



Comptroller of the Currency
Administrator of National Banks

Small Bank

PUBLIC DISCLOSURE

October 13, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Stigler
Charter Number 7217**

**300 East Main Street
Stigler, Oklahoma 74462**

**Comptroller of the Currency
7134 South Yale Avenue, Suite 910
Tulsa, Oklahoma 74136**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **The First National Bank of Stigler**, prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 13, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Note: Throughout this evaluation, The First National Bank of Stigler will be referred to as "FNB".

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**

- ▶ FNB generates a substantial majority of its loans within the defined assessment area.
- ▶ Management is doing a reasonable job of originating loans throughout the assessment area.
- ▶ FNB routinely lends to small businesses and low and moderate income families.

The following pages further describe the bank's CRA performance.

Community Reinvestment Act Performance Evaluation
The First National Bank of Stigler

The following table indicates the level of performance by **The First National Bank of Stigler**, with respect to each of the five performance criteria.

Small Institution Assessment Criteria	The First National Bank of Stigler Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-deposit ratio		X	
Lending in assessment area	X		
Lending to borrowers of different incomes and to businesses of different sizes		X	
Geographic distribution of loans		X	
Response to complaints	Our office has not received any complaints relating to FNB's CRA performance.		

**Community Reinvestment Act Performance Evaluation
The First National Bank of Stigler**

DESCRIPTION OF INSTITUTION:

FNB is a \$70 million independent community bank in Stigler, Oklahoma (Haskell County). FNB is a wholly owned subsidiary of Stigler Bancorporation, Inc., a one-bank holding company. A CRA Public Evaluation dated April 3, 1995 was prepared for this bank.

The bank serves its assessment area through the main bank, an attached drive-thru facility, one branch located approximately 15 miles east of Stigler in Keota, Oklahoma, and one automated teller machine. The bank offers a variety of loan products. There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its assessment area. The bank's lending strategy focuses on commercial, consumer, and agriculture lending. As of June 30, 1998 the loan portfolio represents 37% of total assets, distributed as follows:

Table 1

Loan Type	Percent of Loan Portfolio
1-4 Family Residential Real Estate	9%
Commercial & Commercial Real Estate	31%
Consumer	16%
Agriculture	44%

Source: June 30, 1998 report of condition and income

DESCRIPTION OF FNB'S ASSESSMENT AREA

FNB's assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies. FNB designated its assessment area as Haskell County. This area consists of four census tracts in a non-metropolitan statistical area (non-MSA). Three are "Moderate" income tracts and one is a "Middle" income tract as defined under the Housing and Urban Development (HUD) guidelines. The 1998 HUD updated median family income for a non-MSA is \$31,100.

Stigler, Oklahoma is located in Haskell County approximately 100 miles southeast of Tulsa, Oklahoma. The approximate populations of Stigler and Haskell County are 3,000 and 11,000, respectively. The local economy is primarily influenced by the natural gas and agriculture industries and county government. The agriculture industry is showing modest signs of improvement, but generally remains depressed. The county unemployment rate, one of the highest in the state of Oklahoma, is approximately 11%. Slightly less than 16% of the housing units are vacant. According to 1990 U.S. Census information, 3,185 families live in Haskell County. Slightly more than 71% of those reside in a moderate income census tract.

Local banking competition is low, as the city of Stigler is served by one bank and one finance company. The entire county is served by one bank, one finance company, and the branch of a state bank that is located outside of Haskell County. To better understand the credit needs and demands of those citizens who reside in the assessment area, other than those perceived by bank management, we visited with a local real estate agent during our examination.

The following tables illustrate the income distribution of **total families** living in Haskell County, and the **percentage of families** within each census tract category or Haskell County.

Table 2

Family Income Level	Count	Percentage
Low Income	944	29%
Moderate Income	658	21%
Middle Income	703	22%
Upper Income	880	28%
Totals	3,185	100%

Source: 1990 Census Data, U.S. Bureau of the Census

Table 3

Percentage of Families Within Each Tract Category					
	Low Income Families	Moderate Income Families	Middle Income Families	Upper Income Families	Totals
Low Income Tracts	0%	0%	0%	0%	0%
Moderate Income Tracts	29%	22%	22%	27%	100%
Middle Income Tracts	31%	18%	22%	29%	100%
Upper Income Tracts	0%	0%	0%	0%	0%

Source: 1990 Census Data, U.S. Bureau of the Census

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio (LTD)

The bank has a reasonable LTD ratio given its size, financial condition, the high county unemployment level, and the perceived credit needs of its assessment area. During the 13 quarters since FNB's last CRA performance evaluation was completed, FNB's quarterly LTD ratio ranged from 27% to 40%, with an average of 35%. LTD information on the branch bank located in Haskell county was not available. The average LTD ratio during the same period for banks in Haskell County and two adjacent counties was 48%. FNB's LTD ratio on June 30, 1998 was 40%.

Lending in the Assessment Area

After verifying the accuracy of the bank's internal loan distribution reports, we reviewed a total of 25 real estate, 30 consumer, and 20 commercial loans originated during 1997 and year-to-date 1998 to reach our conclusions. The results indicate that slightly more than 80% of the number and dollar volume of the bank's loans are made within their assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Recent lending patterns indicate a good distribution of loans among applicants of different income levels and businesses of different sizes. Based on our review, the following table illustrates FNB's loan distribution practices by income group and loan type, and are based on the number of loans originated. Noteworthy is the fact that only 15% of the number of real estate loans in the bank's assessment area were to applicants with low or moderate income levels. This lower than average number is primarily due to the fact lending demand by low and moderate income residents in this rural assessment area is typically centered in small consumer lending.

Table 4

Lending to Borrowers of Different Income Levels					
	Low Income Applicants	Moderate Income Applicants	Middle Income Applicants	Upper Income Applicants	Total
Real Estate	8%	17%	33%	42%	100%
Consumer	28%	33%	26%	13%	100%

Source: OCC loan review

Our analysis also indicates a good distribution of lending to small businesses, as 13 of the 16 (81%) commercial loans we reviewed were to businesses with gross annual revenues less than \$1 million.

Geographic Distribution of Loans

Recent lending patterns indicate the bank’s loan portfolio is reasonably dispersed throughout Haskell County and there is no evidence to suggest low and moderate income families are being arbitrarily denied access to credit. These lending patterns are consistent with the U.S. Census information discussed earlier that a substantial majority of families within the assessment area reside in a moderate income census tract. The following table illustrates a percentage summary of the bank’s lending performance in this area.

Table 5

Geographic distribution of loans within the bank’s assessment area				
	Low Income Tracts	Moderate Income Tracts	Middle Income Tracts	Upper Income Tracts
Real Estate	N/A	87%	13%	N/A
Consumer	N/A	87%	13%	N/A
Commercial	N/A	88%	12%	N/A

Source: Same as Table 4

Response to Complaints

FNB has not received any complaints relating to their CRA performance.

Compliance with Fair Lending Laws and Regulations

During our compliance examination we also completed a fair lending review to determine if lending decisions are consistent among similarly qualified applicants, regardless of any prohibited basis listed in the *Equal Credit Opportunity Act - 12 CFR 202.2(z)*. We found no evidence of discriminatory lending acts or practices.