



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 5, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank and Trust Company of Vinita
Charter Number 4704**

**102 W. Illinois
Vinita, Ok 74301**

**Comptroller of the Currency
7134 South Yale, Suite 910
Tulsa, OK 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.

TABLE OF CONTENTS

INSTITUTION'S CRA RATING.....	<u>2</u>
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA	3
CONCLUSIONS ABOUT PERFORMANCE CRITERIA.....	4

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 CRA performance of The First National Bank and Trust Company of Vinita (FNBV) prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of January 25, 2010. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: Satisfactory

The factors that support this rating are:

- FNBV's distribution of loans represents a reasonable penetration among borrowers of different income levels as well as businesses of different sizes.
- FNBV's loan-to-deposits ratio is reasonable.
- The majority of FNBV's loans are within the bank's assessment area.

Scope of Examination

First National Bank of Vinita (FNBV) was evaluated under the Small Bank examination procedures. The lending test evaluates the bank's record of meeting the credit needs of its assessment areas (AAs) through its lending activities. The lending test for FNBV covers its performance from December 31, 2006 through December 31, 2009, which is representative of its lending strategy since the last CRA examination.

DESCRIPTION OF INSTITUTION

FNBV is a \$226 million rural community bank headquartered in Vinita, Oklahoma. The main bank and drive-in facility are located in downtown at 102 West Illinois, Vinita Oklahoma. The bank is owned by a one bank holding company titled Craco, Inc. which is also located at the same address. There are branches in Grove, Oklahoma and Cleora, Oklahoma. FNBV does issue automated teller machine (ATM) cards and check cards. FNBV also offers Internet Banking and 24-hour telephone banking. The bank’s primary focus is to serve commercial and consumer customers in Craig and Delaware counties as well as the surrounding area. The bank meets these needs by providing various loan and deposit products as well as other financial services. The bank’s lending strategy focuses on one-to-four family real estate loans, consumer loans, and small business loans to meet the needs of the community. The table below shows the composition of the bank’s loan portfolio, which represents approximately 62.98 % of total assets as of 09/30/09. Management does not anticipate any significant changes in the composition of the loan portfolio in the near future.

Loan Category	\$ (000)	%
Commercial Real Estate Loans	32,031	22.47
Commercial Loans	16,075	11.28
Residential Real Estate Loans	44,547	31.25
Farm Production Loans	7,147	5.01
Farm Real Estate Loans	8,256	5.79
Consumer Loans	32,396	22.73
Other Loans	2,079	1.46
Total	142,531	100%

Source: 9/30/09 Consolidated Report of Condition

The Vinita bank lobby services customers on Monday through Friday, from 9:00am – 4:00pm. The Vinita motor bank is open Monday through Friday from 9:00am – 6:00pm, and Saturday from 9:00am – 12:00pm. The Grove branch is open Monday through Friday, from 9:00am – 4:00pm. The Grove branch motor bank is open Monday through Friday from 7:30am – 5:30pm, and Saturday from 8:00am – 12:00pm. The Cleora branch is open Monday through Friday, from 10:00am – 6:00pm, and Saturday from 10:00am – 2:00pm. The Cleora branch is located within Kahoots, a local grocery store. FNBV faces strong competition from several other financial institutions in the AA. Based on its financial condition, local economy, product offerings, competition, and prior performance, FNBV has the ability to meet the various credit needs in its community. At our last CRA examination as of May 20, 2005 the bank’s CRA rating was “Satisfactory.” No legal impediments or other factors hinder the bank’s ability to provide credit in its assessment area.

DESCRIPTION OF ASSESSMENT AREA

FNBV’s assessment area (AA) consists of 13 census tracts. This AA meets the requirements of the regulation and does not arbitrarily exclude low-or-moderate income geographies. The AA

includes all census tracts in Craig and Delaware Counties located within the state of Oklahoma. The following table describes major demographic and economic characteristics of the assessment area.

Source: 2009 Business Geodemographic Data; 2000 U.S. Census Data

Demographic Information					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	13	0%	0%	91.67%	8.33%
Population by Geography	52,027	0%	0%	95.88%	4.12%
Owner-Occupied Housing by Geography	28,749	0%	0%	95.77%	4.23%
Businesses by Geography	5,774	0%	0%	93.30%	6.70%
Farms by Geography	214	0%	0%	92.06%	6.70%
Family Distribution by Income Level	14,788	20.04%	19.18%	22.92%	37.86%
Household Distribution by Income Level	20,482	21.81%	16.59%	20.29%	41.21%
Census Median Family Income (MFI)	\$35,517	Median Housing Value 2008			67,017
HUD-Adjusted MFI: 2009	\$46,400	Families Below the Poverty Level			16.29%
HUD-Adjusted MFI: 2008	\$44,000	Unemployment Rate			5.77%
HUD-Adjusted MFI: 2007	\$42,000				

We conducted a community contact interview with a local economic development organization to learn about credit opportunities within the community and whether financial institutions address the credit and service needs of the community. The contact was of the opinion that all financial institutions in the community were active in supporting the credit needs of the community. The contact did not specify FNBV or any other institution. The community contact declared their mission statement was to support, promote and enhance in our area, the economic climate, human care services, educational system, awareness and involvement in politics and government, tourism, emphasis on local trade and community pride.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNBV's LTD ratio is slightly lower than banks within the peer group. The bank's LTD ratio since the last examination has averaged 73.36% over a 20 quarter period, which is considered reasonable, compared to banks within the peer group that averaged a LTD ratio of 80.28% over the same time period.

Lending in Assessment Area

The majority of FNBV's loans is made within the assessment area and thus shows a good market share penetration within the bank's defined AA. Our analysis determined that 80% of the number and 88.66% of the dollar amount of loans were made within the assessment area. The following chart details our findings from the sample.

Loans Within Bank's AA										
Loan Type	Number of Loans					Dollars of Loans (000) thousands				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential	18	90%	2	10%	20	\$1,741	98.45%	\$28	1.55%	\$1,768
Commercial	17	85%	3	15%	20	\$181	79.49%	\$46	20.51%	\$229
Business	13	65%	7	35%	20	\$1,465	80.33%	\$359	19.67%	\$1,823
Totals	48	80%	12	20%	60	\$3,387	88.66%	\$433	11.34%	3,820

Source: 2010 Loan Sample

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

Recent lending patterns indicate a reasonable distribution of loans among borrowers of different income levels and businesses of different sizes. We based our review on a sample of 20 1-4 family residential real estate loans and 20 consumer loans. Our conclusions were based on loans originated since the last CRA exam. As the charts below indicate, the bank has a good distribution of loans to low and moderate income levels.

Borrower Distribution of Residential Real Estate Loans								
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
Residential	20.04%	15%	19.18%	25%	22.92%	15%	37.86%	45%

Source: HUD-updated 2000 U.S. Census data 2010 loan sample

Borrower Distribution of Consumer Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer	20.04%	20%	19.18%	15%	22.92%	30%	37.86%	35%

Source: 2010 Loan Sample and HUD-updated 2000 U.S. Census

Business Loans

We based our review on a sample of 20 business loans. The sample indicated 92.31% of the commercial loans were to small businesses with gross annual revenues of \$1 million or less. The

distribution of loans to businesses reflects reasonable penetration among businesses of different sizes. We found that 60.05% of the dollar amount of loans to businesses was made to small businesses. Small businesses are businesses with gross annual revenues of one million dollars or less. This is considered satisfactory when compared to demographic data that show 42.95% of the AA's businesses are considered small businesses. We lacked data on 54.76% of the businesses within the AA. The following table shows the distribution of commercial loans among different sized businesses in the AA.

Borrower Distribution of Loans to Businesses/Farms in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	42.95%	2.28%	54.76%	100%
% of Bank Loans in AA by #	92.31%	7.69%	N/A	100%
% of Bank Loans in AA by \$	60.05%	39.95%	N/A	100%

Source: 2010 Loan Sample & 2000 U.S. Census Data

Geographic Distribution of Loans

An analysis of the geographic distribution of loans would not be meaningful. The bank's AA consists of 13 census tracts, all of which are in middle or upper income tracts.

Responses to Complaints

A review of the banks public file as well as Customer Assistant Group (CAG) database indicates the bank has not had any CRA related complaints since the last CRA exam dated May 20, 2005.

Fair Lending Review

The last fair lending assessment was performed as of 10/23/09 to determine if lending decisions are consistent among similarly qualified applicants, regardless of any prohibited basis listed in 12 CFR 202.2(z) - Equal Credit Opportunity Act (ECOA). We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.