



Comptroller of the Currency
Administrator of National Banks

Public Disclosure

February 5, 1997

Community Reinvestment Act Performance Evaluation

**First National Bank in Hominy
Charter Number: 10002
117 North Price
Hominy, Oklahoma 74035**

**Office of the Comptroller of the Currency
Tulsa Duty Station
7134 South Yale Avenue, Suite 910
Tulsa, Oklahoma 74136**

Note: 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 the **First National Bank in Hominy, Hominy, Oklahoma** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **February 5, 1997**. 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, the First National Bank in Hominy will be referred to as "FNB".

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

- ▶ The bank's loan-to-deposit (LTD) ratio is reasonable. Since the last CRA evaluation, FNB's LTD ratio averaged approximately 53% compared to 51% that was reported by competing banks in Osage County. As of December 31, 1996, FNB's ratio was 55%.
- ▶ FNB generates a substantial majority of loans within the defined assessment area.
- ▶ Management is doing a good job of originating loans throughout the defined assessment area.
- ▶ FNB routinely lends to small businesses and low- and moderate-income individuals.

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

The following table indicates the performance level of the **First National Bank in Hominy, Hominy, Oklahoma** with respect to each of the five performance criteria.

Small Institution Assessment Criteria	First National Bank in Hominy Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-deposit ratio		X	
Lending in assessment area	X		
Lending to borrowers of different incomes and to businesses of different sizes	X		
Geographic distribution of loans		X	
Response to complaints	No complaints relating to the bank's CRA performance have been received.		

Description of Institution

FNB is a \$30 million rural community bank located in Hominy, Oklahoma, approximately 55 miles northwest of Tulsa, Oklahoma. The population of Hominy is slightly more than 2,000 with no other financial institutions serving the community. The bank serves its community with one office, an attached drive-in facility, and one automated teller machine located on the bank premises. There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its assessment area. Credit needs in this area are diverse and typical of a rural community. Management determines these needs through daily contact with local residents.

The bank's lending strategy focuses on 1-4 family real estate, consumer, and agriculture lending. The loan portfolio represents 48% of total assets, distributed as follows:

Commercial	(29%)
Consumer Instalment	(30%)
Agriculture	(22%)
Real Estate	(19%)

Description of the Assessment Area

FNB identified its assessment area to be a 10-15 mile radius around the city of Hominy. This assessment area does not meet the requirements of the regulation because it does not include complete census tracts. Therefore, management agreed to revise the area to include one moderate-income census tract surrounding the city of Hominy. There are no low-income tracts in Osage County and the adjusted assessment area does not unfairly exclude other moderate- income tracts.

The 1996 HUD MSA median family income for the area was \$38,400. According to housing data, there are 2,492 housing units in the bank's assessment area. Approximately 65% are owner occupied and 25% are rented.

The following table illustrates the approximate income distribution of **families** living in the bank's assessment area and the surrounding moderate-income census tracts.

Table 1

Income Level	Count	Percentage
Low Income	9,412	34%
Moderate Income	6,980	26%
Middle Income	5,812	21%
Upper Income	5,250	19%
Total	27,454	100%

Source: U.S. Census Data

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the bank's size, financial condition, and credit needs of the defined assessment area. Since the last CRA examination in January of 1994, FNB's quarterly LTD ratio has averaged 53%. This ratio exceeds the 51% reported by competing financial institutions located throughout Osage County. As of December 31, 1996, FNB's ratio was 55%.

Lending in the Assessment Area

A substantial majority of the bank's loans are originated within the defined assessment area. We reviewed a limited sample of 50 1-4 family real estate, 43 consumer, and 14 commercial loans originated during 1996 to reach our conclusions. The following table is a summary of our findings.

Table 2

Lending in the Assessment Area (\$'s in 000's)				
LOAN TYPE	# INSIDE	% INSIDE	\$ INSIDE	% INSIDE
Real Estate	45	90%	763	90%
Consumer	36	84%	219	89%
Commercial	14	100%	750	100%
Total	95	89%	1,732	90%

Source: Loan review of 43 consumer loans, 14 commercial loans, and 1996 HMDA data

Geographic Distribution of Loans

The bank is doing a good job of originating loans throughout the assessment area. As previously noted, this area consists of only one moderate-income census tract. Our loan sample indicated that credits made within the assessment area were evenly dispersed (See Table 2).

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Recent lending patterns indicate a good loan distribution among individuals of different income levels and businesses of different sizes. Our review disclosed that approximately 83% of the bank's real estate and consumer loans are to low- and moderate-income applicants and 100% of commercial loans are to businesses with gross annual revenues less than \$1 million. Based on our review, the following table illustrates FNB's loan distribution practices by income group and loan type.

Table 3

Income Group	Real Estate	Instalment
Low Income	31%	67%
Moderate Income	40%	30%
Middle Income	22%	3%
Upper Income	7%	0%
Total	100%	100%

Source: Same as Table 2

Response to Complaints

FNB has not received any complaints relating to their CRA performance.

Compliance with Fair Lending Laws and Regulations

A fair lending review was conducted as part of a compliance examination of FNB. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations.