



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

April 16, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Stigler
Charter Number 7217

300 East Main
Stigler, OK 74462-0000

Office of the Comptroller of the Currency

TULSA (EASTERN OKLAHOMA) Field Office
Executive Center Building 7134 South Yale, Suite 910
Tulsa, OK. 74136-6360

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.

Based on this evaluation, First National Bank of Stigler (FNB) has a satisfactory record of meeting the credit needs of its assessment area. This is demonstrated by the following:

- The loan-to-deposit ratio is reasonable and has averaged 45% since our last examination.
- FNB generates a substantial majority of its loans within the defined assessment area.
- The level of lending by number and dollar amount of loans to small farms exceeds the characteristics of the assessment area and is excellent.
- The level of lending by number of loans to small businesses exceeds the characteristics of the assessment area and is excellent.
- The geographic distribution of loans to small businesses and small farms is reasonable.

SCOPE OF EXAMINATION

This Performance Evaluation (PE) covers the period June 8, 2005 through December 31, 2009. The review was conducted using small bank examination procedures to assess FNB's lending performance focusing on five performance criteria: the loan-to-deposit ratio; lending in the AA; lending to borrowers of different incomes and to businesses/farms of different sizes; geographic distribution of loans; and, responses to complaints.

Major loan products offered by the bank were sampled and consisted of 20 commercial business loans, 20 business real estate loans, and 20 agriculture/farm production loans originated since January 1, 2007. We contacted a member of a local community organization to gain a better understanding of the needs of the citizens residing within the assessment area of Haskell County.

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

DESCRIPTION OF INSTITUTION

FNB is a \$98 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 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, agriculture farming, 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. Although the bank offers a variety of traditional credit products, its lending strategy focuses on commercial loans, including commercial real estate loans. Based on FNB's financial performance, there are no impediments that would limit the bank's ability to meet the credit needs of its assessment area. The table below shows the composition of the bank's loan portfolio, which represents 36.52% of total assets as of December 31, 2009. The bank's loan portfolio is concentrated in commercial loans followed by farm/agricultural production, and then residential loans. Management does not anticipate any significant changes in the composition of the loan portfolio in the near future.

Loan Category	\$ (000)	%
Commercial Real Estate Loans	6,721	18.69%
Commercial Loans	7,160	19.91%
Residential Real Estate Loans	6,099	16.96%
Farm Production Loans	6,194	17.23%
Farm Real Estate Loans	6,008	16.71%
Consumer Loans	3,547	9.86%
Other Loans	230	.64%
Total	35,959	100.00%

Source: December 31, 2009 Consolidated Reports of Condition and Income

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/branches 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 June 1, 2005, 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.

See the bank's Public File for additional information.

DESCRIPTION OF ASSESSMENT AREA(S)

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.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
Population	
Number of Families	3,429
Number of Households	4,627
Geographies	
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	35,517
2000 HUD-Adjusted MFI	46,400
Economic Indicators	
2000 Median Housing Value	46,806
# of Households Below Poverty Level	1,019

Source: CRA WIZ, Bureau of Statistics: 2000 Census Data

The assessment area includes all census tracts in Haskell County. There are four census tracts in Haskell County. 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 commercial business loans, 20 business real estate loans, and 20 agriculture/farm production loans originated since January 1, 2007. 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

FNB's loan-to-deposit (LTD) ratio **meets** the standard for satisfactory performance in light of the bank's size, financial condition, comparison to peer banks, and AA demographics. The bank's LTD ratio since the last examination has averaged 45% compared to an average LTD ratio of 65% for the peer institution. The LTD ratio stated is derived by calculating the quarterly average since March 2006. FNB attracts most of the area's public funds deposits in the AA which contributes to the lower than peer LTD ratio. The bank has historically maintained a stable deposit base and a more than adequate level of liquidity.

Lending in Assessment Area

FNB's lending within the assessment area **exceeds** the standard for satisfactory performance. A majority of loans originated by the bank are to borrowers and businesses that reside within the bank's assessment area. All of the following loans were originated since January 1, 2007. Bank records contain sufficient information to determine if loans are granted to customers located in or out of the bank's assessment area.

TOTAL LOANS REVIEWED								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Commercial Business Loans	179	83	4,716	62	33	15	1,042	14
Commercial Real Estate Loans	51	81	7,295	81	12	19	1,675	19
Farm Production Loans	258	84	4,111	69	48	16	1,301	22
Total	488	83	16,122	72	93	16	4,018	18

Source: Internal Bank Records

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

This CRA small bank lending evaluation does not include consumer home loans or consumer loans as the bank's top three (3) primary product types were: Commercial Business Loans, Commercial Real Estate Loans, and Farm Production Loans. FNB's pattern of lending to commercial businesses and agricultural/farm production **meets** the standard for satisfactory performance. This conclusion was based on a loan sample of 20 commercial business loans, 20 commercial real estate loans, and 20 farm production loans originated within the assessment area since January 2007.

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. Revenue information for businesses was derived from the 2000 Census. The tables below reflect the distribution of small business loans within the bank's AA.

Table 2 - Borrower Distribution of Loans to Commercial Businesses in Haskell County				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	61.39	2.34	36.27	100.00
% of Bank Loans in AA by #	85.00	15.00	0.00	100.00
% of Bank Loans in AA by \$	47.86	52.14	0.00	100.00

Table 2A - Borrower Distribution of Loans to Commercial Real Estate in Haskell County				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	61.39	2.34	36.27	100.00
% of Bank Loans in AA by #	80.00	20.00	0.00	100.00
% of Bank Loans in AA by \$	65.49	34.51	0.00	100.00

Table 2B - Borrower Distribution of Loans to AG Cattle & Equipment in Haskell County				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Farms	98	1	1	100.00
% of Bank Loans in AA by #	100.00	0.00	0.00	100.00
% of Bank Loans in AA by \$	100.00	0.00	0.00	100.00

Source for each above table: Loan sample, Dunn and Bradstreet Data. 36% of AA businesses did not report revenue data.

Geographic Distribution of Loans

The geographic distribution of small business loans and agricultural/farm 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.

Table 3 - Geographic Distribution of Commercial Business Loans in Haskell County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% AA Comm Bus.	% of Number of Loans	% of AA Comm Bus.	% of Number of Loans	% of AA Comm Bus.	% of Number of Loans	% of AA Comm Bus.	% of Number of Loans
% of Total	0.00	0.00	14.29	0.00	85.71	100.00	0.00	0.00

Table 3A - Geographic Distribution of Commercial Real Estate Loans in Haskell County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Comm Bus.	% of Number of Loans	% of AA Comm Bus.	% of Number of Loans	% of AA Comm Bus.	% of Number of Loans	% of AA Comm Bus.	% of Number of Loans
% of Total	0.00	0.00	14.29	55.00	85.71	45.00	0.00	0.00

Table 3B – Geographic Distribution of AG Cattle and Equipment Loans in Haskell County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
% of Total	0.00	0.00	24.47	0.00	75.53	100.00	0.00	0.00

Source for each above table: Loan sample; 2000 US Census Data

Responses to Complaints

FNB has not received any formal CRA complaints since the prior CRA examination in 2005. The bank’s CRA public file contains all required public disclosures.

Fair Lending or Other Illegal Credit Practices Review

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