



PUBLIC DISCLOSURE

February 10, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Idabel National Bank
Charter Number 11913

1201 Southeast Washington
Idabel, OK 74745

Office of the Comptroller of the Currency

8282 South Memorial Drive
Suite 300
Tulsa, OK 74133

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.

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

- The loan-to-deposit (LTD) 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 originated during the review period are inside the bank's assessment area (AA).
- The bank's distribution of loans reflects a *reasonable penetration* of loans among borrowers of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects a *reasonable dispersion* of loans in census tracts throughout the bank's assessment area.

SCOPE OF EXAMINATION

We evaluated TINB using the Small Bank standards for assessing performance. INB's primary loan products include business loans and home purchase loans. The lending test evaluates the bank's record of meeting the credit needs of its AA. We assessed the bank's performance under the lending test using a loan sample comprising 20 residential mortgage loans and 20 commercial loans originated from January 1, 2012 through February 10, 2014. TINB is not required to report under the Home Mortgage Disclosure Act (HMDA). The sample is representative of the bank's business strategy since the last CRA Evaluation.

DESCRIPTION OF INSTITUTION

TINB is a \$116 million rural community bank located in Idabel, Oklahoma, and a subsidiary of Southeast Capital Corporation, a one-bank holding company. TINB serves McCurtain County through one banking location at 1201 Southeast Washington, Idabel, Oklahoma, which is in a middle-income census tract. The bank also has one automated teller machine that is located at the bank's main office. TINB offers a diverse line of loan and deposit services during reasonable hours, Monday through Saturday. TINB also offers banking services by telephone and the internet. Based on the June 30, 2013 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank's presence in the McCurtain County AA is moderate, as they have 19 percent of the deposit market share in the AA.

A CRA Performance Evaluation was last prepared July 16, 2007, and a "Satisfactory" rating was assigned. There are no known legal, financial, or other factors impeding the bank's ability to meet the credit needs in the AA.

The bank's business focus is to provide banking services to commercial and consumer customers in McCurtain County. To accomplish this, TINB offers a variety of loan and deposit products, including Internet Banking, telephone banking, and other financial services. The bank's lending strategy focuses on residential real estate loans, commercial real estate loans, and general consumer loans to meet the credit needs of the community.

The following table illustrates composition of the bank's loan portfolio as of September 30, 2013, which represents 53 percent of total assets, based on the data presented in the Consolidated Reports of Condition and Income. Management does not anticipate any significant changes in the composition of the loan portfolio in the near future.

Loan Category	Dollars (\$000)	% of Portfolio
Commercial Real Estate Loans	\$12,834	21%
Residential Real Estate Loans	\$22,529	36%
C&I	\$6,601	11%
Consumer Loans	\$6,081	10%
Farm Real Estate Loans	\$11,499	18%
Other Farm/Agriculture Loans	\$1,694	3%
Other	\$724	1%
Total	\$61,962	100.00%

Source: December 31, 2013 Consolidated Reports of Condition and Income

DESCRIPTION OF ASSESSMENT AREA (AA)

TINB's AA as of this evaluation meets the requirements of the regulation and does not arbitrarily exclude low-or-moderate income geographies. The AA comprises all of McCurtain County, Oklahoma, and includes eight complete census tracts. One is a low-income tract, one is a moderate-income tract, and six are middle-income tracts.

Economic conditions in the AA are generally stable. The current population of Idabel is approximately 7,010 (Source: 2010 United States Census data), and has seen little growth since the previous CRA Performance Evaluation. The economy has been, and remains to a certain extent reliant on, local light manufacturing, timber, coal, natural gas and service companies, and tourism. The total county population is 33,151. Significant employers in McCurtain County include Tyson Foods, Inc., Weyerhaeuser (Lumber), and McCurtain Memorial Hospital. Competition within the assessment area is strong, with one other local national bank, and a branch of a national bank from Arkansas, plus two local state banks, and local credit unions in the county – all of comparable or greater size.

The following table provides key demographic and economic characteristics of the AA.

Demographic and Economic Characteristics of McCurtain County	
Population	
Number of Families	8,975
Number of Households	13,255
Geographies	
Number of Census Tracts/BNA	8
% Low-Income Census Tracts/BNA	12.5%
% Moderate-Income Census Tracts/BNA	12.5%
% Middle-Income Census Tracts/BNA	75%
% Upper-Income Census Tracts/BNA	0.00%
Median Family Income (MFI)	
2000 MFI for AA	\$41,185
2006 HUD-Adjusted MFI	\$49,500
Economic Indicators	
Unemployment Rate	8.04%
2012 Median Housing Value	\$72,048
% of Households Below Poverty Level	26.10%

Source: 2012 Geo-demographic data; 2010 United States Census data

Community Contact

The OCC contacted a local community leader in the AA to get a better understanding of general community credit and development needs, and discuss local economic conditions. The contact the primary community credit need for the AA is sufficient local employment.

Loan-to-Deposit Ratio (LTD)

TINB’s LTD ratio is *reasonable*, relative to their financial condition, local banking competition, and credit needs of the AA. Overall, loan demand in McCurtain County is generally low. Since the previous CRA Performance Evaluation, the bank’s quarterly average LTD ratio averaged 65 percent, compared to a 70 percent aggregate average by four other local, competing banks within the AA during the same period.

Lending in the AA

Our loan sample reveals that a *substantial majority* of loans originated during the review period are inside the bank’s AA. The following table presents a more specific identification of loan types within and outside of the bank’s AA.

Lending in McCurtain County AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	20	100%	0	0%	20	\$1,800	100%	\$0	0%	\$1,800
Commercial Loans	18	90%	2	10%	20	\$3,632	92%	\$303	8%	\$3,935
Totals	38	95%	2	5%	40	\$5,432	95%	\$303	5%	\$5,735

Source: Data from loan sample

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

Lending patterns during the review period indicate a *reasonable penetration* of loan originations among borrowers of different income levels and businesses of different sizes. HUD annually updates census income information to reflect current family income levels for residential real estate loan comparisons. The 2010 census provides income information for businesses. The following tables present a more specific identification of loan distribution patterns among borrowers within the AA.

Borrower Distribution of Residential Real Estate Loans in McCurtain County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	32%	25%	14%	35%	21%	25%	33%	15%

Source: 2010 United States Census data, Data from loan sample

Borrower Distribution of Loans to Businesses in McCurtain County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	69%	3%	28%	100%
% of Bank Loans in AA by #	89%	11%	0%	100%
% of Bank Loans in AA by \$	63%	37%	0%	100%

Source: Dun and Bradstreet data, Data from loan sample

Borrower Distribution of Loans to Businesses by Loan Size in McCurtain County AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	7	39%	\$292,284	8%
\$100,001 - \$250,000	8	44%	\$1,613,330	44%
\$250,001 - \$500,000	2	11%	\$624,788	17%
\$500,001 - \$1,000,000	0	0%	\$0	0%
Over \$1,000,000	1	6%	\$1,101,510	31%

Source: Loan sample

Geographic Distribution of Loans

Lending patterns during the review period indicate a *reasonable dispersion* of loans in most tracts within the assessment area. The following tables illustrate the geographic distribution of residential real estate loans and commercial loans, relative to the income level of the census tracts within the AA.

Geographic Distribution of Residential Real Estate Loans in McCurtain County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	10%	10%	12%	10%	78%	80%	0%	0%

Source: 2010 United States Census data, Data from loan sample

Geographic Distribution of Loans to Businesses in McCurtain County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Businesses	14%	17%	17%	5%	69%	78%	0.00	0%

Source: Dunn & Bradstreet data, Data from loan sample

Responses to Complaints

There have been no consumer complaints regarding TINB’s performance under the Community Reinvestment Act (CRA) during the evaluation period. The bank’s CRA Public File contains all of the required information.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR § 25.28(c), or 12 CFR § 195.28(c), in determining a national bank’s CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank’s lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.