



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

Washington, DC 20219

PUBLIC DISCLOSURE

July 16, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Idabel National Bank
Charter Number: 11913**

**1201 Southeast Washington
Idabel, Oklahoma 74745**

**Comptroller of the Currency
Longview Field Office
1800 West Loop 281 Suite 306
Longview, TX 75604**

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 CRA RATING: The institution is rated satisfactory.

Idabel National Bank (INB) has a satisfactory record of meeting community credit needs. This rating is based on the following:

- The bank's loan-to-deposit ratio is reasonable based on the bank's performance context and lending opportunities within its assessment area.
- A substantial majority of the bank's loans are extended within the bank's assessment area.
- Credit activity is reasonably distributed to borrowers of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects excellent dispersion throughout the bank's assessment area.

SCOPE OF EXAMINATION

This Performance Evaluation is an assessment of the record of Idabel National Bank in meeting the credit needs of the communities in which it operates. The bank was evaluated under the Small Bank performance criteria. Idabel National Bank's primary loan products include business loans, farm loans, home loans and consumer loans. Conclusions regarding the bank's lending performance are based on these loan types that were originated from April 29, 2003 through July 16, 2007.

DESCRIPTION OF INSTITUTION

Idabel National Bank (INB) is an \$82 million bank. This bank is wholly owned by Southeast Capital Corporation, a one-bank holding company. Currently, INB serves McCurtain County through one banking location at 1201 Southeast Washington, Idabel, Oklahoma. The bank also has one automated teller machine which is located at the bank's main office. Since the last CRA examination, the bank closed a branch office in the Lewis Food grocery store at 1500 Southeast Washington, Idabel, Oklahoma. This branch closed in 2006 as the grocery store discontinued operations at this site. The bank offers a full-range of loan and deposit services. The following chart reflects the distribution of the bank's loan portfolio as of March 31, 2007.

LOAN CATEGOERY	\$ (000)	%
Commercial Loans	\$5,191	14.24%
Real Estate Loans	\$25,328	69.49%
Consumer Loans	\$4,859	13.33%
Farm Loans	\$1,068	2.94%
Total	\$36,446	100.00%

There are no legal impediments or other factors that inhibit the bank's ability to meet the credit needs of the community. The bank was rated satisfactory during the prior CRA Examination dated April 28, 2003.

DESCRIPTION OF ASSESSMENT AREA

The Board has designated the entire county of McCurtain as its assessment area. The bank's main office is located at 1201 Southeast Washington in Idabel, Oklahoma. This assessment area meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude low and moderate-income geographies.

McCurtain County has no low-income census tracts, three moderate-income census tracts, and five middle-income census tracts. The county has a total population of 34,402. The distribution of families by income level, regardless of census tract location, consists of the following: 29.41% are low-income, 18.32% are moderate-income, 20.00% are middle-income, and 32.27% are upper-income. Major employers in McCurtain County include Tyson Foods, Inc., Weyerhaeuser (Lumber), and McCurtain Memorial Hospital. Competition within the assessment area is strong, with national banks, branches of national and state banks, and local credit unions in the county. The local economy is stable, with an unemployment rate of 3.08%. Contact with local business organizations in Idabel revealed the primary community credit needs for the assessment area is residential mortgages. The following table provides a description of the McCurtain County area based on 2000 census data and 2006 Department of Housing and Urban Development (HUD) information.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF MCCURTAIN COUNTY	
<i>Population</i>	
Number of Families	9,680
Number of Households	13,296
<i>Geographies</i>	
Number of Census Tracts/BNA	8
% Low-Income Census Tracts/BNA	0.00%
% Moderate-Income Census Tracts/BNA	37.50%
% Middle-Income Census Tracts/BNA	62.50%
% Upper-Income Census Tracts/BNA	0.00%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$35,517
2006 HUD-Adjusted MFI	\$42,600
<i>Economic Indicators</i>	
Unemployment Rate	3.08%
2000 Median Housing Value	\$46,356
% of Households Below Poverty Level	24.76%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's overall lending performance is satisfactory. The bank's loan to deposit ratio is reasonable and a substantial majority of loans are within the bank's assessment area. Additionally, the distribution of loans reflects an excellent dispersion throughout the assessment area as well as a reasonable penetration among borrowers of different income levels and businesses of different sizes.

Loan-to-Deposit Ratio

The loan-to-deposit ratio of The Idabel National bank is reasonable given the bank's size, financial condition and assessment area credit needs. The bank's loan-to-deposit ratio is comparable to other banks headquartered in the bank's assessment area. The bank's quarterly loan-to-deposit ratio has averaged 56.21% since the prior CRA examination on April 28, 2003. The average loan-to-deposit ratio of banks within the assessment area, regardless of size, for the same time period is 67.52%.

INSTITUTION	Assets (000s) (as of 3/31/07)	Average LTD Ratio
The Idabel National Bank	\$82,109	56.21%
First National Bank of Idabel	\$87,254	56.34%
McCurtain County National of Idabel	\$125,963	61.03%
1 st Bank & Trust of Broken Bow	\$105,768	65.04%
First State Bank of Valliant	\$51,592	98.98%

Lending in Assessment Area

A substantial majority of the bank's lending activity is located within the assessment area. Major lending products include residential, business, consumer, and agricultural loans. Our sample included a review of these types of loans that originated since April 29, 2003. The sample reflected that approximately 92% of the number of loans and 90% by dollar amount of loans were extended within the bank's assessment area. The table below further illustrates the breakdown by loan category.

Lending in McCurtain County										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
1-4 Family	20	86.96	3	13.04	23	1,255	78.22	349	21.78	1,604
Business	26	89.66	3	10.34	29	3,282	91.31	312	8.69	3,594
Consumer	24	96.00	1	4.00	25	154	93.90	10	6.10	164
Agriculture	20	95.24	1	4.76	21	1,265	98.54	19	1.46	1,284
Totals	90	91.84	8	8.16	98	5,956	89.61	690	10.39	6,646

Source: Loan sample.

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

The distribution of loans within this assessment area reflects a reasonable penetration among borrowers of different income levels as well as businesses and farms of different sizes. While the distribution of residential loans to low-income borrowers is lower than the percentage of low-income families in the assessment area, residential loans to moderate-income borrowers greatly exceeds the percentage of moderate-income families in the assessment area.

Borrower Distribution of Residential Real Loans in McCurtain County								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families¹	29.41		18.32		20.00		32.27	
	% of Number	% of Amount						
	15.00	11.65	50.00	29.93	10.00	9.48	25.00	48.94

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

The distribution of consumer loans reflects a reasonable penetration among borrowers of different income levels. While the distribution of consumer loans to low-income borrowers is lower than the percentage of low-income households, the distribution of consumer loans to moderate-income borrowers greatly exceeds the percentage of moderate-income households in the assessment area.

Borrower Distribution of Consumer Loans in McCurtain County								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households²	31.01		16.76		16.60		35.63	
	% of Number	% of Amount						
	20.83	14.50	29.17	27.33	25.00	25.09	25.00	33.08

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

The distribution of business loans reflects an excellent distribution among businesses of different sizes. Based on data obtained from Dun & Bradstreet, the assessment area contains 3,309 businesses. However, revenue information was not reported for approximately 62.61% of the businesses in the assessment area. As a result, the percentage of businesses by income level may not accurately reflect a true percentage of the businesses in each income category. Our sample of business loans inside the assessment area revealed a substantial majority of the bank's business loans were to businesses with revenues less than \$1 million.

Borrower Distribution of Loans to Businesses in McCurtain County				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	35.15	2.24	62.61	100.00
% of Bank Loans in AA #	84.62	15.38	---	100.00
% of Bank Loans in AA \$	72.30	27.70	---	100.00

Source: Loan sample; Dun and Bradstreet data.

The distribution of agriculture loans reflects an excellent distribution among farms of different sizes. Based on data obtained from Dun & Bradstreet, there are 109 farms in the assessment area. However, revenue information was not reported for approximately 5.50% of the farms in the assessment area. As a result, the percentage of farms by income level may not accurately reflect a true percentage of the businesses in each income category. All agriculture loans reviewed during our sampling were to farms with revenues less than \$1 million.

Borrower Distribution of Loans to Farms in McCurtain County				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Farms	89.91	4.59	5.50	100.00
% of Bank Loans in AA #	100.00	0.00	---	100.00
% of Bank Loans in AA \$	100.00	0.00	---	100.00

Source: Loan sample; Dun and Bradstreet data

Geographic Distribution of Loans

Idabel National Bank has an excellent dispersion of loans within the assessment area. The bank's assessment area has no low income tracts, three moderate income tracts, and five middle income tracts. The distribution of all loan categories sampled exceeds the characteristics of the moderate census tracts.

Geographic Distribution of Residential Real Estate Loans in McCurtain County								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Owner Occupied ⁴	0.00		34.32		65.68		0.00	
	% of Number	% of Amount						
	0.00	0.00	45.00	38.75	55.00	61.25	0.00	0.00

Source: Loan sample; U.S. Census data

Geographic Distribution of Consumer Loans in McCurtain County								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households ⁵	0.00		38.70		61.30		0.00	
	% of Number	% of Amount						
	0.00	0.00	58.33	59.38	41.67	40.62	0.00	0.00

Source: Loan sample; U.S. Census data

Geographic Distribution of Loans to Businesses in McCurtain County								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses ⁶			25.20		74.80			
	% of Number	% of Amount						
	0.00	0.00	42.31	14.17	57.69	85.83	0.00	0.00

Source: Loan sample; Dun and Bradstreet data.

Geographic Distribution of Loans to Farms in McCurtain County								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA farms ⁶			26.61		73.39			
	% of Number	% of Amount						
	0.00	0.00	55.00	49.47	45.00	50.53	0.00	0.00

Source: Loan sample; Dun and Bradstreet data.

Responses to Complaints

Idabel National Bank has not received any written CRA related complaints during the assessment 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.