



PUBLIC DISCLOSURE

July 20, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank and Trust Company of Vinita
Charter Number 4704
102 W. Illinois, Vinita, OK 74301

Office of the Comptroller of the Currency
Tulsa Field Office
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 Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Major factors that support this **Satisfactory** rating include:

- The bank's loan-to-deposit (LTD) ratio is *reasonable* and meets the standard for satisfactory performance.
- A *majority* of the bank's loans were originated inside the bank's assessment area (AA).
- The bank's distribution of loans reflects a *reasonable penetration* to businesses of different sizes, and residential real estate and consumer loan borrowers of different income levels, and meets the standard for satisfactory performance.
- The geographic distribution of loans reflects a *reasonable dispersion* throughout the AA, and meets the standard for satisfactory performance; and,
- The bank's Community Development performance demonstrates *adequate responsiveness* to the community development needs of its AA.

Scope of Examination

We evaluated The First National Bank & Trust Company of Vinita (FNBV) using the Intermediate Small Bank (ISB) examination procedures. FNBV became subject to the ISB CRA evaluation procedures on January 1, 2015 due to the bank exceeding the ISB asset size threshold on December 31, 2013 and December 31, 2014.

This CRA Performance Evaluation (PE) assesses the bank's performance under the Lending and Community Development (CD) Tests. The CD evaluation period ranges from January 5, 2010, the date of the previous PE, through July 20, 2015, the date of the current evaluation. The Lending Test targets activity from January 2, 2012 through December 31, 2014. The Lending Test evaluates the bank's record of meeting the credit needs of its assessment area (AA) through lending activities. The CD Test evaluates a bank's responsiveness to the identified needs in its AA through lending, qualified investments, and services.

Performance under the Lending Test was assessed based on a review of the bank's primary loan products, which are small business loans (including commercial real estate and commercial & industrial loans), residential real estate loans (1-4 Family), and consumer loans. Our sample included 30 loans for each of the three primary loan categories that originated during each year of the evaluation period (2012-2014).

In our evaluation of the distribution of loans in the years 2012-2014, we used demographic and geographic comparative data in the 2010 United States Census to analyze the bank's performance in the AA. The Bank is not subject to the data collection rules of the Home Mortgage Disclosure Act since none of its banking centers are located in a metropolitan statistical area (MSA).

We verified CD loans, investments, and services provided by bank management to ensure the investments and activities met the regulatory definition for Community Development, and excluded any items that did not meet the definition or purpose of Community Development.

Description of Institution

FNBV is a \$354 million rural community bank, chartered in 1892 in Vinita, Cherokee Nation, Indian Territory (currently Craig County, Oklahoma). The main bank facility is located in downtown Vinita, Oklahoma, with a drive-in facility nearby. FNBV is a subsidiary of Craco, Inc., a one-bank holding company located at the main bank address. A CRA Performance Evaluation was last prepared by the OCC as of January 5, 2010, and we assigned a "Satisfactory" rating.

FNBV has no operating subsidiaries or affiliates, and had no merger or acquisition activity during the evaluation period. FNBV has not opened or closed any branches during the evaluation period. There are no legal or financial impediments to FNBV's ability to meet the credit needs of its AAs, including retail and CD loans, qualified investments, and CD service needs.

The bank meets the banking needs of its AA by providing various loan and deposit products, as well as other financial services. Main bank lobby and branch bank services are provided during reasonable hours Monday through Friday, with extended hours, including Saturday service, offered at each drive-in facility. Branches are located in areas that make them accessible to bank customers, and all banking facilities are located in middle-income census tracts inside the bank's AA. These tracts are also designated as distressed or underserved by the federal banking agencies. The bank's Automated Teller Machines (ATM), including four that are stand-alone ATM, supplement the main bank and branch locations.

Banking products and services offered include, but are not limited to the following:

- The bank offers a variety of checking accounts to accommodate customer needs. The Free Checking account includes unlimited check writing, free ATM/debit card (available), and free checks. The minimum opening deposit required is \$25. There are no monthly maintenance fees, no minimum balance requirements, and \$700 overdraft privilege.

- The First Premier Checking account offers a variety of special services that includes a competitive rate of interest that is tiered according to the customers checking balance. It requires a minimum \$100 to open. There are no monthly maintenance fees if the customer maintains a minimum daily balance of \$750. The account offers \$700 of overdraft privilege.
- Seniors First Checking account is for customers ages 50 and over, and includes all the benefits of the First Premier Account, plus also has no monthly maintenance fee and free checks (if maintaining a \$1,000 minimum daily balance).
- Business First Checking accounts offers businesses unlimited check writing, no monthly service charge (if maintaining a \$750 minimum daily balance), and provides an easy way to manage records with check imaging. Business First Free Checking offers \$1500 of overdraft privilege.
- Statement Savings is a basic savings account that requires a \$100 minimum opening deposit. The account includes interest paid quarterly and no service charges on six withdrawals per quarter.
- Penny Wise Savers Club is a youth savings program for children 12 and under. The account is opened with a \$5 minimum and includes a free t-shirt and savings kit.
- With a \$2,500 opening deposit, the bank offers a First Rate Money Market account that includes a tiered rate structure (the higher the balance, the higher the interest rate and annual percentage yield). The \$10.00 monthly maintenance fee is waived by maintaining a \$2,500 minimum average balance. Three free check or check card withdrawals and three other transactions per month are included as well as free check imaging.
- Certificates of Deposit offer competitive interest yields based on amount and terms.
- Individual Retirement Accounts offer no administrative fees and the bank provides rollover assistance.
- Consumer loans and residential mortgages are also available including home equity loans.
- Commercial loans including Small Business Administration (SBA) 7(a) and 504 are offered to new business startups and existing businesses.

The bank's lending strategy focuses on one-to-four family real estate loans, consumer loans, and small business loans, and management does not anticipate any significant changes in the composition of the loan portfolio in the near future. The following table provides additional information regarding the composition of the loan portfolio, which represents 51 percent of total assets as of June 30, 2015.

The First National Bank & Trust Company of Vinita Loan Portfolio Summary as of June 30, 2015		
Loan Category	Dollar Level (\$000's)	Percentage (%)
Commercial and Commercial Real Estate	84,668	47
Residential Real Estate	33,288	19
Agricultural	21,681	12
Secured by Farmland	16,695	9
Consumer and Other	15,670	9
Construction	7,845	4
Total Loans	179,847	100

Source: June 30, 2015 Consolidated Report of Condition

Description of Craig/Delaware Counties Assessment Area(s)

The bank's AA meets the requirements of the regulation, and does not arbitrarily exclude low- and moderate-income geographies. The bank designated all of Craig and Delaware Counties as its AA. The AA, which is not included in a MSA, includes the cities of Vinita, North Craig, Grove, Jay, Kansas, and Colcord. According to the 2010 United States Census Data, the AA has a total population of 56,516.

The AA includes fourteen census tracts, with only two tracts (14 percent) designated moderate-income, and twelve tracts (86 percent) designated middle-income. The AA does not include any low-income census tracts. Craig County has five census tracts, all of which are designated as middle-income. There are seven middle-income census tracts, and two moderate-income census tracts within Delaware County. All middle-income census tracts in Craig County and Delaware County are designated as distressed or underserved communities by the federal banking agencies for 2013 and 2014. Higher poverty rates and population attrition as reflected in the census data contribute to limited opportunities for real estate sales and lending volumes. Although there are not any low-income census tracts in the AA, and only two moderate-income census tracts, there are low- and moderate-income families in the AA. Of the 15,606 families in the AA, 24 percent are low-income families, and 20 percent are moderate-income families.

Although the overall poverty level inside the AA is 18 percent, the city of Jay, Oklahoma, located in Delaware County, has a poverty rate of 34 percent, and the area comprises one moderate-income census tract, and one middle-income tract. Lending in the Jay area is more reflective in the middle-income tract, since both middle-income tracts represent 86 percent of the AA. Approximately 82 percent of the households in the AA are located in middle-income census tracts. The other moderate-income tract is located in the city of Colcord, Oklahoma, in Delaware County. According to 2010 census data, Colcord has a poverty rate of 33 percent. Additionally, the December 2013 unemployment rate for both moderate-income census tracts was 6.4 percent, compared to the overall rate of 3.7 percent inside the overall AA.

The two moderate-income census tracts consist of very rural communities with very little industrial development. As a result, there are limited commercial lending opportunities. FNBV has no banking locations in these tracts. Both tracts are currently served by other financial institutions, with a combined market share of 31 percent.

The following table presents a summary of the major demographic and economic characteristics of the AA, based on 2010 United States Census Data.

Demographic and Economic Characteristics of the AA	
<i>Population</i>	
Number of Families	15,606
Number of Households	21,752
Number of Housing Units	31,259
Number of Housing Units – Owner Occupied	16,788
<i>Geographies</i>	
Number of Census Tracts	14
% Low-Income Census Tracts	0.00%
% Moderate-Income Census Tracts	14.29%
% Middle-Income Census Tracts	85.71%
% Upper-Income Census Tracts	0.00%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$43,246
2013 HUD-Adjusted MFI	\$49,900
<i>Economic Indicators</i>	
Unemployment Rate	3.68%
2010 Median Housing Value	\$96,355
% of Households Receiving Public Assistance	3.00%
% of Households Receiving Social Security Benefits	40.00%
% of Households Below Poverty Level	17.75%

Source: 2012 Geo-demographic Data; 2010 United States Census Data; Housing and Urban Development (HUD)

All of the bank's offices are located inside the AA. The level of banking competition inside the AA is high, and includes approximately 20 banks and branches of non-local banks. Based on the June 30, 2014 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank's presence in the AA is significant, as they have 30 percent of the deposit market share. Grand Saving Bank is second with 19 percent. Bank of Grove and Arvest Bank (state chartered banks) round out the top four at 12 percent and 11 percent, respectively.

Craig County was founded in 1907, and is situated in the northeastern corner of the state. The County has long been a livestock producing area with cattle ranches located throughout the county. The city of Vinita is Craig County's largest city, located in the south-central part of the county. The community is an economic hub for a geographic area that extends east through Ottawa county, and south through Mayes and Rogers counties. The industrial base of Vinita has been expanding to include a variety of industries including the manufacturing of towers to micro connectors. As headquarters of the Grand River Dam Authority (GRDA), Craig County is also the site of the Kansas, Arkansas, Oklahoma Electric Power Distributor, and the Northeast Oklahoma Electric Cooperative.

In 2013, health care and social assistance was the largest of 20 major sectors. Major employers in the Vinita area include Home of Hope (provides housing and services for developmentally disabled adults), Vinita Public Schools, and GRDA (maintains Grand Lake and generates electricity by hydro, coal and natural gas).

Delaware County, also located in northeastern Oklahoma, is bordered on the east by McDonald County, Missouri, and Benton County, Arkansas, on the south by Adair and Cherokee counties, on the west by Mayes and Craig counties. The principal industry includes the raising and processing of chickens, livestock, and crops. Cattle are also raised throughout the county. Delaware County has a significant lake and tourism industry, centered in and around the city of Grove, which is the county's largest city. The city underwent a \$3.7 million park project to attract fishing events to Grand Lake, most recently attracting the 2013 Bassmaster Classic. Prior to Oklahoma statehood, Grove was part of the Delaware District of the Cherokee Nation in Indian Territory. In 2013, retail trade was the largest of 20 major sectors. Major employers in the Grove area include Integris-Grove General Hospital, Grove Public Schools, and the City of Grove employs local residents.

During the examination, the OCC contacted local economic development organizations inside the AA to get a better understanding of the general community credit and development needs, and discuss local economic conditions. The contacts indicated a need for affordable housing due to a large population of low-income residents in the AA, and additional retail development to improve the local sales tax revenue and increase employment. The contacts stated that local financial service providers adequately meet the credit needs of the communities inside the AA.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the Lending Test is rated **Satisfactory**.

This Performance Evaluation assesses FNBV's performance focusing primarily on five performance criteria: the loan-to-deposit ratio; lending inside the AA; lending to borrowers of different incomes, and to businesses of different sizes; geographic distribution of loans; and responses to CRA related complaints.

To assess FNBV's lending performance, sampled the bank's primary loan products. The random sample included of 90 business loans, 90 1-4 family residential loans, and 90 consumer loans, all originated or renewed from January 2, 2012 through December 31, 2014.

Loan-to-Deposit Ratio

FNBV's LTD ratio is *reasonable* given the bank's size, location, local competition, performance context, and the credit needs of the AAs. We based this assessment on the quarterly average LTD ratio of nearly 63 percent from December 31, 2009 through March 31, 2015. During this evaluation period, FNBV's LTD ratio ranged from a low of 52 percent, to a high of 75 percent.

In the fall of 2012, FNBV accepted the opportunity to participate in a deposit-gathering program from a third party. However, the terms of this arrangement keeps a large amount of the funds out of the bank's resources used for lending. As a result, when compared to similarly situated institutions (SSI), FNBV's LTD ratio is low. Without this arrangement, the bank's LTD ratio would be more in line with the SSI. Management considers the banks shown in the following table to be SSI. All of the SSI provide similar loan products, and all have branch locations inside the AA except for First Bank and Trust Company (Wagoner, Oklahoma), and Valley National Bank (Tulsa, Oklahoma), all have branch locations in the AAs.

The following table presents a summary of the quarterly average LTD ratio for each SSI.

Loan-to-Deposit Ratios		
Financial Institutions	Total Assets \$ (000's) (As of 3/31/2015)	Average Loan-to- Deposit Ratio
The First National Bank and Trust Company of Vinita	\$360,041	62.61%
Grand Savings Bank	\$332,477	91.10%
Bank of Grove	\$134,993	108.03%
Welch State Bank of Welch, Oklahoma	\$225,311	81.75%
Oklahoma State Bank	\$122,929	85.79%
First Bank & Trust Company	\$274,227	94.32%
Valley National Bank	\$413,689	81.10%

Source: Consolidated Reports of Condition from December 31, 2009 to March 31, 2015

Lending in Assessment Area

Our loan sample disclosed that a *majority* of the number and dollar level of loans originated during the review period are inside the bank's AA. The sample included 270 loans originated or refinanced in 2012, 2013 and 2014. The following table presents a more specific identification of loan types inside and outside of the bank's AA.

Table 1 - Lending in AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential	69	76.67	21	23.33	90	10,269	73.56	3,691	26.44	13,960
Consumer	62	68.89	28	31.11	90	1,168	67.28	568	32.72	1,736
Commercial	58	64.44	32	35.56	90	12,056	77.86	3,429	22.14	15,485
Totals	189	70.00	81	30.00	270	23,493	75.34	7,688	24.66	31,181

Source: Residential, Consumer and Business Loan sampling for 2012, 2013 & 2014

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

Lending patterns overall during the review period indicate a *reasonable penetration* among borrowers of different income levels, and businesses of different sizes. Specifically, the distribution of residential real estate loans and consumer loans inside the AA indicates a reasonable penetration among borrowers of different income levels; and the distribution of loans to businesses inside the AA indicates excellent penetration among businesses of different sizes. Greater weight is given to the bank's business lending performance, as this is the primary loan product.

A number of economic and demographic mitigating factors exist that affect the bank's residential and consumer lending activities, including the poverty rate, and the general inability of low-income borrowers to meet the bank's lending standards, consistent with safe and sound lending, and we considered these conditions in evaluating the bank's level of performance during the evaluation period.

For example, of the 15,606 families in the AA, 24 percent are low-income families and 20 percent are moderate-income families. According to the 2010 Census, the overall poverty level within the AA is 18 percent. The city of Jay in Delaware County consists of one moderate-income tract and one middle-income tract. Lending in the Jay area is more reflective in the middle-income tract since middle-income census tracts represent 86 percent of the AA. According to 2010 census data, the city of Jay has a poverty rate of 34 percent. The other moderate-income tract is located in the city of Colcord in Delaware County. According to 2010 census data, the city of Colcord has a poverty rate of 33 percent. In addition, the December 2013 unemployment rate for both moderate-income census tracts was 6.4 percent, compared to the overall rate of 3.6 percent in the AA. The average median household income within the two moderate-income census tracts inside the bank's AA is 46 percent below the updated median family income levels, as reported by the Department of Housing and Urban Development (HUD).

The two moderate-income census tracts consist of very rural communities with very little industrial development. As a result, there are limited commercial lending opportunities. FNBV has no branch or office locations in these tracts, which are not general market areas for the bank. Both moderate-income tracts are better served by other financial institutions that are within the bank’s AA and have branches and/or offices located in these tracts. Grand Savings Bank, Arvest Bank and Peoples Bank, with a combined market share of 31 percent, each operate branch/office locations directly within the two moderate-income tracts. Therefore, it is reasonable that the bank would have little to no lending activity reflected in these two moderate-income tracts. Our analysis revealed that lending to borrowers in the Jay, OK community is reflected mostly within the middle-income census tract data. Please refer to the **Description of Craig/Delaware Counties Assessment Area(s)** section of this evaluation for a more detailed description of these factors.

The following tables present a more specific identification of 2012, 2013, and 2014 loan distribution patterns among borrowers inside the AA.

The 2012 and 2013 distribution of residential real estate loans reflects reasonable penetration among borrowers of different income levels in the AA. The level of lending to moderate-income borrowers is below the demographic comparable. The same factors discussed above contribute to the low percentage of lending in the moderate-income tracts.

Table 2A – Borrower Distribution of 2012 and 2013 Residential Real Estate Loans in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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 RE Loans	23.80	6.67	20.08	6.67	21.56	13.33	34.56	73.33

Source: Residential RE Loan sampling for 2012 and 2013; 2010 United States Census Data

The 2014 distribution of residential real estate loans reflects reasonable penetration in the AA. For moderate-income borrowers, the percent of loans exceeds the percent of moderate-income families. There was no penetration to low-income families primarily due the economic, market, and demographic factors previously discussed.

Table 2B – Borrower Distribution of 2014 Residential Real Estate Loans in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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 RE Loans	23.80	0.00	20.08	20.83	21.56	20.83	34.56	58.33

Source: Residential RE Loan sampling for 2014; 2010 United States Census Data

The lending analysis is more meaningful with respect to business loans as this type of lending comprises a significant portion of the bank's AA. Business Demographic Data shows that of the total number of businesses (non-farm businesses) in the bank's AA, 86 percent are located in middle-income census tracts.

The 2012 and 2013 distribution of business loans reflects excellent penetration among businesses of different sizes in the AA. The bank's lending to small businesses exceeds that of the demographic comparator. Small businesses are those with gross annual revenues of \$1 million or less. By number of loans, 100 percent of the bank's loans to businesses originated during the sampling period were made to small businesses with gross annual revenues of one million dollars or less. The percentage by dollar amount is excellent, reflecting that 100 percent of business loans are to customers with revenues of one million or less.

Table 2C – Borrower Distribution of 2012 and 2013 Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	73.67	3.14	23.19	100%
% of Bank Loans in AA by #	100.00	0.00	0.00	100%
% of Bank Loans in AA by \$	100.00	0.00	0.00	100%

Source: Business Loan sampling for 2012 and 2013; 2010 United States Census Data

The 2014 distribution of business loans reflects excellent penetration among businesses of different sizes in the AA. The bank's lending to small businesses exceeds that of the demographic comparator. By number of loans, 100 percent of the bank's loans to businesses originated during the sampling period were made to small businesses with gross annual revenues of one million dollars or less. The percentage by dollar amount is excellent, reflecting that 100 percent of business loans are to customers with revenues of one million or less.

Table 2D – Borrower Distribution of 2014 Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	71.46	3.53	25.01	100%
% of Bank Loans in AA by #	100.00	0.00	0.00	100%
% of Bank Loans in AA by \$	100.00	0.00	0.00	100%

Source: Business Loan sampling for 2014; 2010 United States Census Data

Given the performance context, the 2012 and 2013 borrower distribution of consumer loans reflects reasonable penetration in the AA. The bank’s performance was below the demographic comparator for moderate-income borrowers. The same factors discussed above contribute to a lower percentage of lending in the moderate-income tracts.

Table 2E – Borrower Distribution of 2012 and 2013 Consumer Loans in 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	24.24	2.50	17.71	10.00	19.61	32.50	38.44	55.00

Source: Consumer Loan sampling for 2012 and 2013; 2010 United States Census Data

Given the performance context, the 2014 borrower distribution of consumer loans to households reflects reasonable penetration in the AA. The bank’s lending to moderate-income individuals is below the demographic comparator. The same factors discussed above are contributing to the lower percentage of lending in the moderate-income tracts.

Table 2F – Borrower Distribution of 2014 Consumer Loans in 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	24.24	9.09	17.71	9.09	19.61	27.27	38.44	54.55

Source: Consumer Loan sampling for 2014; 2010 United States Census Data

Geographic Distribution of Loans

Lending patterns overall during the review period indicate *reasonable dispersion* of residential loans, consumer loans, and loans to small businesses throughout the AA. There are economic and demographic mitigating factors that adversely affect the bank’s residential and consumer lending activities in the low- and moderate-income census tracts. First, there are no low-income census tracts inside the AA. Second, there are only two moderate-income census tracts in the AA, and these do not contain a significant population since 82 percent of the households in the AA are located in middle-income tracts.

Further, these moderate-income tracts are rural communities with little industrial or commercial development, and commercial lending opportunities are limited. Please refer to the **Description of Craig/Delaware Counties Assessment Area(s)** section of this evaluation for additional information regarding these factors. The following tables present a more specific identification of 2012, 2013, and 2014 geographic distribution patterns of loans inside the AA.

Given the performance context, the 2012 and 2013 distribution of residential real estate lending in moderate-income census tracts is poor, as the percent of loans is significantly lower than the percent of owner occupied housing units in the geographies. The same factors discussed above are contributing to the low percentage of lending in the moderate-income tracts. The bank has no branch or office locations in the moderate-income tracts. The geographic distribution of home purchase loans in the AA reflects excellent dispersion in middle-income census tracts that are designated distresses or underserved.

Table 3A – Geographic Distribution of 2012 and 2013 Residential Real Estate Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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 RE Loans	0.00	0.00	16.09	2.22	83.91	97.78	0.00	0.00

Source: Residential RE Loan sampling for 2012 and 2013; 2010 United States Census Data

Given the performance context, the 2014 distribution of residential real estate lending in moderate-income census tracts is poor, as the percent of loans is lower than the percent of owner occupied housing units in the geographies. The same factors discussed above are contributing to the low percentage of lending in the moderate-income tracts. Lending in the middle-income tracts designated distressed or underserved reflect excellent dispersion.

Table 3B – Geographic Distribution of 2014 Residential Real Estate Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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 RE Loans	0.00	0.00	16.09	4.17	83.91	95.83	0.00	0.00

Source: Residential RE Loan sampling for 2014; 2010 United States Census Data

Given the performance context, the 2012 and 2013 geographic distribution of small business loans reflects reasonable dispersion in the AA. The distribution of small business loans located in moderate-income census tracts is less than the percentage of small businesses located in those tracts. The same factors discussed above are contributing to the low percentage of lending in the moderate-income tracts. Whereas competitor banks operate four offices in these tracts, FNBV has no branch or office locations in the two moderate-income tracts. Additionally, the census tracts consist of rural communities with very little industrial development. As a result, commercial lending opportunities are limited in these areas. Lending to businesses in the middle-income tracts designated distressed or underserved reflect excellent dispersion.

Table 3C – Geographic Distribution of 2012 and 2013 Loans to Businesses in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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
Business Loans	0.00	0.00	13.67	5.00	86.33	95.00	0.00	0.00

Source: Business Loan sampling for 2012 and 2013; 2010 United States Census Data

Given the performance context, the 2014 geographic distribution of small business loans reflects reasonable dispersion in the AA. The distribution of small business loans located in moderate-income census tracts is less than the percentage of small businesses located in those tracts. The same factors discussed above are contributing to the low percentage of lending in the moderate-income tracts. Lending to businesses in the middle-income tracts reflect excellent dispersion.

Table 3D – Geographic Distribution of 2014 Loans to Businesses in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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
Business Loans	0.00	0.00	13.67	5.56	86.33	94.44	0.00	0.00

Source: Business Loan sampling for 2014; 2010 United States Census Data

Given the performance context, the 2012 and 2013 geographic distribution of consumer loans reflects reasonable dispersion in the AA. By percentage, consumer lending in the moderate-income tracts reflect very poor dispersion as compared to the percentage of households. The same factors discussed above are contributing to the low percentage of lending in the moderate-income tracts. Lending to consumers in the middle-income tracts reflect excellent dispersion.

Table 3E – Geographic Distribution of 2012 and 2013 Consumer Loans in 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	0.00	0.00	17.96	0.00	82.04	100.00	0.00	0.00

Source: Consumer Loan sampling for 2012 & 2013; 2010 United States Census Data

Given the performance context, the 2014 geographic distribution of consumer loans reflects reasonable dispersion in the AA. For moderate-income levels, the bank’s percentage is lower than the geographic comparator. The same factors discussed above are contributing to the low percentage of lending in the moderate-income tracts. The geographic distribution for middle-income census tracts exceeds the percent of middle-income households

Table 3F – Geographic Distribution of 2014 Consumer Loans in 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	0.00	0.00	17.96	4.55	82.04	95.45	0.00	0.00

Source: Consumer Loan sampling for 2014; 2010 United States Census Data

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test is rated "Satisfactory".

FNBV demonstrates an *adequate responsiveness* to the CD needs of the AA with CD loans, qualified investments, and CD services, all considering the bank's capacity and financial condition, and the need and availability of such opportunities inside the AA. There are limited opportunities for qualified CD loans and investments in the bank's AA, due to the primarily rural, low-density census tracts. Additionally, eighty-six percent of the AA is composed of distressed or underserved census tracts. Nonetheless, CD activities in the AA, particularly CD loans are meeting the needs of the AA by funding loans that retain and create low- and moderate-income jobs in the AA, and meet the needs of the community.

The bank focuses its CD efforts in qualified lending, donations and services. Opportunities for qualified CD loans and investments are limited in the bank's AA. Currently, there are no CD projects underway in the bank's AA.

FNBV is active in the communities they serve, and evidenced by their leadership roles on various education, civic, healthcare, and non-profit organizations that provide services to low- and moderate-income individuals. The bank is also involved with or lends to, organizations whose focus is on community or economic development and health care.

Number and Dollar Amount of Community Development Loans

The level of CD loans is adequate. Qualifying CD loans are those that meet the definition of CD, as defined in the CRA regulation. The bank originated 5 CD loans totaling \$2.2 million during the evaluation period. Through its portfolio of CD loans, the bank is supporting economic development of middle-income geographies that are distressed or underserved, and revitalization and stabilization of distressed middle-income areas

Below are details on some of the CD loans originated by the bank during the evaluation period.

- The bank originated one loan to the local hospital authority totaling \$600 thousand to assist with operating expenses, and the expansion of hospital services to other distressed/underserved middle-income geographies in the AA. Financing has helped them retain over 279 jobs in the AA. The hospital is a non-profit organization that meets the essential health care needs of northeastern Oklahoma. The hospital treats all patients regardless of their ability to pay.

- The bank originated one \$538 thousand loan to finance a new service van and bus maintenance facility. The vehicles are used to provide low cost transportation services to low-income community residents, and senior citizens in and around the bank's AA. This financing helped promote economic development with the creation and retention of jobs and providing community services to low- and moderate-income residents in the AA. Financing also facilitates public services activities to revitalize or stabilize distressed/underserved nonmetropolitan middle-income geographies by helping to meet essential community transportation needs for low- and moderate-income residents.
- The bank originated one loan for \$246 thousand to a local small business, and the funds were used to purchase, remodel, and expand real estate that resulted in the creation of additional jobs. The business was previously scheduled for closure and is located in a distressed/underserved middle-income geography.
- The bank originated one loan for \$200 thousand to construct a new pharmacy that provides community access to home health care items, prescriptions, and over-the-counter medications in the AA. The lending activity promotes economic development by financing small business and creating jobs in an effort to revitalize/stabilize distressed/underserved middle-income geographies.
- The bank originated one loan for \$616 thousand to remodel a parcel of real estate designated as an Oklahoma landmark, and purchase necessary furniture and fixtures. The financing helped support formal state and community plans for revitalization and stabilization of middle-income distressed/underserved geography. The State of Oklahoma also provided funds to restore/renovate the landmark facility.

Number and Dollar Amount of Qualified Investments

Considering the needs and opportunities in the AA, and FNBV's performance context and capacity, the bank's performance is adequate relative to qualified investments. FNBV made qualified investments to CD organizations that primarily provided community services targeted to low- and moderate-income families and individuals. FNBV had a total of \$59 thousand in qualified investments in the AA during the evaluation period. The bank provided approximately 20 donations to local CD organizations. Specific, noteworthy donation amounts included:

- Grove Football Boosters Youth Sports Program - \$36,000
- Oklahoma Project Woman Program - \$9,306
- Craig County Salvation Army - \$5,568
- Delaware County United Way - \$2,000

Extent to Which the Bank Provides Community Development Services

During the evaluation period, FNBV demonstrated an **adequate responsiveness** to the CD service needs of the AA. FNBV meets the CD service needs of the AA through volunteer activities by its directors, officers and employees, many on a continuing basis to the organizations. Bank officers and staff served in leadership positions as presidents, directors, treasurers and committee members in organization that provide community services to low- and moderate-income families. They have provided technical expertise and financial assistance to these organizations as well as providing strategic planning, loan underwriting, fundraising, budgeting, and marketing expertise.

Board members, officers and employees actively donate their financial and leadership skills to a variety of organizations with a CD purpose. Examples include:

- Vinita Industrial Development Authority works to market the area to solicit businesses to come to the area, applies for and manages grants, and works with the state on quality jobs acts. The goal of the Authority is to revitalize Craig County.
- Grand Gateway Economic Development (non-profit) provides a network for local government to identify and solve community issues in the AA. Grand Gateway also provides grant writing and administrative services to both communities and rural areas. The organizations attention is focused on the poorest areas and grants and loans are given to public entities to help with rural water, sewer systems, transportation for the elderly, etc.
- Home of Hope is a complex that provides housing and services for the developmentally disabled and other disabilities in 6 counties of Northeastern Oklahoma. Home of Hope operates 29 community based residential facilities, 23 supported living homes, 2 industrial workshops, 5 thrift stores and a food pantry. It is the largest employer in Craig county.
- Craig County Salvation Army provides food, medication, temporary shelter and a clothing store for residents.
- Craig General Hospital Finance Committee manages the budget and all financial matters for Craig County Hospital which is a self-sustaining not for profit hospital providing quality health care in the AA.

Responses to Complaints

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

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) or Federal Savings Association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs