



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

July 02, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

**117 North Price
Hominy, OK 74035**

**Comptroller of the Currency
Tulsa (eastern Oklahoma)
7134 South Yale Executive Ctr. Bldg., 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.

INSTITUTION'S CRA RATING

First National Bank in Hominy's (FNB) CRA performance is "*Satisfactory*" given its size, financial condition, and known credit needs in its assessment area.

The major factors that support this rating include:

- FNB's average loan-to-deposit (LTD) ratio of 37% since the November 2001 evaluation is considered reasonable given the bank's size, financial condition, and lending opportunities within the assessment area.
- Management demonstrates a willingness to provide loans to low-and moderate-income individuals (LMI) and small businesses.
- FNB generates a substantial majority of its loans within the defined assessment area.

SCOPE OF EXAMINATION

This Performance Evaluation (PE) was conducted using small bank examination procedures to assess FNB's lending performance focusing on five performance criteria: the loan-to-deposit ratio; lending in the assessment area (AA); lending to borrowers of different incomes and to businesses/farms of different sizes; geographic distribution of loans; and, responses to complaints.

Major loan products offered by the bank were sampled and consisted of 20 commercial loans and 20 consumer loans originated since December 2004. In addition, the analysis included all residential loans originated in 2006 that were reported under the Home Mortgage Disclosure Act.

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

DESCRIPTION OF INSTITUTION

FNB is a \$37 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. Hours of operation are responsive to the general banking needs of the areas served. Regular banking hours for the main office are from 8:00AM - 3:00PM Monday thru Friday. The drive-in facility is available from 8:00AM - 5:00PM Monday thru Friday and from 8:00AM - Noon on Saturday.

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 38% of total assets as of March 31, 2007. Management does not anticipate any significant changes in the composition of the loan portfolio in the near future.

The table below reflects the composition of the bank's loan portfolio, as of March 31, 2007.

Loan Category	\$(000)	%
Commercial Real Estate Loans	1,972	14%
Commercial Loans	2,885	20%
Residential Real Estate Loans	3,179	22%
Farm Production Loans	1,536	11%
Farm Real Estate Loans	349	2%
Consumer Loans	4,454	31%
Other Loans	13	0%
Total	14,388	100%

Source: March 31, 2007 Consolidated Reports of Condition and Income

FNB was last evaluated under the CRA on November 6, 2001 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 assessment area.

DESCRIPTION OF ASSESSMENT AREA

FNB has designated census tract #104 of Osage County as its assessment area, which is part of the Tulsa Metropolitan Statistical Area (MSA) with a population of 898,000. The entire census tract is designated as a moderate-income tract according to U.S. 2000 census data. This delineation meets the technical requirements of the regulation and does not arbitrarily exclude low-to-moderate (LMI) geographies/individuals.

The following table describes major demographic and economic characteristics of the assessment area.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
Population	
Number of Families	1,371
Number of Households	2,015
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>	
2000 MFI for AA	\$29,589
2000 MFI for MSA	\$45,678
2007 HUD-Adjusted MFI	\$52,500
Economic Indicators	
Unemployment Rate (as of June 2007)	
Osage County	4.7%
US	4.7%
2000 Median Housing Value	\$39,500
% of Households Below Poverty Level	19.60%

Sources: CRA Wiz, Bureau of Labor Statistics; U.S. 2000 Census data

FNB is the only financial institution in the bank's assessment area. Lending in the assessment area has been centered in consumer loans and loans to small businesses and farming operations.

Overall, the local economy is slow. The bank is experiencing some adverse affects of gaming facilities and the adverse affect they are having on disposable income and loan repayment abilities. The most recent data reflected an unemployment rate that is consistent with the national average.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB's LTD ratio *meets* the standard for satisfactory performance given the bank's size, financial condition, and considering the limited lending opportunities within the assessment area. Since the last Performance Evaluation, the bank's LTD ratio averaged 37%. The LTD ratio stated below is derived by calculating the quarterly average since June 2002.

Institution	Assets (as of March 31, 2007)	Average LTD Ratio
First National Bank in Hominy	\$37 Million	37%

Source: March 31, 2007 Consolidated Reports of Condition and Income; Uniform Bank Performance Report.

Lending in Assessment Area

FNB's lending within the assessment area *meets* the standard for satisfactory performance. This conclusion was drawn from an analysis of all residential, small business/farm loans, and consumer loans originated since the last CRA exam (June 2002). The table below reflects the number and dollar amount of loans and the percentages originated within and outside the assessment area. As depicted by the table, a majority of loans originated by FNB are to consumers and businesses that reside within the bank's assessment area.

TOTAL LOANS REVIEWED								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Agriculture	23	62%	540	43%	14	38%	706	57%
Residential	93	82%	3,306	86%	21	18%	537	14%
Consumer	472	72%	4,279	73%	185	28%	1,613	27%
Commercial	127	98%	6,734	87%	2	2%	1,038	13%
Total	709	71%	12,782	69%	276	29%	3,894	31%

Source: Loan portfolio and National Credit Tool.

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

FNB's pattern of lending to borrowers of different income levels and businesses of different sizes *exceeds* the standard for satisfactory performance. Recent lending patterns indicate a very good distribution of loans among borrowers of different income levels and businesses of different sizes. Census income information is updated by HUD annually to reflect current family income levels that are used for residential real estate and consumer loan comparisons. Income information for businesses was derived from the 2000 Census. The tables below reflect the distribution of residential real estate, consumer, and small business/farm loans within the bank's assessment area.

Table 2 - Borrower Distribution of Residential Real Estate Loans								
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
Residential Loans	37%	23%	25%	23%	17%	37%	21%	17%

Source: loan sample; U.S. 2000 Census data.

Table 2A - Borrower Distribution of Consumer Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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	37%	50%	23%	20%	19%	20%	21%	10%

Source: loan sample; U.S. 2000 Census data.

Table 2B - Borrower Distribution of Loans to Businesses		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	46%	2%
% of Bank Loans in AA by #	80%	20%
% of Bank Loans in AA by \$	63%	37%

Source: Loan sample; Dunn and Bradstreet Data. 52% of AA businesses did not report revenue data.

Geographic Distribution of Loans

An analysis of the distribution of loans by income level of the census tracts revealed *very good* dispersion. The assessment consists of one moderate-income census tract where FNB's banking facilities are located. A substantial majority of the bank's lending is within the assessment area. The following tables depict the geographic analysis of residential real estate, consumer, and small business/farms in our sample compared to demographic data relative to the income level of the census tracts in the assessment area.

Table 3 - Geographic Distribution of Residential Real Estate Loans

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
Residential	0%	0%	100%	100%	0%	0%	0%	0%

Source: loan sample, U.S. 2000 Census data.

Table 3A – Geographic Distribution of Consumer Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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	0%	0%	100%	100%	0%	0%	0%	0%

Source: loan sample; U.S.2000 Census data

Table 3B - Geographic Distribution of Loans to Businesses								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Businesses	0%	0%	100%	100%	0%	0%	0%	0%

Source: 2006 Business Geodemographic Data; U.S.2000 Census data.

Responses to Complaints

FNB has not received any formal CRA complaints since the prior CRA examination in 2001. The bank’s CRA public file contains all required public disclosures.

Compliance with Fair Lending Laws and Regulations

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