



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

October 22, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Lindsay
Charter Number 6171

101 South Main
Lindsay, OK 73052

Office of the Comptroller of the Currency

The Harvey Parkway Building
301 NW 63rd Street, Suite 490
Oklahoma City, OK 73116-7908

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

Major factors that support this rating include:

- The bank's lending performance is satisfactory given its size, financial condition, and known credit needs in its assessment area.
- A substantial majority of the loans sampled were originated or purchased within the bank's assessment area.
- The bank's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance.
- The borrower distribution of loans reflects excellent penetration among businesses and agricultural operations of different sizes and exceeds the standard for satisfactory performance.
- The bank's distribution of loans to geographies of different income levels in its assessment area meets the standard for satisfactory performance.

The First National Bank of Lindsay, Oklahoma, is committed to serving the community. This is demonstrated by satisfactory lending performance as described in this Public Evaluation.

SCOPE OF EXAMINATION

The First National Bank of Lindsay (FNB) was evaluated under the Small Bank examination procedures, which include a lending test. The lending test evaluates the bank's record of meeting the credit needs of its assessment area (AA) through its lending activities. The bank's assessment area was reviewed and includes census tracts located in four adjacent counties: Garvin County, McClain County, Grady County, and Stephens County.

FNB products sampled include business and agricultural loans together with associated real estate loans. Sampled loans were originated or purchased in either 2010 or 2011 which is within the evaluation period. FNB does not have any offices in a Metropolitan Statistical area and is therefore not required to complete the Home Mortgage Disclosure Act reporting log.

DESCRIPTION OF INSTITUTION

FNB is a community bank located in Lindsay, Oklahoma. FNB is wholly-owned by First Lindsay Corp., a one-bank holding company. FNB has a single operating facility located at 101 S Main Street in Lindsay. The facility includes drive-thru banking services and the bank's single Automated Teller Machine (ATM). No branch locations have been opened or closed since the prior CRA examination.

FNB's primary focus is to serve agricultural and consumer customers in the immediate Lindsay and surrounding area. FNB is a full-service institution providing traditional loan and deposit products to meet the community needs. As of December 31, 2011, total bank assets amounted to \$37.8 million and the gross loans and leases to total assets ratio equaled 40 percent. FNB's loan portfolio composition is depicted in the following table:

Loan Portfolio Composition as of December 31, 2011		
Loan Category	\$ (000)	%
Business Loans & Related Real Estate	\$7,250	47.9%
Agricultural Loans & Related Real Estate	\$4,082	26.9%
Residential	\$2,620	17.3%
Individual	\$1,128	7.4%
Other	\$75	0.5%

Source: 12/31/11 Call Report Schedule RC-C

There are no legal or financial impediments to FNB's ability to meet the credit needs of its assessment area. The bank was rated Satisfactory at its last CRA examination dated April 17, 2006.

DESCRIPTION OF ASSESSMENT AREA(S)

FNB's assessment area consists of contiguous portions of four political subdivisions; Garvin County, McClain County, Grady County, and Stephens County. The assessment area does not reflect illegal discrimination or arbitrarily exclude any low- or moderate-income geographies. All requirements of the CRA regulation are satisfied.

FNB's assessment area is located in the northeast portion of the southwest quadrant of the State of Oklahoma. The assessment area is comprised of five middle-income census tracts in Garvin County (#9914, #9916, #9917, #9918, #9919); one middle-income census tract in McClain County (#4003); one middle-income census tract in Stephens County (#9); and one moderate-income census tract in Grady County (#7). The bank's building location, drive-thru, and ATM are located within census tract #9918 which is the northwest portion of Garvin County. The following table based on 2000 U.S. Census data describes major demographic and economic characteristics of FNB's assessment area:

Demographic and Economic Characteristics of FNB's AA					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	8	0.00%	12.50%	87.50%	0.00%
Population by Geography	39,891	0.00%	18.62%	81.38%	0.00%
Owner-Occupied Housing by Geography	17,627	0.00%	69.86%	69.54%	0.00%
Businesses by Geography	4,273	0.00%	14.35%	85.65%	0.00%
Farms by Geography	518	0.00%	22.39%	77.61%	0.00%
Family Distribution by Income Level	11,580	22.25%	20.85%	22.25%	34.65%
Household Distribution by Income Level	15,882	23.17%	16.40%	19.85%	40.57%
HUD Updated MSA Median Family Income		Median Housing Value			\$54,099
HUD-Adjusted MFI: 2011 HUD-Adjusted MFI: 2010	\$51,750 \$50,250	Households Below the Poverty Level			15.43%
		Households on Social Security			33.40%
		Households on Retirement			17.35%

Source: 2000 U.S. Census Data

The current state of the local economy for the assessment area is characterized as stable. The local economy continues to be driven by the energy and agriculture markets. Due to the thriving oil and natural gas markets, energy companies, and oil and gas service companies are locating or opening satellite offices in or around Lindsay. Recent months have seen the opening of several new businesses, including JACAM oilfield services, Jerry Tucker Roustabout, Central Oklahoma Reclamation, Streamline Oil & Gas, and Lindsay Express Mart. Additional employers in the area include the Rural Electric Cooperative, Wal-Mart, Lindsay Public Schools, the City of Lindsay, and the local hospital.

In conducting the assessment of the bank's performance, a community contact was made with a member of the local government. Based on the City's Community Plan, there appears to be opportunities for the financial institutions to assist in retaining and expanding existing businesses, since there are few active businesses and activities in Lindsay's Main Street District. FNB is a member of the Chamber Board and an active member of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

This performance evaluation assesses FNB's performance focusing primarily on five performance criteria: the loan-to-deposit ratio; lending in the assessment area; lending to borrowers of different incomes and to businesses of different sizes; geographic distribution of loans; and responses to CRA related complaints. Since, FNB's assessment area includes no low-income and only one moderate-income census tract, the geographic distribution of loans performance criteria was given less weight.

To assess FNB's lending performance, a total of 24 agricultural loans and 25 business loans originated during the evaluation period, primarily years 2010 and 2011, were evaluated. Agricultural loans and business loans serve as FNB's primary loan products. 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

The average quarterly LTD ratio is 48 percent for the period ranging from June 2006 to December 2011. Ratios of four similarly situated institutions were evaluated over the same period. The quarterly average LTD ratio for the other institutions ranged from 37 percent to 77 percent.

In light of the bank's performance context, FNB's LTD ratio is considered reasonable. There are no internal factors prohibiting or hindering FNB's lending ability; however, externally a lack of sufficient loan demand is predominant. FNB's lending on average over the past 5 years, from year end 2006 to year end 2011, has held constant declining by only 1 percent; however, the bank's deposits have shown significant growth, 45 percent, over the same time period. The high deposit growth and stable loan and lease base have contributed to the decline in FNB's LTD ratio from the prior CRA evaluation. FNB is doing as well as can be expected given its performance context. FNB LTD ratio meets the standard for satisfactory performance.

The following table shows total assets as of December 31, 2011, and the average LTD ratio for FNB as well as the four other similarly situated institutions:

Institution	Assets as of 12/31/11 \$(000)	Average LTD Ratio
The State Bank of Wynnewood	72,218	76.87
The First National Bank in Marlow	66,967	64.14
Farmers and Merchants Bank	18,116	48.73
The First National Bank of Lindsay	37,825	47.96
American Exchange Bank, Lindsay	44,666	36.82

Source: Uniform Bank Performance Reports

Lending in Assessment Area

FNB's lending in their assessment area exceeds the standard for satisfactory performance. A substantial majority of agricultural and business loans sampled were originated within FNB's assessment area. This conclusion is based on the random sample of 24 agricultural loans and 25 business loans originated or purchased over the years of 2010 and 2011, during FNB's evaluation period. The following table depicts FNB's lending in their assessment area:

Lending in FNB's AA										
Loan Type	Number of Loans				Total	Dollars of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Agriculture & Related Real Estate	24	100%	0	0%	24	880,766	100%	0	0%	880,766
Business & Related Real Estate	19	73.08%	6	23.08%	25	1,527,879	57.30%	1,138,385	42.70%	2,666,264
Totals	43	87.76%	6	12.24%	49	2,408,645	67.91%	1,138,385	32.09%	3,547,030

Source: Bank Documents; Random Sample of 24 Agriculture & 25 Business Loans

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

Distribution of loans reflects excellent penetration and exceeds the standard for satisfactory performance for lending among businesses and agricultural operations of different sizes. The following tables represent the distribution of lending based on the samples of 24 agricultural loans and 20 business loans originated or purchased during the years of 2010 and 2011, within FNB's evaluation period and assessment area.

Borrower Distribution of Loans to Farms in FNB's AA				
Business Revenues (or Sales)	≤ \$1,000,000	>\$1,000,000	Unavailable / Unknown	Total
% of AA Farms	99.23%	0.39%	0.39%	100%
% of Bank Loans in AA by #	100.00%	0.00%	0.00%	100%
% of Bank Loans in AA by \$	100.00%	0.00%	0.00%	100%

Source: Dunn & Bradstreet Data; Agriculture Loan Sample

FNB's distribution to agricultural operations of different sizes reflects excellent penetration and exceeds the standard. All sampled agricultural loans originated or purchased were to small operations with annual gross revenues of less than \$1 million. This percentage exceeds the percentage of farms with revenues less than \$1 million located in the assessment area.

Borrower Distribution of Loans to Businesses in FNB's AA				
Business Revenues (or Sales)	≤ \$1,000,000	>\$1,000,000	Unavailable / Unknown	Total
% of AA Businesses	63.42%	2.41%	34.17%	100%
% of Bank Loans in AA by #	95.00%	5.00%	0.00%	100%
% of Bank Loans in AA by \$	98.27%	1.73%	0.00%	100%

Source: Dunn & Bradstreet Data; Business Loan Sample

FNB's distribution of loans to businesses of different sizes reflects excellent penetration and exceeds the standard. The percentage of loans originated to small business with annual gross revenues of less than \$1 million exceeds the percentage of businesses with revenues less than \$1 million located in the assessment area. However, it is noted that a large percentage of the businesses in the assessment area did not report revenues or revenues were unavailable or unknown, as reflected in the table above. Given the character of the local area, it can be ascertained that a large percentage of the unknown or unavailable business revenue demographic would be categorized as small business with operations less than \$1 million. Taking this factor into account, FNB's loan penetration to businesses of different sizes remains excellent.

Geographic Distribution of Loans

Less weight is given to the geographic distribution of loans when assigning FNB's lending performance rating. This is due to the fact that there are no low-income census tracts and only one moderate-income census tract in the assessment area.

The distribution of FNB's small business and farm loans to geographies of different income levels meets the standard for satisfactory performance and reflects reasonable dispersion. The following table represents the distribution of lending within the assessment area:

Geographic Distribution of Loans to Businesses & Farms in FNB's AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans
Businesses	0.00%	0.00%	14.35%	5.00%	85.65%	95.00%	0.00%	0.00%
Farms	0.00%	0.00%	22.39%	0.00%	77.61%	100.00%	0.00%	0.00%

Source: Dunn & Bradstreet Data; Agriculture & Business Loan Sample

The percentage of small business and farm loans extended in the one moderate-income census tract is less than the percentage of businesses and farms located in the moderate-income tract. The lack of loans originated in the moderate-income tract is attributed to the availability of financial service institutions in the tract. The tract is located in the southeastern portion of Grady County which is serviced primarily by branch locations of larger community banks from Chickasha.

Responses to Complaints

There have been no consumer complaints pertaining to FNB's CRA performance during this evaluation period.

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.