



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

September 4, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank and Trust Company of Okmulgee
Charter Number 11001**

**610 East 8th Street
Okmulgee, OK 74447**

**Office of the Comptroller of the Currency
Leigh R. Hoge
Assistant Deputy Comptroller - 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.

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INSTITUTION'S CRA RATING

This institution is rated Satisfactory

The major factors that support this rating include:

- A substantial majority of the bank's loans are made within the assessment area (AA).
- The bank's loan-to-deposit ratio is satisfactory.
- The bank level of lending 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 reasonable job of originating loans throughout the AA.
- The bank has not received any consumer complaints regarding CRA performance.

DESCRIPTION OF INSTITUTION

The First National Bank and Trust Company of Okmulgee (FNB) is a \$116 million independent community bank in Okmulgee, Oklahoma. FNB is a wholly owned subsidiary of First Okmulgee Corporation (FOC), a multi-bank holding company. During 2003 FOC acquired 100% of First National of Henryetta, Inc. and their subsidiary First National Bank, Henryetta, Oklahoma. FNB was established in 1917 and serves the community with a main office and attached drive-thru, a branch facility located in a local Wal-Mart store, a limited service branch located in downtown Okmulgee, and two proprietary automated teller machines (ATM).

FNB's lending strategy primarily focuses on small business, commercial real estate, and 1-4 family real estate loans. The bank's loan-to-deposit ratio as of June 30, 2003 is 70% compared to a peer bank ratio of 69%. As of June 30, 2003 the loan portfolio represents 58% of total assets and consists of the following loan types:

Loan Category	\$ (000)	%
Construction and Land Development	2,427	4
Commercial/Agriculture Real Estate	23,094	34
Commercial and Industrial	10,865	16
1-4 Family Residential	21,274	32
Consumer	6,421	10
Other	3,087	4
Total	67,168	100.00

Source: June 30, 2003 Consolidated Report of Condition and Income

There are no legal or financial impediments to prevent the bank from meeting the credit needs of the assessment area. The bank received an overall Satisfactory rating for the last CRA Public Evaluation dated January 26, 1998.

DESCRIPTION OF ASSESSMENT AREA

FNB's AA meets the requirements of the regulation and does not arbitrarily exclude low or moderate-income geographies. The area consists of nine census tracts in Okmulgee County. In aggregate, two census tracts are located in moderate-income tracts and seven are located in middle-income tracts. FNB's main office is located in a middle-income census tract within the AA

Banking competition in the assessment area is high and includes seven commercial banks and two credit unions. There are also several other non-bank entities with an active presence in the AA. According to June 30, 2002 market share information from the Federal Deposit Insurance Corporation, First National Bank maintains the highest market share of deposits among its competitors, with 21.20% of the deposits.

The local economy is generally diversified and not heavily influenced by any single industry. Several light manufacturing companies and the Oklahoma State University Technical Center are significant employers in the area, as are the local hospital and school district. Significant employment sectors include education, services, retail trade, light industrial, and government. According to Oklahoma labor force statistics as of June 30, 2003, the Okmulgee County unemployment rate is 9.4%, compared to the entire state average of 5.8%.

The following table describes the demographic and economic characteristics of the AA.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
Population	
Total Population	36,490
Number of families	10,011
Percentage of low income families	25%
Percentage of moderate income families	18%
Percentage of middle income families	20%
Percentage of upper income families	37%
Number of households (HH)	13,998
Percentage of HH in low income tracts	0%
Percentage of HH in moderate income tracts	19%
Percentage of HH in middle income tracts	81%
Percentage of HH in upper income tracts	0%
Geographies	
Number of census tracts (CT)	9
Percentage of low income CT	0%
Percentage of moderate income CT	22%
Percentage of middle income CT	78%
Percentage of upper income CT	0%
Median Family Income (MFI)	
1990 Census MFI (\$)	24,139
2002 HUD-Adjusted MFI (\$)	34,200
Economic Indicators and Other Demographic Data	

Unemployment Rate (1)	9.4%
1990 Median Housing Value (\$)	31,719
Percentage of HH Below Poverty Level	22%
Percentage of HH receiving public assistance	10%
Percentage of HH receiving social security	35%
Percentage of rental occupied units	25%

Source: 1990 Census Data, United States Bureau of the Census

(1) Source: United States Department of Labor, Bureau of Labor Statistics

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

This evaluation is based on the following performance criteria:

1. The bank's loan-to-deposit ratio,
2. The percentage of loans and, as appropriate, other lending related activities located in the bank's AA,
3. The bank's record of lending to borrowers of different income levels and businesses and farms of different sizes,
4. The geographic distribution of the bank's loans throughout the AA, and
5. The bank's record of taking action, if warranted, in response to written complaints about its CRA performance.

Loan-to-Deposit Ratio

FNB's LTD ratio is consistent with peer banks, and overall reasonable in light of the bank's size, financial condition, AA demographics, and known credit needs of the AA. The bank's quarterly average LTD ratio since the January 26, 1998 CRA Public Evaluation is 70.16% compared to peer average over the same period of 69.31%.

Lending in Assessment Area

Our review of the bank's loan trial balance indicates a substantial majority of the number of FNB's loans are made within their assessment area. The following table provides a summary of our findings.

TOTAL LOANS								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
FNB loan portfolio	1,944	80.26	40,714	60.35	478	19.74	26,744	39.65

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

Recent lending patterns indicate a satisfactory distribution of loans among applicants of different income levels and businesses and farms of different sizes. We reviewed 20 real estate, 21 consumer, and 20 business loans within the AA to reach our conclusions. The following tables illustrate FNB's loan distribution practices by income group and loan type.

RESIDENTIAL REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	25		18		20		37	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	15	8	30	22	25	31	30	39

CONSUMER								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	25		18		20		37	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	52	30	5	2	14	13	29	55

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses	96	4
% of Bank Loans in AA #	65	35
% of Bank Loans in AA \$	36	64

Geographic Distribution of Loans

The geographic distribution of loans reflects a reasonable dispersion throughout the AA, including moderate-income census tracts. The following tables provide a summary of the bank's performance in this area.

RESIDENTIAL REAL ESTATE								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Owner Occupied	0		50		65		0	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	0	0	20	16	80	84	0	0

CONSUMER								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	0		19		81		0	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	0	0	24	10	76	90	0	0

BUSINESS LOANS								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses	0		16		84		0	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	0	0	40	41	60	59	0	0

Response to Complaints

FNB has not received any complaints relating to their CRA performance since the last CRA examination dated January 26, 1998.

Fair Lending Review

An analysis of public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on the analysis of information, the OCC decided that a comprehensive fair lending examination would not be conducted in connection with the CRA evaluation this year. The most recent fair lending exam was completed in 1998.

Community Contact

We initiated and completed a community contact during this evaluation, with a local, not-for-profit economic development corporation. 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.