



SMALL BANK

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

PUBLIC DISCLOSURE

September 12, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank, Henryetta
Charter Number 15462**

**305 West Trudgeon
Henryetta, Oklahoma 74437**

**Comptroller of the Currency
Eastern Oklahoma Field Office
7134 South Yale Avenue, Suite 910
Tulsa, Oklahoma 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.

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 the First National Bank. Prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of **September 12, 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, we will refer to First National Bank as "FNB."

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

Institution's CRA Rating: Satisfactory

The major factors that support this rating include:

- A substantial majority of the bank's loans are within the assessment area (AA).
- The bank's loan-to-deposit ratio is satisfactory.
- The bank's lending performance to individuals of different income levels and businesses and farms of different sizes is satisfactory given the demographics of the AA.
- The bank is doing a good job of originating loans throughout the AA.
- The bank has not received any consumer complaints regarding their CRA performance.

Description of Institution

FNB is a \$60 million dollar rural community bank located in Henryetta, Oklahoma. Henryetta is located in Okmulgee County, approximately 50 miles south of Tulsa, Oklahoma. FNB was chartered in 1965 and is owned by First Okmulgee Corporation, a multi-bank holding company headquartered in Okmulgee, Oklahoma. FNB serves the AA with a full-service main office near downtown. The facility includes 5 drive-thru lanes, including a single-lane drive-thru for Automated Teller Machine (ATM) service. FNB also offers a 24-hour telephone banking service. Consumers can obtain general information about loan and deposit products from the bank's website at <http://www.firsthenryetta.com>.

Main bank lobby services are provided Monday through Friday, and Monday through Saturday at the drive-thru. FNB offers a wide variety of banking services and loan and deposit products to meet consumer and commercial banking needs, although they also face strong lending competition from several other financial institutions in the AA. There are no legal or financial impediments to prevent the bank from meeting the credit needs of the AA. The bank received an overall **Satisfactory** rating for the last CRA Public Evaluation dated October 5, 1998.

FNB's lending strategy focuses on one-to-four family real estate loans, consumer loans, and small business loans to meet the needs of the local community. As of June 30, 2005 the loan portfolio comprises 65% of total assets and consists of the following loan types:

Loan Category	\$ (000)	%
Commercial Loans	6,204	16
Residential Real Estate Loans	14,373	37
Consumer Loans	5,126	13
Construction/Land Development	824	2
Commercial Real Estate Loans	8,179	21
Farmland/Agricultural production	4,276	11
Other	189	0
Total	39,171	100.00

Source: June 30, 2005 Consolidated Report of Condition and Income

Description of Assessment Area

FNB's assessment area meets the requirements of the regulation and does not arbitrarily exclude low-or-moderate income geographies. The AA consists of 20 census tracts located in 3 counties (Okmulgee, Okfuskee, and McIntosh). Fourteen banks, consisting of main bank and branch bank facilities, dominate banking competition in the AA. The following table further describes major demographic and economic characteristics of the AA.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	19,471
Number of Households	27,674
<i>Geographies</i>	
Number of Census Tracts/BNA	20
% Low-Income Census Tracts/BNA	0%
% Moderate-Income Census Tracts/BNA	40%
% Middle-Income Census Tracts/BNA	60%
% Upper-Income Census Tracts/BNA	0%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$40,089
2004 HUD-Adjusted MFI	\$46,610
<i>Economic Indicators</i>	
2000 Median Housing Value	\$51,951
# of Households Below Poverty Level	5,435

Source: 2000 United States Census

Community Contact

We contacted a representative of the local Chamber of Commerce to gain a better understanding of the credit and community development needs of the AA. The representative stated the local banks are active in community development opportunities when available and are also responsive to the credit needs of the AA residents, particularly consumer, real estate, and small business lending.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

To evaluate FNB's lending performance, we selected a random sample of 20 automobile loans and 20 commercial loans originated since January 2004. Our sample of residential real estate loans consisted of all loans reported on the bank's 2004 and year-to-date September 12, 2005 Home Mortgage Disclosure Act (HMDA) reports.

Loan-to-Deposit Ratio (LTD)

FNB's quarterly average LTD ratio **meets** the standards for satisfactory performance in light of the bank's size, financial condition, and comparison to peer banks. The bank's quarterly average LTD ratio since the October 5, 1998 CRA Public Evaluation is 55% compared to a peer bank average over the same period of 62%. FNB's LTD ratio as of June 30, 2005 is 74%.

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 the number and dollar amount of FNB's loans (85% and 90%, respectively) are within the AA, predominately in Henryetta, Oklahoma.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Recent lending patterns within the bank's AA indicate FNB **meets** the standards for satisfactory performance. The tables below summarize our conclusions regarding the bank's lending activities for each of the loan types we sampled.

Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA families	% of loans reviewed	% of AA families	% of loans reviewed	% of AA families	% of loans reviewed	% of AA families	% of loans reviewed
Residential RE Loans	29%	28%	21%	26%	21%	18%	29%	28%

Source: 2004 and YTD 9/12/05 HMDA reports and 2000 United States Census.

Borrower Distribution of Automobile Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA households	% of loans reviewed	% of AA households	% of loans reviewed	% of AA households	% of loans reviewed	% of AA households	% of loans reviewed
Automobile Loans	27%	35%	17%	25%	18%	25%	38%	15%

Source: Loan sample and 2000 United States Census.

Borrower Distribution of Loans to Small Businesses				
Gross Annual Revenues of Business	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA businesses	65%	4%	31%	100%
% of loans reviewed	85%	15%	0%	100%

Source: Loan sample and 2000 United States Census

Geographic Distribution of Loans

The geographic distribution of automobile, residential real estate, and business loans within the bank's AA indicate FNB's lending performance **exceeds** the standards for satisfactory performance. There are no low-income or high-income census tracts in the bank's AA, although it is evident from our loan sample that FNB completes a high number of loan transactions in Henryetta, which contains exclusively moderate-income census tracts. To complete our review of residential real estate lending performance we used the bank's 2004 and year-to-date September 12, 2005 HMDA reports. The tables below summarize our conclusions regarding the bank's lending activities for each of the loan types we sampled.

AUTOMOBILE LOANS				
Census Tract Income Level	LOW	MODERATE	MIDDLE	UPPER
% of AA households	0%	43%	57%	0%
% of loans reviewed	0%	70%	30%	0%

Source: Loan sample and 2000 United States Census.

RESIDENTIAL REAL ESTATE				
Census Tract Income Level	LOW	MODERATE	MIDDLE	UPPER
% of AA owner occupied	0%	39%	61%	0%
% of loans reviewed	0%	93%	7%	0%

Source: 2004 and YTD 9/12/05 HMDA reports and 2000 United States Census.

BUSINESS LOANS				
Census Tract Income Level	LOW	MODERATE	MIDDLE	UPPER
% of AA businesses	0%	45%	55%	0%
% of loans reviewed	0%	75%	25%	0%

Source: Loan sample and 2000 United States Census.

Responses to Complaints

Neither FNB nor the OCC received any CRA related complaints on FNB since the previous CRA evaluation.

Compliance with Fair Lending Laws and Regulations

FNB has a satisfactory record of compliance with fair lending laws and regulations.