



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

June 26, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank in Marlow
Charter Number 20838**

**301 West Main Street
Marlow, Oklahoma 73055**

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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'S CRA RATING:

This institution is rated Satisfactory.

The major factors that support this rating include:

- The bank's lending performance is satisfactory given its size, financial condition, and known credit needs in its assessment area.
- The loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance.
- The bank generates a majority of its loans within the defined assessment area.
- The bank exceeds the standard for satisfactory performance for lending to borrowers of different incomes and businesses of different sizes.

The First National Bank in Marlow is committed to serving the community. This is demonstrated by satisfactory lending performance as described in this Public Evaluation.

DESCRIPTION OF FIRST NATIONAL BANK IN MARLOW

The First National Bank in Marlow (FNB) is a community bank headquartered in Marlow, Oklahoma. FNB is wholly-owned by Leader First Bancorp, Incorporated, a one-bank holding company. The main bank and a drive-in facility are located at 301 West Main Street, Marlow, Oklahoma. A full-service branch and a drive-in facility are located at 1110 South Broadway, Marlow, Oklahoma. Automated Teller Machines (ATMs) are located at the branch, in the Bray General Store at 1003 East Highway 29 in Marlow, and three new ATMs were added since the last evaluation. In October 2004, an ATM was added at the Shop N Bag at 2 South Highway 81 in Duncan, in September 2006 ATMs were added at the Hop & Sack stores at 202 North Broadway in Marlow and at 2515 Northwest Sheridan in Lawton. No other locations have been opened or closed since the previous Community Reinvestment Act (CRA) examination.

The bank's primary focus is to serve consumer, agricultural and commercial customers in Marlow and the surrounding areas. The bank meets these needs by providing traditional loan and deposit products. Since the last evaluation, FNB has begun offering Bill Pay and Internet access services.

As of March 31, 2007, the bank's total assets equaled \$62.5 million, of which \$33 million, or 53 percent, were comprised of various types of loans to individuals, commercial businesses, and agricultural related enterprises. Specifically, the bank's loan portfolio consists of the following:

Loan Category	\$ (000)	%
Commercial Loans	10,458	31%
Residential Real Estate Loans	9,507	29%
Agricultural Loans	6,623	20%
Consumer Loans	6,526	20%
Total	33,114	100%

Included in the consumer loans above are 337 Class B supervised loans totaling \$175,000. These loans are primarily designed to benefit consumers of low- and moderate-income. FNB has 275 loans that have a maximum maturity of 18 months and they are limited to a maximum of \$1,200.

There are no known legal or financial impediments to prevent the bank from meeting the credit needs within the assessment area. FNB is involved in and provides support to the community's financial needs. The bank received an overall rating of Satisfactory at the last CRA examination dated February 10, 2003.

DESCRIPTION OF FNB's ASSESSMENT AREA

The assessment area adopted by FNB consists of whole geographies, does not reflect illegal discrimination, and does not arbitrarily exclude low- or moderate-income geographies. It meets the requirements of the CRA regulation.

FNB's assessment area is identified as all of Stephens County and the southern portion of Grady County in South Central Oklahoma. The assessment area includes census tracts 1.01, 1.02, 2, 3, 4, 6, 8, 9, 10, and 11 in Stephens and census tract 7 in Grady County. The bank is located in middle-income census tract 9. The following table describes major demographic and economic characteristics of the assessment area, based on 2000 U.S. Census data.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF ASSESSMENT AREA	
<i>Population</i>	
Number of Families	14,907
Number of Households	20,360
<i>Geographies</i>	
Number of Census Tracts/BNA	11
% Low-Income Census Tracts/BNA	0%
% Moderate-Income Census Tracts/BNA	27.27%
% Middle-Income Census Tracts/BNA	54.55%
% Upper-Income Census Tracts/BNA	18.18%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	36,918
2006 HUD-Adjusted MFI	43,627
<i>Economic Indicators</i>	
2000 Median Housing Value	54,183
% of Households Below Poverty Level	15.72%

The total population of the assessment area is 50,609 persons. Although there are no low-income census tracts in the assessment area, there are low- and moderate-income families in the assessment area. Of the 14,907 families, 20 percent are low-income families and 19 percent are moderate-income families. Of the 20,360 households, 16 percent are below the poverty level. The median housing value is \$54,183 with the median age of housing stock at 39 years.

Local economic conditions are very stable. The economy continues to be dependent on oil and gas exploration/production, manufacturing and agriculture. Marlow is considered a bedroom community to Duncan and Lawton. It is estimated that 50 percent of the Marlow residents work in Duncan, Lawton, Chickasha or Oklahoma City. The major employers in Stephens County are: Haliburton; Family Dollar; Haulmark; Valco; Elliott Mobile Homes; the local school systems; and, County offices.

FNB faces strong competition from branches of larger financial institutions in Marlow, and several other financial institutions located in the surrounding towns.

A community contact was made during the examination to help ascertain the credit needs of the assessment area. The immediate credit needs of the community are being fulfilled, according to the contact. The main financial need in the area is for business and consumer loans. There is generally a need for low- and moderate-income housing. FNB is involved in community development activities and programs in the area.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

This Performance Evaluation assesses FNB's performance focusing primarily on five performance criteria: the loan-to-deposit ratio; lending in the assessment area; lending to borrowers of different incomes and to businesses of different sizes; geographic distribution of loans; and responses to CRA related complaints.

To evaluate FNB's lending performance, a random sample of 74 loans was reviewed. Major loan products offered by the bank were sampled and consisted of 26 consumer loans, 23 residential real estate loans and 25 business loans that originated since December 31, 2004. Based on the analysis and consistent with available resources and capabilities, FNB is meeting the credit needs of the assessment area in a satisfactory manner.

Loan-to-Deposit Ratio (LTD)

FNB's loan-to-deposit (LTD) ratio is reasonable and meets the standard for satisfactory performance. The average quarterly LTD ratio from December 31, 2003 through March 31, 2007 is 63 percent. The average quarterly LTD of the twenty-seven banks chartered in Stephens, Grady, Jefferson, Cotton, Comanche, Carter and Garvin Counties in Oklahoma is 65 percent and range from a low of 26 percent to a high of 94 percent. The quarterly average LTD ratios for the four similarly situated banks in the area are listed in the table below.

Institution	Assets as of 3/31/2007 \$ (000)	Average LTD Ratio
The State Bank of Wynnewood, OK	52,665	90%
Bank of Commerce, Duncan, OK	86,054	88%
<i>The First National Bank in Marlow, OK</i>	<i>62,496</i>	<i>63%</i>
The First Farmers National Bank of Waurika, OK	38,889	60%
American Exchange Bank, Lindsay, OK	44,834	40%

Lending in Assessment Area

FNB's lending in their assessment area meets the standard for satisfactory performance. The majority of the loans are originated in the bank's assessment area. This conclusion is based on the samples of 26 consumer loans, 23 residential real estate loans and 25 business loans that originated in 2005, 2006 and as of May 31, 2007, as depicted in following table.

Total Loans Reviewed										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Consumer	22	85%	4	15%	26	134,128	91%	12,836	9%	146,964
Residential Real Estate	20	87%	3	13%	23	1,433,005	96%	60,370	4%	1,493,375
Business	20	80%	5	20%	25	457,386	60%	302,947	40%	760,333
Totals	62	84%	12	16%	74	2,024,519	84%	376,153	16%	2,400,672

Source: Sample of 74 loans used to determine CRA performance

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

FNB exceeds the standard for satisfactory performance for lending to borrowers of different incomes and businesses of different sizes. The following tables represent the distribution of lending based on the sample of 20 business loans, 20 residential real estate loans and 22 consumer loans extended within the assessment area.

Borrower Distribution of Loans to Businesses				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	46%	3%	51%	100%
% of Bank Loans in AA by #	95%	5%	0%	100%
% of Bank Loans in AA by \$	84%	16%	0%	100%

Source: U.S. Census data and business loan sample

FNB's loan distribution to businesses is good. The sample of business loans revealed that a substantial majority of loans were extended to small businesses with annual gross revenues of less than \$1 million per year.

Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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 Real Estate Loans	20%	20%	19%	20%	22%	30%	39%	30%

Source: U.S. Census data and residential real estate loan sample

FNB's distribution of residential real estate loans to borrowers of different income levels is good. The number of real estate loans extended to low- and moderate-income borrowers compares favorably to the low- and moderate-income families represented in the assessment area.

Borrower Distribution of Consumer Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	22%	41%	16%	32%	18%	4%	44%	23%

Source: U.S. Census data and consumer loan sample

FNB's distribution of consumer loans by income level is excellent. The number of consumer loans extended to low- and moderate-income borrowers exceeds the percentage of low- and moderate-income households represented in the assessment area.

Geographic Distribution of Loans

The distribution of business, residential real estate and consumer loans to geographies of different income levels is reasonable and meets the standard for satisfactory performance. The following tables represent the distribution of lending based on the sample of 20 business loans, 20 residential real estate loans and 22 consumer loans extended within the assessment area.

Geographic Distribution of Loans to Businesses								
Census Tract Income Level	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
	% 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
Commercial Loans	0%	0%	25%	0%	60%	95%	15%	5%

Source: U.S. Census data and business loan sample

The number of loans extended in the moderate-income census tract does not compare favorably to the businesses in the moderate-income census tracts. The lack of loans in the moderate-income tracts can be attributed to the fact that two of the moderate-income census tracts are located in the town of Duncan, which is a larger community with several financial institutions. The other moderate-income census tract is north of the bank in Grady County. The majority of the commercial loans were extended to businesses in the Marlow area, which is a middle-income census tract.

Geographic Distribution of Residential Real Estate Loans								
Census Tract Income Level	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
	% 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 Real Estate Loans	0%	0%	32%	15%	50%	55%	18%	30%

Source: U.S. Census data and residential real estate loan sample

The number of real estate loans extended in the moderate-income census tract compares reasonably to the families in the moderate-income census tract.

Geographic Distribution of Consumer Loans								
Census Tract Income Level	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
	% 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 Loans	0%	0%	32%	32%	50%	59%	18%	9%

Source: U.S. Census data and consumer loan sample

The number of consumer loans extended in the moderate-income census tract compares reasonably to the households in the moderate-income census tract.

Responses to Complaints

FNB has not received any complaints about its performance in helping to meet assessment area needs during this evaluation 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.