



BANK OF HYDRO
COMMUNITY REINVESTMENT ACT
PUBLIC FILE



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**BANK OF HYDRO
HYDRO, OKLAHOMA**

Community Reinvestment Act Notice

Under the Federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the FDIC; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each calendar quarter, the FDIC publishes a nationwide list of the banks that are scheduled for CRA examination for the next two quarters. This list is available from the FDIC Regional Director, 600 North Pearl Street, Suite 700, Dallas, TX 75201. You may send written comments about our performance in helping to meet community credit needs to Fred Schamburg, President, Bank of Hydro, 406 North Washington Avenue, Weatherford, OK 73096 and FDIC Regional Director. You may also submit comments electronically through the FDIC's website at www.FDIC.gov/regulations/cra. Your written comments, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Director. You may also request from the FDIC Regional Director an announcement of our applications covered by the CRA filed with the FDIC. We are an affiliate of Hydro Bancshares, Inc., a bank holding company. You may request from Consumer Affairs Officer, Federal Reserve Bank of Kansas City, 1 Memorial Drive, Kansas City, MO, 64198, an announcement of applications covered by the CRA filed by bank holding companies.



Section I

Written Public Comments and Our Responses Relating to Our CRA Performance (Current and Prior Two Calendar Years).

2024 – No Comments

2025 – No Comments

2026 – No Comments



Section II

**Copy of the Public Section of Our Bank's CRA Performance
Evaluation Prepared by the FDIC.**

PUBLIC DISCLOSURE

October 16, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Hydro
Certificate Number: 10674

146 W Main Street
Hydro, Oklahoma 73048

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Dallas Regional Office

600 North Pearl Street, Suite 700
Dallas, Texas 75201

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.

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INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and AA's credit needs.
- A majority of loans are outside the institution's AA.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels (including low and moderate income) and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

Bank of Hydro maintains its headquarters in Hydro, Oklahoma, located approximately 60 miles west of Oklahoma City, Oklahoma. Hydro Bancshares, Inc. wholly owns the bank. The bank remains affiliated with BANK360, Cordell, Oklahoma, and First Bank and Trust of Memphis, Memphis, Texas through common ownership. However, this evaluation does not include any affiliate lending activity. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated December 12, 2017, based on Interagency Small Institution Examination Procedures.

Bank of Hydro operates from its main office and two full-service branches (Eakly and Weatherford) located in west central Oklahoma. The Weatherford branch maintains the bank's only automated teller machine, and the main office and Weatherford location operate drive-thru facilities. The bank did not open or close any offices and or participate in any merger or acquisition activities since the previous examination.

Bank of Hydro offers a full line of standard loan products such as commercial, home mortgage, agricultural, and consumer loans, primarily focusing on home mortgage lending. The bank offers standard deposit services such as checking, savings, certificate of deposit, and individual retirement accounts. Alternative banking services offered include mobile banking, remote deposit capture, debit cards, and one bank-owned automated teller machine.

As of the June 30, 2023, Call Report, the bank reported total assets of \$154.1 million, total loans of \$141.3 million, and total deposits of \$130.5 million. Since the prior evaluation, total assets increased by 24.1 percent, total loans increased by 19.9 percent, and total deposits increased by 22.7 percent. The following table illustrates the outstanding loan portfolio as of June 30, 2023, reflecting a distribution supportive of the institution's business focus, with home mortgage loans representing the largest portion of the loan portfolio.

Loan Portfolio Distribution as of 6/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	12,010	8.5
Secured by Farmland	7,972	5.7
Secured by 1-4 Family Residential Properties	58,550	41.4
Secured by Multifamily (5 or more) Residential Properties	8,612	6.1
Secured by Nonfarm Nonresidential Properties	34,820	24.6
Total Real Estate Loans	121,964	86.3
Commercial and Industrial Loans	9,946	7.0
Agricultural Production and Other Loans to Farmers	5,922	4.2
Consumer Loans	3,479	2.5
Obligations of State and Political Subdivisions in the U.S.	0.0	0.0
Other Loans	6.0	0.0
Lease Financing Receivable (net of unearned income)	0.0	0.0
Less: Unearned Income	0.0	0.0
Total Loans	141,317	100.0
<i>Source: Reports of Condition and Income.</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the AA's credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which examiners will evaluate its CRA performance. Bank of Hydro designated one AA consisting of all of Blaine, Caddo, Custer, and Washita counties located in the Oklahoma Non-Metropolitan Statistical Area (MSA). The AA conforms to CRA regulatory requirements. Due to the changes resulting from the 2020 U.S. Census Data, the number of census tracts in the AA increased by two. Additionally, the income designations for six census tracts changed.

Economic and Demographic Data

Based on 2020 U.S. Census Data, the Oklahoma Non-MSA AA contains 3 moderate-, 15 middle-, and 8 upper-income census tracts. The following table provides additional demographic and economic data for the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	26	0.0	11.5	57.7	30.8	0.0
Population by Geography	75,117	0.0	15.8	47.5	36.7	0.0
Housing Units by Geography	36,544	0.0	14.8	54.3	30.9	0.0
Owner-Occupied Units by Geography	20,469	0.0	8.6	54.7	36.7	0.0
Occupied Rental Units by Geography	8,929	0.0	27.9	46.3	25.8	0.0
Vacant Units by Geography	7,146	0.0	16.1	63.3	20.5	0.0
Businesses by Geography	7,682	0.0	16.3	47.9	35.8	0.0
Farms by Geography	698	0.0	8.9	62.9	28.2	0.0
Family Distribution by Income Level	19,232	19.7	16.5	19.6	44.2	0.0
Household Distribution by Income Level	29,398	22.7	14.7	17.4	45.1	0.0
Median Family Income - OK Non-MSA	\$58,565		Median Housing Value			\$107,600
				Median Gross Rent		\$662
				Families Below Poverty Level		11.7%

*Source: 2020 U.S. Census Data and 2022 D&B Data. Due to rounding, totals may not equal 100.0.
(*) The NA category consists of geographies that have not been assigned an income classification.*

According to the Oklahoma Workforce Briefing, major employment industries in the AA include government, retail trade, and accommodation and food services. The following table shows annual unemployment rates for the AA, State of Oklahoma, and nationwide.

Unemployment Rates			
Area	2021	2022	YTD 2023
	%	%	%
Blaine County	1.8	1.8	2.4
Caddo County	2.6	2.9	3.0
Custer County	2.1	2.0	2.9
Washita County	3.0	2.3	2.9
State of Oklahoma	2.5	2.6	3.3
National Average	3.7	3.3	3.9

Source: Bureau of Labor Statistics.

Examiners used the applicable FFIEC-updated median family income level to analyze home mortgage loans under the borrower profile criterion. The following table presents the low-, moderate-, middle-, and upper-income ranges based on the 2022 FFIEC-updated median family income of \$64,700 for the Oklahoma Non-MSA,

Median Family Income Ranges - Oklahoma Non-MSA				
Median Family Income	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$64,700)	<\$32,350	\$32,350 to <\$51,760	\$51,760 to <\$77,640	≥\$100,440
<i>Source: FFIEC.</i>				

Competition

The area reflects a high level of competition for financial services, based on its population. According to the FDIC Deposit Market Share data as of June 30, 2023, 30 financial institutions operate 51 offices within the AA. Of these institutions, Bank of Hydro ranked sixth with a 5.5 percent deposit market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and community needs. This information helps determine local financial institutions’ responsiveness to these needs and shows available credit and community development opportunities.

Examiners conducted a community contact with an economic development entity. The contact indicated the overall economy in the area remains in good condition, unemployment rates stay low, and local companies expand operations to employ more people. Due to a lack of housing in the area, the contact indicated that a good portion of the workforce commutes to the area for work. The contact stated a shortage of housing exists for moderate-income individuals, and housing credit proves too costly for many people due to the rise in interest rates. The contact also mentioned small business owners struggle to find access to affordable credit. The contact stated the same banks have been in the area for many years and appropriately serve the communities. Although multiple financial institutions operate in the area, the contact believes competition is good and does not limit opportunities for banks to serve the area.

Credit Needs

Considering information obtained from the community contact, demographic data, and bank management, examiners determined that small business and home mortgage loans, especially for affordable housing, represent the primary credit needs of the AA.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated December 12, 2017, to the current evaluation dated October 16, 2023. To assess performance, examiners applied Small Institution Procedures, which include the Lending Test. The appendix lists the test’s criteria.

Activities Reviewed

For the Lending Test, CRA Small Institution Procedures require examiners to determine the bank's major product lines for review. Initially, examiners may select from among the same loan categories used for CRA Large Bank Evaluations: home mortgage, small business, small farm, and consumer loans. The following table shows the bank's lending activity for 2022.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	12,549	19.6	23	5.3
Secured by Farmland	1,298	2.0	6	1.4
Secured by 1-4 Family Residential Properties	23,894	37.2	127	29.3
Multi-Family (5 or more) Residential Properties	4,241	6.6	8	1.8
Commercial Real Estate Loans	6,048	9.4	23	5.3
Commercial and Industrial Loans	10,175	15.8	99	22.8
Agricultural Loans	3,528	5.5	37	8.5
Consumer Loans	2,497	3.9	111	25.6
Other Loans	0	0.0	0	0.0
Total Loans	64,230	100.0	434	100.0

Source: 2022 Bank Data.

Considering the dollar volume and number of loans originated during 2022, as well as the products commonly reviewed for CRA, examiners determined the major product lines consist of commercial and home mortgage lending. This evaluation does not include a review of consumer or small farm loans since they do not reflect major product lines, when considering both number and dollar volume, and would not materially affect any conclusions or the rating.

For the Lending Test, this evaluation includes a review of home mortgage and small business loans originated or purchased in 2022, which represents the most recent completed calendar year of available data. D&B data for 2022 provided a standard comparison for small business loans, and 2020 U.S. Census data provided a standard of comparison for home mortgage loans.

This evaluation considers the following home mortgage loans for the noted Lending Test performance factors:

- Assessment Area Concentration - universe of 135 home mortgage loans totaling approximately \$28.1 million, and
- Geographic Distribution and Borrower Profile - universe of 57 home mortgage loans totaling approximately \$6.9 million originated inside the AA.

Additionally, this evaluation considers the following small business loans for the noted Lending Test performance factors:

- Assessment Area Concentration - universe of 120 small business loans totaling approximately \$12.5 million, and

- Geographic Distribution and Borrower Profile - universe of 84 small business loans totaling approximately \$5.6 million originated inside the AA.

Examiners considered the universe of loan products reviewed when determining loan product weighting. The following table shows that home mortgage loans comprise a majority of loans by both number and dollar volume. Therefore, home mortgage loans received more weight when arriving at conclusions.

Loan Products Reviewed				
Loan Category	Universe			
	#	%	\$(000s)	%
Home Mortgage	135	52.9	28,135	69.2
Small Business	120	47.1	12,516	30.8
Total	255	100.0	40,651	100.0

Source: 2022 Bank Data.

While the evaluation presents both the number and dollar volume of loans, examiners emphasized performance by number of loans when arriving at conclusions for the performance factors because the number of loans better indicates the number of individuals and businesses and served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Bank of Hydro demonstrated satisfactory performance regarding the Lending Test. A more than reasonable LTD ratio and reasonable records regarding geographic distribution and borrower profile support this conclusion. Although the bank originated a majority of loans outside the AA, it did not adversely affect the overall rating.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and AA's credit needs. The LTD ratio, calculated from Call Report data, averaged 103.2 percent over the past 23 quarters from December 31, 2017, to June 30, 2023, which reflects a slight decrease from the 105.6 percent LTD ratio reported at the previous evaluation. The ratio ranged from a high of 113.5 percent as of December 31, 2017 to a low of 95.0 percent as of March 31, 2021.

Examiners did not identify any comparable institutions operating within the bank's AA that report similar asset sizes and lending emphases; therefore, examiners expanded the search to a broader geographical area for comparison purposes. As illustrated in the following table, Bank of Hydro recorded the highest LTD ratio.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 6/30/2023 (\$000s)	Average Net LTD Ratio (%)
Bank of Hydro, Hydro, Oklahoma	154,057	103.2
Valor Bank, Edmond, Oklahoma	214,028	100.1
Corebank, Waynoka, Oklahoma	92,304	91.8
Security First National Bank of Hugo, Hugo, Oklahoma	131,252	77.8

Source: Reports of Condition and Income 12/31/2017-6/30/2023.

Assessment Area Concentration

A majority of loans are outside the institution's AA. A majority of home mortgage loans, by both number and dollar, originated outside the AA outweighs a majority of small business loans, by both number and dollar, originated inside the AA to support this conclusion. The bank's business strategy supports the ability to meet the credit needs within the AA while extending loans outside the AA, such as into the Oklahoma City area. Despite a majority of home mortgage loans originated outside of the AA, examiners determined the bank is still appropriately meeting the credit needs of its AA; therefore, the conclusion for this criterion did not adversely affect the overall rating.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	57	42.2	78	57.8	135	6,916	24.6	21,219	75.4	28,135
Small Business	84	70.0	36	30.0	120	5,641	45.1	6,875	54.9	12,516

Source: 2022 Bank Data.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. Reasonable performance regarding home mortgage and small business loans supports this conclusion. Since the AA does not include any low-income census tracts, examiners focused on the percentage by number of loans in moderate-income census tracts within the AA when arriving at conclusions.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. The following table shows that the bank's level of lending in moderate-income census tracts falls slightly below demographic data by 3.3 percentage points, reflecting reasonable performance.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	8.6	3	5.3	858	12.4
Middle	54.7	22	38.6	1,638	23.7
Upper	36.7	32	56.1	4,420	63.9
Not Available	0.0	0	0.0	0	0.0
Total	100.0	57	100.0	6,916	100.0

Source: 2020 U.S. Census; 2022 Bank Data.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. The following table shows that the bank's level of lending in moderate-income census tracts falls below demographic data by 5.6 percentage points and remains within a reasonable range.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	16.3	9	10.7	477	8.5
Middle	47.9	48	57.1	2,985	52.9
Upper	35.8	27	32.2	2,179	38.6
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	84	100.0	5,641	100.0

Source: 2022 D&B Data; 2022 Bank Data.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels (including low and moderate income) and businesses of different sizes. Reasonable records regarding small business and home mortgage lending support this conclusion. Examiners focused on the percentage by number of loans to businesses with gross annual revenue of \$1 million or less and to low- and moderate-income borrowers in the AA when arriving at conclusions.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels (including low and moderate income). The following table shows the bank's level of lending to low-income borrowers falls 14.4 percentage points below demographic, typically reflective of very poor performance. However, examiners considered certain performance context data affecting performance, such as 11.7 percent of the families in the AA live below the poverty level. In addition, a low-income family in the AA with an income below \$32,250 would not likely qualify for a home mortgage loan under conventional underwriting standards. Therefore, limited opportunities likely exist for lending to these low-income families.

After considering this additional information, the bank’s level of lending to low-income borrowers reflects poor performance.

The table further shows that to moderate-income borrowers, the bank’s lending level exceeds the demographic data by 1.0 percentage points, thereby reflecting reasonable performance. Examiners placed more weight on performance to moderate-income borrowers given the likely greater opportunities to lend to borrowers in this income category considering the performance factors noted previously.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	19.7	3	5.3	292	4.2
Moderate	16.5	10	17.5	1,209	17.5
Middle	19.6	6	10.5	366	5.3
Upper	44.2	38	66.7	5,049	73.0
Not Available	0.0	0	0.0	0	0.0
Total	100.0	57	100.0	6,916	100.0

Source: 2020 U.S. Census; 2022 Bank Data

Small Business Loans

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among businesses of different sizes. Examiners focused on the bank’s level of lending to businesses with gross annual revenue of \$1 million or less when arriving at this conclusion. The following table shows the bank originated more than seven out of every ten small business loans to businesses with gross annual revenue of \$1 million or less, reflecting a reasonable level.

Distribution of Small Business Loans by Gross Annual Revenues					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	61.5	36	42	1,512	26.8
\$100,000 - \$249,999	16.5	17	20	642	11.4
\$250,000 - \$499,999	4.9	4	4.	783	13.9
\$500,000 - \$1,000,000	2.3	7	8.	299	5.3
Subtotal <= \$1,000,000	85.2	64	76	3,236	57.4
>\$1,000,000	3.5	20	23	2,405	42.6
Revenue Not Available	11.3	0	0.	0	0.0
Total	100.0	84	10	5,641	100.0

Source: 2022 D&B Data; 2022 Bank Data.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.



Section III

List of Branches, Geographies and Hours of Operation

Main Bank –

Bank of Hydro
146 West Main Street
Hydro, Oklahoma 73048
(405) 663-2214

Census Tract Number - 1617.00
Census Tract Income - Middle
Caddo County, Oklahoma

Hours of Operation:

Lobby	Monday – Friday	9:00am – 3:00pm
Drive-Thru	Monday – Friday	8:00am – 3:00pm

Eakly Branch –

Bank of Hydro – Eakly Branch
432 West Main Street
Eakly, Oklahoma 73033
Phone (405) 797-3686

Census Tract Number – 1617.00
Census Tract Income - Middle
Caddo County, Oklahoma

Hours of Operation:

Lobby	Monday – Friday	9:00am – 3:00pm
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Weatherford East Branch –

Bank of Hydro – Weatherford East Branch
406 North Washington Avenue
Weatherford, Oklahoma 73096
Phone (580) 774-1300

Census Tract Number – 9607.01
Census Tract Income - Upper
Custer County, Oklahoma

Hours of Operation:

Lobby	Monday – Friday	9:00am – 3:00pm
Drive Thru	Monday – Friday	7:30am – 6:00pm
Drive Thru	Saturday	7:30am – 1:00pm



Weatherford Town Centre Branch –

Bank of Hydro – Weatherford Town Centre Branch

109 East Franklin

Weatherford, Oklahoma 73096

Phone (580) 774-1302

Census Tract Number – 9607.01

Census Tract Income - Upper

Custer County, Oklahoma

Hours of Operation:

Lobby

Monday – Friday

9:00am – 3:00pm

Drive Thru

Monday – Friday

7:30am – 4:00pm

Geographies:

The Bank of Hydro has, as its primary geography area, the area encompassed by the following Oklahoma counties: Washita; Custer; Blaine and Caddo. Boundaries beyond those stated shall not be considered as our primary geography area, however extensions of credit beyond those boundaries may be considered.



Section IV

List of branches opened or closed by our bank during the current and each of the prior two calendar years.

Bank of Hydro has opened one new branch during either the current year or the prior two calendar years.

Weatherford Town Centre Branch – Opened 12/12/2023

Bank of Hydro – Weatherford Town Centre Branch

109 East Franklin

Weatherford, Oklahoma 73096

Phone (580) 774-1302

Census Tract Number – 9607.01

Census Tract Income - Upper

Custer County, Oklahoma

The Bank of Hydro has not closed any branch locations during either the current year or the prior two calendar years.



Section V

List of Services and Fees.

Available Credit Services

Identified in this section are the specific types of credit services the Bank of Hydro is prepared to extend within the community. These credit services are available at our main bank location in downtown Hydro and at our locations in Eakly and Weatherford.

Consumer Loans

Secured and unsecured loans to individuals for personal, family, household purposes such as:

Automobile Loans

Recreational Vehicles

Personal Loans

Debt Consolidation Loans

Home Improvement Loans

Cattle Purchases

Aircraft

Equipment

Savings & CD's

Real Estate Loans

Secured consumer loans for purposes such as:

Purchase/Refinance of 1-4 family residential properties

Purchase/Refinance of unimproved real estate

Individual Construction Loans

Farmland Loans

Commercial Loans

Secured and unsecured loans for business and professional purposes including loans for:

Accounts Receivable and Inventory

Business Machinery and Equipment

Commercial Real Estate and Development

Commercial and Residential Construction

Oil and Gas Productions and Leasing

Business Operating Expense (Working Capital)

Small Business Acquisition and/or Development



Agricultural Expenses
Aircraft
Savings & CD's

Guaranteed Loans

Loans supported or guaranteed by:
Small Business Administration
Bureau of Indian Affairs
ODFA Loans
Farmers Home Administration
United States Department of Agriculture
Farm Service Agency (USDA)

Available Deposit Services

In this section we identify specific types of depository services offered to our customers. These services may be obtained at any of our locations under the same fee schedule presented. Transactions to accounts may be made at the main bank in downtown Hydro or at locations in Eakly and Weatherford.

Personal Accounts

Regular checking (Free and Interest Checking)
Regular Savings
Money Market Account
Certificate of Deposit
Individual Retirement Account

Commercial Accounts

Traditional Business Checking
Money Market Account
Regular Savings

Other Services Available

Night Depository Services
Telephone Banking
Online Banking
Mobile Banking



Miscellaneous Fees and Charges

ACCOUNT PRINTOUT

No Charge

ACCOUNT RESEARCH

\$25.00 Per Hour + \$0.25 Per Item (\$12.50 Minimum)

ATM/DEBIT CARDS

FREE/\$0.00 Initial Card Issuance

FREE/\$0.00 Monthly Fee Issued Upon Approval

Bank Charge for Purchases: No Charge

Debit Card Replacement: \$10.00 Each Card

Community Debit Card: \$10.00 Annual Fee (Donated To School)

CASHIERS CHECKS

No Charge

CHARGEBACKS

\$2.00 Per Item

COIN COUNTING MACHINE

Customers: No Charge

Non-Customers: 10.0% of Transaction

COLLECTION ITEMS

Incoming: No Charge

Outgoing: \$10.00

DEPOSIT BAGS

Zipper Bags: \$5.00 Per Bag

Locked Bag: \$50.00 Per Bag

DORMANT ACCOUNT

\$2.00 Monthly Fee

GARNISHMENT

\$25.00 Per Account

INSUFFICIENT FUNDS

Paid: \$20.00 Per Item

Returned: \$20.00 Per Item

LETTER OF CREDIT

\$100.00 Fee + 2.0% Per Year

MONEY ORDERS

No Charge

MONTHLY OVERDRAFT FEE

Wall Street Prime + 4.0%

MORTGAGE VERIFICATION OF DEPOSIT

No Charge



NOTARY SERVICES

No Charge

NSF TRANSFER PROTECTION

No Charge

(This feature allows the customer to automatically transfer money from one account to another to cover NSF checks. The amount needed to cover the NSF check will be transferred. The customer will not be charged an NSF fee, as long as funds are available to cover the NSF check.)

ONLINE BILL PAY

\$4.95 Monthly Fee

PHOTOCOPY

No Charge

SAFE DEPOSIT BOXES

Prices and availability may vary by location

\$200.00 drill fee per box for lost keys

STOP PAYMENT

\$20.00 Per Check

TELEPHONE TRANSFER

No Charge

WIRE TRANSFER

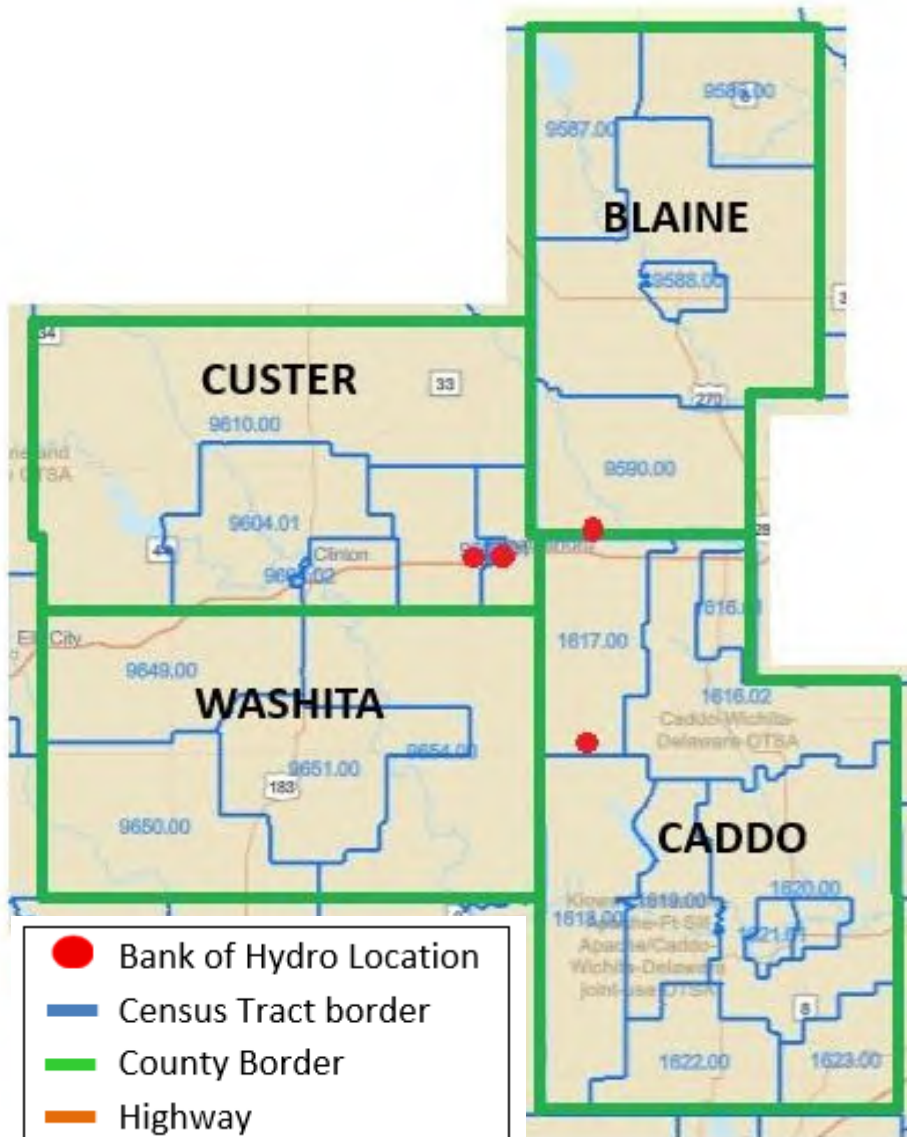
\$10.00 For All Wires Within U.S.

\$20.00 For All International Wires



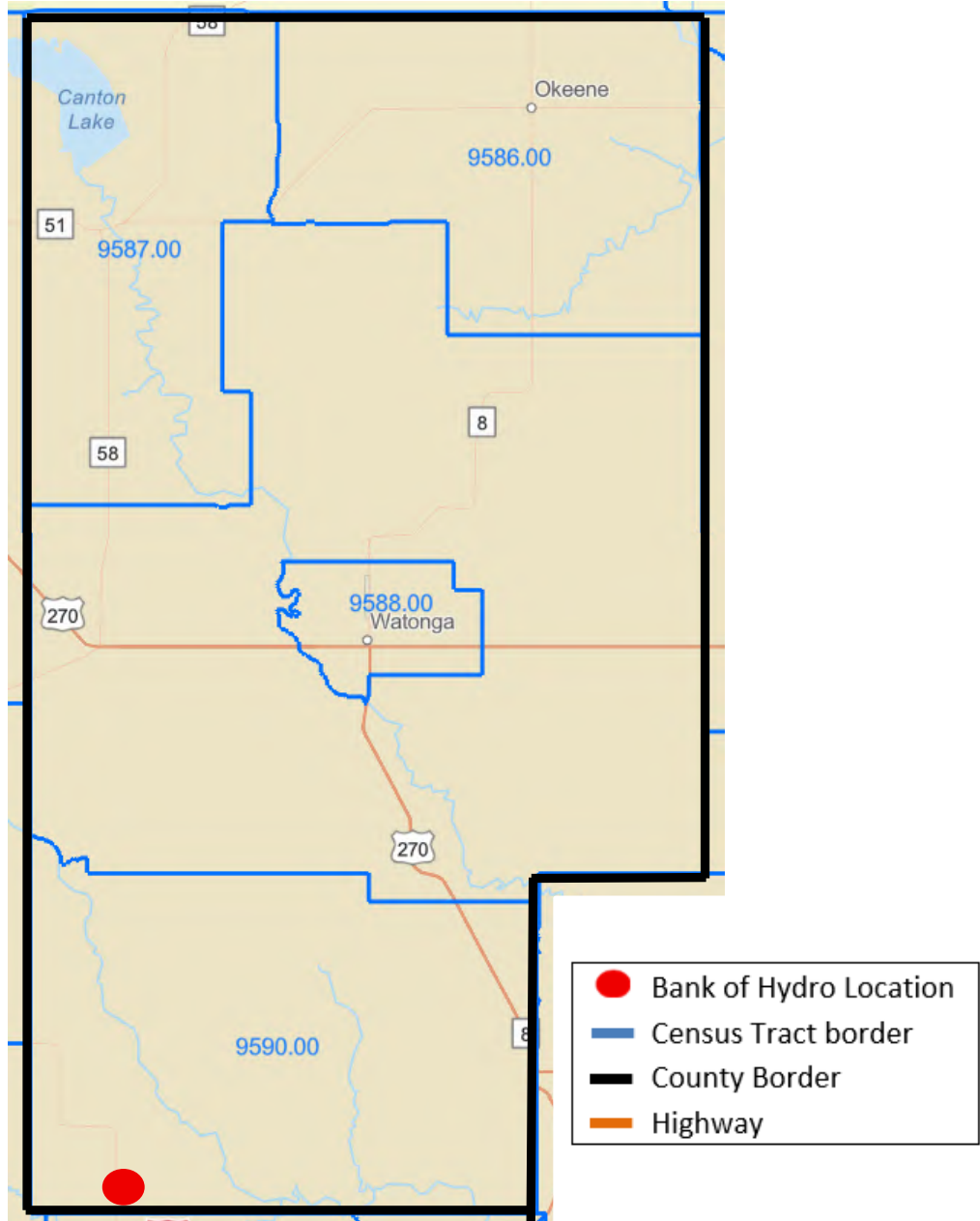
Section VI Assessment Areas

BANK OF HYDRO ASSESSMENT AREA





BLAINE COUNTY OKLAHOMA





2025 FFIEC Census Report - Summary Census Demographic Information

State: 40 - OKLAHOMA (OK)

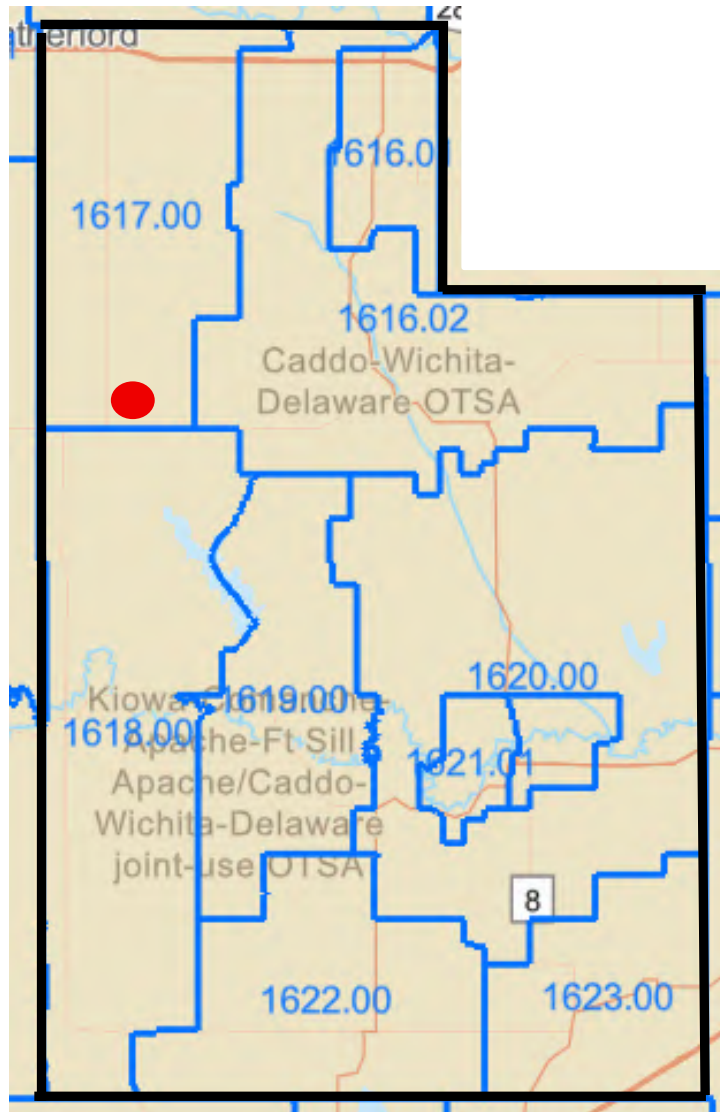
County: 011 - BLAINE COUNTY

Tract: All Tracts

Year	County Name	Tract code	Tract Income Level	Distressed or Underserved Tract	Tract Median Family Income %	2025 FFIEC Est. MSA/MD non-MSA/MD Median Family Income	2025 Estimated Tract median Family Income	2020 Tract Median Family Income	Tract Population	Tract Minority %	Tract Minority Population	Owner Occupied Units	1- to 4- Family Units
2025	BLAINE	9586.00	3 - Middle	Yes	93.38	\$74,200.00	\$69,288.00	\$54,688.00	1400	19.79	277	447	761
2025	BLAINE	9587.00	3 - Middle	Yes	119.02	\$74,200.00	\$88,313.00	\$69,706.00	1488	23.92	356	539	1048
2025	BLAINE	9588.00	4 - Upper	No	142.55	\$74,200.00	\$105,772.00	\$83,487.00	1135	13.13	149	490	727
2025	BLAINE	9589.00	2 - Moderate	No	73.63	\$74,200.00	\$54,633.00	\$43,125.00	3030	42.48	1287	672	1293
2025	BLAINE	9590.00	3 - Middle	Yes	104.31	\$74,200.00	\$77,398.00	\$61,094.00	1682	24.85	418	718	1218



CADDO COUNTY OKLAHOMA



- Bank of Hydro Location
- Census Tract border
- County Line
- Highway

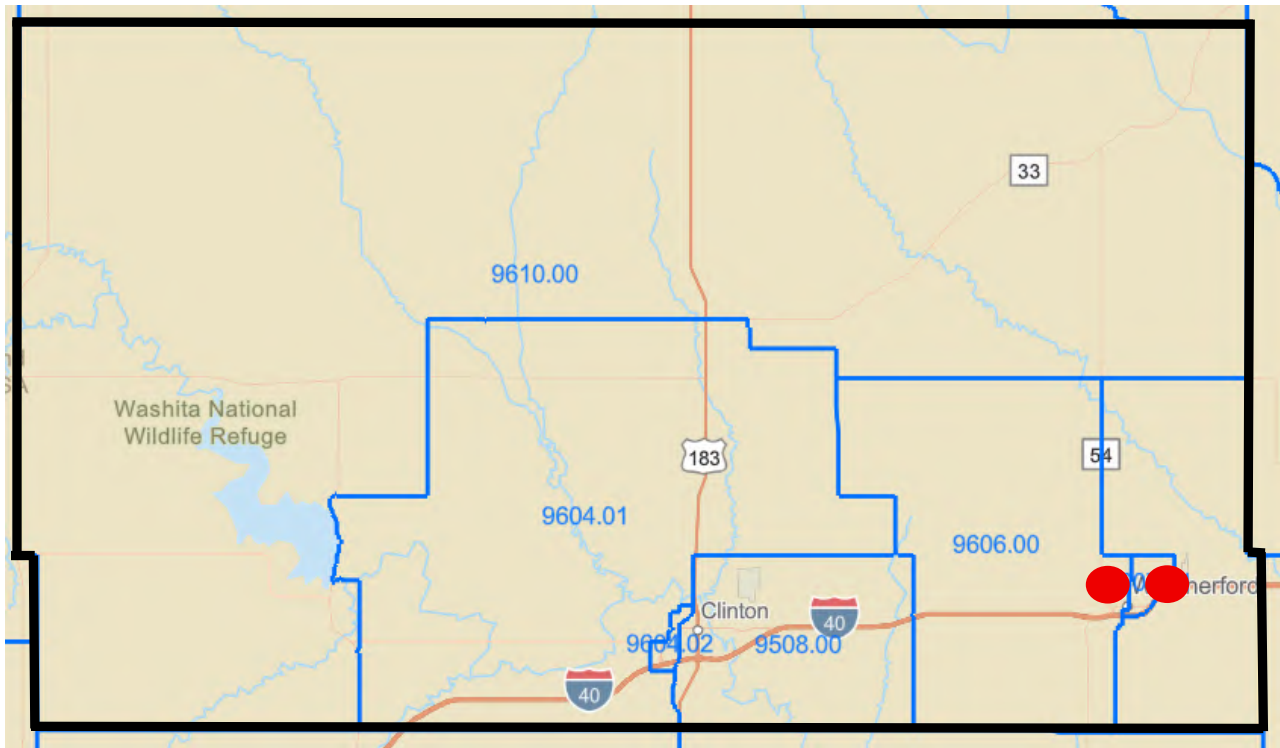


2025 FFIEC Census Report - Summary Census Demographic Information
State: 40 - OKLAHOMA (OK)
County: 015 - CADDO COUNTY
Tract: All Tracts

Year	County Name	Tract code	Tract Income Level	Distressed or Underserved Tract	Tract Median Family Income %	2025 FFIEC Est. MSA/JD non-MSA/JD Median Family Income	2025 Estimated Tract median Family Income	2020 Tract Median Family Income	Tract Population	Tract Minority %	Tract Minority Population	Owner Occupied Units	1- to 4- Family Units
2025	CADDO	1616.01	4 - Upper	No	133.23	\$74,200.00	\$98,857.00	\$78,029.00	5284	56.64	2993	670	1038
2025	CADDO	1616.02	3 - Middle	Yes	113.29	\$74,200.00	\$84,061.00	\$66,350.00	2162	22.62	489	844	1339
2025	CADDO	1617.00	3 - Middle	Yes	113.54	\$74,200.00	\$84,247.00	\$66,500.00	1625	24.18	393	502	845
2025	CADDO	1618.00	3 - Middle	Yes	81.75	\$74,200.00	\$60,659.00	\$47,880.00	2626	38.23	1004	976	1857
2025	CADDO	1619.00	3 - Middle	Yes	106.71	\$74,200.00	\$79,179.00	\$62,500.00	1400	31.14	436	523	882
2025	CADDO	1620.00	4 - Upper	No	122.37	\$74,200.00	\$90,799.00	\$71,667.00	2801	32.31	905	1002	1460
2025	CADDO	1621.01	3 - Middle	Yes	80.39	\$74,200.00	\$59,649.00	\$47,083.00	3000	65.77	1973	913	1576
2025	CADDO	1621.02	2 - Moderate	No	68.92	\$74,200.00	\$51,139.00	\$40,363.00	3337	77.2	2576	645	1620
2025	CADDO	1622.00	3 - Middle	Yes	94.69	\$74,200.00	\$70,260.00	\$55,461.00	2201	42.62	938	823	1259
2025	CADDO	1623.00	3 - Middle	Yes	100.31	\$74,200.00	\$74,430.00	\$58,750.00	2509	26.23	658	771	1232



CUSTER COUNTY OKLAHOMA



- Bank of Hydro Location
- Census Tract border
- County Border
- Highway



2025 FFIEC Census Report - Summary Census Demographic Information

State: 40 - OKLAHOMA (OK)

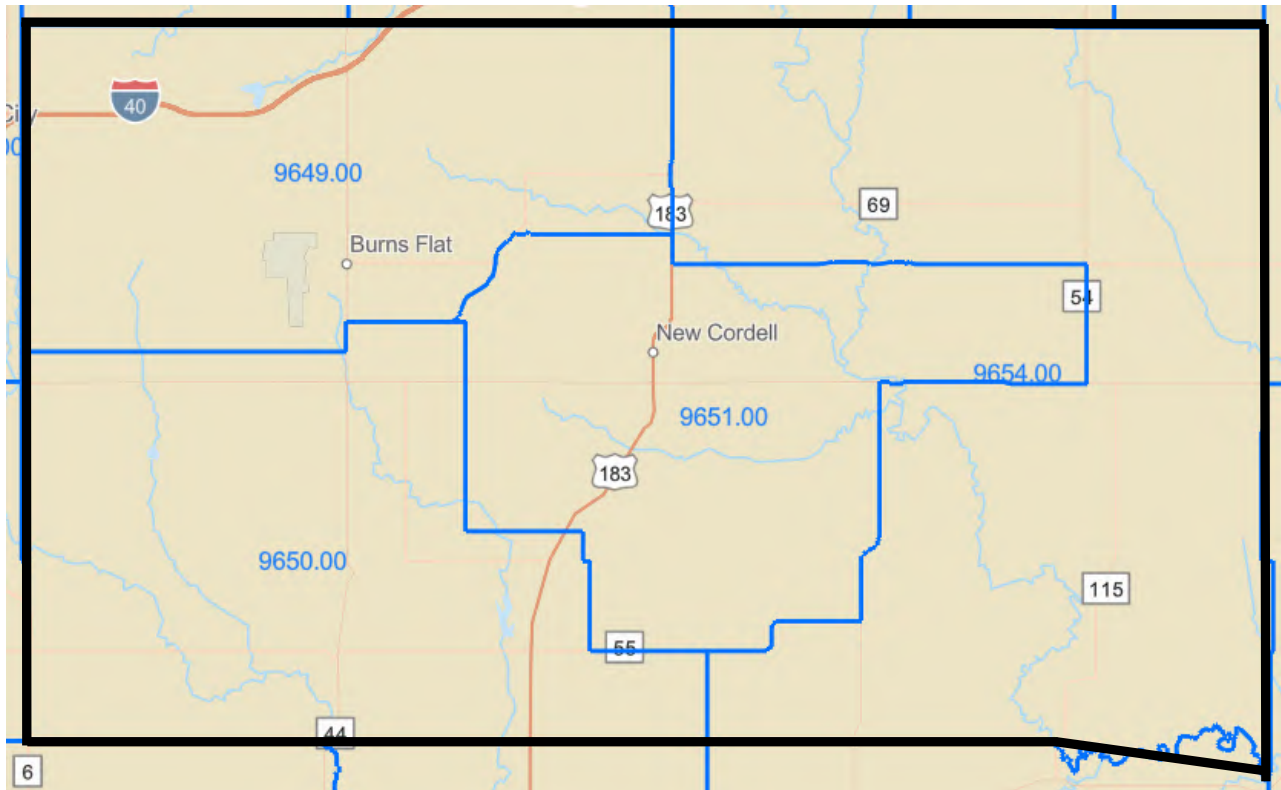
County: 039 - CUSTER COUNTY

Tract: All Tracts

Year	County Name	Tract code	Tract Income Level	Distressed or Underserved Tract	Tract Median Family Income %	2025 FFIEC Est. MSA/MD non-MSA/MD Median Family Income	2025 Estimated Tract median Family Income	2020 Tract Median Family Income	Tract Population	Tract Minority %	Tract Minority Population	Owner Occupied Units	1- to 4- Family Units
2025	CUSTER	9508.00	3 - Middle	No	83.79	\$74,200.00	\$62,172.00	\$49,076.00	3390	64.72	2194	903	1721
2025	CUSTER	9604.01	4 - Upper	No	120.77	\$74,200.00	\$89,611.00	\$70,732.00	3885	33.85	1315	1195	1817
2025	CUSTER	9604.02	4 - Upper	No	122.22	\$74,200.00	\$90,687.00	\$71,580.00	3406	49.03	1670	1138	1442
2025	CUSTER	9606.00	2 - Moderate	No	51.42	\$74,200.00	\$38,154.00	\$30,117.00	5504	37.57	2068	444	1641
2025	CUSTER	9607.01	4 - Upper	No	156.56	\$74,200.00	\$116,168.00	\$91,691.00	5983	26.22	1569	1462	2248
2025	CUSTER	9607.02	4 - Upper	No	206.91	\$74,200.00	\$153,527.00	\$121,181.00	3075	19.38	596	805	1010
2025	CUSTER	9610.00	3 - Middle	No	106.82	\$74,200.00	\$79,260.00	\$62,560.00	3270	18.9	618	912	1611



WASHITA COUNTY OKLAHOMA



- Bank of Hydro Location
- Census Tract border
- County Border
- Highway



2025 FFIEC Census Report - Summary Census Demographic Information

State: 40 - OKLAHOMA (OK)

County: 149 - WASHITA COUNTY

Tract: All Tracts

Year	County Name	Tract code	Tract Income Level	Distressed or Underserved Tract	Tract Median Family Income %	2025 FFIEC Est. MSA/MD non-MSA/MD Median Family Income	2025 Estimated Tract median Family Income	2020 Tract Median Family Income	Tract Population	Tract Minority %	Tract Minority Population	Owner Occupied Units	1- to 4- Family Units
2025	WASHITA	9649.00	3 - Middle	Yes	89.16	\$74,200.00	\$66,157.00	\$52,218.00	3776	20.82	786	980	1892
2025	WASHITA	9650.00	4 - Upper	No	164.26	\$74,200.00	\$121,881.00	\$96,202.00	1989	21.77	433	755	1149
2025	WASHITA	9651.00	3 - Middle	Yes	109.73	\$74,200.00	\$81,420.00	\$64,265.00	3409	15.58	531	829	1513
2025	WASHITA	9654.00	3 - Middle	Yes	116.56	\$74,200.00	\$86,488.00	\$68,269.00	1750	20.34	356	511	731



Section VII

Loan-to-Deposit Ratios

Our Loan-to-Deposit Ratio for Each Quarter of the Prior Calendar Year (2025):

<u>Quarter:</u>	<u>LTD Ratio:</u>
1 st Quarter – 2025	96.82%
2 nd Quarter – 2025	100.33%
3 rd Quarter – 2025	105.21%
4 th Quarter – 2025	109.61%
Average for Year	103.00%

Our Loan-to-Deposit Ratio for Each of the Prior 4 Quarters:

<u>Quarter:</u>	<u>LTD Ratio:</u>
2 nd Quarter – 2025	100.33%
3 rd Quarter – 2025	105.21%
4 th Quarter – 2025	109.63%
1 st Quarter – 2026	97.01%
Average for Year	103.05%



Section VIII

Other CRA Related Information:

In addition to the credit services outlined in Section V of this public file, the Bank of Hydro has reached out to help the community with special credit programs such as: Special community Loans.

The Bank of Hydro is a major supporter of bringing in new businesses and supporting our existing businesses in our smaller rural communities. The bank has provided funding and infrastructure for entities including:

- Restaurants
- Grocery Stores
- Medical offices
- Educational facilities
- Community utilities
- Infrastructure for High-Speed Internet
- Church renovations

The Bank of Hydro is a proud annual sponsor of the Century old Hydro Free Fair. The bank has helped finance and raise funds for the restorations of the well-loved train and one-of-a-kind carousel. Bank of Hydro is the cashier for the event and our employees work the entire fair selling tickets and shirts.

The Bank of Hydro enjoys supporting all facets of our local communities including:

- Schools
- Sports
- Groups and Clubs
- Local Events
- Fundraisers

The Bank of Hydro encourages our employees to give back to our communities. Many of our employees are active members of the following groups:

- Hydro Chamber of Commerce
- Weatherford Chamber of Commerce
- Kiwanis
- Masonic Lodge
- Agape Clinic
- Boy Scouts of America
- SWOSU Alumni