



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

December 10, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank and Trust Company
Charter Number: 5547

302 Chickasha Avenue
Chickasha, Oklahoma 73023

Office of the Comptroller of the Currency

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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.

THIS INSTITUTION'S CRA RATING IS OUTSTANDING.

***THE LENDING TEST IS RATED OUTSTANDING
THE COMMUNITY DEVELOPMENT TEST IS RATED OUTSTANDING***

The First National Bank & Trust Company (FNB), Chickasha, Oklahoma has an outstanding record of meeting community credit needs. This conclusion is based on the following:

- The bank's loan-to-deposit ratio is reasonable and averaged 70 percent during the evaluation period.
- A substantial majority of the bank's loans were originated within the bank's Assessment Area (AA).
- FNB's distribution of loans to businesses and individuals of different income (including low-and-moderate) levels is excellent.
- The geographic distribution of loans reflects an excellent dispersion throughout the AA, particularly in low- to moderate-income geographies.
- FNB's community development performance demonstrates excellent responsiveness to the community development needs of its AA.
- There have been no complaints with respect to FNB's Community Reinvestment Act (CRA) performance.

Scope of Examination

A Data Integrity review commenced on June 11, 2007 to evaluate the bank's system of internal controls for collecting, verifying, and reporting data reported on the Home Mortgage Disclosure Act Loan Application Register (HMDA LAR).

A sample of HMDA loans were reviewed originating in 2005 and 2006. The review determined data the bank is required to collect and report to regulatory agencies under the Community Reinvestment Act (CRA) and Home Mortgage Disclosure Act (HMDA) is materially accurate. Internal controls over the system to collect and report HMDA data are effective.

This Performance Evaluation is based on 2000 U.S. Census demographic information. Conclusions regarding the Lending Test are based on home mortgage loans originated from January 1, 2005 through December 31, 2006 and small business loans originated from January 1, 2005 through November 30, 2007. Conclusions regarding the Community Development Test are based on community development activities from February 18, 2003 through December 10, 2007.

Description of Institution

The First National Bank and Trust Company (FNB) is headquartered in Chickasha, Oklahoma. The bank is a wholly owned subsidiary of First Independent Bancorp, Incorporated, a one-bank holding company.

The main bank is located at 302 Chickasha Avenue in Chickasha, Oklahoma. In addition, FNB has eight full service branches, all located in Oklahoma. These are located at:

- 602 Grand Avenue, Chickasha;
- 102 South Main, Alex;
- 1100 North Council, Blanchard;
- 201 West Main, Cyril;
- 524 Southwest 3rd Street, Minco;
- 1308 North Main Street, Newcastle;
- 222 West Blakely, Rush Springs; and,
- 5311 East Highway 37, Tuttle.

The Cyril branch is located in a distressed non metropolitan middle-income census tract, which is designated based on high unemployment and poverty levels. Each of the branch locations have drive-in facilities that provide extended hours of operation. The bank has 18 Automated Teller Machines (ATMs), three of which are deposit taking machines. The three deposit taking ATMs are located at the Grand Avenue Branch, the stand alone drive-in facility located at 122 North 6th Street; both in Chickasha, and at the Tuttle Branch location.

FNB's primary focus is to serve the commercial, consumer, and agricultural customers in the AA and surrounding communities. The bank offers a wide variety of services and products. Traditional loan products are offered such as consumer, home purchase, home equity, business, agricultural, and commercial loans. Home mortgage loans with terms over ten years are referred to the mortgage operating entity, First Independent Capital, Inc. The bank offers trust services, financial planning services, Automated Clearing House (ACH), Internet banking, and cash management services. Seven different checking account types and three savings account types, in addition to CDs and IRAs, are currently offered.

As of September 30, 2007, FNB's total assets equaled \$308 million, of which \$180 million, or 58 percent, were comprised of various types of loans to individuals and commercial businesses. The bank's loan portfolio segmentation is listed below.

Loan Portfolio Composition		
Loan Category	\$ (000)	%
Commercial Real Estate	55,063	31%
Residential Real Estate	33,801	19%
Commercial and Industrial	56,537	30%
Individual Loans	22,533	13%
Agriculture Loans	10,247	6%
Other	1,436	1%
Total	179,617	100%

Source: September 30, 2007 Report of Condition and Income

There are no known legal, financial, or other factors impeding management's ability to help meet the credit needs of the designated AA. Accessibility to the bank's financial services was enhanced with the introduction of Internet banking. The last review of the bank's performance under the Community Reinvestment Act was completed February 18, 2003 and a "Satisfactory" rating was assigned.

Description of Assessment Area

The AA adopted by FNB consists of whole geographies; does not reflect illegal discrimination; and, does not arbitrarily exclude low- or moderate-income geographies. As of the examination, the bank's AA consisted of fifteen census tracts to include all eleven census tracts in Grady County, two census tracts in McClain County and two census tracts in Caddo County. The two census tracts in Caddo County represent the trade territory for the Cyril branch. Both tracts are designated as distressed non metropolitan middle-income geographies. The composition of the AA meets the requirements of the CRA regulation and is comprised of one low-income census tract, four moderate-income census tracts, eight middle-income census tracts, and two upper-income census tracts. The low- and moderate-income census tracts are located in the North and Western sections of the city of Chickasha.

Total population of the AA is 63,077. Of the 26,572 total housing units, 18,441, or 69 percent, are owner occupied. Households below the poverty level total 3,311, or 14 percent, and households that receive public assistance total 1,470, or 6 percent, of the total number of households.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
Population	
Number of Families	17,922
Number of Households	23,844
Geographies	
Number of Census Tracts/BNA	15
% Low-Income Census Tracts/BNA	6.67%
% Moderate-Income Census Tracts/BNA	26.67%
% Middle-Income Census Tracts/BNA	53.33%
% Upper-Income Census Tracts/BNA	13.33%
Median Family Income (MFI)	
2000 MFI for AA	\$43,647
2006 HUD-Adjusted MFI	\$52,393
Economic Indicators	
Unemployment Rate	2.11%
2000 Median Housing Value	\$61,482
% of Households Below Poverty Level	14.00%

Source: 2000 Census data and 2006 HUD updated income data

The economy in Chickasha is relatively stable. Major employers are Chickasha Public Schools, Grady Memorial Hospital, Hermetic Switch, ArvinMeritor and Midwest Towers. Manufacturing represents 17 percent of the business sector, followed by education services 13 percent and retail 12 percent.

Local banking competition is moderately aggressive and includes several community, regional and national banks and/or branches of these financial institutions.

A community contact was conducted during this review. This interview was conducted with a local economic development organization. The contact indicated that area financial institutions are perceived as taking an active role in the community and strive to meet the financial needs of the area.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the Lending Test is rated "**Outstanding**"

Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance. The average quarterly loan-to-deposit ratio from March 31, 2003 through September 30, 2007 was 70 percent. This average was compared to the average of five similar banks with total assets between \$100 million and \$350 million, for the same time period, in the AA and contiguous counties. Please refer to the table below for details.

Loan-To-Deposit Ratios		
Institution	Total Assets \$000's (As of 9/30/07)	Average Loan -to- Deposit Ratio
Sooner State Bank, Tuttle, Oklahoma	119,736	61.83%
<i>The First National Bank & Trust Company, Chickasha, Oklahoma</i>	<i>307,658</i>	<i>69.71%</i>
McClain Bank, Purcell, Oklahoma	148,596	75.93%
First Bank & Trust Company, Duncan, Oklahoma	327,745	79.74%
The Bank of Union, El Reno, Oklahoma	187,785	93.38%
Chickasha Bank & Trust Company, Chickasha, Oklahoma	166,372	94.65%

Source: Institution Reports of Condition from March 2003 to September 2007

FNB's loan-to-deposit ratio is reasonable when compared to the average of the five comparable banks of 81.1 percent. The bank's loan-to-deposit ratio does not include the home mortgage loans originated by the affiliate mortgage company, First Independent Capital, Inc. These loans, if retained, would have contributed to a higher ratio.

Lending in Assessment Area

FNB's lending in its AA exceeds the standard for satisfactory performance. A substantial majority of the number and dollar amount of the home mortgage and small business loans were originated within the bank's AA. As depicted in the table below, 85 percent of the number and 87 percent of the dollar amount of loans were originated in FNB's AA.

Lending in FNB&TCs AA										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage	496	85%	90	15%	586	\$20,228	87%	\$3,034	13%	\$23,262
Small Business	34	89%	4	11%	38	\$ 1,195	88%	\$ 169	12%	\$1,364
Totals	530	85%	94	15%	624	\$21,423	87%	\$3,203	13%	\$24,626

Source: Data reported under CRA and HMDA sample of loans for 2005 through 2007.

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

FNB's borrower distribution of small business and home mortgage loans is outstanding and exceeds the standard for satisfactory performance.

FNB's borrower distribution of small business loans is excellent. Loans to businesses with revenues of \$1 million or less represented 95 percent of sampled business loans, which exceeds the 44 percent of area businesses that reported revenues of less than \$1 million. The comparative information noted that 53 percent of the AA businesses did not report revenue data.

The bank's overall distribution of home mortgage loans is excellent, particularly when considering that low-income families have a difficult time qualifying for conventional home mortgage products. Additionally, twenty percent of the population in the bank's AA live either below the poverty level or are on public assistance.

FNB's distribution of home mortgage loans to low-income families is excellent as the percentage of the number and amount of bank loans made to low-income families either meets or exceeds the percentage of low-income families in the AA.

The bank's distribution of home mortgage products to moderate-income families is excellent as the percentage of the number of the bank's home improvement and home refinance loans originated exceeds the percentage of moderate-income families in the AA. The bank's percentage of home purchase loans originated is good as it approximates the percentage of moderate-income families in the AA.

2005 – 2007 Borrower Distribution of Loans to Businesses in FNB’s AA		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	44%	3%
% of Bank Loans in AA by #	95%	5%

Source: Loan sample (Data reported under 2005- 2007 CRA)

*Dunn and Bradstreet data. 53% of AA businesses did not report revenue data.

2005 – 2006 Borrower Distribution of Residential Real Estate Loans in FNB’s AA								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	21.94%		20.85%		22.69%		34.52%	
Loan Type(s)	% of Number	% of Amount						
Home Purchase	21.88%	11.27%	16.15%	13.85%	22.92%	25.50%	37.50%	44.27%
Home Improvement	23.81%	17.36%	31.43%	26.17%	12.38%	14.03%	30.48%	39.98%
Home Refinance	20.60%	8.19%	25.13%	16.95%	26.13%	21.76%	27.64%	51.41%

Source: Loan sample (Data reported under 2005 and 2006 HMDA); 2000 U.S. Census data.

Geographic Distribution of Loans

FNB’s borrower distribution of loans is outstanding and exceeds the standard for satisfactory performance.

The geographic distribution of small business loans is excellent. The bank’s distribution of small business loans by number and by amount to both low- and moderate-income census tracts exceeds the percentage of small businesses located in those tracts. This strong performance is largely due to the fact that the downtown business district is located in a moderate-income tract.

The geographic distribution of home mortgage loans is excellent. The bank’s distribution of home mortgage, home improvement and home refinance loans by number and by amount to both low- and moderate-income census tracts exceeds the percentage of owner occupied housing in those tracts. This performance is particularly strong when considering there is only one low-income tract in the bank’s AA with a low level of owner occupied housing at 0.89 percent.

2005 – 2007 Geographic Distribution of Loans to Businesses in FNB’s AA								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses	1.23%		30.26%		53.77%		14.74%	
LOANS	% of Number	% of Amount						
Small Business Loans	8.82%	5.48%	44.12%	46.69%	41.18%	38.04%	5.88%	9.79%

Source: Loan sample (Data reported under 2005-2007 CRA); Dunn and Bradstreet data.

2005 – 2006 Geographic Distribution of Residential Real Estate loans in FNB’s AA								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of Owner Occupied Housing	0.89%		22.54%		57.43%		19.14%	
LOANS	% of Number	% of Amount						
Home Purchase	1.56%	1.95%	62.50%	51.59%	31.25%	37.49%	4.69%	8.97%
Home Improvement	3.81%	4.46%	60.95%	57.49%	31.43%	36.08%	3.81%	1.97%
Home Refinance	1.51%	1.36%	55.28%	51.22%	38.69%	41.37%	4.52%	6.05%

Source: Loan sample (Data reported under 2005 & 2006 HMDA); 2000 U.S. Census data.

Responses to Complaints

There have been no consumer complaints relating to the bank’s Community Reinvestment Act performance during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test is rated "**Outstanding**".

Opportunities for qualified community development loans and investments are limited in the bank's AA. A majority of the AA is comprised of rural, low-density areas. The largest city in the AA is Chickasha, Oklahoma, which has a population of only 17,000. Currently, there are no major community development projects underway in the AA.

FNB is very active in the communities they serve. This is evidenced by their leadership roles on various civic and non-profit organizations that provide services to low- and moderate-income individuals. The bank is also involved with, or lends to, organizations whose focus is on community or economic development and health care.

The bank's commitment to economic development is evidenced by investments and loans involving economic development activities. The bank has been very active in holding leadership positions and making significant donations to local Chambers of Commerce, which are primarily involved in economic development and small business creation. FNB has made significant investments in the form of municipal revenue bonds to construct the Grady County Law Enforcement Center (county jail) used to house county inmates. Additionally, the bank has committed to a \$3 million direct loan to finish out the fourth floor of the county jail. These investments, along with the proposed loan, will be critical in retaining and creating jobs for low- and moderate-income workers at this facility. Other examples include loans to local businesses that will retain or create low- and moderate-income jobs.

The bank established a Business Development Officer position in May 2006. One of the responsibilities of this position includes attracting new industry to Chickasha. This bank officer serves in a leadership position on several organizations that promote community and economic development activities. The bank officer has been instrumental in retaining and creating new businesses and thus creating new jobs. Major efforts include bringing a dog and cat food manufacturing company to town which employs 25 people; finding a new facility for a company that lost their building in a fire; and, finding a purchaser for a 350,000 square foot building formerly occupied by Delta Faucet. This will result in upwards of 500 new jobs for low- to moderate-income people.

FNB is also committed to meeting the health care needs of its community. The bank made donations and loans to the local hospital for expansion, as well as, loans to construct assisted living and nursing home facilities. The Grady Memorial Hospital, located in Chickasha, is a major health care provider for rural communities and counties in South Central Oklahoma. Health care and nursing care facilities have been identified as critical needs in Chickasha and surrounding communities.

Community Development Loans

The level of community development loans is considered outstanding. Qualifying community development loans are those that meet the definition of community development, as defined in the CRA regulation.

FNB purchased a \$2 million loan participation in a \$6 million loan for an expansion project (emergency room) to the Grady Memorial Hospital, located in Chickasha. Grady Memorial Hospital is a non-profit organization that meets the essential health care needs for the public welfare of a large portion of rural South Central Oklahoma. Grady Memorial Hospital treats all patients regardless of their ability to pay, including the indigent. Grady Memorial reports that a high percentage of their patients are low- to moderate-income. Many of the rural population served would not otherwise receive health care due to the lack of income or the inability to drive the distances required to receive services.

The bank originated a \$1.3 million loan and a \$1 million loan for the construction of two nursing homes in Chickasha. Nursing home facilities are a critical need in the Chickasha community. A majority of the patients at both of these facilities receive Medicaid assistance. A majority of the health care employees at these facilities receive salaries in the low- to moderate-income range.

The bank originated a \$9 million loan, of which \$4 million was participated to other financial institutions, to a local roofing company to perform temporary roof repairs to residential homes damaged by hurricanes Katrina and Rita. The roofing company contracted with FEMA, through the U.S. Army Corps of Engineers, to perform these repairs. The \$9 million loan served as a temporary line of credit to cover the cost associated with these repairs. Upwards of 1,000 low- to moderate-income jobs were created to perform the repairs in the hurricane stricken areas.

The bank originated a \$2.2 million loan to a local investor to purchase a struggling manufacturing company. The loan has allowed this company to remain operational and thereby retain approximately 50 low- to moderate-income jobs.

The bank originated a \$1.5 million construction loan to a local builder who constructs affordable homes in the \$65 thousand to \$125 thousand range. This loan has been approved under the Oklahoma Rural and Affordable Housing Linked Deposit Program, whereby the Oklahoma State Treasurer deposits funds in the bank at a lower than market rate, thus enabling the bank to offer a lower rate on this construction line of credit. This program is designed to promote owner occupied affordable housing.

The bank originated a \$124 thousand loan to purchase and renovate an apartment complex in Alex, Oklahoma, which will be converted into six Section 8 rental units with an average monthly rent of \$390. The bank originated a \$100 thousand loan to purchase and renovate an eight unit complex located in a moderate-income census tract in Chickasha, Oklahoma. These apartments provide affordable housing with monthly rents ranging from \$200-\$260 per month.

While not meeting the community development size test, the bank has originated four loans totaling \$1.1 million through Cimarron Business Capital. Cimarron Business Capital is an Oklahoma economic development entity, capitalized in partnership with Oklahoma Gas & Electric. Cimarron works to build the Oklahoma economy by providing development loans to businesses throughout Oklahoma. This is accomplished by providing additional collateral for a loan, which helps fill the “equity gap” in a project financing or provides additional security to allow a bank to finance a project that might not otherwise qualify.

Other loans not meeting the size test include the origination of fourteen loans totaling \$1.1 million to downtown merchants to purchase or renovate their businesses. This lending has contributed to the success of the Chickasha Main Street Association’s downtown revitalization plan.

Qualified Investments

Qualifying investments are investments, deposits, membership shares, or grants that have as their primary purpose community development, as defined in the CRA regulation.

During the evaluation period, the bank made over 80 qualified donations totaling \$70 thousand in FNB’s AA. Donations are to local non-profit organizations that provide social services, youth programs, homeless centers, soup kitchens, and health care facilities that target low- to moderate-income individuals.

In addition, the bank purchased \$1.2 million in a \$4.9 million revenue bond issued by the Grady County Industrial Authority to cover cost overruns associated with the construction of the Grady County Law Enforcement Center located in Chickasha. This investment allowed for the completion of a critical infrastructure project, in addition to retaining and creating low- to moderate-income jobs. This facility is located in a moderate-income census tract.

In July 2007, the bank donated to the city of Chickasha land and improvements with a market value of \$104 thousand. According to the city of Chickasha’s Downtown Revitalization Plan, this land will be used as a city park.

Community Development Services

The level of qualified community development services is outstanding. Bank officers have served in leadership positions in organizations which provide community services to low- and moderate-income families and provided technical expertise and financial assistance to these organizations. Bank officers also serve in leadership positions in organizations involved in economic and small business development activities. The following are examples of qualifying community development services.

- ***Chickasha, Blanchard, Newcastle and Tuttle Chambers of Commerce***
 A bank officer serves as Council member of the Economic Development Council on the Chickasha Chamber Commerce. A bank officer serves as a Board member and is involved with planning and budgeting for the Blanchard Chamber of Commerce. A bank officer serves as a Board member and Treasurer of the Newcastle Chamber of Commerce. A bank officer serves as Economic Development Chairman on the Tuttle Chamber of Commerce. These Chambers are all active with regard to economic development and to the retention and recruiting of new businesses within their respective communities.
- ***South Central Medical Center***
 A bank officer serves as Board member of this non-profit organization. This clinic was established to meet the health care needs of the community. Payment for services at the clinic is predicated upon an income based sliding fee scale. The intent of the sliding fee scale is to ensure that families with fewer resources or no health insurance are able to have access to affordable health care services.
- ***Court Appointed Special Advocates (CASA)***
 A bank officer serves as Treasurer of this non-profit organization. Every year millions of children are abused, neglected or abandoned in the United States. CASA provides court appointed advocacy for these children so they can thrive in safe, permanent homes.
- ***Chickasha Main Street Association***
 A bank officer serves as President and Board member of this association providing financial and banking advice on all matters. The focus of this organization is to revitalize the downtown area and to retain and attract new business to downtown Chickasha to continue to make the central business district economically viable for independently owned businesses.
- ***Homebuyer's Education Class***
 A bank officer provides training to first time homebuyers to gain an understanding of the principles of homeownership. Topics include information on the Down Payment Assistance Program, being financially fit, using credit to get a loan, shopping for a loan, financing your home/loan application process/avoiding foreclosure and home maintenance.

Retail Delivery Systems

The bank’s branch and ATM delivery systems are accessible to geographies and individuals of different income levels in the AA. Lobby hours and extended drive-up hours are established to meet customer needs. The following table reflects the bank’s banking and ATM locations in the AA:

Distribution of Bank Offices and ATMs by Census Tract						
Census Tract Income Level	Tracts in AA		Full-Service Offices		Automated Teller Machines*	
	#	%	#	%	#	%
Low	1	6.67%	0	0.00%	0	0.00%
Moderate	4	26.67%	3	33.33%	5	27.78%
Middle	8	53.33%	4	*44.44%	10	55.55%
Upper	2	13.33%	2	22.22%	3	16.67%
Total	15	100.00%	9	100.00%	18	100.00%

*Note: FNB’s Cyril branch is located in a distressed middle-income census tract

Customers may also access their accounts through telephone or by Internet banking. Internet banking services allow viewing account information, transfers between accounts, and bill payment. The bank also offers a Visa Check Card that provides customers with additional access to their accounts at point of sale or at ATM locations.

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.