



PUBLIC DISCLOSURE

May 05, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Shamrock Bank, National Association
Charter Number 12529

101 N. Main Street
Coalgate, OK 74538

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 (LTD) ratio is **reasonable** based on the bank's performance context and lending opportunities within its assessment area (AA).
- A **substantial majority** of the bank's loans originated during the review period are inside the bank's AA.
- The bank's distribution of loans reflects **reasonable penetration** of loan originations among borrowers of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects a **reasonable dispersion** of loans in most census tracts throughout the bank's AA.

SCOPE OF CRA EVALUATION

We evaluated Shamrock Bank N.A. (SBNA) using the Small Bank standards for assessing performance. SBNA's primary loan products include business loans and residential real estate loans. The lending test evaluates the bank's record of meeting the credit needs of its AA, and we assessed the bank's performance under this test using a loan sample comprising 40 residential loans and 40 commercial and industrial loans originated from January 2, 2012 through December 31, 2013. SBNA 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.

A CRA Performance Evaluation was last prepared November 5, 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 of its AA.

DESCRIPTION OF INSTITUTION

SBNA is a \$257 million rural community bank headquartered in Coalgate, Oklahoma, and a subsidiary of Shamrock Bancshares, Inc., a one-bank holding company. SBNA serves its AA with a main banking facility at 101 N. Main Street, Coalgate, Oklahoma, which is in a middle-income census tract. The bank also has six full-service branch locations and one stand-alone Automated Teller Machine throughout the AA. The branches in Bryan, Caddo, Coal, and Kiowa counties are in middle-income census tracks, the branch in Pushmataha County is in a moderate-income census track, and the branch in Jackson County is located in an upper-income census track.



The ATM is located in a middle-income census tract in the city of Caddo, Oklahoma, which is in Bryan County. SBNA offers a diverse line of loan and deposit products during reasonable hours, Monday through Saturday. SBNA also offers banking services by telephone and the internet.

Based on the June 30, 2013 Federal Deposit Insurance Corporation (FDIC) Market Share Report, the bank’s presence in each AA is moderate, as they have 14 percent of the deposit market share in the Eastern Oklahoma AA, comprising Atoka, Bryan, Coal, and Pushmataha counties. The FDIC report also discloses the bank has 5 percent of the deposit market share in the Western Oklahoma AA, comprising Caddo, Jackson, and Kiowa Counties.

The following table describes the composition of the bank’s loan portfolio as of March 31, 2014, which represents approximately 51 percent of total assets. 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	\$3,929	3.01%
Farmland	\$13,764	10.54%
1-4 Family Real Estate	\$34,987	26.78%
Commercial Real Estate	\$20,804	15.93%
Multifamily Residential	\$4,694	3.59%
Agricultural Production	\$14,992	11.48%
Commercial and Industrial	\$19,766	15.13%
Consumer Loans	\$17,078	13.07%
Other	\$609	0.47%
Total Loan Portfolio	\$130,623	100%

Source: March 31, 2014 Consolidated Reports of Condition and Income

DESCRIPTION OF ASSESSMENT AREAS

SBNA has designated two AAs comprising seven complete counties in Oklahoma. The AAs meet the requirements of the regulation and do not arbitrarily exclude low-or-moderate-income geographies.

Eastern Oklahoma Assessment Area

The Eastern Oklahoma AA consists of twenty-three census tracts comprising all of Atoka, Bryan, Coal, and Pushmataha counties. In aggregate, one census tract is designated as a low-income tract, six are designated as moderate-income tracts, fifteen are designated as middle-income tracts, and one is designated as an upper-income tract. The level of banking competition in the AA is high and includes approximately 6 commercial state-chartered banks and branches of non-local banks.

The following table describes the demographic and economic characteristics of this AA.

Demographic Information – Eastern Oklahoma AA					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	23	4.00%	26.00%	66.00%	4.00%
Population by Geography	74,095	2.63%	30.07%	63.66%	3.64%
Owner-Occupied Housing by Geography	34,154	1.67%	27.44%	67.63%	3.26%
Businesses by Geography	6,544	2.00%	32.00%	62.09%	3.91%
Farms by Geography	465	1.51%	21.72%	66.88%	9.89%
Family Distribution by Income Level	18,469	23.89%	19.94%	20.35%	35.82%
Household Distribution by Income Level	21,051	28.53%	16.85%	19.03%	35.59%
Weighted average of Median Family Income (MFI)	\$43,448	Median Housing Value 2012			\$79,167
Weighted average of HUD updated MFI: 2012	\$49,500	Households Below the Poverty Level			20.65%

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

Western Oklahoma Assessment Area

The Western Oklahoma AA consists of twenty-two census tracts comprising all of Caddo, Jackson, and Kiowa counties. In aggregate, three census tracts are designated as moderate-income tracts, sixteen are designated as middle-income tracts, and three are designated as upper-income tracts. The level of banking competition in the AA is very high and includes at approximately 20 commercial state-chartered banks and branches of non-local banks.

The following table describes the demographic and economic characteristics of this AA.

Demographic Information – Western Oklahoma AA					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	22	0.00%	13.64%	72.72%	13.64%
Population by Geography	65,492	0.00%	23.45%	57.69%	18.87%
Owner-Occupied Housing by Geography	30,502	0.00%	19.93%	59.60%	20.47%
Businesses by Geography	5,245	0.00%	22.99%	58.32%	18.68%
Farms by Geography	646	0.00%	13.31%	68.27%	18.42%
Family Distribution by Income Level	17,108	22.70%	17.35%	20.14%	39.81%
Household Distribution by Income Level	24,640	25.45%	15.92%	18.32%	40.31%
Weighted average of Median Family Income (MFI)	\$47,457	Median Housing Value 2012			\$69,608
Weighted average of HUD updated MFI: 2012	\$49,500	Households Below the Poverty Level			19.14%

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



Community Contact

The OCC contacted two community leaders within the AA’s to get a better understanding of the general community credit and development needs, and discuss local economic conditions. Both contacts specifically referenced SBNA as a leader in the local communities by helping schools, civic organizations, and local businesses. Both contacts indicated a need within the AAs for more affordable housing, better employment opportunities, and funding for infrastructure improvements. Neither of the community contacts is aware of any discriminatory practices by local financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio (LTD)

The bank has a *reasonable* LTD relative to their financial condition, local banking competition, and credit needs of the AA. Since the previous CRA Performance Evaluation, the bank’s quarterly average LTD ratio averaged 56 percent, compared to a 61 percent aggregate average by five other competing banks within or near the AA during the same period. Based on discussions with bank management, loan demand for residential loans is low, and the bank does not sell loans on the secondary market.

Institution	Average Assets (as of March 31, 2014)	Average LTD Ratio
Shamrock Bank National Association	\$ 259.76 Million	56%
The First National Bank in Altus	\$ 296.48 Million	43%
First United Bank and Trust Company	\$2.4 Billion	81%
Legacy Bank	\$492.91 Million	80%
First State Bank	\$97.49 Million	36%
Bank of the Wichitas	\$125.59 Million	66%

Source: March 31, 2014 Consolidated Reports of Condition and Income; Uniform Bank Performance Report

Lending in Assessment Area

Our loan sample reveals that a *substantial majority* of the number and dollar level of loans originated during the review period are inside the bank’s AA. 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 (\$000’s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchases	38	95%	2	5%	40	\$2,218	97%	\$72	3%	\$2,290
Commercial & Industrial	30	75%	10	25%	40	\$5,352	89%	\$663	11%	\$6,015
Totals	68	85%	12	15%	80	\$7,570	91%	\$735	9%	\$8,305

Source: Loan Sample.

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

Lending patterns during the review period indicate a *reasonable penetration* of loan originations among borrowers of different income levels and businesses of different sizes. SBNA faces intense competition from numerous local and regional financial institutions in both the Eastern Oklahoma and Western Oklahoma AAs. According to management, the large number of residential mortgages to borrowers in the upper income level within the Western AA is attributed to the large regional hospital in Altus, Oklahoma. This facility attracts a large number of medical professionals to the area. 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 Eastern Oklahoma AA								
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	24%	21%	20%	21%	20%	21%	36%	37%

Source Loan Sample; 2010 United States Census data.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Western Oklahoma AA								
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%	20%	17%	21%	20%	11%	40%	48%

Source Loan Sample; 2010 United States Census data.



Table 2A - Borrower Distribution of Loans to Businesses in Eastern Oklahoma AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	70%	3%	27%	100%
% of Bank Loans in AA by #	86%	14%	0%	100%
% of Bank Loans in AA by \$	66%	34%	0%	100%

Source: Loan sample; Dunn and Bradstreet data.

Table 2A - Borrower Distribution of Loans to Businesses in Western Oklahoma AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	68%	3%	29%	100%
% of Bank Loans in AA by #	94%	6%	0%	100%
% of Bank Loans in AA by \$	94%	6%	0%	100%

Source: Loan sample; Dunn and Bradstreet data.

Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in Eastern Oklahoma AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	12	86%	\$425,355	52%
\$100,001 - \$250,000	1	7%	\$150,104	18%
\$250,001 - \$500,000	1	7%	\$250,120	30%
\$500,001 - \$1,000,000	0	0%	\$0	0%
Over \$1,000,000	0	0%	\$0	0%
Total	14	100%	\$825,579	100%

Source: Loan sample.

Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in Western Oklahoma AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	5	31%	\$127,132	3%
\$100,001 - \$250,000	2	12%	\$251,411	5%
\$250,001 - \$500,000	6	38%	\$1,801,330	40%
\$500,001 - \$750,000	3	19%	\$2,346,998	52%
\$750,001 - \$1,000,000	0	0%	\$0	0%
Total	16	100%	\$4,526,871	100%

Source: Loan sample.



Geographic Distribution of Loans

Lending patterns during the review period indicate *reasonable dispersion* of loans within the bank's AA's, particularly in the moderate-income census tracts. There are six moderate moderate-income census tracts and one low-income census tract within the Eastern Oklahoma AA, and three moderate-income census tracts in the Western Oklahoma AA. The following tables reflect the geographic distribution of residential real estate loans and commercial and industrial loans, relative to the income level of the census tracts within the AA.

Table 3A - Geographic Distribution of Residential Real Estate Loans in Eastern Oklahoma 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
1-4 Family RE	0%	0%	38%	47%	62%	53%	0%	0%

Source: Loan Sample and 2010 United States Census data

Table 3B - Geographic Distribution of Residential Real Estate Loans in Western Oklahoma 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
1-4 Family RE	0%	0%	20%	47%	60%	42%	20%	11%

Source: Loan sample and 2010 United States Census data.

Table 3E - Geographic Distribution of Commercial Loans in Eastern Oklahoma AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Loans	% of AA Businesses	% of Loans	% of AA Businesses	% of Loans	% of AA Businesses	% of Loans
Small Business	2%	0%	32%	36%	62%	64%	4%	0%

Source: Loan sample and 2010 United States Census data.

Table 3E - Geographic Distribution of Commercial Loans in Western Oklahoma AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Loans	% of AA Businesses	% of Loans	% of AA Businesses	% of Loans	% of AA Businesses	% of Loans
Small Business	0%	0%	23%	38%	58%	44%	19%	18%

Source: Loan sample and 2010 United States Census data.



Responses to Complaints

There have been no consumer complaints regarding SBNA'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.