance Evaluation, the bank's quarterly average LTD ratio averaged 69 percent, compared to a 73 percent aggregate average for the eleven competing banks within the AA during the same period.

Lending in the Assessment Area

Our loan sample reveals that a *substantial majority* of loans originated during the review period are inside the bank's AA. Although FNB does not have a large demand for home improvement loans, they provide them as a service to customers. The following table presents a more specific identification of loan types inside and outside of the bank's AA.

Table 1 - Lending in the Ottawa County AA										
Loan Type	Number of Loans					Dollars of Loans (\$000)				
	Inside		Outside		Total #	Inside		Outside		Total \$
	#	%	#	%		\$	%	\$	%	
Home Purchase	18	90	2	10	20	\$1,314	85	\$240	15%	\$1,554
Home Improvement	6	86	1	14	7	\$349	93	\$25	7	\$374
Refinance	18	90	2	10	20	\$737	88	\$98	12	\$835
Consumer	18	90	2	10	20	\$208	93	\$15	7	\$223
Totals	60	90	7	10	67	\$2,608	87	\$378	13	\$2,986

Source Loan sample

Lending to Borrowers of Different Incomes

Lending patterns during the review period indicate *reasonable penetration* of loan originations among borrowers of different income levels. Our review noted that most of the loan applications received from the low and moderate-income family groups are centered in consumer instalment loans, such as automobile or general purpose. Therefore, the overall borrower distribution of the bank's primary loan products is reasonable given the bank's performance context, and being consistent with safe and sound banking practices. The following tables present a more specific identification of loan distribution patterns among borrowers within each AA.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Ottawa County								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	23.29	16.67	20.03	22.22	23.35	22.22	33.32	38.89
Home Improvement	23.29	16.67	20.03	0.00	23.35	33.33	33.32	50.00
Refinance	23.29	11.11	20.03	22.22	23.35	16.67	33.32	50.0

Source: Loan sample 2010 U.S. Census Data

Table 2B - Borrower Distribution of Consumer Loans in Ottawa County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	26.27	44.44	18.40	44.44	20.54	11.12	34.70	0

Source: Loan Sample; 2010 U.S. Census data.

Geographic Distribution of Loans

Lending patterns during the review period indicate a *reasonable dispersion* of loans in all census tracts throughout the bank’s AA, particularly given the significant banking competition in the Ottawa County AA. The AA consists of two moderate-income census tracts and seven middle-income census tracts. The following tables present a more specific identification of geographical distribution patterns among borrowers within the AA.

Table 3 - Geographic Distribution of Residential Real Estate Loans in the Ottawa County AA								
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 Purchase	0	0	14.57	16.67	85.43	83.33	0	0
Home Refinance	0	0	14.57	38.89	85.43	61.11	0	0
Home Improvement	0	0	14.57	33.33	85.43	66.67	0	0

Source: Loan Sample; 2010 U.S. Census data.

Table 3B - Geographic Distribution of Consumer Loans in the Ottawa County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0	0	17.90	16.67	82.10	83.33	0	0

Source: Loan Sample; 2010 U.S. Census data.

Responses to Complaints

There have been no consumer complaints regarding the bank's performance under the Community Reinvestment Act (CRA) during the evaluation period. The bank's CRA Public File contains all of the required information and is readily available for review.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. § 25.28(c), or 12 C.F.R. § 195.28(c), in determining a national bank's (bank) 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.