



**SMALL BANK**

---

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

---

## **PUBLIC DISCLOSURE**

**June 07, 2005**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank of Stigler  
Charter Number 7217**

**300 East Main  
Stigler, OK 74462**

**Comptroller of the Currency  
Tulsa (eastern Oklahoma)  
7134 South Yale Executive Ctr. Bldg., Suite 910  
Tulsa, OK 74136**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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

**General Information**

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **First National Bank of Stigler**, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of June 1, 2005. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Note: Throughout this evaluation, First National Bank of Stigler will be referred to as "FNB."

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

The primary factors that support this rating include:

- FNB generates a substantial majority of its loans within the defined assessment area.
- FNB's loan to deposit (LTD) ratio is satisfactory.
- FNB's lending to individuals of different income levels and businesses and farms of different sizes is satisfactory given the demographics of the assessment area.
- FNB is doing a satisfactory job of originating loans throughout the assessment area.
- FNB's lending performance is satisfactory given its size, financial condition, and known credit needs in its assessment area.
- FNB has not received any consumer complaints regarding CRA performance.

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

### **Description of Institution**

FNB is a \$79 million dollar rural community bank located in Stigler, Oklahoma. Stigler is located in Haskell County. FNB is wholly owned by Stigler Bancorporation, Inc., a one-bank holding company. The main bank and drive in facility are located in downtown Stigler. There are no branches. FNB does issue automated teller machine (ATM) cards and approximately 10 ATM's are available throughout the community. FNB also offers a 24-hour telephone banking service.

The bank's primary focus is to serve commercial and consumer customers in Stigler and the surrounding areas. The bank meets these needs by providing various loan and deposit products as well as other financial services. The bank's lending strategy focuses on real estate loans, consumer loans, and small business loans to meet the needs of the community. The table below shows the composition of the bank's loan portfolio, which represents 43.48% of total assets as of December 31, 2004. Management does not anticipate any significant changes in the composition of the loan portfolio in the near future.

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Real Estate Loans	5,456	15.70%
Commercial Loans	5,334	15.35%
Residential Real Estate Loans	4,602	13.24%
Farm Production Loans	6,359	18.30%
Farm Real Estate Loans	7,724	22.23%
Consumer Loans	4,045	11.64%
Other Loans	1,226	3.53%
<b>Total</b>	<b>34,746</b>	<b>100.00%</b>

Banking hours reasonably meet community needs, with the Main Office lobby hours Monday through Thursday 9:00am – 3:00pm, and Friday 9:00am – 5:30pm. The drive in hours are Monday through Friday 7:30am – 5:30pm, and Saturday 9:00am – 12:00pm. FNB faces competition from several other financial institutions in the assessment area. Based on its financial condition, the local economy, product offerings, competition, and prior performance, FNB has the ability to meet the various credit needs in its community. At our last CRA examination as of October 13, 1998 the bank’s CRA rating was “Satisfactory.” No legal impediments or other factors hinder the bank’s ability to provide credit in its assessment area.

## Description of Assessment Area

FNB's assessment area (AA) meets the requirements of the regulation and does not arbitrarily exclude low-or-moderate income geographies. The following table describes major demographic and economic characteristics of the assessment area.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
<i>Population</i>	
Number of Families	3,429
Number of Households	4,627
<i>Geographies</i>	
Number of Census Tracts/BNA	4
% Low-Income Census Tracts/BNA	0
% Moderate-Income Census Tracts/BNA	25
% Middle-Income Census Tracts/BNA	75
% Upper-Income Census Tracts/BNA	0
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	29,923
2004 HUD-Adjusted MFI	41,300
<i>Economic Indicators</i>	
2000 Median Housing Value	46,806
# of Households Below Poverty Level	1,019

The assessment area includes all census tracts in Haskell County. There are four census tracts in Haskell. One tract is "Moderate" income, and the remaining three are "Middle" income tracts. There are no "Low" income tracts in the county.

## Community Contact

In conjunction with this CRA examination, we conducted a community contact interview with a community action organization to learn about credit opportunities within the community and whether financial institutions address the credit and service needs of the community. The representative stated that FNB is very active in the community and responsive to the credit needs in its assessment area.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

The Performance Evaluation (PE) assesses FNB's performance focusing primarily on five performance criteria: the loan-to-deposit ratio; lending in the assessment area (AA); lending to borrowers of different incomes and businesses of different sizes; geographic distribution of loans; and responses to complaints.

To evaluate FNB's lending performance, a random sample was taken of 20 1 – 4 family home loans, 20 automobile loans, and 20 business loans, originated since February 2003. Based on the analysis and consistent with available resources and capabilities, FNB is meeting the credit needs of the assessment area in a satisfactory manner.

### **Loan-to-Deposit Ratio (LTD)**

FNB's quarterly average LTD meets the standards for satisfactory performance in light of the bank's size, financial condition, comparison to peer banks, and AA demographics. The bank's quarterly average LTD since the October 13, 1998 CRA Public Evaluation is 44.51%. The previous CRA examination indicated a quarterly average LTD of 35%. Peer banks had an average LTD of 68.00% over the same time period. One factor contributing to the bank's lower than peer LTD, is due to the bank's ability to attract most of the public funds deposits available in the AA. FNB is the only bank headquartered in Haskell County, and they work diligently to maintain these deposits. With such a high level of public funds, the bank must maintain adequate liquidity to allow for unplanned withdrawals.

### **Lending in the Assessment Area**

The level of FNB's lending activities within the AA exceeds the standards for satisfactory performance, as a substantial majority of FNB's loans are made within the AA. Our analysis determined that 80.67% of the number and 76.25% of the dollar amount of loans were made within the AA. Further, 77.01% of all loans currently outstanding were within the AA.

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

Lending patterns within the bank's AA indicate FNB meets the standards of satisfactory performance. Review indicates a satisfactory distribution of loans among borrowers of different income levels and businesses of different sizes. We based our review on a sample of 20 1-4 family residential real estate loans, 20 automobile loans, and 20 business loans within the AA.

Review of 1 – 4 family residential real estate loans and automobile loans indicates that the bank is satisfactorily lending to borrowers of different incomes.

<b>Borrower Distribution of Residential Real Estate Loans</b>								
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 Loans	25%	<b>5%</b>	23%	<b>15%</b>	22%	<b>45%</b>	30%	<b>35%</b>

Source: Loan sample and U.S. Census data.

<b>Borrower Distribution of Consumer Loans</b>								
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	29%	<b>40%</b>	18%	<b>30%</b>	19%	<b>20%</b>	34%	<b>10%</b>

Source: Loan sample and U.S. Census data.

FNB's loan distribution to small businesses is satisfactory. Small businesses are defined as those with gross annual revenues/sales of \$1 million dollars or less. The percentage of bank loans to businesses with revenues/sales less than \$1 million is higher than the percentage of businesses with revenues less than \$1 million located in the AA. Based on the sample of 20 business loans, 85% of the loans were made to businesses with gross revenues/sales of less than \$1 million.

<b>BORROWER DISTRIBUTION OF LOANS TO SMALL BUSINESSES</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	63%	4%	33%	100%
% of Bank Loans in AA by #	<b>85%</b>	<b>15%</b>	<b>0%</b>	100%

Source: Loan sample and U.S. Census data.

## Geographic Distribution of Loans

The geographic distribution of automobile, residential real estate, and business loans with the bank's AA indicate FNB's lending performance exceeds the standards for satisfactory performance. There are no low-income census tracts in the bank's AA, although it is evident from our sample that FNB completes a satisfactory level of loan transactions in the moderate-income census tract.

The geographic distribution of automobile loans reflects reasonable penetration throughout the AA. There are no low-income census tracts in the bank's AA. Our judgmental sample revealed that 15% of the automobile loans were originated in moderate-income census tracts. Total Households comprised 15% of the moderate-income census tracts.

AUTOMOBILE LOANS				
Census Tract Income Level	LOW	MODERATE	MIDDLE	UPPER
% of AA Households	0%	15%	85%	0%
LOANS BY PRODUCT	% of Number	% of Number	% of Number	% of Number
Automobile Loans	0%	15%	85%	0%

*Source: Loan sample and U.S. Census data.*

The geographic distribution of residential real estate loans reflects reasonable penetration throughout the AA. There are no low-income census tracts in the bank's AA. Our judgmental sample revealed that 15% of the loans were originated in moderate-income census tracts. Owner occupied units comprised 16% of the housing stock in the moderate-income census tracts.

RESIDENTIAL REAL ESTATE				
Census Tract Income Level	LOW	MODERATE	MIDDLE	UPPER
% of AA Owner Occupied	0%	16%	84%	0%
LOANS BY PRODUCT	% of Number	% of Number	% of Number	% of Number
Residential Real Estate	0%	15%	85%	0%

*Source: Loan sample and U.S. Census data.*

The geographic distribution of small business loans meets the standard for satisfactory performance. There are no low-income census tracts in the bank's AA. Six percent of the small business loans in our sample were originated in moderate-income census tracts. Thirteen percent of the small businesses in the AA are situated in moderate-income census tracts.

BUSINESS LOANS				
Census Tract Income Level	LOW	MODERATE	MIDDLE	UPPER
% of AA Businesses	0%	13%	87%	0%
LOANS BY PRODUCT	% of Number	% of Number	% of Number	% of Number
Small Business	0%	6%	94%	0%

*Source: Loan sample and U.S. Census data.*



### **Responses to Complaints**

Neither FNB nor the OCC received any complaints relevant to CRA during the evaluation period.

### **Compliance with Fair Lending Laws and Regulations**

We found no evidence of illegal discrimination or other illegal credit practices.