



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 06, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank In Hominy
Charter Number 10002**

**117 North Price
Hominy, OK 74035**

**Comptroller of the Currency
7134 South Yale, Suite 910
Tulsa, OK 74136**

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.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **First National Bank in Hominy prepared** by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of November 5, 2001. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Note: Throughout this evaluation, First National Bank in Hominy will be referred to as "FNB."

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

- FNB's lending performance is satisfactory given its size, financial condition, and known credit needs in its assessment area.
- FNB's loan to deposit (LTD) ratio is adequate and has averaged 45.38% since our last examination.
- Management demonstrates a willingness to originate loans to low-and moderate-income individuals (LMI) and small businesses.
- FNB generates a substantial majority of its loans within the defined assessment area.

The following pages further describe the bank's CRA performance.

Description of Institution

FNB is a \$31 million rural community bank located in Hominy, Oklahoma. The main bank and drive in 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 front entrance of the bank. The bank's primary focus is to serve commercial and consumer customers in Hominy and the surrounding areas. The bank meets these needs by providing various loan and deposit products as well as other financial services. The bank'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 approximately 35% of total assets as of June 30, 2001. Management does not anticipate any significant changes in the composition of the loan portfolio in the near future.

Loan Category	\$ (000)	%
Commercial Real Estate Loans	1,611	15.49
Commercial Loans	1,569	15.08
Residential Real Estate Loans	2,297	22.08
Farm Production Loans	1,556	14.96
Farm Real Estate Loans	524	5.03
Consumer Loans	2,821	27.12
Other Loans	26	0.24
Total	10,404	100%

Bank lobby services are provided Monday through Friday. FNB faces strong competition from several other financial institutions in the assessment area. Based on its financial condition, the local economy, product offerings, competition, and prior performance, FNB has the ability to meet the various credit needs in its community. At our last CRA examination as of February 5, 1997 the bank's CRA rating was "Satisfactory." No legal impediments or other factors hinder the bank's ability to provide credit in its assessment area.

Description of Assessment Area

FNB's assessment area meets the requirements of the regulation and does not arbitrarily exclude low-or-moderate income geographies. The following table describes major demographic and economic characteristics of the assessment area.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	1,403
Number of Households	1,866
<i>Geographies</i>	
Number of Census Tracts/BNA	0
% Low-Income Census Tracts/BNA	0
% Moderate-Income Census Tracts/BNA	100%
% Middle-Income Census Tracts/BNA	0
% Upper-Income Census Tracts/BNA	0
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	20,317
2000 HUD-Adjusted MFI	46,800
<i>Economic Indicators</i>	
2000 Median Housing Value	29,500
# of Households Below Poverty Level	2,765

The assessment area includes all of census tract 104 in Osage County. The entire census tract is designated a being a moderate-income tract.

We contacted a local businessperson to gain a better understanding of the needs of the citizens residing within the assessment area. He stated that FNB is active in the community and responsive to the credit needs in its assessment area. He indicated a need in the community for more 1-4 family rental units.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio (LTD)

FNB's LTD ratio is in line with that of peer bank's in the assessment area. A stale market and weak economy in the assessment area limit loan demand. The bank's LTD ratio since the last examination has averaged 45.38% which is reasonable compared to six peer banks that averaged a LTD ratio of 47.55% over the same time period.

Lending in the Assessment Area

The vast majority of FNB's loans are made within the assessment area. To assess these criteria, we sampled 20 automobile loans, 20 1-4 family residential real estate loans, and 20 business loans originated since the last CRA examination. Our analysis determined that 90% of the number and 87% of the dollar amount of auto loans were made within the assessment area. We further determined that 95% of the number and 93% of the dollar amount of residential real estate loans were made within the assessment area. Also, 90% of the number and 95% of the dollar amount of small business loans were made in the assessment area.

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$	%	#	%	\$	%
Auto Loans	18	90%	81,243	87%	2	10%	11,746	13%
Residential Real Estate Loans	19	95%	453,958	93%	1	5%	35,912	7%
Business Loans	18	90%	901,670	95%	2	10%	42,789	5%

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Recent lending patterns indicate a very good distribution of loans among borrowers of different income levels and businesses of different sizes. We based our review on a sample of 20 1-4 family residential real estate loans and 20 auto loans within the assessment areas. As the chart below indicates, the bank predominately lends to low or moderate income individuals.

TOTAL LOANS REVIEWED								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	45.28		13.61		21.45		19.57	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Auto Loans	40.00	39.37	45.00	44.47	5.00	6.13	10.00	10.03
Residential Real Estate	55.00	35.31	10.00	13.79	25.00	26.48	10.00	24.43

Responses to Complaints

FNB has not received any complaints relevant to CRA during the evaluation period.

Compliance with Fair Lending Laws and Regulations

A fair lending review was performed as of December 31, 1999 to determine if lending decisions are consistent among similarly qualified applicants, regardless of any prohibited basis listed in 12 CFR 202.2(z) - *Equal Credit Opportunity Act (ECOA)*. We found no evidence of discriminatory lending acts or practices. The bank is in compliance with the substantive provisions of the ECOA.